

REPRESENTATIVE POLICY BOARD

FEBRUARY 22, 2024

MEETING TRANSCRIPTION

Bob:

Hello everyone. I see it's a little after 06:30, so we'll start the meeting, start with the safety moment. That is about seasonal influenza prevention. There are several health concerns going around, so if everybody would please read it. Tells you how to be most careful. So as you don't do a lot of spreading some of what's going around.

Moving on, I don't know if we have any public here. I don't believe so. But if they do, we'll allow them three minutes each to talk. Approval of last month's minutes.

Greg:

So moved.

Naomi:

Second.

Bob:

Greg and Naomi. Any discussion?

Jay:

Second, Mr. Chairman.

Bob:

Thank you, Jay. All those in favor accepting last month's minutes, please say aye.

RPB members:

Aye.

Bob:

Any opposed? Any abstentions? Thank you. Move on to communications. That is the report of code of ethics compliance for the period of November 30th, 2023. Also, there is going to be Consumer Affairs Committee and Land Use Committee joint meeting next Wednesday, 28th at five o'clock. It is a hybrid meeting. So some of you can come here or stay at home and join us via Teams. Moving on to item number five.

Greg:

You can come here?

Bob:

You can come here on Wednesday, yes. I have items for consideration and action. That would be Finance Committee.

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Tim:

That would be.

Bob:

Is Vin here? Vin, do you want to-

Vin:

Mr. Chair.

Bob:

Yes.

Vin:

I am at an airport and having some difficulty hearing and speaking. So if I can defer to Mr. Slocum who hopefully is present.

Tim:

I am present.

Bob:

Yes, he is.

Vin:

Thank you. I just don't want to skip up here at the airport.

Bob:

Okay. Are you-

Tim:

I'm prepared.

Bob:

Okay, Tim is prepared.

Tim:

I'm ready to do it. So that being said, this is a proposed resolution dated 22 February, 2024.

Whereas the South Central Connective Region Water Authority on 25 January, 2024 filed an application with the Representative Policy Board, RPD, for approval of the Lake Whitney Water Treatment Plant Chemical Improvements Project known as the "Application."

And whereas, the Finance Committee of the Representative Policy Board reviewed the application and recommended that the application be accepted by the RPD is complete. And whereas the Finance Committee recommended that a public hearing be conducted by a presiding member.

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Whereas the Finance Committee proposed a public hearing dated 28 March, 2024 at 07:00 P.M. in accordance with special Act 77-98 as amended. And the RP bylaws and rules of practice. Now therefore being resolved. The RPB accepts the Finance Committee's recommendation to consider the Authority's application and determine to hold a public hearing to be conducted by a presiding member on 28 March, 2024 at 07:00 P.M. in accordance with Special Act 77-98 as amended and the RPB bylaws and rules of practice. And resolved further, that the chair person is hereby directed to give notice of above said hearing in accordance with section 11 of the rules of practice as amended. Here ends your resolution.

Bob:

Okay. Thank you. So there's going to be a public hearing on this as proposed for March.

Tim:

Did we get a second?

Bob:

No, I'm sorry. Do we have a second to what Tim has presented as a motion?

Anthony:

Second.

Bob:

Okay. Open for discussion. I guess I'm going to start March 28th is a good time for this hearing.

Jay:

Yes.

Joe:

No, that's not a good date.

Tim:

But it was at the time.

Joe:

It was at the time.

Tim:

I thought I'd mentioned that. Finance didn't pick it.

Joe:

No, but they were planning to stop it.

Bob:

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Okay. So some of the discussion we have here for the people who are joining us via Teams is that March 28th is not going to work. So I guess we're trying to see if we can make an amendment to that to change it to April 25th.

Joe:

That would be an amendment to the motion.

Bob:

Or correction, yes.

Joe:

Correction. So you don't need anything, don't need a second or anything on that-

Anthony:

[Inaudible 00:09:06] Mike or a second both have to agree.

Bob:

Yes. Oh, okay. So Mr. Oslander, I accepted it if you want a second.

Joe:

Yes, brilliant.

Bob:

Okay. So the change is that the hearing we were supposed to have on March is being changed to April 25th. So person who made and seconded the original motion have agreed to that. Is there any further discussion? Hearing none. All those in favor please say aye.

RPB members:

Aye.

Bob:

Any opposed? Okay, motion carries. Thank you very much.

Stephen:

Hey Bob, this is Steve. Is the 28th a regular RPB meeting?

Bob:

Yes. Of March? Yes.

Stephen:

Okay.

Bob:

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March and April 25th is also I believe our April normal meeting date.

Stephen:

Okay. Thank you.

Bob:

You're welcome. Okay. Being that there's a change, I'm going to have to find a presiding member and I'll have to get that information to everyone. And if anyone is eagerly volunteering to be the presiding member, I would love to hear from you. Thank you very much. Guess we'll move on to reports. Finance first.

Vin:

Mr. Chair, I will give this a shot. So the Finance Committee met on February 12th and reviewed with management the commercial business long-term planning and management in executive session. After approving minutes, there was a discussion regarding the resolution that we just approved and the recommendation that we made.

There was also then we went back into executive session to discuss Authority member compensation. No action was taken with respect to the two matters that were in executive session. Our next meeting is scheduled for March 11th at 05:00 P.M. And it is a hybrid meeting.

Bob:

Is there any questions to the Finance Committee? Thank you, Vin. Land Use. Peter, are you here?

Peter:

Yes, I'm here. Good evening. Can you hear me?

Bob:

Yes, we can.

Peter:

Okay. We had our Land Use meeting on Valentine's day. I'll never do that again. It was a memorable Valentine's, but I forgot the flowers and candy for all my colleagues and they were upset with me. But anyways, we had the meeting on the 14th. We went through our safety moment, approval minutes and we had the tour at Lake Whitney Water Treatment Plant. Jim Hill gave us the walkthrough. If any of you have never been there, you got to see it. Steve Mongillo, you should be proud of that plant. That's your hometown. I was very much impressed. I can't say enough about the tour itself and I think everyone else would agree.

John Tran, I went to our property invasive species updates. That's all in the minutes. Of course you heard Chairman Harvey say that we have a joint meeting next week with consumers with the commercial business update. Everyone is very much interested in that. Our next meeting is March 13th at 05:30 and then we adjourn. Any questions?

Stephen:

I have a question, Peter.

Peter:

Yes.

Stephen:

With regard to invasive species, are you aware that any work is being done in the winter or is it easier to do any kind of work on invasive species in the winter time?

Peter:

And correct me if I'm wrong, everyone, I believe we are not doing any. It's easier in the warmer weather.

Stephen:

Okay.

Sunny:

That's right. We're not doing any work in the winters. We typically do it in the summers.

Peter:

Thank you, Sunny. Sunny was on our tour too. It was unbelievable. I can't get over that tour of that plant. Valentine's Day. Any other questions?

Stephen:

Peter, I was on the board when that plant was built so we had an opportunity to see it from the ground up. It was quite a remarkable undertaking and very unique and very well done.

Mark:

I have a question. I have a question. I was unable to attend the meeting because of the snowstorm the day before, but how often is that plant being used? How many days a week is it being used and how many gallons is being fed.

RPB members:

[Inaudible 00:14:47].

Tim:

Okay. We have Jim Hill here and he's just told us that the plant is operating seven days a week, 24 hours a day.

Mark:

How many gallons a day?

Tim:

Typically about between four and 5 million gallons per day.

Peter:

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Mark, have you been through that plant?

Mark:

Yes. Thank you very much. I just wanted to know because for a while it wasn't being used, only two or three days a week. So that's good to hear it's being used every day.

Jim:

That's full-time.

Mark:

What'd he say?

Stephen:

Hey Mark, this is-

Bob:

Go ahead, Steve.

Stephen:

Mark, this is Steve. There's a lot of information regarding that in the proposal that's been approved for the chemical improvements.

Mark:

Thanks a lot. I'll check into that. I haven't seen it yet. Okay, bye.

Peter:

And I can't imagine Steve watching it from the ground up ahead of the... I don't know. It was a couple years ordeal, I believe, but I was very much impressed.

Mark:

Well, it was more open prior to 2001 and then the security had to change but it was intended to be more open to the public originally. But the rest of the site is a park for the neighborhood and it is well-used. People like walking in that area there.

Peter:

Oh, it's beautiful.

Jamie:

We have bees there still, right, the bee, the honey keeper.

Peter:

Yes, the bees are there. Yes. Any other questions?

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Mark:

You have any birds and bees or just the bees?

RPB members:

[inaudible 00:16:44].

Peter:

It was Valentine's Day. What do you think?

Mark:

I know we had some discussion that Catherine's water probably comes from that plant and we were told how it was highly polished.

Tim:

It was the best water.

Mark:

It was the best water that we thought the RWA made. We didn't know if there was reason enough to charge the local people more. Larry, this is a possible reason to get a little extra cash in.

Larry:

Including the ability to surcharge.

Bob:

Yes. Catherine's water was very good.

Catherine:

Which he did over and over.

Tim:

Wait until the next great application. We'll be back there.

Brian:

This Brian. I want to do a quick update to Steve. You were asking about invasive plants. I just gave a quick check of the minutes and it did say that there was a little bit of invasive plants treated and mapped during February. So we're not totally-

Stephen:

Yes, I was just wondering if it was easy to access them or to get rid of them.

Peter:

I'm sorry Brian for interrupting. They do do a little bit, but it's easier in the drier weather.

Brian:

Right. Well, I was just trying to correct. We said that nothing was going on and then I just wanted to correct according to the minutes there was at least a little bit of work going on in invasives.

Peter:

Thank you, Brian.

Brian:

Thank you.

Stephen:

Peter.

Peter:

Go ahead.

Stephen:

Yes, I have one last comment. There was a Whitney Water update Tuesday night. Bill Henley and Steve Vitko were at the water center to provide that. They did a great job on that and it was a lot of information on the operation of that plant at that time.

Peter:

And thank you for that. It never ceased to amaze me. The more and more I learned about RWA, it's quite an operation. Anything else?

Stephen:

I don't believe so.

Peter:

Thank you. Thank you.

Bob:

Thank you. Move on to consumer affairs. Mark.

Jamie:

You're on mute.

Mark:

I'm here. I'm here. I'm here. We didn't have a meeting yet. Our meeting's Monday.

Bob:

Oh, that's right. Okay. Well, it was good that you shared that.

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Mark:

Just want to let you know. We'll be there Monday. You're all welcome.

Bob:

Okay. And that is a team's only meeting.

Mark:

Yes.

Bob:

Okay. Move on to Authority and management.

Jim:

Good evening everybody.

Bob:

Good evening.

Jim:

Thank you for having us and our report. We had a full afternoon and we met first as the risk audit committee and our chair of that, Catherine, is getting ready to give a report on that. And she'll follow it up with a report on the Pension and Benefit Committee that she also chaired [inaudible 00:19:59].

Catherine:

So today the Audit Risk Committee met and David Flint from CLA gave us an overview of the 2024 audit plan on the fiscal 2024 audit work will again included fiscal... Excuse me, federal single audit due to the federally funded loans and grants. Fiscal 2024. Audit will be the second year of the implementation of the lease accounting requirements, which is GASB 87. And the first year of implementing subscription-based information, technology arrangements, which is GASB 96. This is new.

These new accounting standards require a complete inventory of all Lester and LSE arrangements and all subscription-based technology arrangements. These arrangements that need to be evaluated as prescribed and naturally recorded, incorporating all modifications to these arrangements that are occur during this year.

Our auditors informed us that as long as they get everything that they need by July, they will have it ready for us in September. But it's a tight timeframe, but management will cooperate.

Larry:

We will.

Catherine:

Okay. In addition, we had a special meeting of the Pension Benefits Committee. As I discussed, I think it was last month, part of our meeting was talking about certain changes that needed to be made to the investment policy statement. This meeting, brief meeting really was an opportunity for the members of

the board to give me feedback on what their concerns were with respect to our goals to fully fund the pension fund and under what circumstances, what would be mitigating circumstances to not do Arc plus. Right now our goal is to obviously fund whatever the actuaries recommend. And the past several years we have been adding to that in order to get to the full funding. In future years, we're getting closer and closer to full funding and we have to make decisions on a case-by-case basis based upon what the needs are of the organization for construction, for various operational needs and of course the impact on the rate payers. So that was a, I think, very productive meeting and I appreciated the feedback. And that is my report. I'm listening. Anyone has any questions on either of the meetings?

Speaker 6:

Catherine, how many years do you think we're away from being fully funded? It depends on the stock market.

Catherine:

It depends upon market conditions. But in connection with the budget, we are going to be receiving from our actuaries probably in the next few weeks their analysis on what we'd have to contribute for three-year period and what we'd have to contribute for a five-year period in order get funded. So I don't want to say anything until I get that information.

Stephen:

How many staff members are on the pension versus the 401k?

Catherine:

That I don't know off of the top of my head. Anybody in management can answer that question?

Rochelle:

I can say it's close to 50/50 split at this point. Not exactly, but...

Catherine:

I will say that full funding and the pension fund is one thing, but we have other long-term obligations that we also need to consider and make sure that there are cosigners.

Stephen:

When you say fully funded, do you mean fully funded or fully funded to the recommended level?

Catherine:

Fully funded to the recommended level. And that also it is important to say that's subject to market conditions as well. You can get a hundred percent and then-

Tim:

Find out what is our recommended level. I know what towns are and other operations.

Catherine:

It's actually the actuaries analyze what the needs are in order to meet the future obligations. So there's an estimate of what that will be. Now, we still have active members that are still accruing benefit so that that number will grow.

Tim:

I understand it. When we refer to it, for instance, in town and things like that we're at 60 or 80% funded. That would be the recommended level. I'm just wondering if you had a percent.

Catherine:

Fully funding for us would be a hundred percent, but that's a hundred percent of the anticipated liability solely following.

Anthony:

We're at about 80% was the last one. We'll get the new number coming in the next couple of weeks, but after that there's other goals because we have the benefit OPEP that we want to deal with after that. So there's an order and then we want to lower debt service [inaudible 00:25:26] because that Pension haul is debt as well and OPEP too.

Catherine:

Any other questions? Thank you.

Anthony:

Thank you.

Bob:

Thank you.

David:

Thank you. And we also met as the Strategic Planning Committee. And Suzanne has a report for that.

Suzanne:

Hi. Good evening, everyone. Yes, the Strategic Planning Committee met today and we discussed two topics. One is the six-month action plan and update and global metrics. And amongst the eight or so goals that we have set, with one exception, we are on target to meet goals and we have one on a watch, but generally we're performing very well against the goals that have been set. And secondly we talked about internal business processes and the technology and transformation roadmap. And essentially what that provided for us was information of the assessment that was complete when Prem joined the organization about where we were on technology, the usefulness of our platforms and the necessity of them and how user case scenarios work and how well they work.

And so he has been identifying each of those platforms and taking a look at how they're performing. And we're either accepting them as they are and making the best use of them or replacing them or we're in some cases eliminating them altogether, either because we're consolidating things and making better use of our technology. And it's quite impressive. It's the scope and depth of the plan and the progress that we've made. So I'd like to thank Prem and his team for the work that they've done in that regard,

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and the whole team for all the goals that they've met. It looks very good. It looks like another good year. Any questions?

Bob:

Thank you, Suzanne.

Suzanne:

Okay. Well, thank you.

David:

But also thank your good representative from the great town of Cheshire, Tim Slocum was with us. It was a great day as well.

David:

And with that I'll hand it over to Larry for the business report.

Larry:

Thank you very much. Evening, everyone.

First I'd like to give you the financial report and then I'll review some of the other items on the agenda. So after eight months of actual results through January 31, operating revenues are under budget by about \$1.6 million. And that's due to total water revenues being under budget by 2.3 million primarily due to lower metered water sales. But other revenues are above budget due to jobbing, actual device testing and other miscellaneous charges.

Operating and maintenance expenses are about 2.5 million under budget and about two thirds of that are about 1.7 million is permanent or deferred. And when you do all the clips and takes, we are projecting coverage of 119% with no shortfall. And you'll recall that our budget was 114% for the year, but we did set a target of meeting 118%. So we're at 119. That's due to both prudent cost management as well as eliminating some discretionary expenses during the year to try and offset the wet summer that we experienced this past year.

And as of February 20th, raw water storage was 95% compared to a long-term average of 80% for the same period. So we're well stocked and ready for a warm spring and summer.

David:

Hopefully.

Larry:

Hopefully, that's right. In terms of a few other items in my business updates, I noted that our enabling legislation has been assigned a committee bill number. I assume they're planning and development. It's 52, 77 and I just learned from the time we adjourned the Authority meeting that there's a tentative public hearing scheduled for February 28. So if any of you would like to jot off a note to your state rep in support of that, that would be helpful or I mean to the committee members, that would be helpful.

I also reported on the fact that Rochelle and I and Sonny met with the both rating agencies earlier in the month in February and had a good session with S&P and Moody's. S&P was enthusiastic about the

progress the company has made in terms of reducing debt, our reserve funds being very healthy and we were making progress on funding the pension plan and had a plan in order to meet that going forward.

We just got a draft of S&P's rating and they did not change it, despite our asking him to do that. But they're enthusiastic about the progress RWA is making. And I think we'll get Moody's probably tomorrow. So that was disappointing but good news from that standpoint. And I think with that, that is... And then one other item that we touched on today, we spent quite a bit of time reviewing a topic that we had brought to the Authority last month. We actually brought a potential acquisition to them last month, which is an extension of our RWA's current business. Can't go into the details at this point, but after a good healthy discussion, the Authority approved sending that application to the RPB.

And because the owner of the business is anxious, I guess that's the word, anxious to complete the sale. As soon as our governance process will allow, we're going to request that the RDB consider, particularly the Finance Committee, consider an expedited hearing so that they would have a meeting on 4 March and then they could set a hearing date on March 20th or March 25th, excuse me. Hence, the change in the resolution.

Bob:

28th. March 28th.

Vin:

Yes.

Bob:

Yes.

Larry:

March 28th. So we're going to ask that that be considered and the Authority approved us asking that along with the financing resolution and keeping the application under confidential cover, our protective order and the like. So with that, that was a very successful discussion and very hearty. But we're excited about it because it isn't a natural extension of the RWA business. So with that, I thank you all. Will be glad to take any questions.

Mark:

When will there be another tour made available to members who couldn't make it to the handy plan that everyone was speaking about [inaudible 00:32:44].

Larry:

Well, we can set that up [inaudible 00:32:48]. We could have next RPB meeting there. But we could arrange-

Mark:

It sounds like it would be a wonderful experience.

Larry:

It's a great place to see. It would be at least for the spring, I was going to say.

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Mark:

Yes.

Mark:

That's A great idea that we have our next RPB meeting there. I like that idea. Does anybody else?

Mark:

The RPB meeting.

Larry:

We'll have Jennifer and Jim Hill to coordinate that and pick a date that works in spring.

Bob:

Any other questions? Very good.

Bob:

Could there be anything for Office of Consumer Affairs?

Lou:

No sir.

Bob:

That's great. Most people are happy then. I guess next I have is that our next RPB meeting will be on Thursday the 28th. And depending on how things go, there may be a hearing on that date. So we'll see what we can do.

Another Finance Committee may have to have some special meetings in order for that to happen. So finance, keep your calendars free, I guess. I don't know if there's anything else. Does anyone else who's attending via Teams have anything? Hearing nothing. I'll accept a motion to adjourn.

Jay:

So moved.

Bob:

Okay. All those in favor please say aye.

RPB members:

Aye.

Bob:

Any opposed? Okay, great. Thank you very much.