

SECOND TAXING DISTRICT COMMISSIONERS

Annual Electors' Meeting Minutes

November 17, 2015

Electors Present:	James Delgreco Mary Geake Thomas Soltes Maria Borges-Lopez Mary Burgess Michael Mushak Dawn Delgreco Joe Newell Michael Geake	Cesar Ramirez Mary Mann David Westmoreland James Clark Robert Burgess Martha Wooten-Dumas Darlene Young Sandra Bonet
Also Present:	Paul Yatcko Lisa G. Roland Kevin Barber Gwendolyn Gonzalez Frank Zullo, Esq.	General Manager District Clerk Director of Administration & Customer Service Admin. Assistant - CSS Tierney, Zullo, Flaherty & Murphy
Public Present:	John A. Accavallo	Michaud Accavallo Woodbridge & Cusano, LLC

(There were a total of 17 Electors present for the Annual Meeting)

Call To Order:

Commissioner Westmoreland called the Annual Electors' Meeting of The Second Taxing District Commissioners to order at 8:13 p.m. on Tuesday, November 17, 2015. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Legal Call:

Commissioner Westmoreland: "Good evening everybody I like to call the Second Taxing District Annual meeting to order at 8:13 pm. I would like the Clerk to verify that there is a quorum."

Lisa Roland: "There is."

Commissioner Westmoreland: "Alright then let's proceed ahead. If the District Clerk would read the Legal Call for the meeting."

Lisa Roland: "Ok."

(Lisa Roland, District Clerk read the Legal Notice for the record)

Commissioner Westmoreland: "Ok, thank you and if I could ask everybody to, before you speak, for our meeting minute purposes, if you could state your name clearly. So with that I need a motion to accept the Legal Call. Do I have a motion?"

Mary Geake: "Yes I will make that motion."

Commissioner Westmoreland: "Mary Geake. Ok, second?"

Jim Clark: "Second, Jim Clark."

Commissioner Westmoreland: "Jim Clark. And we will have a vote on the motion. All those in favor?"

Electors Unanimously: "Aye."

Commissioner Westmoreland: "Opposed? Abstentions? Ok, motion carries, thank you. We'll move on to item 3. The election of Electors to the Ethics Committee."

3. The Election of Electors to the Ethics Committee

Commissioner Westmoreland: "We will first have a presentation by our General Manager Paul Yatcko."

Paul Yatcko: "I would hardly call it a presentation, you all know this probably better than I do, so I'm going to be very brief because you know the rules. The Ethics Commission consists of seven Electors, no four of whom could be of the same political party. The Electors shall be elected at the Annual Meeting of the Second District. Each member shall serve for a term of one year commencing upon election at the annual meeting and serving until the next annual meeting. The Chair of the meeting shall accept nominations for candidates, which nominations will not require a second. Each Elector so nominated shall affirm for the record his or her willingness to serve or submit a written statement signed by the Elector of that willingness to serve, which is provided to the Clerk prior to the nomination. If the District Clerk would indicate whether or not she has received any such written certifications of willingness before the meeting?"

Lisa Roland: "I have not."

Paul Yatcko: "So you need seven and no more from the same party, so Mr. Chairman?"

Commissioner Westmoreland: "Alright, thank you. We will accept nominations from the floor, do we have nominations? Mary Geake?"

Mary Geake: "Yes, I would like to nominate Mimi Burgess to be on board."

Commissioner Westmoreland: "Mary Burgess, are you willing to serve?"

Mary Burgess: "Yes."

Commissioner Westmoreland: "She's willing to serve."

Cesar Ramirez: "Mr. Chairman, I would like to nominate Darlene Young."

Commissioner Westmoreland: "Darlene Young, are you willing to serve, can she serve? She's treasurer."

Lisa Roland: "She's Treasurer, she can't serve."

Commissioner Westmoreland: "She probably can't serve."

Cesar Ramirez: "Oh sorry. Jim Clark."

Commissioner Westmoreland: "Jim Clark?"

Jim Clark: "Yes, I'm willing to serve."

Attorney Zullo: "Mr. Chairman, a party affiliation would be nice if you told us."

Jim Clark: "I'm sorry?"

Attorney Zullo: "Your party affiliation."

Jim Clark: "I'm a Democrat and I'm willing to serve."

Attorney Zullo: "Ok, the purpose is you can only have four from one party, so we have to know what affiliation you are."

Jim Clark: "Yes, thank you."

Maria Borges-Lopez: "I like to nominate Dawn Delgreco."

Dawn Delgreco: "I'm an Independent and I'm willing to serve."

Commissioner Westmoreland: "Excellent thank you."

Maria Borges-Lopez: "I like to nominate Jim Delgreco."

Jim Delgreco: "I agree to serve and I'm an Independent."

Commissioner Westmoreland: "Ok, that's two. More nominations?"

Cesar Ramirez: "Mike Mushak."

Commissioner Westmoreland: "Cesar nominates Mike Mushak, are you willing to serve?"

Mike Mushak: "Yes and I'm a Democrat."

Commissioner Westmoreland: "Alright."

Cesar Ramires: "I would also like to nominate; I keep forgetting your name sir."

Mike Mushak: "Bobby Burgess?"

Cesar Ramirez: "No, no the gentleman back there."

Mary Bordes-Lopez: "On the end?"

Attorney Zullo: "Someone else is coming in now."

Commissioner Westmoreland: "Oh, Mr. Soltes."

Tom Soltes: "I am willing to serve and I'm a Republican."

Commissioner Westmoreland: "Excellent. One, two, three, we need one more. Yes Darlene?"

Darlene Young: "I would like to nominate Michael Geake."

Commissioner Westmoreland: "Michael Geake, are you willing to serve?"

Michael Geake: "I'm willing to serve, I'm a Democrat."

Commissioner Westmoreland: "Democrat."

Attorney Zullo: "How many Democrats do we have?"

Commissioner Westmoreland: "We have four Democrats one Republican and two Unaffiliated. Alright, any other nominations?"

Cesar Ramirez: "You're missing one Republican?"

Commissioner Westmoreland: "No, we're good. We have two Unaffiliated, one Republican and four Democrats. Alright, all those in favor of the slate."

Electors Unanimously: "Aye."

Commissioner Westmoreland: "Opposed? Abstentions? Nomination carries. Do you want to read the results?"

Lisa Roland: "Ok, we have Mimi Burgess, Jim Clark, Mike Mushak and Michael Geake as Democrat, Dawn Delgreco, Jim Delgreco unaffiliated or independent and Tom Soltes Republican."

Attorney Zullo: "That worked out well."

Commissioner Westmoreland: "Thank you, ok, we will move on to item 4, receive and approve the audit report (the comprehensive annual financial report) of the Second Taxing District for the fiscal year, July 1, 2014 to June 30, 2015."

4. Receive and Approve the Audit Report (the Comprehensive Annual Financial Report) of the Second Taxing District for the Fiscal Year – July 1, 2014 to June 30, 2015.

Commissioner Westmoreland: "Do I have a motion to place the item on the floor?"

Mary Geake: "So moved."

Commissioner Westmoreland: "Mary Geake. A second?"

Mary Mann: "Second."

Commissioner Westmoreland: "Mary Mann. Alright, presentation by the staff. I believe that's going to be done by Paul."

Paul Yatcko: "I like to make some introductory remarks and then I will throw it over to Kevin."

Commissioner Westmoreland: "Alright, thank you, go ahead."

Paul Yatcko: "Our audited this year was performed by the firm of Michaud Accavallo Woodbridge & Cusano or as we call them MAWC and this marks our first year of working with these folks. You may recall that about six months or so ago at the direction of the District Commission, we put the audit engagement out for bid and MAWC was the successful bidder. With me tonight are Kevin Barber, SNEW's Director of Finance and Services and Mr. John Accavallo who is a partner in MAWC. Before I go any further, I would like to thank Kevin and his staff, Mark Harris and Brad Doolittle for all their hard work in providing the mountains of data required to pull this thing together and to vet all the financial statements that comprise the audit and I have to tell you they did a terrific job. I would also like to John and his team, it's always a challenge for an organization to introduce a new auditing firm and John and the team were very professional and they were a pleasure to work with. With that said, I would like to call your attention to the Letter of Transmittal in your copy of the audit, which is found at page 7. To be perfectly candid much of the Transmittal Letter is boilerplate and I'll leave it to you to read at your

leisure, but it does contain some information regarding our major initiatives for the last fiscal year and that's where I would like to focus my remarks this evening. After I briefly review those initiatives, I will throw it over to Kevin and Kevin will walk you through the financial statements. Turning to page 9 in your handout, we've been working on installing a system wide advance metering infrastructure or AMI System since 2010. Electric System AMI Installation began in October of that year and is now essentially complete. We began installation of the water AMI components in 2013. We are continuing implementation even as we speak and to date we've got some 1,250 water modules installed and that's about 13% of our water meters being covered. Next, we are very excited by the launch of our internet based customer interface called SNEWLINK which occurred this past July 1st. SNEWLINK integrates the customer information system with the meter data management system to give customers access to their account information and give them the ability to make electronic payments. To date, over 1,650 customers have registered for SNEWLINK and we've received over 3,000 payments amounting to about half million dollars through the system. So we are doing well and we may want to pulse our publicity on that in the near future to see if we can increase the take rate. Next our liability for Other Post Retirement Employee Benefits or OPEB was re-evaluated at about \$7.5 million in July of last year. The District has created and is funding an OPEB Trust in order to fund some or all of the net OPEB obligation and that liability on the balance sheet is a little over \$1.1 million. To date, we put \$1.7 million in the trust and we are adding another \$800,000 this year and we are right on plan. Our new substation on Martin Luther King Drive has been completed and continues to hum along very nicely. The ensuing conversion of our 4160 volt system to 13.2kV was completed this past January and the old State Street 4160 volt substation was decommissioned. We do have a few punch list items that we need to finish before the project will be completely closed out and we expect those to be completed by the end of this fiscal year. The total cost of the project is \$12.5 million. Our old generation plant is now vacant due to the retirement of the last operating units in 2001 and the decommissioning of the old substation this past January. We've recently hired the consulting firm of CDM Smith to perform a condition assessment of the facility and to determine potential future uses for the building. We are also looking a little bit more broadly at this issue of what the value of our real estate is and we are doing the same assessment on the other State Street building and the facility on Water Street and I expect that evaluation to be completed sometime in the first quarter of 2016. That is all I'm prepared to say about this stuff, but if you have questions I'll be happy to answer them and if not I will ask Kevin to walk us through the financial statements."

Commissioner Westmoreland: "Any questions to the General Manager? Darlene Young."

Darlene Young: "I do have questions about the new system, you said to date you only have 1,600 folks that are using?"

Paul Yatchko: "Yes, it's about 10% of our customer base."

Darlene Young: "And I think, is there a plan in place to increase that because I think it's a good thing."

Paul Yatcko: "Yes, as I said we did a limited amount of publicity through notices on bills, the bill stuffer, fliers that we put out at the window and so forth and we got a good initial response to it, but frankly the energy behind the sign ups has kind of tailed off a little bit. So in the near future and I'm not going to say I'll do it during the holidays, but probably after the holidays we'll pulse that publicity effort again and see if we can increase the sign up rate."

Darlene Young: "Is there a monthly cost to having this isn't there?"

Paul Yatcko: "Yes there is. We pay on a cents per transaction basis."

Kevin Barber: "And if I may, the numbers in here are probably from a month ago. Since that time we have actually increased well over 2,000 customers, so we are continually increasing, obviously after that initial rush of people signing up, it has tailed off a little bit, but we still do see customers signing up really on a daily basis so."

Darlene Young: "So was there a profit margin or something projected, you know, if we get the maximum number of participants? I mean, are we breaking even otherwise?"

Paul Yatcko: "I think in the very near time it's actually a cost of doing business because we have to pay the licensing fees on the software and a per transaction fee. I think in the long run there might be opportunities to reconfigure our workforce to reflect the fact that it's less of a manual operation to read meters and collect data. But that's a long term savings we have to look at."

Commissioner Westmoreland: "We undertook the initiative as a customer service enhancement because..."

Darlene Young: "I think it was necessary."

Commissioner Westmoreland: "It was so, you know we heard about it very, very frequently so we just went ahead."

Darlene Young: "It's a good thing."

Commissioner Westmoreland: "So, any other questions to the General Manager at this point? Alright, Kevin take it away."

Kevin Barber: "Good evening everyone. As Paul mentioned, I am going to go discuss all the financial reports and probably through most of the rest of the audit. My goal is to keep it as somewhat at a high-level, so if you have any questions please ask and we could drill down as necessary. What I do want to bring to your attention is on page 16 is the actual report of the independent auditors. MAWC provided us their report, I think it's safe to say this is a lot of boilerplate also. But I do want to mention on the top of page 17 under the opinions. Their opinion is that our financial statements as represented here are a fair representation of the position of the District and the utilities and I think that's an important thing that we all should understand so. The next section

is the management discussion analysis. My plan is to not rally go through that, but its management staff's position of a simple analysis of where we are for the year in some respects comparing it to last year, so I recommend that you read it at your leisure. What I would like to do is to have everyone please turn to page 27. This gets into the basic financial reports for the District. On page 27 is our statement of financial position and what this shows us is the position of the District; the upper section discusses our assets. It is broken up into three columns, the first column is the Government Activities, which is known as the District, the General Fund. The business type activities are both the water and electric utilities. And then the third column, is the total sum of obviously the District and the two utilities. So, for our total assets for the District, we have just over \$2.7 million in assets. For the utilities, it's just over \$79 million in assets for a grand total of just under \$82 million in total assets. The next section or the lower half of the page lists out all our liabilities, both our current liabilities, which typically are due within a year and our non-current, which are the liabilities that are due beyond a year. For the District, we have liabilities totaling only \$2,240. So as you can see the District's liabilities are somewhat small. For the utilities our total liabilities is \$32,245,000. The majority of those liabilities are constituted from our water filtration loan, our loan for the substation and if you add up all those together we are in the neighborhood of I believe \$27 million in loans that the District has to pay back. So our grand total of liabilities for the entire District is \$32,248,000. When we subtract our assets from our liabilities we have our total position of \$49 million for the District. So that's where the District stands, \$49,670,000. Are there any questions on this page, the statement of financial position? Ok, if not I'm going to ask you to jump a few pages forward. Everyone please turn to page 34. This is the statement of revenues and expenditures and changes in fund balance, budget and actual for the District. This report is important because this shows us what we budgeted for the District and then what we actually spent for the year. Top half of it discusses our revenue. The District budgeted \$550 in interest revenue for the year. We brought in \$302, so we are at a slight shortfall of \$248 for the year. I will remind everybody that the interest revenue is the District's only source of revenue. The District does receive funds from both utilities, which will be discussed a little bit later in the report, but that's the transfers from the utilities is what basically allows the District to operate on a yearly basis. Under the expenditure section, this is what we budgeted for our expenses for the year from Commissioner salaries all the way down to insurance and taxes. We budgeted \$364,603 for the year and we incurred expenses of \$289,181 for the year. So we were under budget by just over \$75,000 for the year. When you look at the revenue minus the expenses, we do show a shortfall of \$288,000 for the year. This was made up by transferring \$311,000 from both utilities, which covers the operating expenses. So then at the very bottom you see that our net operating, sorry, yes the fund balance at the end of the year is \$1,219,020, which is an increase of about \$22,000 from the opening of the year. Does anyone have any questions regarding the budget to actuals for the District? Yes?"

Bob Burgess: "Bob Burgess. On the \$311,000, that's from both utilities?"

Kevin Barber: "That is correct."

Bob Burgess: "Can you tell me how it works, the amount from each utility?"

Kevin Barber: "The way we do it is each utility transfers \$90,000 from let's say water and electric to the District fund. The electric also contributes the expenses for the year for the street lighting. So if you notice half way down on the expenditures is a line item for street lighting \$131,079. The \$131,079 plus the \$90,000, which I believe is \$211,077 is the amount that the electric contributed to the District. And then the water contributed \$90,000. Ok, hopefully I was clear on that and didn't create any confusion."

Jim Clark: "I don't think this is really high-level but, the street lighting, we did come in significantly lower, was that because of the LED?"

Kevin Barber: "I'd say more that was caused due to the amount that we budgeted for maintenance, it came in a lot less than we expected. And some of it would be for the LED's like I believe in Cedar Street new lights would have caused that to be a little bit lower than expected, ok. Any other questions on page 34? If not, we will jump to page 36. This is the statement of revenues and expenses and changes in fund net positions for the water and the electric. This is also broken down into three columns, the first column is our water utility, the second column is electric and then the total is in the third column, which is the sum of the two. For our total operating revenues, now this is the amount of money we do charge our customers for the services we provide. Water brought in a total of \$8.5 million in revenue for the year, the electric brought in \$15.9 million for the year, for a total of \$24.4 million in revenues for the year. Under the expenses are the operating expenses for water was \$8.5 million for the year. Our total operating expenses for electric was \$15.3 million for the year and the total was \$23.9 million. The line right below the total operating expenses is our operating income, which I think is a very important number to show you. For the water, we are showing a slight loss of \$13,873 for the year. The electric is showing a gain or a positive of \$569,000 for the year and the total for the District's both utilities is a total plus of \$555,000 for the year. Certain things to point out is that under the electric of that \$15 million, \$9.4 million of it was for the purchase power, so that's the cost that we have to pay CMEEC, which is who we purchase our power from to buy electricity. So that is quite a major portion of our total expenses on the electric side, relates directly to the purchase of our electricity. If we continue further down, it does list our non-operating revenue expenses, on the water side we incurred expenses totaling \$286,000; electric incurred an additional income of \$639,000. So for the District, the total of the two, we incurred income of \$353,000 for the year. A little further down, it does show the operating transfers, as I mentioned earlier, water transferred \$90,000 to the District, electric transferred \$221,077 to the District. So that's where the money comes out of each utility and goes to the District. The next line discusses the change in net position. So this is the overall difference between our revenues and our expenses. The water showed a negative or loss of \$390,274 for the year. The electric showed a positive or a gain of \$988,238 for the year. And the sum of the two, the District with both utilities showed a positive of \$597,964 for the year. And then the two lines below that show our net position at the beginning and the end of the year. As you can see the end of the year for both utilities is a positive \$46,918,000. Does anyone have any particular questions on page 36? Go ahead."

Michael Mushak: "I'm just curious, if any of these figures were impacted by the record drop in oil prices. Could that have affected our numbers?"

Paul Yatcko: "I'd say the purchase power possibly marginally. Power markets in the northeast are generally tied to the behavior of natural gas prices and natural gas prices in the northeast particularly in the New England have been not perfectly coupled with oil prices. They are down, but particularly in the winter, we are subject to constraints in the gas transmission system. So while prices may look reasonable down at the Henry Hub in Louisiana, by the time you bring them up to constraint transmission system into New England they can get pretty volatile. So not as much as you might think is the short answer."

Michael Mushak: "Ok, thank you."

Jim Delgreco: "Jim Delgreco. So can you explain the loss on the water side?"

Kevin Barber: "A lot of the loss that you see here is more, I'm going to describe it as more of accounting numbers, non-cash related. A big portion of the number, if you would look half way up under the expenses depreciation is \$2.5 million on the water side, which a lot of that is relating to the new filtration plant that we have up in Wilton. If we were to actually remove that factor from it, we would be showing a very, very large positive number. On a cash basis, we are very positive on cash, we are doing very well cash wise. A lot of it is more just the way the accounting numbers are displayed that show us as a negative. I will say last year's change in position was a negative \$988,000. So we've made some changes, we had a slight rate increase year plus a go that has caused that number to reduce down. The plan would hopefully be, if things go well, we can get that out of the positive side, but there are a lot of factors that do affect that. So, any other questions on page 36? If not, I'm going to ask everyone to jump to page 75. This is something more important, what I will describe schedules for us. These are part of our supplementary combining an individual fund schedules. On page 75 is basically the water budget to actual report for the year. So this will show you how we get budget wise and compared to what we expected. So for the water on our income, we have budgeted \$8.291 million in revenue for the year. We actually brought in \$8.683 million. So we were ahead of budget for the year on our income by \$392,197 for the year. Below that is our expenses. For our total expenses, water budgeted \$6.614 million for the year and we spent \$6.449 million. So on the expense side, we are under budget by \$165,263 for the year and up above in the expense side, we'll show actually the detail of each of the line items on how we allocate all of our expenses from source of supply, pumping water treatment and transmission and distribution. Are there any questions relating to the water's budget to the actual numbers on page 75?"

Jim Delgreco: "Jim Delgreco. So what do you account for the almost \$400,000 variance in water?"

Kevin Barber: "Little bit of a dry season. That does help. People use a lot more water."

Jim Delgreco: "People use more water?"

Kevin Barber: "Yes, people do use a lot more water when it's dry out when the temperatures are warm."

Jim Delgreco: "So a drought is a good thing for us."

Paul Yatcko: "It's a good thing and a bad thing, it's great for revenue unfortunately when it's raining outside, that not rain that's inventory. So our reservoir levels right now are a little lower than you would normally see at this time of the year and we are keeping a pretty close eye on that."

Jim Delgreco: "And what is the percentage, do we know that?"

Paul Yatcko: "We are in the low to mid 40's right now and normally at this time of year it's been wetter in October than we've seen. Normally they're recovering at this time and at this time we are just staying even. So if any of you pray, pray for a nice storm on Thursday."

[Laughter]

Mike Mushak: "Mike Mushak. I just want to know our reservoir, does it require weed control on the edges or tree removals or that kind of stuff just listed here under operations or maintenance?"

Paul Yatcko: "It's in operations and maintenance. We do have a grounds and forestry crew that do clear brush from the edges of the reservoirs, so it's a three person crew."

Mike Mushak: "Ok."

Kevin Barber: "It's under the source of supply categories under the water expenses."

Mike Mushak: "Ok, thank you."

Kevin Barber: "You're welcome. Any other questions on page 75? If you can flip to page 76, this page lists all the capital projects that water has budgeted and provides you with the status of those projects. A number of them have been completed throughout the year and some of them are actually ongoing, which means they will continue on to future years. All of them have or came in under budget or are currently under budget and we expect them to remain under budget for those that are complete. Any questions on any of the projects that may be listed?"

Jim Delgreco: Jim Delgreco, a question. I happen to be out walking the dog 4:00 o'clock in the morning and noticed that a van had run over one of the fire hydrants and needed to be repaired. The cost of that expense, who pays for that? Do we try to go after the person who did it?"

Kevin Barber: "Yes we do, if we had the information and there was a police report we will go after the vehicle operator's insurance."

Jim Clark: "So they weren't going anywhere, so."

Kevin Barber: "If we don't have, yes so we will go after them and collect as much as we can out of that. Unfortunately, if we don't have insurance information it does end up being an expense that ends up in our budget."

Paul Yatchko: "And frankly there are times that our hydrants are hit or our poles are hit by either underinsured or uninsured motorists and collecting that money and getting restitution through the court system is a problematic at best."

Commissioner Westmoreland: "I think the number I heard is that we recover about 60% of the...when there is a claim, we're able to get about 60% of the cost back."

Jim Delgreco: "Is that overall or just when there is a claim? When there is a claim then you can recover? Do you have numbers on the total?"

Commissioner Westmoreland: "I think that's overall in the number of when there are claims, it's not per claim, but on average. Lisa does it so she's taking it in, on average for all those where we have reports and we know who did it."

Dawn Delgreco: "Are you are trying to find out how much hitting a hydrant costs?"

[Laughter]

Commissioner Westmoreland: "Any other questions?"

Kevin Barber: "Ok, if not we can turn to page or flip the page to 77, we have two more pages of reports that I just would like to talk about, so we make this fairly quick. This is the electric budget to actual, the upper section talks about the income. We budgeted income of \$15.809 million for the electric. We brought in \$15.946 million for the electric, so we are ahead of the budget by \$136,360 for the year. On the expenses, total expenses we budgeted \$14.921 million in expenses, we incurred \$14.019 million for the year. So we are showing that we are \$901,000 under budget for the year. I will point out one of the large variances on the expenses for the electric, which is for purchased electricity. We have budgeted \$8.9 million for purchased electricity and we incurred expenses of \$9.4 million, so we were over budget by \$515,000 in this current fiscal year."

Jim Delgreco: "So then it costs you more?"

Kevin Barber: "That is correct."

Jim Delgreco: "So basically Mike's premise that the decline in oil didn't happen at all, in fact it was even more due to constraints."

Kevin Barber: "Actually to try to clarify this a little more, the reason why we had such an overage is last year, I believe it was in June, the Commission elected or decided to have CMEEC, which is the Connecticut Municipal Electric Energy Cooperative, to bill us I believe it was a penny and a half more per kilowatt hour on our bill. Our rate stabilization fund, which is a fund that is being held at CMEEC which helps us to stabilize the rates, was starting to get to lower levels. So we increased the rate that CMEEC charges us, so that we can increase our rate stabilization fund, which will allow us to keep our rates balanced, if you want to call it that. So the increase in the amount they charge us is what caused the purchased electricity budget to go over."

Jim Clark: "Jim Clark. So then that overage is going into a fund that will actually benefit us in the future, is what you are saying?"

Kevin Barber: "Yes, yes, those funds are accruing in a rate stabilization fund. Any other questions on page 77?"

Jim Delgreco: "So, it looks like the miscellaneous in deductions the actual \$807, now is that, so it's a negative number, is that because you didn't spend it or you did spend it?"

Kevin Barber: "That is actually, its income. The best way to describe this is its contributions in need of construction. It's, when let's say the State of Connecticut does through and re-develops a section, let's say Cedar Street, which they did not too long ago, any of the electrical assets that they install, they paid for. At the end of it, they turn it over to SNEW, it then becomes ours. While we take that asset and put it on our books as an asset and take it in as contributed capital. So that's the miscellaneous income that relates to that. And so we did show quite a large plus that we did not budget for, so that's why that number is so large."

Commissioner Westmoreland: "Most of that, I think was related to I-95 expansion?"

Kevin Barber: "Not I-95, there were a few. I think it was Cedar Street was one, parts of Monroe Street that were finalized with parts of others. There were various privates throughout the year that would all accumulate to make up for that. If there are no other questions on page 77, we'll flip to 78. And actually this will be the last report that we will talk about. This is just the electric's capital project reconciliation report. This is all the projects that we have in electric. As I said with water, it an ongoing status and balance at the end of the fiscal year. Probably the important things to note on this one are on the very last line is our substation bonding. It shows that we did bond for \$10 million and we spent the \$10 million on the substation project. We also had some other components of that project up further listed, bulk power 115kV substation phase 1 so we do have all the funds available that we are spending on. As Paul mentioned earlier, we still have a few little items to complete, which will then go against that project. Any other questions on page 78? If not, I will mention that there are other sections in here, notes that will actually explain in detail, other related aspects of our operations that I highly recommend that everyone read them."

Paul Yatcko: "It's a great cure for insomnia."

[Laughter]

Commissioner Westmoreland: "Thank you Kevin. Any other discussion or questions? If not there is a motion on the floor to receive and approve the audit report for the Second Taxing District."

Cesar Ramirez: "I am Cesar Ramirez. You want a motion to approve the budget or the report that has been presented? That is what you requested?"

Commissioner Westmoreland: "No the motion is already on the floor. Is that what you are saying?"

Cesar Ramirez: "You requested a motion to approve this report?"

Commissioner Westmoreland: "We already did that. We did that before the discussion. I was just repeating that there was a motion on the floor. Thank you."

Cesar Ramirez: "Thank you."

Commissioner Westmoreland: "If there is no further discussion, we will have a vote for approval. All those in favor?"

Electors Unanimously: "Aye."

Commissioner Westmoreland: "Opposed? Abstentions? Motion carries. Thank you very much. Alright, now we move to set the Compensation for Elected Officials in the Second Taxing District. Do we have a motion to set the compensation?"

Lisa Roland: "We need a motion since there are no changes, if there are no changes."

Commissioner Westmoreland: "Do you want to read what that is or leave it the same?"

Lisa Roland: "We want to leave it the same."

Commissioner Westmoreland: "OK."

Lisa Roland: "\$3,250 for..."

Attorney Zullo: "Its \$3,720 it went to \$3,750 or what is it?"

Lisa Roland: "\$3,250."

Attorney Zullo: "\$3,250."

Lisa Roland: "And then, yes \$3,250 for the commissioners and \$3,250 for the treasurer."

Attorney Zullo: "Oh yes."

4. Set the Compensation for Elected Officials of the Second Taxing District

Commissioner Westmoreland: "So we need a motion to set the compensation for the Commissioners, we are not recommending any change, its \$3,250 per year and the same amount for the, I guess we do the treasurer separately."

Lisa Roland: "The treasurer separately."

Commissioner Westmoreland: "So is there a motion to set the compensation?"

Martha Wooten-Dumas: "I make a motion. Martha Dumas."

Commissioner Westmoreland: "Is there a second? Jim Clark."

Jim Clark: "Second."

Commissioner Westmoreland: "All those in favor?"

Electors Unanimously: "Aye."

Commissioner Westmoreland: "Opposed? Abstentions?"

Maria Borges-Lopez: "I abstain."

Commissioner Westmoreland: "Maria abstains, motion carries."

Mike Mushak: "I have a question."

Commissioner Westmoreland: "Sure, go ahead sorry, I missed discussion."

Mike Mushak: "That's ok. Oh, we're not having a discussion on this?"

Commissioner Westmoreland: "No, go ahead I should have, I missed that, so."

Mike Mushak: "Mike Mushak. As a new member of the Ethics Board, I'm just curious if it's appropriate to vote on compensation for a spouse or significant other."

[Laughter]

Commissioner Westmoreland: "I would defer that to the legal counsel."

Jim Delgreco: "As a member of the board, I think it is."

[Laughter]

Michael Mushak: "Because I can abstain."

[Laughter]

Attorney Zullo: "It is appropriate, I agree with this gentleman in the front row."

Commissioner Westmoreland: "Alright, why don't we, let's re-vote."

Michael Geake: "Since we're doing that, can we get an answer to the question?"

Attorney Zullo: "I said I believe it is appropriate."

Michael Geake: "Ok, thank you."

Jim Clark: "Jim Clark and since we are talking about procedures when making a motion for, in this case for salaries, should someone who's affected directly by that be making a motion for that item and voting on the item?"

Attorney Zullo: "Well they're an elector and it might pertain to them, but everything you vote on pertains to them one way or another. I think they can vote on their own salary."

Jim Clark: "If you are receiving a salary, should you be able to make a motion on that item to the floor?"

Attorney Zullo: "I believe they can, if this is an electors meeting, it's their salary. I mean it's just like when you vote for yourself and you're running an election, I mean you know. If they don't vote for the salary, I don't know who else is going to."

Jim Clark: "Ok, thanks."

Commissioner Westmoreland: "Mike?"

Mike Geake: "So we can do this properly, I move that we reconsider the question and just vote upon it."

Commissioner Westmoreland: "Alright, we have a motion on the floor, do we have a second?"

Jim Delgreco: "I second."

Commissioner Westmoreland: "Jim Delgreco seconds. All those in favor to reconsider?"

Electors Unanimously: "Aye."

Commissioner Westmoreland: "Opposed? Abstentions? Motion carries, so we need a motion now to set the compensation for the Commissioners unchanged from last year."

Darlene Young: "I make the motion."

Commissioner Westmoreland: "Darlene Young makes the motion."

Joe Newel: "Second."

Commissioner Westmoreland: "Joe Newel seconds. Thank you. All those in favor?"

Electors Unanimous: "Aye."

Commissioner Westmoreland: "All those opposed? All those abstaining? Motion carries, thank you very much."

[Laughter]

Commissioner Westmoreland: "Now, we need a motion to set the compensation for the Treasurer also unchanged from previous years. Do I have a motion?"

Cesar Ramirez: "Cesar Ramirez, I make the motion."

Mary Geake: "Second."

Commissioner Westmoreland: "Mary seconds. Any discussion on the motion? All those in favor?"

Electors Unanimously: "Aye."

Commissioner Westmoreland: "All those opposed? Abstentions? Motion carries, thank you very much. Alright, thank you everyone for coming tonight. We appreciate you coming out."

Paul Yatcko: "Mr. Chairman if I may, just two minor administrative matters if I may?"

Commissioner Westmorland: "Certainly."

Paul Yatcko: "There have been some sentiment expressed to have these meetings at an earlier hour instead of 8 o'clock. I guess our next meeting of the electors will be in March, I believe for the approval of the budget. I just wanted to get a sense, do people prefer 8 o'clock or an earlier hour?"

Jim Delgreco: "I prefer an earlier hour. I think for individuals to be coming home especially coming home from work, I think it's easier for them to get here earlier than it is later."

Cesar Ramirez: "So what's the hour you are proposing? 7 o'clock?"

Jim Delgreco: "I would suggest 7. Yes."

Paul Yatcko: "If 7 o'clock is ok then, we will schedule our March meeting at 7:00. Thank you."

Commissioner Westmoreland: "We can try it."

Paul Yatcko: "We'll see what happens."

Jim Delgreco: "Can I ask another question?"

Commissioner Westmoreland: "Certainly."

Jim Clark: "This gentleman is from the audit committee?"

Commissioner Westmoreland: "Yes, from the audit firm."

Jim Clark: "I am sorry, the audit firm and it's a new audit firm. Did he uncover anything? How did the past auditors do?"

John Accavallo: "We don't really talk about the past auditors. I can tell you about how the finance department did here."

Cesar Ramirez: "Sorry, for the record will you state your name please?"

John Accavallo: "John Accavallo. There were no findings."

Cesar Ramirez: "Thank you."

Commissioner Westmoreland: "Anything else?"

Paul Yatcko: "Just one more item. I want to ask all the Electors to turn in their green cards on the way out the door."

[Laughter]

Commissioner Westmoreland: "Do we have a motion to adjourn?"

Dawn Delgreco: "So moved."

Commissioner Westmoreland: "Dawn Delgreco moves to adjourn. Do we have a second?"

Cesar Ramirez: "I will second, Cesar."

Commissioner Westmoreland: "Cesar seconds. All those in favor?"

Electors Unanimously: "Aye"

Commissioner Westmoreland: "All in favor? The motion carries. Meeting is adjourned."

The meeting adjourned at 9:00 p.m.

Attest:

Lisa Roland
District Clerk