

## REPRESENTATIVE POLICY BOARD

SEPTEMBER 5, 2024

### SPECIAL MEETING TRANSCRIPTION

Bob:

A special welcome to the special meeting of the Representative Policy Board. First off, we have a safety moment. That is a safety topic. It has to deal with batteries and the problems that can be caused by them, such as acids, flammable gases, electrical shock. There are weight and if there's bulging or swelling, it could be a sign of a problem. So be aware of batteries.

Moving on. Number two, public comment. The time limit will be granted to each speaker shall be three minutes. Residents and customers may address the board. I don't know if there's any public here at this time. Do they have anyone has anything to say as public? Moving on to number three. Oh, somebody, did I hear something?

Jennifer:

Rich? Did you say something?

Richard:

No, I didn't. I'm sorry.

Bob:

Okay, so we're onto item number three, which is items for consideration. Tim, do you want to share something?

Tim:

[inaudible 00:03:52] motion [inaudible 00:03:52] motion. I'm happy to do that. I think most of us [inaudible 00:03:58] hearing and presentation [inaudible 00:04:01] quality explanations. I don't have anything further to respond upon when we get to the motion. Satisfied with that? Does anyone want to read? Have me read the Final Decision Findings of Fact that we should support that it was documented. It's actually [inaudible 00:04:22].

Stephen:

Hey Bob, this is Steve. I'm really having trouble hearing what's going on.

Jennifer:

Is your microphone on?

Bob:

You got to show green.

Tim:

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My apologies. Steve and anyone else who was having trouble. My question was, before I entered the motion, the proposed resolution. There is a final decision, findings of fact, conclusions of law of the Representative Policy Board that was distributed. It's dated today, September 5th. It's a lengthy document. If anyone would like me to read it into the record. It's an 11-page document. I can certainly read that long and hard. I just don't know that the board requires that level of testimony. That's they've had an opportunity to read and reread hopefully in [inaudible 00:05:18], but I leave that up to our chairman.

Bob:

I think I concur with you saying that people have had time to read it. I know it's been sent out, so I would hope we don't have to read it.

Tim:

I don't mind reading. I know that it's one of those things people sleep when people read, but hopefully you have the time to actually absorb a lot of this. And it was thoughtfully presented. It was revised over an expansive period of time since the public hearing was closed. And I think it's really satisfied the member's need to understand better what they didn't interpret on their own. So with that, if you don't mind, I'll just present the resolution. Would that be appropriate?

Bob:

I think we could deal with that, yes.

Tim:

Okay. This is a proposed resolution dated September 5, 2024. Resolved that the proposed findings of fact, conclusions of law and final decision of the representative policy board acting as itself and on behalf of the Aquarian Water District Representative Policy Board. With respect to the application for approval to submit a bid and if accepted the acquisition of Aquarian Water Company and conversion to a not-for-profit authority dated July 26, 2024. Which copy is attached here to, and hereby is approved form submitted to the meeting. That's the motion.

Jay:

Second, Mr. Chair.

Bob:

Okay. Is there any discussion?

Stephen:

Hey Bob, this is Steve.

Bob:

Yes, Steve.

Stephen:

Yeah, I'd like to start off. I know everyone's worked hard on this. It's all occurred rather quickly. This proposal is not like any other resolution that we've seen. This proposal will fundamentally and substantially change the nature of this organization. I've been on this board for over 20 years. The original mission of the RWA was to preserve the lands of the Regional Water Authority at that time, those towns and to deliver water at a reasonable cost. That mission was in place for years and stretched with the purchase of Birmingham and with the ability of other members outside the district to be on the board. And also the for-profit entity endeavors, which had never been envisioned. This was created as a non-profit with all the protections of a municipality.

I have serious reservations about the management structure that's been proposed. I think a 60 member RPB board is unworkable. And I am just struggling with how half the board from one area and half the board from the other area that has a say over those resources is going to merge together, keep these entities separate as proposed and do so without conflict. Also, with regard to the financing, since this has to be entirely financed, I can't believe that won't come back at those customers in the form of rate increases.

Rate increases came up as an issue in the public hearings. And regardless of what happens here, I believe rates are going to go up for them and us for completely different reasons. I don't think we should be naive about that. And the other issue that came up was taxation and taxation loss to the towns. And I believe that will occur with this transaction as well. We're a water-rich area. We don't need to acquire another area to sell water. We could do that with relatively little investment risk, effort and have a relatively immediate return.

Our upper management, which is proposed to be blended now, already has a very full plate with the CIS, the Whitney Dam, other projects and the for-profit endeavors, which we now have invested 20 million in. And have yet to be consolidated or created as efficiently as they can. So they have plenty to do even if that were workable. With what has been proposed as the benefits, I'm just trying to understand what the effort that's going to be required to make this happen, how possibly this is going to work out. I don't know how this benefits Hamden residents, which are my responsibility. I was appointed to represent Hamden. I just don't see the benefits versus what this is being proposed. If Aquarion was acquiring us, it's pretty understandable since they're three times our size. The other way around, I just don't get it. And we heard their former CEO say, "This was a bad idea." I mean, for those reasons and more I am not supporting this resolution.

Bob:

Thank you, Steve. Is there any other discussion? Comments?

Tim:

May I?

Bob:

Tim?

Tim:

Steve, I honestly applaud your reasons for not thinking that this is a right move, but the only thing I considered in so much of this was that however many years ago, I think it was 1980, ultimately this entity came into being. It was really confronted with the same level of uncertainty, if not even more so. There may have been more passion on the side of consumers because they thought a lot of land was

going to be sold. But certainly from a management level, this had to be a huge scary situation. I think over that duration in time, it's been clearly proven with even some missteps, that this is a concept and a construct that works.

And I think to really evaluate the worthiness and the consideration of such a project requires that understanding. And whether you buy into that or not. And I think I can with some level of comfort while still having some of the same levels of concern that I have about an overstretched management structure that we currently see. Who's adequately, if not much better than adequately performing extraordinary duties to the level that we are very comfortable, making a case for a rate increase and other capital decisions we make here.

I believe that does translate into stability in a new organization, which I think can stand on itself at many levels simply because we know it's well managed. And I think the fact that you can extract from new management, have it overlap with the current management here, that you create the tools for success. I know the financials behind it all seem like they certainly can work. And I'm no Pollyanna, there's no way this isn't going to deliver some cost. But we're not talking about electric rates here, we're just not. We're talking about taking on the delivery of a relatively expensive, inexpensive resource that costs a lot of money to deliver. And I think we've understood a way to do that and I think it just makes the most sense. We can extract tremendous talent from the organization that exists. We can work hand-in-hand with it. And to your comment about the size of the board, that's a very scary thing.

But that's what the legislature sort of said we had to do. Maybe it's the model we created for them. I do think that is something that may have to sort of evolve as we go along. But I find many opportunities in this that are more positive than negative. So I would only encourage you to pivot in the direction of what we understand to have been successful here. And which we envision as being successful permanently here, as long as there's an active board and constructive management. So I have faith in all of that and for that reason it has my full support with the stated reservations, which I think are very overcome able. That's it from me. Thank you.

Bob:

Vin, did you have a question? He's muted.

Vin:

Was the chair acknowledging me?

Bob:

Yes.

Vin:

Okay. Thank you, Mr. Chairman. I just wanted to say for purposes of discussion... And Steve, thank you for your comments. I share many of those concerns because when I look at whether or not this organization should do something, I always ask, "Well, what's the benefit to the organization?" But I think the issue confronted is something larger than just that. I do think long-term there is benefit to this organization in the benefits it will realize from having better management of another organization where resources can be shared.

So I think it's a long range and we have to keep our eyes on long range and not just on the short term. But I also think we have an obligation to allow the constituents in those areas the opportunity to represent themselves in an organization like this territory has. Because what we have seen over the past

is that Aquarion has not been well managed because it hasn't kept up with its infrastructure. And keeping this organization local with the constituents having a voice in the operation as we have in this territory. I think long range Aquarion can not only better serve its constituents and charge rates that are not higher but appropriate because rates have to reflect what is needed to provide the service. And if you're not maintaining the pipes and the infrastructure, then you're not serving your constituents well. This organization has demonstrated much in the last 10 to 15 years that I've served on it, on not only serving its constituents, but keeping its finances in mind in everything that it does.

And so I believe, although I share your concerns about stretching management thin based on a proposed structure that's going to have sharing of management. I do have a trust in this management team and believe that again, long range, both organizations will benefit from an acquisition by the proposal. So with that, I will support the resolution.

Bob:

Thank you, Vin. Is there anyone else you'd like to comment?

Richard:

This is Rich from Milford just to pick up on Mr. Marino's comments of constituents, and to Steve's point about serving his constituents in Hamden. One of the struggles I have is people say if you're voting for this, how is it benefiting our current customers? And without talking about future trust and investment in infrastructure and at some time horizon and some rather abstract concepts, at least for many people. I don't have a simple answer to say this is why this is good for the RWA and its customers. That troubles me that. And maybe that's my own fault for not having the elevator speech on why this is good for my neighbors in Milford. But that's a question I can't answer easily. So I just want to echo the point that I think even though Mr. Marino spoke in support of it, he talked about it was good for the Aquarian folks, but what about our current customers? That's certainly a concern.

Bob:

Thank you, Rich. Is there anyone else?

Mark:

Yes, I'd like to say something if that's okay. Is that okay?

Bob:

Okay, Mark.

Mark:

I have to echo Rich and I have to echo Steve. I mean this is a tough dilemma. Rich ask what benefit does this have for our company, our constituents, and our company? I don't see the benefits myself. It's something we have to vote on. Woodbridge doesn't represent a lot of water users, but Hamden and Milford do. New Haven does. And I have a problem with why are we getting into this? Why are we the saviors here? Why is it us that we have to do this? I mean, why is it all of a sudden Aquarion for sale and why is Eversource trying to get rid of them? I think if we take this over, there's going to be huge financial problems with this company, with infrastructure and other things. And I think we should really reconsider what we're doing here. Thank you.

Bob:

Thank you, Mark. Anyone else have comments? Okay, I'm going to ask we're going to do a roll vote. We'll name off the town and you can voice how you're going to vote at that time. Before we do that, I would like to confirm that we do have a quorum. I know there is the absence of Brantford, which is not representative. So that does not count in the 101 tally anymore. It's decreased from that. I know there are a couple towns not represented at this time, but we'll go down the line. I'll read them off.

Mark:

Point of order. Are those towns considered in the majority?

Bob:

Hold on. I don't know what you mean by majority, Mark.

Mark:

Well, I mean are they considered, if there's a 100 voters and there's 15 votes that aren't here, are they still going to be a 100 votes?

Bob:

No. Because Brantford does not have a representative, their votes, that is decreased or subtracted from the 101 and I believe-

Mark:

What about [inaudible 00:22:26] people that are not here?

Bob:

If we don't hear from them, I believe it is considered a no.

Mark:

Thank you.

Bob:

If anybody wants to correct me because I'm wrong or I might be wrong. So we'll go first with Ansonia.

Richard:

Ansonia votes, yes.

Bob:

Hello? [inaudible 00:22:53]

Bruce:

Absentee is not considered a no vote. Yes, it's not considered a no vote. But in computing the number of votes that you need-

Bob:

They're not a yes.

Bryan:

[inaudible 00:23:05] motion. You need a majority of those-

Bob:

Weighted votes.

Bryan:

... weighted votes. Exclusive of the one [inaudible 00:23:12]-

Bob:

Branford which is vacant.

Bryan:

So it has the same effect as a no vote.

Bob:

Correct.

Bryan:

It does not count as a no. It tally as a no.

Bob:

It doesn't tally as a no, but we still have to reach a majority of the 95.

Mark:

95 or what's present?

Bob:

95.

Mark:

So in other words, if you're not here to vote, you're going to count that vote anyhow as a part of the majority.

Bob:

It's not majority, Mark.

Mark:

Okay. All right.

Bob:

It does not count as a yes because they're not here. So we heard from Ansonia. Next is Beacon Falls?

Peter:

Yes.

Bob:

Bethany I believe is not with us. Hold on. Brian may be joining us here.

Jennifer:

Brian, is that you? I don't know who that is?

Suzanne:

If it's 2032457419, it's Suzanne Sack.

Bob:

Okay, thank you. Next is Cheshire. Cheshire votes yes. Derby is not here. East Haven? Is not here. Guilford?

Charles:

Yes.

Bob:

Hamden?

Stephen:

No.

Bob:

Killingworth?

Jamie:

Yes.

Bob:

Madison?

Joe:

Madison, yes.

Bob:

Milford?



Rich:

Yes.

Bob:

North Bradford?

Pete:

Yes.

Bob:

New Haven?

Naomi:

Yes.

Bob:

North Haven.

Jim:

North Haven, yes.

Bob:

Orange?

Jay:

Yes.

Bob:

Myself representing Prospect, says yes. Seymour?

Mike:

Yes.

Bob:

Woodbridge? West Haven?

Greg:

Yes.

Bob:

Is Mark muted or... Yes, Mark was muted. Can we go back?

Mark:

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Abstained if I could.

Bob:

Okay. We did get West Haven and I believe that leaves the Governor's rep.

Vin:

Yes.

Jennifer:

Total in favor 69.

Bob:

So we have yeses totaling 69, which is a majority of the 95 we could have had. Thank you very much everyone.

Richard:

Thank you.

Mark:

Thank you.

Bob:

Now there's another resolution before us. There is indeed.

Tim:

This is the associated financing for the application for approval to submit, bid and approve the acquisition of Aquarian Water Company upon a two-thirds vote.

Bob:

Tim, do you want to read it?

Tim:

I'm happy to read it.

Bob:

Okay. I'm not forcing you.

Tim:

No, no, no. I'm happy to read it. Okay, "This resolution is approving the application for the acquisition of the Aquarian Water Company and the issuance of bonds, notes, or other obligations to finance such acquisition. Whereas the South Central Connecticut Regional Water Authority acting on behalf of itself and the Aquarian Water Authority, hereafter referred to as the authority. Filed an application with a representative policy board acting on behalf of itself in the Aquarian Water District, hereafter referred

to as the RPB for approval of the acquisition of the Aquarian Water Company, the application and whereas the finance committee of the RPB reviewed the application and recommended that the application be accepted by the RPB Chairman on behalf of the RPB under the expedited process.

And whereas the RPB held public hearings with respect to the application on August 22nd, 2024 at 7:00 P.M. August 27, 2024 at 10:00 A.M. and August 27, 2024 at 6:30 P.M. And whereas the authority proposes to issue its bonds, notes and other obligations. The bonds permitted under the general statutes of Connecticut and any other law hereto enabling to finance such acquisition in accordance with the application. And whereas the general statutes authorize the authority to acquire the Aquarian Water Company and to issue its bonds from time to time, but each of which are subject to the approval of the RPB.

Now, therefore, and be it resolved that one, the proposed findings of fact, conclusions of law, and final decision of the RPB attached hereto with respect to the application B and hereby is approved in the form submitted to this meeting. Two, the issuance of the bonds in an aggregate principle amount that shall not exceed the amount is set forth in the application is hereby approved. A, the bonds may be issued as obligations in one or more series on parity or subordinate to each other pursuant to the resolution to be adopted by the authority for each series of bonds. Each of which shall specify the amount of the bonds, the purposes for which the bonds are to be issued, and the date or dates, maturities seeking fund installments if any, interest rates, whether the bonds are taxable or tax-exempt.

Series, denominations, form, redemption, prices, security provisions, and other details of the bonds as the authority shall determine in accordance with the limits established by the application. B, the purposes of the bond shall be to finance or refinance the cost of the acquisition of Aquarian Water Company in accordance with resolutions approved by the authority. And the resolutions to provide funds for deposit to reserve funds as necessary and as permitted by the Internal Revenue Code of 1986 is amended and to pay cost of issuance the project. C, the bonds may be sold by a competitive bid or by negotiation as serial or term bonds, with stated maturities and may be sold in a private or direct placement." Herein ends the motion.

Bob:

We have a second, Greg. Is there discussion? Somebody just made a second.

Is there any discussion? Hearing none? We're going to do the vote similar to last time. Start with Ansonia.

Tom:

Ansonia votes yes.

Bob:

Beacon Falls?

Peter:

Beacon Falls votes yes.

Bob:

Bethany? Is not here. Cheshire?

Tim:

Cheshire votes yes.

Bob:

Derby? Is not here. East Haven? Is not here. Guilford?

Charles:

Guilford votes yes.

Bob:

Hamden?

Stephen:

No.

Bob:

Killingworth?

Jamie:

Yes.

Bob:

Madison?

Joe:

Madison votes yes.

Bob:

Milford?

Richard:

Yes.

Bob:

New Haven?

Naomi:

Yes.

Bob:

North Brantford?

Pete:

Yes.

Bob:  
North Haven?

Jim:  
Yes.

Bob:  
Orange?

Jay:  
Yes.

Bob:  
Prospect myself, yes. Seymour?

Mike:  
Seymour votes yes.

Bob:  
Yes. West Haven?

Greg:  
Yes.

Bob:  
Woodbridge?

Mark:  
Abstain.

Bob:  
And the Governor's rep?

Vin:  
Yes.

Jennifer:  
69.

Bob:  
69 in favor. Thank you, everyone.

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Tim:

Thank you.

Mark:

Thank you.

Bob:

Being that that covers our agenda for this evening. Yes, I'll accept a motion to adjourn.

Tom:

So moved.

Stephen:

Second.

Bob:

All those in favor, please say aye.

RPB members:

Aye.

Bob:

Any opposed? Any abstentions? Thank you very much.