

REPRESENTATIVE POLICY BOARD

**FINANCE COMMITTEE**

MARCH 13, 2023

MEETING TRANSCRIPTION

Charles:

I'm going to start off the meeting. The safety moment, go further with good food. I was commenting to Jen even in preparation to my surgery they're spelling out the various foods that they encourage me to eat. So obviously, it's very important to stay healthy.

Our first item business then is review of the plan for the audit. I think I saw Ron. Is David also there?

David:

I'm here guys. Good afternoon.

Charles:

Good afternoon. You have the floor.

Ron:

All right, well I'll start off and then I'm going to hand it to Dave. Many of you may already be aware of this, but I'm retiring at the end of this year. So we're basically transitioning. Dave is now a partner in the firm. That was effective the beginning of the year, actually effective last November, and so we're going to be transitioning over to him. Dave managed the audit last year and has some good institutional knowledge relative to what's going on. So I think the transition's going to be extremely smooth. I'll be around this year to assist Dave and to lend any knowledge that I might have of the organization back to him if he's got some questions. But for the most part, he's your new guy, if you will. So I'm going to turn it over to Dave and let him take you through the audit plan and the communication, and if you have any questions, please feel free to ask us.

David:

Thanks Ron, appreciate it. Again, as Ron said, my name is David Flint. I will be new as your principal this year. I have been managing the audit for the last two years, so I do have a familiarity with the business. So hopefully, by now you have all seen our letter to governance, which of course is yourself. This is one of two required communications that we have with you, of course, one at the beginning of the audit and one at the completion. But I do want to encourage you to reach out to us any opportunity you may have. If you have any questions, comments, concerns, or just anytime you may want to talk about the financial statement audit. The letter itself talks at a very high level of the responsibility of both us as your auditors, as well as the responsibilities for management. Our objective is to provide reasonable assurance that the financial statements are free from material misstatements. I want to emphasize that we say reasonable assurance because of course we could not provide a hundred percent in assurance without testing every single transaction.

So for the 2023 audit, we're still working through the dates for our preliminary procedures. However, we are slated to do our final fieldwork the weeks of July 17th and July 24th. We also have an anticipated completion date of September 15th. Now, this is a very quick turnaround of approximately month and a

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half from the end of our fieldwork procedures. We are committed to meeting that deadline, but this is dependent on upon management being ready for us when we come out in the field in July. If they're not ready, we cannot promise of course that we will meet that deadline for you.

Those are the main things I wanted to cover from the letter today, and I just want to open it up to you guys to see if you guys have any questions or comments for us before we start the 2023 audit. Any concerns, any areas of interests that we should look at?

Mario:

I'll start out by congratulating you both on appending retirement and on a promotion.

David:

Thank you so much.

Ron:

Thank you very much.

Mario:

You've done a very nice job over the years.

Charles:

Without having a previous audits to premise were there any questions that... I don't remember, any questions hanging or anything like that?

Ron:

Not to my recollection. From our side of the equation, if you will. The only thing before I guess we duck out that I want to reiterate that Dave said is while formally, we come in front of you now and we come in front of you at the end of the engagement, the communication lines are open and need to stay open. If you have concerns or something comes up at any time between now and when we issue these financial statements, please feel free to reach out to us and communicate.

Charles:

Okay. Not hearing any other questions then. Do you have anything else for us?

David:

We do not.

Ron:

Not at this time.

Charles:

Thank you.

David:

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Thank you so much.

Rochelle:

Thank you.

Mario:

Good luck with the audit. Rochelle, you're all set for it, right?

Rochelle:

We will be.

Mario:

I figured you were.

Charles:

The next order business is the minutes of February 13th. As everybody reviewed them, can I have a motion?

Tom:

I'll move.

Charles:

I think that was Tom. Do I have a second?

Mario:

I'll second.

Charles:

I believe that was Mario. All in favor?

Committee:

Aye.

Charles:

Any opposed? Abstain? Okay.

Tom:

I abstain.

Charles:

Now the compensation. Next item was the action on the Authority member's compensation. I know you have to leave Tom, and we want to make sure that we get back to it, but we didn't want to go into

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executive session without Tim right in the middle of a meeting. So we're going to put that off a little bit. Jen, do we have to move to put it off?

Jennifer:

Yes, you can vote to move it if you want. Suzanne has a question. I don't know if it's related.

Suzanne :

Yes, I just wanted to make sure that I stepped out when you needed me to or dropped off the call. Just let me know what to do.

Charles:

Let's have a motion to move it to the end of the agenda so we can deal with hopefully in time or whatever. Can I have a motion? That was Mario.

Tom:

I'll move.

Charles:

All in favor?

Committee:

Aye.

Charles:

Thank you everyone. All right. Quarterly report. Rochelle, I can't see if you're there.

Rochelle:

Yes. So as per usual, I'm not going to read through all the words that are on the document, but just wanted to highlight some things primarily from a financial perspective. So the Derby tank is moving along regardless of this one still pending litigation issue, but it's definitely progressing and we are anticipating that we will get DWSRF money for this project. That was incorporated into our rate application and we're optimistic that we may get an additional grant more than normal because of the location of the tank.

West River Water Treatment Plan is also moving along. That project is generally progressing nicely. We are definitely monitoring supply chain issues, especially related to certain of the components and that is actually another project that we are expecting to finance it through DWSRF. And Susan, do you still have a question or? Your hand was raised.

The Lake Gaillard Water Treatment Plant clarifiers, recycle pump station and concrete restoration. Another project that is moving along. Kovacs is the awarded contractor.

For Lake Gaillard Water Treatment Plan, HVAC and Electrical Improvements. This project is to be determined as far as the actual anticipated completion date. This project was actually in the fiscal 23 awards for our congressional directed spending. So on our first project that we got Congressional directed spending for Fiscal 22, which is our Lake Saltonstall electrical improvement projects. We're

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working through the process with the EPA on that to get that down, make sure that we're following all the protocols, and then we'll be working with them regarding submitting what we need to submit for the HVAC project. In the meantime, procurement has reached out. We have a contact there to review all our front-end documents before we actually advertise and just make sure that we're meeting all the requirements of this type of financing.

For the Water Treatment Plan Valve Replacement Program. This program is actually ahead of schedule, so it is moving along nicely and you can see that we're actually anticipating substantial completion actually at the end of this fiscal year as opposed to next fiscal year.

The Lake Whitney Dam and Spillway Improvement Projects, as you know, you improved the initial design. That project is progressing. We did get the submissions for our early involvement for our ECI and we are expecting to award that shortly to the qualifying earlier contract involvement. This is a project that we are looking to get WIFIA financing. We did get an approval for an extension on our application. They're definitely willing to work with us. The reason that we went for the extension, we want to be a little bit farther along regarding the option that we're going to choose, but again, so far they've been very good to work with. This project is also going to be funded through DWSRF as well.

Then our newly added project, a relatively newly added project, is the CIS, Customer Information System. We are anticipating the project being completed in September of 2024. That includes a small post go live period of about three months where we'll probably still be continuing to work with our ongoing vendor. We are currently estimating the project to be consistent with the application cost of about 14.8 million, and we did have a great initial kickoff. The kickoff was on February 13th. A lot of activity and involvement with both the Itineris team and the RWA. Any questions?

Mario:

Rochelle? You if I may. Tim, I guess, welcome.

Tim:

Yes, Sorry, I was late.

Mario:

You indicated the Ansonia Derby tank, there's still an injunction and it looks like it was pushed off, but we've expended about almost half of the funds. Is there any concerns there?

Rochelle:

My understanding of this litigation is in the worst case, it would be a very small payment and we're not expecting that to be the case.

Mario:

So they're just looking for some funding that devalued their property or something along those lines? In general terms?

Rochelle:

Yes, in general terms.

Mario:

And you indicated that we should be getting Drinking Water State Revolving Fund for this anticipated. I think it may be helpful on the ones that are DWSRF if maybe after the amount or somewhere it indicated that, just in your table at the very top, as opposed to our own funds. So we're halfway into the project and if we're getting Drinking Water State Revolving Funds, have we not applied to receive all those funds?

Rochelle:

So a couple of things with DWSRF. Until they agreed to change the verbiage on their loan agreements, we always did it after the fact because they didn't take a subordinate position versus our WA bonds. We work through language changes so we could work with them and actually go with. As we go along the West River and the Derby Tank are going to be a bit hybrid because they're going to be largely done. So we'll get reimbursed for the part that's done and if there's a remaining piece, depending on the timing, we'll get that as we go, but we incorporate it into our financing requirements that we would get reimbursed for what we've already spent for actually both these projects.

Mario:

And a follow up, if I may. Since Jim is on West River, but more so the Lake Gaillard improvements, which were a number of different projects all kind of happening with different contractors that been... Are they getting in each other's way?

Jim:

No, I mean the contractors have been able to work well on the various projects without interfering with each other. For example, the West River Improvement Project, the DAF building is actually a building unto its own off to the side. We also had De Nora there working on the onsite generation at the same time in a different room, that kind of thing. Those projects work really well together. In the case of the valve replacement project, I think the last eight valves they did within 24 hours, at least the installation portion of it. So those projects were going along quite nicely.

Mario:

And your staff is able to juggle them?

Jim:

Yes.

Mario:

Thank you.

Jim:

You're welcome.

Tim:

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Anyone else? Sorry I was late. Charles, thank you for stepping up, but if you could advise me where we are in the agenda. I'm assuming we did 1, 2, 3, 4, and 5?

Charles:

We moved the compensation issue to the end of the meeting, and Tom's got to leave at 5:30. Which will put our quorum in jeopardy.

Tim:

Right. So what we want to do then I think is-

Charles:

We might be all right.

Tim:

Well that being said, there's really no other business. I doubt there's any new business. So what I'd like to do is get a motion to go into executive session to include the Finance Committee. And my one question is there anticipation we come out of this with a motion to forward a recommendation to RPB?

Charles:

I would think so, unless there were more questions.

Tim:

Fine. Because this is our second bite at the apple, but I just wanted to be clear because if we come out. There'll be a vote out of executive session is essentially, and that would be basically the end of our business.

Charles:

Tim, you might want to confirm the two, Tom at the March meeting and yourself at the April meeting.

Tim:

I can confirm that. I will be at the April 27 meeting. And Mr. Clifford as well. Is Tom on board?

Tom:

Yes I am.

Tim:

Thank you for standing up for that Tom. I appreciate that. Okay, so are we all good on this then?

Charles:

Yes, I'll move that we go into executive session?

Mario:

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I'll second.

Tim:

And that's to include the members of the Finance Committee. So we will come out when we come out and whatever.

[EXECUTIVE SESSION PURSUANT TO C.G.S. SECTION 1-200(6)(E) TO DISCUSS MATTERS COVERED BY SECTION 1-210 SUBSECTION B #2 CONCERNING PERSONNEL FROM 5:20 P.M. TO 5:28 P.M.]

Tim:

We are at the possible consideration for Authority member compensation, and there is no action to be taken by the Finance Committee. With that, I will call for a motion to adjourn.

Tom:

So moved.

Charles:

Second.

Tim:

All those in favor?

Committee:

Aye.

Tim:

Good night everybody.