

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes
May 21, 2013

Present:	Mary Burgess Mary Geake Sherelle Harris Mary Mann César Ramirez David Westmoreland	Chairperson (left at 9:00 p.m.) (arrived at 7:15 p.m.)
Also Present:	John M. Hiscock Lisa Roland	General Manager District Clerk
Absent:	Maria Borges-Lopez	Vice Chairperson
Public Present:	Frank Zullo, Esq.	

Call To Order:

Commissioner Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:00 p.m. on Tuesday, May 21, 2013. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Acceptance of the Minutes:

Commissioner Burgess: "I will call the regular meeting of the Second Taxing District Commissioners to order on Tuesday, May 21, 2013 at 7:00 p.m. And the first thing I need is the acceptance of the minutes of April 16th."

Commissioner Westmoreland: "Do you need a motion?"

Commissioner Burgess: "Yes."

Commissioner Westmoreland: "I will move that."

Commissioner Burgess: "Is there a second?"

Commissioner Geake: "I will second that."

Commissioner Burgess: "Any corrections to the minutes?"

[No corrections]

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Ok, Mr. Hiscock."

Regular Agenda

Substation Project Update

John Hiscock: "Public Participation?"

Commissioner Burgess: "There are no public participants."

Commissioner Geake: "There they are."

Commissioner Burgess: "Where you hoping John?"

John Hiscock: "Yes, because my screen wasn't up fast enough."

Commissioner Mann: "Ok."

[Laughter]

Commissioner Geake: "Well my husband has a public hearing. Do you want to go over there?"

John Hiscock: "No thanks."

Commissioner Geake: "It's on blight."

Commissioner Burgess: "That par for the course today."

Lisa Roland: "You have to sign on."

John Hiscock: "Yeah, well I have to get the mouse to work first."

Commissioner Geake: "It is one of those days..."

John Hiscock: "Ok, we are going to do an update on the substation because it plays into the bonding. Ok, I am going to go through the beginning of this quickly because you have seen it all before to about two-thirds of the way through. A couple of things have been updated in the earlier slides. We have decided to place a revised date on the bottom of every slide because when we do this we don't always update every slide but we update some of them. So from here on out every slide on the bottom will have a date on it. You have seen it all previously. The background of the project, what has been done, what is being done now and what needs to be done. You have seen all of this. This is a lot of

stuff that went to the Siting Council basically showing the need. Current supply system, I will go over this for a minute for David's [Commissioner Westmoreland] benefit. Right now, we are fed from the Flax Hill Road substation, which is on Flax Hill and Keeler. We used to be fed from the New Canaan Avenue substation. CL&P then decided unilaterally, since it was their system, they do pretty much what suits their system, to move us to Flax Hill and put a single transformer in place. We have the same two feeders from Flax Hill to our station, one underground and one overhead. We are now being fed from a single transformer at Flax Hill with a backup connection to 9S in New Canaan, if necessary, manually switched. It feeds our substation and you know that we have two different voltages, 13.8 and 4160. You have seen this picture before. There is the Flax Hill station; the yellow lines are the feeders, one underground out Flax Hill, one down Hyland all the way to the railroad tracks coming out over here and running back up this way or actually that way [referring to a map]. Proposed system a 115 connection on SNEW owned property at Martin Luther. Loop substation for reliability. Redundant transformers, instead of having one like CL&P we will have two and the connection is to the southerly line. The aerial is part of the application. Old lines, we all know that. Future loads will exceed the CL&P feeders and a tremendous number of outages. By the way, today's outage was not a CL&P related problem it was our problem. And it is probably the second outage that is a result of our system in the last five or six years, other than local street outages. You have seen this all before. It is all of the outages. We do update it and the last one on here is April 26th and we continue to run down this list. We identified we couldn't deal with CL&P and one of the issues we are going to talk about tonight, why we couldn't deal with CL&P is our debt is around 5% or cost-to-capital, and for CL&P we have to pay not only their cost of capital after tax and weighted but we also have to pay a percentage, a system-wide maintenance charge. So, basically for every million dollars they have invested in feeding us, we pay \$200,000 a year to \$250,000. So you can see that we would pay \$50,000 for the same issue. That is the reason we can't do the CL&P owned substation at our site. This is an interesting slide as you go across it, I think we have talked about this before but you will see in 1997 we paid \$58,000 a year to CL&P. When they rebuilt the 9S substation and modified the accounting methodology, we jumped from about \$160,000 in 2004 to \$628,000 to \$700,000 in 2008. From there it climbed slowly. 2010 there is a \$952,000 bill but that had to do with some catch-up fees that we paid. And in 2011, it dropped down to \$668,000 and in 2012 it is a little lower. And we show an anticipated of \$696,000 for the current year. That is important because when we finish the substation and bring it online, we will no longer pay any of those charges to CL&P, at all, so that is really a large portion of the cost justification for the station and we will get a little further into that. That is what we have done. We go the original parcel from the City for some negotiations in trade for some changes made to allow this facility to be built and tearing down some of our facilities in the old office. We acquired in 2009 a second parcel and paid about in round numbers \$850,000. We hired a consultant, AECOM/Mott MacDonald to put a Siting Council application in. As you know, we received Siting Council approval just recently. We also had Mott MacDonald do an interconnect study and monitor the interconnect study and we got permission to hook into the system. We have advised CL&P that we are going to proceed in 2010. We met with ISO New England, met with the Siting Council, we demoed the building; we received the I.3.9, which is permission to hook in. We met with City officials. We submitted the Municipal Consulting Filing application to Planning & Zoning. Went to Planning &

Zoning, they accepted the project and told the Siting Council that as long as you paid attention to the landscaping plan and generally followed the plan, that they were happy with what we were, well...they were going to accept what we were doing and realize that it is in the interest of our customers. Siting Council application was completely finished and submitted in September, 2012. We then selected an engineering consultant for final design and it turned out to be Mott MacDonald. We also dealt with CL&P's consultant, but they were significantly more expensive than Mott MacDonald so their portion of the facilities is being designed by one consultant and our portion by another. Siting Council held a hearing in December; we selected a surveyor through a competitive process to map some of the utilities on Ely Avenue because we need some redundant duct work to have a second loop from substation to substation."

Commissioner Geake: "Through the chair. I think you have the wrong date on Siting Council Public Hearing (12/11/13). We haven't had that yet."

John Hiscock: "Correct."

Commissioner Geake: "Ok, I just wanted to make sure."

John Hiscock: "You are correct. That is what happens when you update slides. Thank you. We will make a note and correct that because we are going to use this for the electors. We received a Certificate of Environmental Compatibility and Public Need from the Siting Council on March 21st. We selected, again competitively, a tree removal service to remove the trees on the slope going down to the railroad area because we need that cleared to do the modification of the incoming power lines. We submitted a request to Metro North for the removal of the trees to actually have us work adjacent to the tracks and as you can imagine, I would expect them to be somewhat sensitive to what we are doing adjacent to their tracks these days. We selected a consultant, a consultant that works for us on our silt plan that is required on an annual basis to develop a soil and erosion control plan. We completed a remedial action plan and transmitted that to DEP. As you remember, we had fill and contamination on the Martin Luther King site, the one that we just acquired. We selected a consulting engineer that developed the design for fixing conduits within the bridge over the railroad tracks on Martin Luther King. I am going to stop here for one minute. That was somewhat of a surprise to us. We had always planned on using the existing conduits across the bridge on Martin Luther King across the mainline tracks. About a month ago our crews were attempting to run a pull rope and what we call a mouse, something that checks out the conduit to make sure we can pull cable through it. They couldn't get through. They went under the bridge. They looked up and found damaged conduit. That is a serious problem because repairing it is awful. We went through a series of attempts to get information. It took a while. We got information and as it turns out, getting all of the bridge plans after we got a consultant involved and they haven't done much work, we found out that the conduits that were broken were not ours but yet we still can't fish through the bridge. So we are still in the process of trying to figure out why we can't do that. We had a meeting with staff this afternoon and we will be working on that in the next couple of days. The good news is we may not have to work under the bridge and it is really good news because I had set aside \$500,000 to do the work under the bridge for 107 feet of conduit because of all of the

track closings and all of the work we would have had to do. So, maybe that \$500,000 will come out of this estimate which would be great. We are required to do a design and management plan to submit to the Siting Council. We give it to them in phases. Phase I was approved on May 16th and Phase I is to simply remove the trees and to proceed with the environmental remediation. So we have permission to start with that. And that is where we are right now. Any questions on where we are? What we are doing right now? We are continuing to draft development and management plans. The next D&M plan that is going to go in is probably for doing the fill removal for the preliminary site grading. We are continuing to work with our consulting engineer on final design plans for the substation. We are probably about 70% complete on design. CL&P is 100% complete. We had to wait for them to complete their design because the power comes from the tracks, from the overhead 115 through three towers they are erecting, a looped switch and a control house so they can control their facilities and then we take off of those relocated facilities for our substation, so we both work on the same site. Negotiations with CL&P and easements and the UPS, we are having a little trouble in dealing with UPS. Their Atlanta legal department is giving us some grief about access that we need across their property to put one of the relocated towers along the railroad tracks. It is a CL&P facility but because of the fact that we had initiated the project, we are still working with CL&P to figure out who might have to take final action, if necessary with respect to UPS. They were supposed to respond to us by Friday whether or not they were going to sign the documentation. It is still up in the air. They haven't gotten back to us. The next thing that we are doing and we are almost complete with is developing a request for bids for site remediation. We are not doing a general request for general contracting firms. We need to deal with a firm who understands site remediation. We have a list of about eight firms that we are going to request proposals from, so we should get representative, a sort of a prequalification. We truly don't want to deal with a contractor who does not have experience doing that because it is going to slow the process down and we don't have a timeframe for that. These things are happening right now. What needs to be done, the environmental clean-up, we need to get our bids and do it. We need to do the vegetation removal, we have the permission but we haven't done it. We need to complete the final design, we need to start construction. Construction is the new substation itself and conduit and conductor installation because we have conduits without conductors from the site to State Street. We need a second path and the reason we need a second path is if you have a conductor failure, in a manhole and vault, you do not want your crew, for safety reasons, entering that manhole when there are other live conductors in it. So, you have to have a second redundant path with no common facilities so that we shut down one-half completely, to do the repair work. In the end, each of the paths would probably have four energized conductors. Each of them will be utilized; they are not going to be spares but if in fact we have a problem, we can shut down four and run the system on the other four. Not ideal but we do it on a temporary basis. So, we need the second path. The second path is now identified to come out of the new substation, cross Martin Luther King Drive, go up north on Old Ely Avenue hook into some existing duct work on Mulvoy Street by Cocchia Liquors from there, use existing conduit all the way to the intersection of Chestnut and Henry along the parking facility for the train station and then from that location we have to install new duct work northerly from there to the intersection of Chestnut and Monroe and get into manhole #39. The reason for these two routes is manhole #39 has four of our existing circuits that we would pick up at that location and

the Martin Luther King has about seven of our existing. So we would pick up existing circuitry so we have two paths and obviously put the station in service. That is just a picture. Where are we now with money?"

Commissioner Ramirez: "I have a question."

John Hiscock: "Yes?"

Commissioner Ramirez: "Through the chair. Is all of this underground or above?"

John Hiscock: "Everything will be underground for both paths from the new substation to our existing underground so, as part of the new construction. There will be nothing overhead."

Commissioner Ramirez: "Utilizing the route that you just mentioned, utilizing Martin Luther King from Lowe all across Martin Luther King and right along the road so you end up on the hole you just mentioned, are there any differences in reference to...?"

John Hiscock: "There is existing overhead on Old Ely Avenue which will remain. There is existing overhead on Chestnut Street which will remain."

Commissioner Ramirez: "I see. We are still going to be utilizing..."

John Hiscock: "And SNEW will be utilizing."

Commissioner Ramirez: "So it would not be cheaper or least expensive coming straight from Lowe to Martin Luther King all the way across Monroe and then make a right hand turn. No?"

John Hiscock: "No, because we need so many conductors. We need four conductors over that full length. And when you look up overhead, you see three conductors but that is a single circuit and when I say we need four conductors we need four grouping of three so it is actually twelve wires."

Commissioner Ramirez: "Ok, I understand."

John Hiscock: We have three projects that have been budgeted and received budget approval. As you can see, we have appropriated so far \$2,500,000. We are working off of that \$2,500,000. We are getting relatively close to committing all of that \$2,500,000. And the reason for that is, there is lead time required on the two new transformers, they are large, they are expensive. They are \$1.47 million for two transformers and once we get committed on those, we have cancellation fees and we accrue charges quickly. We have circuit switches that we have ordered and that is expensive. And the reason we need to move forward on what we are going to be talking about later is when you do a bond resolution, once you pass the bond resolution you are allowed to come back 60 days prior to the bond resolution to cover construction costs and that is an IRS rule. So because we are starting to spend money and we have spent money for construction purposes, we need

to get the resolution in place. We are going to talk a little bit about that in a minute. And we have done things in the last month and a half that would be classified as construction therefore we are trying to make sure that we can include that in the resolution for the bond and you will actually see language in the detailed bond resolution. So, that is where we are with respect to what we appropriated so far. What have we spent to date? Well, \$900,000 for land acquisition, it includes environmental studies and attorney fees. We have done some site work which includes the winterization/demolition of structures in the house. We have prepared for soiling borings and have done some soil borings. We have spent \$470,000 on the Siting Council Application and on the inter-connect study and spent about \$45,000 on substation design. Those costs are considered not part of construction and therefore we can actually include those in the bond, strange circumstances. Preliminary, no matter how long ago, can be paid back. Construction costs can only be paid back sixty days according to the IRS code. So to date, we actually spent \$1,340,000. These are obviously rounded numbers. Anticipated additional costs. Final design \$450,000; environmental site remediation \$500,000. That estimate has been very consistent since day one. It is essentially what the licensed environmental professional that we hired indicated on a preliminary basis and that is the max, we believe we are going to come in a little bit under that. We might get lucky and come in a \$100,000 under that. Site rough grading - \$400,000. That is a very difficult one to come up with a number on. What we are grading is essentially the spoils pile from Martin Luther King Drive construction. If you remember the bridge to nowhere as they used to call it, the bridge that we now call the Dr. Martin Luther King bridge over the tracks was twenty something feet above grade and the roadway was built up and goes back down. The roadway portion was filled properly in accordance with State specs and that is not an issue. All of the miscellaneous construction left over cut material is in our fill pile. Boulders, probably miscellaneous concrete, and a lot of soils that are hard to characterize. We have done boring analysis on the site and we have had a tremendous problem with penetration with our boring rigs. We had to do what is called a coring, where you have to get into a rock and you literally have to core through it and then get to the soil below it and if you run into more rock you have to core again. So, if you run into that repeated problem it means you've got miserable material you have to deal with. I believe \$400,000 should cover the worse case, but if we run into unusual things like asphalt, it has to be disposed of differently. If we run into potentially, depending on where the material came from and remember this road was built around 1980 when we didn't pay any attention whatsoever to the environment. So, we will have to test the soil and see what comes out of there and make sure it is compatible for standard clean fill. That number takes into account some difficulties that may occur. The substation number \$7.65 million. Again, an upper limit number. The engineering consultant has a 10% contingency on the design and a 15% additional contingency for changes that might or might not be necessary. We went out of our way to make sure that when we came into you for a number, it was the absolute upset number on the worst circumstances and we will talk about how that is going to play into this project as we go forward into it. As you can see, duct bank and conduits, that is the conductors necessary in Martin Luther King itself. It has existing conduits and duct banks but we have to put conductors in it and copper is extraordinarily expensive these days and it is the secondary path for the new duct work on Old Ely and on Chestnut and then conductors in all of this. So that is \$2.5 million. It also has a 10% contingency and a 15% potential change. And railroad bridge

conduits repairs, you see the \$500,000 there. Hopefully that is not going to spent, that it is going to be a fraction of that to straighten out the problem. We will know within a week or two as the crew does some fairly complex roding and proving out the conduits to make sure. Bond issue expense, we have underwriters expense, we need to get ratings with the ratings agency that is an expensive process, and we have a financial advisor that we are going to have to pay to put this package together. So I am listing bond issue expense because it is customary to include the expense of the bond issue in the bond issue itself. So, we borrow the money to cover the bond issue expense. That is normal municipal financing procedure. It's almost always done that way. Total of \$12.4 million and that number is backwards. That is ok; I am going to represent it that way. That is fine. So, an additional \$12.475 million in addition to the \$1.340 million that we had previously spent, for a total project of \$13,815,000. This is a very large project. It's, and I will explain it in this update, a little bit different than the original project we proposed. It's different in the sense that we were originally going to just run two sets of redundant conductors down these two paths into the existing substation, powering up the 13.8 buss bar and circuitry, removing the 27.6 by 13.8 transformers and then replacing those with 13.8 by 4160 transformers to pick up the old 4160 circuits. When we looked at the logistics of that, the risk, because many portions of this were only going to be on one feed and when we looked at re-energizing 30 and 40 year old switch gear, we decided that we are much better off, even though it's a little bit more expensive, wanting eight new circuits out of the brand new substation tying it in over time, phased in and eliminating the State Street substation completely. So, within a year and a half or less that substation will be completely abandoned. We will get rid of the old switchgear, we will get rid of a lot of really old equipment; we will get rid of a substation that was added to multiple times, it an old substation. When you get into it and you have an understanding of substations, you can see how it was done patchwork, it is a very difficult station to work in. So, the premium for doing that, about a million to a million and a half dollars, but it's a million to a million and one-half additional dollars very well spent. Feeding an old substation with express feeders and relying on old switch gears really didn't make sense when we got down and did the analysis with the engineers."

Commissioner Burgess: "Yes Commissioner?"

Commissioner Westmoreland: "Just a couple questions about the State Street station. Is the cost for all of the switchover and getting rid of that, built into all of this?"

John Hiscock: "Yes."

Commissioner Westmoreland: "And what happens to that property and the stuff that's there, the equipment that sits there once it is de-energized and deactivated?"

John Hiscock: "We have to go through an abandonment, decommissioning process. It will be taken apart over time and disposed of appropriately. We will probably, if we can, now these are very, very old transformers but very well taken care of. We will probably attempt to sell the transformers. If we sell the transformers, it saves us the cost of disposing of the oil in the transformers and disposing of the containers. Even if we didn't do it that way that's not a large expense because there is a lot of copper in the transformers, in the windings, so the value of the scrap copper might offset getting rid of

the oil. That's a difficult one to determine but it could be neutral. The rest of the equipment, the steel will come down and go for scrap, the conductors that are in there will be taken out and cooper will be scrapped. Essentially we will retrieve as much as we can from the station in scrap value, then we will have to go through the site and do borings and test borings because who knows what happened in the last one hundred years on that site. So, we are going to have to do an environmental analysis at least through phase two and maybe through phase three if we find and we might have some clean up to do. So, there is a possibility that that portion is not in this estimate. We have no idea what that is going to be. But all of the connections, all of the modifications of this substation to abandon it and feed it all from the new station is in that."

Commissioner Westmoreland: "Just one more question. Is there any planned use for that property once it is cleaned up, any thought on that?"

John Hiscock: "I haven't approached that issue because this really only came up in the last month after we sat down with the consultants and brain stormed and we sat in this room and talked it back and forth, back and forth and this new approach is contingent on our crew over the next two to three weeks resolving the bridge issue and resolving all of the existing conduit that we are going to put conductors in. So, within the next thirty days we will know if we have the facilities functioning properly that we need to use to do this. And as I said, this was very recent that we changed from a pair of express feeders to the station to simply feeding our entire system through the new station."

Commissioner Ramirez: "I am pretty sure we will find a nice way to utilize the property."

Commissioner Westmoreland: "I was just curious."

John Hiscock: "It is kind of interesting because there is a lot of space in the substation and a lot of old breakers and equipment and wiring. It is not going to come out in a matter of a year. It's going to be several years to take all of this apart and scrap it all in an orderly fashion. So those decisions I think need to be pushed off."

Commissioner Westmoreland: "That is fine. Thank you."

John Hiscock: "So, those are the anticipated additional costs. Alright, funding sources, we are going to talk about this tonight. A bond of \$10 million, that is an upset bonding amount and I want to explain to you that when we talked with bond counsel about this, the bond counsel's position was and always is, that you ask for permission to bond to the maximum you could possibly need because you do not want to go back. You do not want to go through the process again, you don't want to modify the resolution because you will need to call the electors back and it's just not a good thing to do and I know we are on the public record but when you do that, there is always suspicion that you weren't doing what you should have done from day one. So, the ultimate \$13.8 million will be paid for with \$10 million in bonding and the municipal Trust, \$2.5 million. The municipal trust remember used to be \$5.6 million but when we did the refinancing that we talked about at CMEEC, we traded in \$2.5 million of our funds in the municipal trust so we could drop our per megawatt hour fee to CMEEC by \$7.00 a megawatt hour. So those are cost

savings in trade for the \$2.5 million. That leaves us with about \$2.7 or \$2.8 million in the trust. We will be expending almost all of our portion of the trust. Now, the trust was created back in 2000 because we recognized that in 2012 CL&P would have paid off the competitive transition assessment. That is stranded costs, facilities that de-regulation became no longer used and usable but they had to allow CL&P to recover from rate payers money for those facilities funded through 2012. Once they paid off theirs, we were going to be exposed because we bonded to pay off our stranded costs which were selling off the Millstone interest which we should have never, but hindsight is twenty/twenty. It would be nice to have Millstone power today but we don't. In a panic over what it was going to cost to clean up the sight, we got out of it. Those bonds aren't paid off until 2017 so we were collecting money from 2000 to 2012 so we could lower the rates, take that money and pay off our portion of the bonds. And I know this always gets convoluted when I do this to you, but we restructured CMEEC, remember we did the GTSA, we did the RPSC, we redid the Member Agreement, we redid the By-Laws. In order to do that, we had to pay off all of the outstanding bonded indebtedness which paid off the legacy bonds and that is how it all worked out. Third District is also using their trust and in the refinancing the other three munis all used about half of their trust. So, the funds in the trust are dropping dramatically. CMEEC was using that as backup liquidity. And remember way back we talked about lending trust money when we had to do the postings. We had the discussion way back about mark to market on forward gas contracts. If you look at your minutes from 2 ½ years ago you will remember all of that. So we will use \$2.5 million from the trust and a million from cash. Now, you also know that we have a lot of cash but you don't want to or it's not good prudent practice to drain all of your cash, have no cash and get into a serious unanticipated problem and then have to borrow under pressure for a very serious problem that is multi-million dollars. You don't ever want to do that. Its normal practice when you have a new facility that's going to last for thirty to thirty-five or forty years. You borrow the money; you pay the principle and interest back so that the current rate payer and the rate payer going forward who is getting service out of that facility, is paying for it on a pay as you go basis. That is standard routine municipal finance. It will leave us in a strong liquid position and it's also part of dealing with the rating agencies. If we weren't going to bond, we wouldn't need to deal with the rating agencies directly but I think I spoke to you a while back about how we have positioned ourselves to get out of CMEEC, if necessary and if we got out of CMEEC the first thing we would have to have is a bond rating or a rate agency rating otherwise we would have to post cash to ISO New England to cover the power purchases for several months. So, either way the rating agency rating is important. You saw the \$400,000 for a \$10 million bond. We could do what the First Taxing District has done and maybe the Third might do and ask the City to put it in one of their issues. The problem with that is that we don't maintain a rating. Maintaining a rating is important for going forward flexibility. So that is sort of the approach. Questions on this portion before we move to the next? I didn't expect you to be able to see this; it's in your package. The thing you are going to look at is four of these tables. One of them is \$10 million at 4% interest, one of them is \$10 million at 5% interest both of those are 20 years the other two are 25 year terms at 4% and 5% interest. The interesting numbers, up here in this table \$10 million at 4%, 20 years, so this box tells you what this table says. What I want to point out to you in this particular schedule and the other three that are here, if you look at scheduled payment, this column, it is the second column from the left of dollar numbers, you will

see at \$10 million for this one, 20 years at 4% interest, the annual payment is about \$736,000. Remember the number I told you about CL&P that we will not be paying. You move to the next one and it is 4% at 25 years and you see on the screen the payment drops to \$640,000. You go to the 5% table, here is the worst case scenario, 20 years at 5% is \$802,000, I believe and the last one is 25 years at 5% and is \$709,000. I am giving this to you to point out to you that the term is important, but not critical to the project and the interest rate anywhere between 4% and 5% is certainly important. The lower it is the more we save on interest but it is doable from a dollar value because of the avoided cost with respect to the CL&P arrangement. Some of the numbers are higher, some of them are lower but I wanted to go over this. Remember this table of what we are currently paying, this column right here represents the year in which we settled in negotiation between the three munis that deal with CL&P's facilities. Jewett City, TTD (Third District) and SNEW. They were billing us for \$800,000 to \$900,000 a year. We felt it was an overcharge, we spent almost six months negotiating primarily with their rates department and in a lengthy discussion they agreed to put us on something called Annual Rate 21, which is a FERC approved cost-of-service based rate. They agreed to hold it for three years flat. At the same time, they were all aware that TTD and SNEW were building substations in the planning process and that was why they agreed to the arrangement and that both of them anticipated getting off their system at the end of 2013. This contract runs out on the end of November, 2013. At that point CL&P has the authority and the power and the right to look at the cost-based, formula-based rate and decide whether to file with FERC a new rate. Now, they wouldn't file with FERC for a new rate if they added no new facilities. However, if going forward they add new facilities that are serving us; they then have the opportunity to change the rate. The issue is the underground line that feeds us is a very old line, it is lead cable and it had a significant number of failures and our failures in the early 2000's from CL&P when we were fed from 9S were on that particular run of underground. The replacement vaults and the cables between vaults were running a million dollars a location and to re-cable this is a very large number. If we don't re-cable this, we are going to have repeated failures. So to get the reliability we want going forward, if we were to stay with the CL&P facilities that \$700,000 or \$800,000 a year number would skyrocket to a huge number and I think I have explained to you previously when we got into these negotiations that the numbers are frightening and could be so big as to put us in a position where we would end up with rates significantly higher than CL&P and we talked about once our rates get higher than CL&P, we shouldn't be in existence. So, even though you look at those numbers and they are a wash, they are a wash because (1) we told CL&P not to put another single asset in place without our knowledge, not our permission because they are the supplier, they could do it without our permission if they felt it was prudent industry practice. So far they have only replaced the relays in the system to make them ARC flash relays, safer relays so they have invested some additional money for safety reasons so that number would go up but nowhere near a cabling job. So I wanted to point that out to you. It wasn't a neutral transaction going forward; it was going to be a climbing payment to CL&P to get better reliability. And to us, that made no sense. To pay CL&P more than the carrying cost on the bonds plus a little bit of cash and money out of the trust. It simply makes sense to go forward and do it this way."

Commissioner Ramirez: "May I? Through the chair?"

Commissioner Burgess: "Yes, go ahead."

Commissioner Ramirez: "A simple question. I don't know if I asked this question before but would it be fair to ask you how many years it will take approximately to break even on the \$13 or \$14 million spent?"

John Hiscock: "That's a difficult one. If you did a simple breakeven analysis and divided it by the cost to CL&P today, it is close to twenty years but it is not going to be anywhere near that as CL&P's costs would have risen. But because I can't predict what CL&P's costs would be, it is very hard to do the breakeven analysis. I think it is easier to look at it from the perspective that I just said to you that the avoided cost covers the cost of the bond. So, that you are not in a position where you spending additional funds to build this substation because here you have principle and interest. Any other way to look at this...we are not in the investment business per se where you would want a five year payback or a seven year payback if you were investing your funds. That is not what this is about. This is not an investment; this is an avoided cost transaction. This is to eliminate one expense. It is a little different than a true investment. We are not putting \$10 million into something that we expect to gain a return on. This is a slightly different perspective, quite a bit different kind of analysis because if you didn't do the substation, didn't do the bonding and went through this process and continued to pay CL&P, in the end you would probably, and it is difficult to estimate, into the 11 to 13 year range where you would have spent a lot more money."

Commissioner Ramirez: "I am not suggesting that. I am 100% plus behind on this matter. I just wanted to get a simple number when approximately and I do understand this is not an investment but at the same time, we are dealing with a very expensive number and a very large number and hoping eventually we can get some return and becomes an asset."

John Hiscock: "It's not hoping. It clearly has to happen."

Commissioner Ramirez: "Well, that is what I was trying to say because the length of time..."

John Hiscock: "Contractually you eliminate those costs."

Commissioner Ramirez: "Absolutely, I understand that, yes, absolutely."

John Hiscock: "And you build the substation so it's not a speculative process. It is truly straight math."

Commissioner Burgess: "Yes, go ahead."

Commissioner Westmoreland: "Is it fair to say that the payback is characterized by increase reliability and service and guaranteeing our cost structure stays the same going forward?"

John Hiscock: "That is an absolutely good way to look at it. We protect ourselves from future increased costs and that is really the concept and I think that is a very good way to look at it. We are protecting against this escalating cost going forward by creating a leveled payment over 20 or 25 years."

Commissioner Ramirez: "I am very clear on that. I can see that. Never mind, disregard that."

John Hiscock: "No, I think your question was great."

Commissioner Westmoreland: "It was a good question."

John Hiscock: "Reliability, we have been stressing that from day one and that is a good point that Commissioner Westmoreland picked out. We had an event today and the event today was not related to CL&P. It was related to our substation and we were down for an hour and fifteen minutes but the outages that we have had and we have had a lot of them in storms and not in storms, none of them have been our fault. They have always been a CL&P issue with the exception of one dead raccoon a couple of years ago, which ended up getting fried in the substation."

[Laughter]

John Hiscock: "That was a short outage."

Commissioner Ramirez: "What happened today?"

John Hiscock: "Today we had a...I am going to decline to answer that on the record."

Commissioner Ramirez: "Ok."

John Hiscock: "Because we are still investigating and I don't want anyone to pick up and misinterpret and misconstrue what I was saying so I will brief you on that in a different fashion, but I will tell you it is pretty clear that we had an outage. The outage was for an hour and fifteen or twenty minutes in length and it was related to a component that failed in our substation. We are still investigating exactly what component that was. Ok, other questions?"

Commissioner Westmoreland: "Sorry, just one other question on the loan. The interest rate I assume will be determined by whatever rating we get from the rating agencies."

John Hiscock: "Yes."

Commissioner Westmoreland: "And then the finance director will make some recommendation on the terms based on that?"

John Hiscock: "Yes, the financial advisor and I am going to use an outside financial advisor because it makes it easier to deal with the rating agencies and the underwriters."

What will essentially happen is we will take a look at comparable issues and the yield curve going forward and when we look at municipal money and we have done a lot at CMEEC and we have refinanced a lot of things at CMEEC over the last three or four years, I think we will select a term long before we know what the interest rate is going to be and that is really going to depend on the actual total cost because these costs, I am hoping will go down before we actually do the bond issue. We will talk to the financial advisor about maybe doing temporary borrowing and not deal with the permanent financing until we have a much stronger information on cost, until we have a final design and we have a final conduit and conductor design. But this resolution does anticipate temporary borrowing before permanent financing. I think if you read through it you will see that. The interest rate, we should do well. We are rated AA1 right now, but it's an old rating from 1995/1997, when we bought the New Canaan reservoir. We were rated one step below the City and I think you all know that the City has been AAA for a long time. That is a very strong financial position and just recently got re-evaluated at AAA and that is great. So that we will not get dinged in anyway by the City. In fact, it helps us very significantly. When we talk to the rating agencies because we are as they call it a "quirky credit." We are part of the City's credit but we are not part of the City because the same taxpayers pay for the G.O. Bonds. They will not rate us at the City level. But if we are strong, they will rate us one step below the City level and that is Moody's position. Now, we also have a significant amount of debt in the water utility. As you know in mid-2000's we borrowed \$24.75 million at 2.04% from the State revolving Clean Drinking Water Fund. The really unusual circumstances about that is because it is debt we owe to the State. The rating agencies don't really view it as debt that is superior to a bond issue and it's not. So that in fact the bond issue becomes ahead of the State even though we signed with the State a General Obligation, these bonds will be ahead of that because they are not our bonds. It is a loan from the State. So, generally that fairly large amount of debt might have an impact on us. It probably will not have much impact because of the actual legal structure. Now, in conclusion, when you read through the resolution, it is a General Obligation Resolution, it is not a revenue bond. We cannot do revenue bonds because, I think you remember that I spoke a lot about this in prior meetings, that the General Transmission Services Agreement and the Revised Power Sales Agreement, we pledged our revenues to CMEEC so our revenues are pledged to CMEEC, so we cannot pledge electric revenues. The good news is we can simply do G.O. bonding and the New Canaan Reservoir purchase bonding was G.O. bonding. That is why it is all being set up this way. That ends the presentation on the substation. I can answer questions. I wanted to give you a lot of background with respect to the substation because now we are going to deal with a resolution that allows you to go forward to borrow \$10 million. Actually the Taxing District is going to borrow \$10 million. So I am going to end this, unless there are more questions. I am not trying to cut you off."

Commissioner Burgess: "Is there a copy of the resolution in here?"

John Hiscock: "Yes. You know this is an ancient computer and its XP and I haven't used XP in so long and I can't read it. Ok, in this packet, well, I am going to leave it to the Chair to decide if we are finished with the substation update."

Commissioner Burgess: "Pardon me?"

John Hiscock: "I just want to make sure that everybody is satisfied that we finished the actual substation update and now we are going to move to the resolution."

Commissioner Burgess: "Yes."

John Hiscock: "Ok, under tab 3 is the resolution that is necessary. It is lengthy, it spells it out. It speaks to what it is. It is \$10 million appropriated for planning, design, acquisition, construction of an electrical substation facility located on 1.07 acre, known as the St. Ann's Site to serve South Norwalk. It goes on and gives a description. The description is what we are trying to do is consistent with what we talked about all the way through this. The reason Section 1 is here and not because we are confused about what we are doing but it certainly gives a perspective on the purchase and what we are doing. There is in Section 2 a description about the bond issue, how it is going to be paid off, it speaks about the size of the bonds, how they are registered. This is all bond counsel lingo. These are all of the things required to issue bonds. I can tell you that there are a lot of words there but I can also tell you it is basically boiler plate. They all pretty much look the same. Section 3 talks about, 'they are sold by the Chairperson' so the Chairperson is going to stand out on the corner of Washington and North Main and is going to be hawking bonds."

[Laughter]

Commissioner Geake: "I can see her now."

Commissioner Ramirez: "Let me know if you need any assistance."

[Laughter]

John Hiscock: "Ok, this is really direction to us as to how we go about doing it. Section 4 basically authorizes the Treasurer to make temporary borrowings in anticipation. So that if we decide that we are in a position where we want to delay issuing the actual bonds, we can do so, we can do temporary borrowings. When we did the New Canaan purchase, we did bond anticipation notes and then we issued the final bond and paid off the bond anticipation notes. There is a reason for it being done this way. It would give us flexibility. When you issue bonds, if you don't use them within an IRS defined timeframe, you have a problem. Because at this point in time this is tax exempt bonding. We all know that the IRS is talking about eliminating tax exempt bonding and every municipal quasi governmental agency in the country is screaming and yelling but they have a thing they have to decide and it has to do with the serious financial problems, but right now they are non-taxable bonds. If you invest the bond anticipation money or the actual bond money and get a greater interest rate than the bonds, you have an arbitrage situation you will end up paying taxes on that. So there is some timeframes it fits into. So as we move into the substation project, we wouldn't want to issue bonds and then run into a difficulty that would delay past a year because then we would run into IRS rules and that is not a pleasant thing. So, it is structured to allow us to time the bond issue to match the point when we are absolutely, pretty much assured that nothing would stop us other than

maybe a lawsuit. Section 5 speaks about the 60-day claw back. I call it a claw back, they give it other definitions but this basically says the intent is to reimburse expenditures with this borrowing to reimburse expenditures paid 60 days prior to and anytime after the date of the passage of this resolution. This is why I am coming to you now, this paragraph. To say to you we need to do this now because we are starting to spend money and we won't be able to borrow all of this if these expenditures are more than 60 days old. Now, sure we can delay a month and get into the window. I prefer not to do that. We have electors meetings. Electors will have to pass this resolution. We have all sat in this room many nights when we have had to call electors for quorums. Every time it happens it is a 10-day notice period which takes us about 12 days to do. I would not want to get into having this delayed another month and then run into quorum problems and not pass this resolution for another 30, 40, 50, 60 days after our attempt. So let's do it. I am recommending we do it up front with a comfortable cushion."

Commissioner Ramirez: "If it has to be done, we might as well proceed, right?"

John Hiscock: "Yes and I can tell you that, in my opinion, we are past the point of no return. We committed a very large amount of money. CL&P and ISO New England have committed a very large amount of money so far because we got millions in the ground and committed. They have millions in the ground and committed. Nobody wants to back out at this point and either side that backs out is in trouble financially. There would be damages that would be paid. This is a very difficult situation where you commit to do something and you don't have all of the final approvals. As long as you proceed in an orderly appropriate fashion, you don't do anything negligent, you don't do anything unreasonable, you will be ok."

Commissioner Ramirez: "Through the chair?"

Commissioner Burgess: "Yes."

Commissioner Ramirez: "Counsel, attorney?"

Attorney Zullo: "I am sorry. I was trying to find a motion in my file. Yeah, I am sorry."

Commissioner Ramirez: "Is it fair to ask you, what is your opinion about this resolution?"

Attorney Zullo: "Well, I agree with John. It is mostly boiler plate. This is bond counsel that we have out of Hartford who has except for a couple of other firms do the majority of all of the bonding in the State. They were bond counsel going back to the days when I was Mayor. They are Robinson & Cole then and still are. These are boiler plate resolutions giving you all the powers that he indicated. The first explains what it is about so investors can look and know what they are investing in. And the thing dealing with temporary borrowing and then the other is dealing with the issue of competitive bids and what have you. It is all standard operating procedures for them. They don't charge you as if they were all boiler plates, but it is all boiler plate just the same."

[Laughter]

Commissioner Ramirez: "Thank you. I just wanted background. I just don't want to make a mistake. When you are dealing with doctors and attorneys, it is another deal, you know. I am sorry, I respect your opinion."

Attorney Zullo: "Yes I envy them. There are a few that handle all of these for the State and fees are no issues with them, God bless them."

John Hiscock: "And this Section basically says that the Chairperson, which is really us, is authorized to enter into an agreements and covenants for the benefit of the bond holders and disclosures to the Municipal Securities Rulemaking Board and all of those related things. That is basically Section 6 which is disclosure information. Section 7 is determined that this is in the public interest; that is required. We cannot issue bonds unless they are in the public interest. So, you by passing this resolution would be confirming that this project is in the public's interest."

Commissioner Ramirez: "I'm not thrilled with this but I do feel that for the quality of life this would improve in assistance and help our residence and that is what I hope for."

John Hiscock: "And the last Section 8 just authorizes the Chairperson to do pretty much anything necessary to finish this arrangement and to apply for and accept any and all Federal and State loans or grants in aid and that is important to indicate although there are none in the electric business. So this is the resolution and as counsel Zullo has said, I have read a lot of them, I have dealt with a lot of them, I have signed and done a lot of the things that are indicated here because, as you know, I am Chairman of the Board at CMEEC. This is truly boiler plate but it is required boiler plate and we can't go forward without it."

Commissioner Ramirez: "And I do understand that this falls into our responsibility and the chair's but if any changes exist, I am assuming the chair would come back to see the board or counsel or assistance how would that go?"

John Hiscock: "Can you say that again?"

Attorney Zullo: "What is the question again?"

Commissioner Ramirez: "The question is, I know this is a very serious responsibility to the Chair and I heard you say that the Chair has the power to do almost anything it has to make sure this project goes well, but assuming anything is amended or has to be changed, the Chair would come back to and correct it, if I am wrong? The Chair would come back to this Board and ask for any resolution or perhaps go directly to the counselor and proceed to do an amendment."

John Hiscock: "While this speaks..."

Commissioner Ramirez: "I just need a clarification on this."

John Hiscock: "Yes while this speaks to the Chair doing it, in essence the Chair delegates

almost all of the work to the staff and legal counsel. So, while the Chair is empowered to do this, the Chair turns around and looks at the Department and says 'ok guys, do it.'

Commissioner Ramirez: "I do understand that but it still would be the counselor's responsibility to make sure all of our procedures will be followed, legally."

John Hiscock: "Some of this would go back to bond counsel, some it would go back to general counsel and some of it would go back to management."

Commissioner Ramirez: "I just wanted to clarify that in my mind."

John Hiscock: "Absolutely, if something...and if this resolution had to be altered it would come back to this Commission."

Attorney Zullo: "You would have to go back to the entire Commission if it was something of substance, you would need another resolution. It is going to be audited. It has to go through the same procedures as you have done previous."

Commissioner Ramirez: "Yes."

John Hiscock: "It would have to go back to the electors and that is why we put the \$10 million in. I am not saying we will borrow \$10 million, I am saying that we have the discretion to do something different later."

Commissioner Ramirez: "I just need to clarify that in my mind to make sure that..."

Commissioner Burgess: "Any other question?"

John Hiscock: "We have because it involves bond counsel, I have a resolution here with a pile of blanks and I am going to ask one of you to make, and it is up to you who does it, this resolution by reading from this document and basically it is going to be that someone who is going to read this resolution. It is a motion essentially and it will be seconded by one of you and then we will do a seconded by one of you and then we will do essentially a roll call vote, ayes and nays. So that is procedurally what we will have to do. So, we should continue to deal with the questions here and get all of that resolved so that you are able to vote once this is read. And it basically says nothing more than, be it resolved you are passing the bond resolution."

Commissioner Ramirez: "My final question through the Chair. This will have to be presented to the electors on the 28th and will they have the final say or is this just a protocol to proceed?"

John Hiscock: "It goes to the Commission first and the Commission has to approve it. Once the Commission approves it, this is the problem we have with a couple of documents that we will talk about in a minute, the 28th and I haven't had a chance to talk to any of you about this, is not going to go forward. And the reason the 28th is not going to go forward is because of the timing of the resolution when they were written. The next

thing the bond counsel has for us on the agenda this evening is passing a resolution to set an electors meeting. We can't set an electors meeting for the 28th because we need 10 days notice. That was my fault. I got us into this process because we were going to rely on the authority of the chair to call the meeting on the 28th. We did it, we scheduled it, we noticed it and then bond counsel came back and said 1-77 of the Charter says the Commission will call a Special Electors Meetings. Section 1-78 of the Charter says the Chairperson can call Special Electors Meetings. So, Frank and I spent some time discussing this. I discussed this with bond counsel today and talked about the issue and I didn't get a chance to call the Chairman about it but the second resolution here is to set an electors meeting and for notice reasons we are probably going to recommend June 4th, which is a week later. That would be the next thing to do."

Commissioner Burgess: "The next thing to do is..."

John Hiscock: "The next thing to do after this. I am sorry, the next thing to do after this resolution passes. To answer your question sir, it is my fault that the 28th is off."

Commissioner Ramirez: "That is fine, that is fine."

John Hiscock: "I sort of jumped the gun and we go from there."

Commissioner Burgess: "Any one ready to move the resolution?"

Commissioner Mann: "Don't all jump up at one time."

Commissioner Harris: "I will do it."

[Laughter]

John Hiscock: "Ok this is the resolution right here."

Commissioner Harris: "Oh no that is too long..."

[Laughter]

Commissioner Geake: "You have to read it out loud."

Commissioner Harris: "I want to make sure I know what I am doing here. Ok. Resolved that the resolution entitled 'Resolution Approving \$10 million for the planning, design, acquisition and construction by the Second Taxing District of the City of Norwalk, South Norwalk Electric and Water of an Electric Substation Facility and authorizing the issuance of ten thousand dollars bonds of the District to meet said..."

John Hiscock: "\$10 million."

Commissioner Harris: "\$10 million, sorry. Should I do it again?"

John Hiscock: "No, just correct the \$10 million as opposed to the \$10,000. That would be fine."

Commissioner Harris: "Strike the \$10,000. \$10 million, I apologize. \$10 million bonds of the District to meet said appropriation and pending the issuance thereof the making of temporary borrowings for such purpose,' a copy of which is attached hereto, be adopted."

Commissioner Geake: "I second it."

Commissioner Burgess: "Thank you. Is there any discussion of the motion?"

[No discussion]

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye"

John Hiscock: "For the record is that ok? Is that six...?"

Attorney Zullo: "I think you are going to want the names. I am sorry."

John Hiscock: "No is that six ayes because I didn't hear everybody speak."

Commissioners Unanimously: "Aye"

John Hiscock: "Ok thank you. I just wanted to confirm it because you are going to go onto a public document going forward."

Attorney Zullo: "Yes for the record."

John Hiscock: "And the Clerk will certify who was there."

Commissioner Burgess: "And now we need a resolution to..."

Attorney Zullo: "Electors Meeting."

Commissioner Harris: "A special meeting."

Attorney Zullo: "Look at your agenda."

John Hiscock: "If you look on the agenda the next item is...and we can talk about this to make sure everybody is happy with this, but it is a resolution to call a special meeting of the electors with the same language. So I need to understand from all of you whether June 4th, which is the first Tuesday."

Commissioner Burgess: "Is that a Tuesday?"

Commissioner Ramirez: "Tuesday."

Commissioner Geake: "First Tuesday."

John Hiscock: "Tuesday night, two weeks from tonight is acceptable to all of you? Remember we must have a quorum."

Commissioner Geake: "Through the chair? I have a question. Does it interfere with anyone because of graduation and things like that?"

John Hiscock: "I think the Commissioner has a good point. Does anybody know when the high school graduation is? It isn't that early right?"

Commissioner Harris: "I don't think so."

Commissioner Ramirez: "I do think so, no?"

Commissioner Harris: "It is towards the end of the month."

John Hiscock: "And college is probably done."

Commissioner Burgess: "Thank God all of my graduations are over with."

[Laughter]

John Hiscock: "Me too."

Commissioner Burgess: "How about you, are you graduating something?"

Commissioner Westmoreland: "I am not graduating."

John Hiscock: "Do at least the six of you think you will be able to make that meeting because we do need fifteen and this is really critical. This isn't like the Ethics Commission where we can put it off. Ok, if somebody would, let see if we have another resolution."

Attorney Zullo: "It is the same as that one I believe."

Commissioner Burgess: "Does anyone have a problem with that date?"

Attorney Zullo: "Is that the one I put a check on because that is the one."

John Hiscock: "Yes. Ok, this would be what the Clerk is going to sign."

Attorney Zullo: "Isn't that the same that is on the agenda?"

John Hiscock: "Yes."

Attorney Zullo: "Ok. I don't have a copy of your agenda."

John Hiscock: "If somebody could craft a reading agenda item four and simply to indicate that you make a resolution to call a special electors meeting on June 4th at 8 p.m. and then read the rest of it. 'Of the electors of the Second Taxing District to consider'...that would be the appropriate way to deal with this."

Attorney Zullo: "At 7 p.m. did you say?"

John Hiscock: "8 p.m."

Attorney Zullo: "8 p.m. ok."

John Hiscock: "Whoever would like to read it, you see item number four in the book."

Commissioner Mann: "Sure. I make a motion to call a special electors meeting on June 4th at 8 p.m. of the Electors of the Second Taxing District To consider and vote upon the Resolution entitled: Resolution Appropriating \$10,000,000 For The Planning, Design, Acquisition and Construction By The Second Taxing District Of The City Of Norwalk, South Norwalk Electric And Water Of An Electric Substation Facility And Authorizing The Issuance Of \$10,000,000 Bonds Of The District To Meet Said Appropriation And Pending The Issuance Thereof The Making Of Temporary Borrowings For Such Purpose".

Commissioner Ramirez: "I second it."

Commissioner Burgess: "Any discussion on the motion?"

[No discussion]

Commissioner Burgess: "Is that alright Mr. Hiscock?"

Attorney Zullo: "Just one second."

[Attorney Zullo and Mr. Hiscock are reviewing the paperwork supplied by bond counsel]

John Hiscock: "Oh, I am sorry, at One State Street, South Norwalk, Connecticut."

Commissioner Mann: "The Special Meeting will be held at One State Street, South Norwalk, Connecticut."

Attorney Zullo: "On June 4th."

Commissioner Mann: "On June 4th 2013 at 8 p.m. o'clock."

John Hiscock: "I assume there is a second to that."

Commissioner Ramirez: "I still second it."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

John Hiscock: "Ok, we have a unanimous. We are just one step closer. Just a couple of things, there are a couple of typos in the presentation that will be corrected. It is going to be cleaned up a little bit more. However, we are going to go through this again in detail for the electors. If anybody has any questions, issues, things they would like to point out, please get a hold of me."

Commissioner Westmoreland: "Well, I would just like to say to Commissioner Ramirez's points, I am not sure that I would present the loan amortization schedules. It would be nice to crystallize the payback and the reasons a little more simply to the public."

John Hiscock: "Yes and much briefer, easier to understand form."

Commissioner Westmoreland: "It is complicated."

John Hiscock: "A good suggestion."

Commissioner Geake: "Does it have to be...if you look at that you just about want to go huh?"

[Laughter]

John Hiscock: "Yeah and if I have to try and explain it and then there would be a lot of questions."

Commissioner Ramirez: "Forget about it."

John Hiscock: "We are not going to be in a good spot."

Commissioner Ramirez: "Making it more complicated than it is."

Commissioner Harris: "John do you need these back?"

John Hiscock: "Any other questions or..."

Commissioner Harris: "Do you need these?"

John Hiscock: "No, it doesn't matter they are actually public record at this point."

Lisa Roland: "Can you have them sign the document?"

John Hiscock: "Yes, and before you leave this evening, we are going to be asking for

your signature on this document and it just says: we the Board of District Commissioners of the Second Taxing District hereby certify that we caused a copy of the notice of special meeting attached to be posted on the signpost and the website and published in the Norwalk Hour newspaper having in its issue of (date). Again this is bond counsel's boiler plate. You know we never do it this way."

Commissioner Ramirez: "I know that was going to be my next question."

John Hiscock: "Yes, this is bond counsel boiler plate certifying that you called the meeting. This why we ran into my date problem ok? We don't have to do this on the record but we have to do this on the way out. Thank you Lisa."

Subase / CMEEC Microgrid Project Evaluation

Commissioner Burgess: "Ok, Item 5 Subase CMEEC Microgrid Project Evaluation."

John Hiscock: "I am sorry. I didn't hear what you said."

Commissioner Geake: "Item 5."

Commissioner Burgess: "We are on item 5 now."

John Hiscock: "Ok thank you. In your book there is a presentation with regard to the Subase Microgrid Project. This Commission needs to make a decision and the reason the Commission needs to make the decision is we just spent 2½ years negotiating a complete revamping of the methodology that we deal with CMEEC and CMEEC deals with us. In the prior arrangement under the PSA, it was all in or all out. If CMEEC did the project, all five of us had to be in the project or it couldn't go forward. We spent a lot of time, effort into creating a system where each individual municipal utility could decide whether they wanted to be in the project or not. To that end this project is going to move forward because...it seems to be moving forward because it is located at the subase in Groton. And Groton and Norwich see an economic benefit to Southeastern Connecticut. The project has a positive cash flow and we are going to talk about that in a minute and we are not going to go over the entire presentation but I want to point out issues to you. The revamped arrangement does not specify who in the municipality makes the decision whether to join the project or not. But I am going to tell you that it is going to be a Commission based decision because SNEW management is not going to make this kind of a decision without a positive position by the Commission or a negative position. That is going to be a Commission decision with a recommendation by staff. We are not leaving you hanging out there but truly this and in the old arrangements you had to make the decision to enter the project and it was all in or all out so each of the five utility commissions had to agree to go forward. Now it is a little different. So the decision whether or not the District gets involved in this project by policy, I think, right now it is going to be procedure but eventually we will probably have to pass a resolution to confirm that the Commission will make the decision not management and I will talk to legal counsel about that. That is not to say we could

not, this evening we could either agree or disagree with respect to this. Norwich has committed to go forward. Groton is dealing with it this week also. I think they are dealing with it tomorrow night and basically the project goes forward if we have a 100% entitlement commitment. In other words, between the systems they agree to cover 100% of responsibility for this and it takes two systems out of the five to go forward. You haven't heard much about this project. Quite a while back we approved joining into a project in about the 2009 timeframe called 50/5 in which CMEEC planned to put twenty 2½ megawatt generators throughout the CMEEC systems for a total of 50 megawatts. Sixteen of them were placed, four were not. Four were then taken then mothballed. These are small diesel units similar to the one that is on top of 50 Washington Street. They are skid mounted or trump mounted and in this case skid mounted. They have environmental controls on them. They have selective catalytic converters and there was discussion at CMEEC about placing the final four at the subbase. It went back and forth between the subbase and Groton and CMEEC and didn't go forward and in the meantime Norwich asked CMEEC to study the Backus Hospital, a fairly decent sized regional hospital that had no good backup generation. So this backup generation which is essentially 10 megawatts was then going to be placed at Backus and part of the 50/5. So it was the final build out of a project that we belong to. What then happened was the subbase then got interested again in backup power and everybody is concerned about reliability at the subbase. It is a critical component of Connecticut and especially Southeastern Connecticut's economic base. If the subbase leaves, that is a real problem for Connecticut so there is an issue. Groton and Norwich wants to do everything they can to make sure the subbase stays. CMEEC spent a lot of money with the base closing commission four/five years ago to get it to stay. We were one of the primary groups to lobby for the base staying other than the State and we spent a considerable amount of money with economic backup and studies. Now, at the same time as the subbase started talking to us, CMEEC had already decided to decommission and dismantle three 2 megawatt diesel units that were in Wallingford at what we used to call John Street and then sell them. Once we started talking to the subbase again, it was decided not to sell the three units and make them their used units, make them the basis for the subbase project and buy one more 2 megawatt either a new or used unit, we have since decided used unit and the five members of CMEEC at the last Board Meeting discussed this project. The Board decided to hold off approval because the Board approved the project once the systems are involved. We have a Board Meeting on Thursday. At that point the Board will go forward if we have the required 100% commitment including two systems. So that is the project. Now, and I am going to cut to the real financial issue. In your board book you can look at all the detail, you can read the executive summary, it says what I just said to you, and it talks about the project. It is all self-explanatory. It talks about the equipment, the generation and then we go to the pro-forma, the financial information that they used to value this project and remember this project is an investment project, so this does have paybacks and all of those related issues. And we go to page 8 and this is the backup that we use to make a determination about the financial feasibility of this project with CMEEC. This is the forecasting tools, the dotted line, the forecasts, the solid lines are actual, you obviously can see in 2012 and 2013 is the break. This speaks about the capacity, issues, low growth and what is going to happen in New England. There is one on page 9 that talks about imports versus no imports. An import is power that comes

from a different region and it does have an effect on costs. Unless you are used to looking at these things and you understand the business really well, you are getting this to show what we have done with respect to our analysis and the Board looks at these in extreme detail. On page 10 and this is the issue that we need to think a little bit about. The ISO New England Forward Capacity Market, where these units would be entered into as a dollar per kilowatt month. And you can see right now it is about \$2.75 as a guess, reading this graph and it stays in the \$2.00 range through 2020 and it moves up in 2020/2021 and it goes out to 2023 and goes to \$12.00. That is a huge jump. Right now the capacity market is extraordinarily depressed. These units are breakeven at best at the current projected capacity market and become winners if the capacity market goes to \$12.00 and I am only pointing this out to you so you understand what the issues are. Page 11 doesn't help you very much and it is a hard graph to read. It really is valuation away from zero and I am not going to cover that much. Twelve just speaks to what it looks like, the transmission costs are. Not only do we get money for these units for capacity but we also get it for avoided cost of transmission because these generate power locally. So, we don't have to pay transmission charges for the output. So if you look at the graph on page 12, per kW month we collect right now \$6.00, which is three times what the capacity market is, this is for the avoided costs of transmission and it goes up to \$14.00 all the way out. It is simply based on a CPI guess. In the early years where it is steep, that's for known projects that we know are going to be built because they are approved. All of this leads up to what kind of return we would get out of this. The transmission market is not risky because it is utility based and it's a rate of return based on a FERC approved rate. The capacity market is market based and is risky. I am going to tell you the best curve to go to from here...let's go to page 16 the construction costs, as you can see is between \$2.5 million and \$3.2 million. The annual operating costs are about \$300,000. When we evaluated the subbase we put in some premiums for construction because it is on a government facility. We put in some premiums for operations because it is on a government facility and dealing with the government isn't great. Page 17 just gives you costs of the placing of these units in place and 18 tells you the deal, eighteen and nineteen. One is with a used additional 2 megawatt unit the others with a new 2 megawatt unit, it doesn't change very much. Here is the issue. If you look at the graph on 18 and you look at the pro-forma annual net benefit after costs, you will see that the bottom of the page is zero, the bottom line and you will see that for a few years it is a very small amount of dollars and benefits and in 2018 and 2019 it is a negative benefit and in 2020 it climbs and climbs significantly. The net present value of the entire project is around \$8 million depending on whether you use a new unit or a used unit. One is \$7.8 and the other is \$8.4 million. The net present value is a financial evaluating tool that tells you what the project is worth in today's dollars. Now, we are only about 8½% of CMEEC. That means we are responsible for, if we decided to get into this project because it is going to be debt finance, we are responsible for 8½% of \$8 million. So, this is not a big investment on our part. And if you look on page...oh I am sorry it is not here. Yeah, it is not in the presentation. So the commitment on our part is relatively small. The cash flow is virtually zero for the first five years and increases after that, five to six years. But even 8½% of the cash flow is relatively small. The risk to us to join the project is small. The benefits to us over the long haul exist but are small. It's really a case of whether or not we want to be

supportive of this project. I have indicated to the rest of the Board that I would present this to the Commission on a positive basis but that the negative cash flow going out through, as small as it may be, we are talking about a tiny negative cash flow, through 2020 is not an easy sell to any group and certainly not a public body. So, I am really saying to you at this point that it is probably a good decision to go forward and join with the other systems and I will tell you the Third District has declined. They are not going to participate and since that is a public statement already, I don't want in any way for you to think they are going forward, they are not. So, from a strictly financial basis it does have a positive net present value to us, not a large one because again it's only 8.5% approximately of the \$8 million. If this was a strictly long-term portfolio in which we were part of, the decision to do it and the recommendation would be positive but not strongly positive because of the early year cash flow consideration. We will see no benefit from this until 2020. 2020 is a long way away. We will be basically neutral until 2020. It presumes that the capacity market is going to increase going forward and it likely will and it also presumes that the cost of transmission will increase but not at a huge level going forward. So there are some assumptions here that are reasonable, valid good assumptions. We haven't had the opportunity to go over this or even think about it other than this very brief presentation that I put in your Board Book. So, I really want to find out what questions you may or may not have. You certainly have the ability to go forward with this at this point. You have the ability to pass on this at this point. We could indicate at the Thursday Board Meeting that the Commission has not made a decision and if Groton makes a positive decision and between Groton and Norwich they make a determination that they are both into the project and between them making up the 100%, the project will go forward. That is likely what will happen. Jewett City has indicated that informally that they are in, but the informal indication was by their Board so it is other than the formal yes, it is a yes. So that is where everybody is in this project. So I am going to stop here and answer questions and we can have a discussion. I know it is late."

Commissioner Geake: "Through the chair. What is the probability that this subbase may close? That is still something to consider."

John Hiscock: "That was a very serious question that we had as a Board when we talked to the Town of Groton and when we talked to the CMEEC financial people and the CEO. We will have a lease or will have a lease if the Board votes formally on Thursday to go forward with this, which I anticipate they will. We will have a lease with the subbase that will match the life of the project. If the subbase leaves, it doesn't in any way effect the operation of the project because the cash flow, the stream of income is not changed because we would still run it in the transmission avoidance mood and in the capacity market. So, the cash flow stream would continue and the Navy and the Federal Government has committed to that form of a lease. So this will sit in that location. Because that was a concern, if we lost the lease and couldn't run it then it would be worth scrap value and it would be a major loser. So the lease was negotiated and agreed to, to allow us to be there for the life of the project. And because it is in Groton and in Groton's service territory, it is essentially would continue to run that way just as if we entered into an agreement with the Maritime Center to place generation on the Maritime Center and they gave us a lease that matched the life of the

project. The decision would be easier because we wouldn't have to worry about the Maritime Center going into bankruptcy or a financial situation. So I thought that was the best way to explain it in relationship to our system. It is virtually the same. It is a major customer inside of their service territory and as long as the lease allows you to operate for the life of the project that risk goes away."

Commissioner Geake: "Ok. Thank you."

Commissioner Ramirez: "Through the chair? First question is if you happen to know the reason why these units are now going forward with this proposal like you mentioned and the second one I heard you say that it is probably good to go, you are recommending we go? It is or it's not? The possibility and in between because I don't feel comfortable?"

John Hiscock: "The final decision is going to be made on Thursday. The Board of CMEEC has been briefed in extreme detail and we have met several times to discuss this. The Board is convinced from a financial perspective this is a go. But it can't be a go until the systems commit to 100% of the project. It has to be fully subscribed to and since Groton is the largest player until Groton officially says they are in, the Board won't vote to go forward. So I am telling you it is highly likely that the Board will vote dependent on Groton's vote tomorrow night. If Groton says no, it will not go."

Commissioner Ramirez: "I also heard and it would be fair to say, that you said there were quite a few cities that are not going forward."

John Hiscock: "TTD, Third Taxing District is not going forward."

Commissioner Ramirez: "Do you know of any other one?"

John Hiscock: "Jewitt City is going forward."

Commissioner Ramirez: "Do you know the reason why they are not going forward?"

John Hiscock: "They haven't said officially other than they indicated they are heavily involved in their substation and that was going to have a cash affect on them and they didn't want to deal with a project that had, at best, neutral cash flow for that many years out. That was their rationale that they indicated to the rest of us. Groton and New London want to be involved in this project, basically subbase support. Clearly it's an economic benefit for Southeastern Connecticut. I mean the rest of the State benefits too, but the primary beneficiary is Southeastern Connecticut. Now, you remember I said to you several times that CMEEC is economically oriented towards Southeastern Connecticut because over two-thirds of its load is in Southeastern Connecticut. So, I can only report to you what I have been told and at this point it appears to me absent a formal vote by Groton tomorrow night and presuming that nothing changes, Groton, Norwich and Jewitt City are definitely going forward. TTD is definitely not going forward and if Groton and Norwich go forward, the Board will definitely vote in favor of moving this project. If the Board moves the project forward,

we are not committed nor is anybody else. You are only committed if you say I am in the project. And we spent two and a half years negotiating an arrangement where we can do exactly this. Yes or no. It puts more pressure on us because you get to make an individual decision as opposed to a group decision. However, we have really been making individual decisions all along because each Commission votes independently to join the project. So now the rules have changed. This is the first time I have come to you with one of these and the rules have changed. This is the first time we have dealt with the rule change and it is on very short notice. And the reason the project has flip flopped back and forth to answer your other question is the navy base and the base commander has changed his position several times. The navy has changed their position several times and now they are concerned about reliability and now they want to move forward. So it is coming to you with the recommendation from me to join the project from a long-term financial prospective. However, I recognize fully the Commission's concern about cash flow for seven years of not being positive in any meaningful way is a strong deterrent to joining the project and I wanted to be very upfront about that. My comments to you are based on the long-term perspective and the short-term is not good."

Commissioner Burgess: "Yes."

Commissioner Westmoreland: "Well, along those lines, I have a couple of questions. It just seems very speculative to me because the world changes so much in seven to ten years."

John Hiscock: "Yes, it does."

Commissioner Westmoreland: "This is based on the price of natural gas ten years from now. I don't know what the price of natural gas is going to be then. Who thought the price of natural gas would be so low now and the world is completely different than it was ten years ago and anything can happen with all of this and then we are talking about 8½% of \$8.4 million net present value the upside to us is \$700,000."

John Hiscock: "Yes. Absolutely."

Commissioner Westmoreland: "I guess the other question I would have is the debt we would take on with this, which I think would be about half a million dollars that we would be responsible for, does that get back to us in terms when the rating agency looks at us or are they going to say you have a half a million over here. Does that negatively affect us?"

John Hiscock: "No, our rating will not be dependent on this because the way the contracts and the relationships exist is we are only responsible for that portion and we are only responsible for our revenues from electric to cover it. In other words, the revenues that we pledge to cover the debt, is out of our electric revenues. We take it from the customers and we turn it over to CMEEC and you have been to enough district meetings to know that about two-thirds of what we take in goes to CMEEC. However, there is no specific obligation of the District other than revenues from electric. So they can't go at water revenues nor can they go at taxes and because it is

not an obligation of the District with respect to anything other than electric revenues, it will not negatively affect our G.O. rating.”

Commissioner Westmoreland: “If this was and part of this is because I am new and I apologize, I don’t know what CMEEC...”

John Hiscock: “This is new to all of us.”

Commissioner Westmoreland: “I don’t know what CMEEC’s grand plan is. If it was part of a bigger plan that would end up lowering our rates to all of our customers and this was part of supporting that, I would support that. So if it is I would be more inclined to do it. If it’s not, if it’s just a one-off to really help the subbase, it just seems very fraught with risk to me.”

John Hiscock: “Projects that we have been involved with in CMEEC are all designed to lower our rates. That is why we do them. And if in fact this was actually not going to lower our rates and it was going to be strictly support the subbase in a potential or probable loss position, we clearly wouldn’t get involved, but clearly the arrangements that with deal with today in CMEEC would allow the project to go forward if Norwich and Groton decided that they were willing to go forward despite a negative cash flow. We have a project called Pierce which had some very high cash flows originally when we had a good capacity market. As negative cash flows have balanced since the Pierce project in about 2006 or so and has been a positive build up of a significant amount of dollars. The 50/5 project once the capacity market increases significantly, we will be positive. We do the projects to lower our costs. That is absolute goal and there is no doubt that is the only reason we do projects. Projects come in only one form, five years or greater. Anything less than five years is simply forward market positions and those are not projects. So, we manage the short-term to beat the spot market and we manage the projects to provide positive cash flow to lower our costs over the long haul. I think that describes what our philosophy is.”

Commissioner Westmoreland: “Well, let me ask one more question then. Because we are a smaller player in CMEEC, if that is a fair statement, is this going to be and this may not be an answerable question, is this going to be the typical size of project that we are going to be offered participation in? Because my question is if we turn this down and we turn the next little one down that is the same size but you add them up together and over time it does offer substantial savings to our customers. Are we missing the boat so to speak by passing on projects like this and this size? Are we just going to see more of these with kind of these small upsides for us and we just need to take advantage of all of them to get the advantage? I don’t know.”

John Hiscock: “This project is the smallest one we have dealt with since I have been involved with CMEEC and that is 2002. The Pierce project is about 65 megawatts. The 50/5 project is 50 megawatts. Before the capacity market tanked, we were looking to find a 50 megawatt project in which we would be a partner with a bunch of others because you can’t build a 50 megawatt power plant today and be efficient. You know you have to be in the two, three, four hundred megawatt range so you usually

partner with other munis throughout New England. Sometimes you would partner with and invest your own company. We looked at purchasing projects that were on the market in a I guess you would call a junk shop sale that could not be economically run by a merchant plant but could be economically run by a entity like CMEEC because we don't have investors to deal with. We are looking for the cash flow for ourselves. This is extraordinarily small in relationship to what we generally look at. So as an answer to your question, this is a tiny project and I think if it wasn't for Groton's interest along with Norwich's in a regional economic situation, we wouldn't be looking at this."

Commissioner Burgess: "Any other questions?"

John Hiscock: "I don't sense excitement."

Commissioner Ramirez: "Not really."

Attorney Zullo: "A study in subtlety here."

[Laughter]

Commissioner Ramirez: "It really is very new."

John Hiscock: "You are free to express that. I told you that my recommendation was based on long-term economics. And as indicated, this is a tiny project. The benefit to us is small. The risk is small and it is tiny compared to most of the project, to answer Commissioner Westmoreland's question."

Commission Westmoreland: "I personally support the subbase staying in Connecticut and I think it's great that they are taking steps to do that because it directly affects them."

John Hiscock: "If we supported this project; that is all that we would be doing. And our support is tiny and I will tell you indicatively that this project is going forward because it would be absurd to think that Groton tomorrow night is going to vote not to go forward and Groton and Norwich have already indicated that they will pick up everybody else's share if necessary to make the project go. So, our not becoming part of this project will not kill it in any way. So I want to make that clear to you. We will not be an impediment here."

Commissioner Burgess: "Are you looking for a motion this evening?"

John Hiscock: "I am only looking for a motion if you want to join the project. You could make a motion not to join the project. You could make a motion to join the project or you could make no motion whatsoever. If you don't make a motion to join the project, I am certainly not going to transmit a letter to CMEEC under my signature saying that we are going to go forward on this project without a vote of the

Commission.”

[Laughter]

John Hiscock: “I think I made that clear up front. I believe strongly that these are Commission decisions based on what you can glean, staff recommendation and the information that is made available to you. I certainly don’t think it would be fair for me, even as small as it is; a half a million dollar commitment, that is not appropriate here. It is only appropriate for me to make recommendations to the Commission and I think you got the tone of my recommendation. And I do believe I have given you pretty good answers as to we are not an impediment and this project highly likely will go forward with or without us. TTD has said no and the other three have said yes, one to confirm tomorrow night.”

Commissioner Burgess: “Anyone prepared to make a motion either way?”

Commissioner Westmoreland: “I would be happy to consider this if they wanted to provide us with a more compelling reason why we should be involved.”

Commissioner Ramirez: “That is exactly what I was thinking about because right now I just think it is difficult to get into specifically and the questions and answers I have been listening to and it is a very short notice, the percentage is definitely very small, even in the long run in the unpredictable changes that is where this is going because look at the gas, real estate, whatever, it is very unpredictable and plus we are a very minor fraction of this and with the substation.”

Commissioner Burgess: “Do you think they would be able to provide us with more material?”

John Hiscock: “I think they will be able to go through this presentation in much more detail but I do not believe there is anything that CMEEC is going to say to you that is any different than what I said here. This is their presentation. This is not mine.”

Commission Ramirez: “So if we decide...”

John Hiscock: “This is their presentation; this is what they have prepared. Now, I will say to you that each of these graphs and pieces of information that you see here, came to the Board in much more detail, which is appropriate. We all deal with this all of the time and like any other Commission on a utility base level that is one removed from this very complex process that our Board deals with because we are all in the business. I don’t think you are going to get anything additional out of a presentation that would sway you to go forward.”

Commissioner Ramirez: “This might be a strange question but if we decide not to take any action and once we find a little more or perhaps come to a more final sense that maybe this will be more helpful in the future, can we still join or not?”

John Hiscock: "No."

Commissioner Ramirez: "This is a one shot deal."

John Hiscock: "So you understand and maybe I didn't explain this to you but we talked about it during the RPSC. We have an 8½ percent entitlement allocation based on our size. When the CMEEC Board votes to go forward with this project, they will say to each of the members, this is your entitlement, thumbs up or thumbs down. When somebody backs out...no that is a bad way to put it. When somebody declines to join for their entitlement allocation, their entitlement allocation goes back in a second round to the remaining members in the same ratio as the remaining entitlement shares. You take out those who don't go forward, you create a new entitlement percentage and you get to take it. If in the end it's not subscribed at 100% the CMEEC Board then has the right to go out and find other qualified entities who might want to be involved in this project. That is not practical here but it could happen in other projects because you are not going to get the Massachusetts municipals who are clearly qualified. To be qualified you have to have tax exempt status and you have to have a credit rating better or equal to the median credit rating at CMEEC. You can't be something that will lower the credit rating for this project. So, no we would not be able to join at a later date and I don't think that is an issue or a problem here from my perspective. We all understand the agreement that we created very specifically to allow people in and out. There is going to be no hard feelings on the other side and there will be no annoyance on the other side."

Commissioner Ramirez: "Even if you look at the graphics in number 18, it started up in 2014 and they already predicted...it is interesting how far they can predict that they are going to be down for two years and then going up. That is kind of interesting."

Commissioner Burgess: "You have a question?"

Commissioner Westmoreland: "Yes, I was just going to make a suggestion, if it is appropriate. I don't want to be rude to CMEEC. I want to be a good partner and I hear everything you are saying, but it is very likely they are just going to move ahead and that is fine. My suggestion would be that we not act on it in case there is some reason they wanted to come back to us and make a more compelling argument, which I hear you say is very unlikely but we could leave the door open for that because they are going to go ahead anyway. I am cognizant since this is the first time out that I don't want to just say we are going to be..."

John Hiscock: "If this was a large project."

Commissioner Westmoreland: "Belligerent or something."

John Hiscock: "You would have had much more information much sooner and you would have had a significant time frame to mull it over. Groton is pushing to move forward. Norwich is pushing to move forward and they want to move forward now. So,

we don't have the same timeframe that we might normally have and that in itself is a reason and we are not going to be considered bad partners with CMEEC. They understand, they have already told us informally, we have had discussions. We clearly know it is oriented towards Southeastern Connecticut and the subbase, we all know that. So there is going to be no repercussions, there is going to be no uncomfortable feelings. That is not the case here. If this was a huge project that was going to need all of us in to move it forward, that is a different story but that is not what this is. This is a tiny project and our participation quite frankly is probably irrelevant to them."

Attorney Zullo: "With that do you have a motion Commissioner that you might want to put forward?"

Commissioner Burgess: "No."

Attorney Zullo: "No one wants to move forward with a motion."

John Hiscock: "That's fine."

Attorney Zullo: "That's fine."

John Hiscock: "I will simply indicate to the Board we have declined to join the project, that is all and to join a project would have taken an affirmative motion and there was no affirmative motion so we declined to join the project. It is simple."

Commissioner Ramirez: "You are comfortable?"

John Hiscock: "I am very comfortable with that. I very specifically told them my recommendation from the numbers would be to go forward but it certainly was by no means a slam dunk and I didn't commit in any way for the Commission and I wouldn't and I absolutely think this was a good discussion."

Commissioner Burgess: "I have one question. Since this is their presentation, if you had time could you give us a more compelling argument?"

John Hiscock: "No."

Commissioner Burgess: "Well. Thank you."

[Laughter]

Commissioner Geake: "Short and sweet."

Commissioner Westmoreland: "As long as it wasn't just us."

[Laughter]

Commissioner Geake: "I make a motion that we adjourn."

Commissioner Burgess: “Oh, yes, everyone in favor of that motion?”

Commissioners Unanimously: “Aye.”

Adjournment:

The meeting adjourned at 9:20 p.m.

Attest:

Lisa Roland
District Clerk