

SECOND TAXING DISTRICT COMMISSIONERS

Annual Electors' Meeting Minutes
November 15, 2016

Present:	Maria Borges-Lopez James Clark Ernest Dumas Mary Geake Sherelle Harris Mary Mann Michael Mushak Thomas Soltes Paul Vinett David Westmoreland	Theodore C. (T.C.) Burtt, Jr. James Delgreco Barbara Eleanor Geake Michael Geake Steven Hunter Urban Mulvehill, Jr. Ian Soltes Antoinette (Toni) Van Loan Edward (Patrick) Vingo Darlene Young
Also Present:	Paul Yatcko Kevin Barber Lisa Roland Gwendolyn Gonzalez Kara Murphy	General Manager Director of Finance & Services District Clerk Collections Specialist Tierney, Zullo, Flaherty & Murphy
Public Present:	Alexander (Alex) Christofor	

(There were a total of 20 Electors present for the Annual Meeting)

The meeting was recorded in its entirety.

1. CALL THE MEETING TO ORDER

Commissioner Westmoreland called the Annual Electors' Meeting of The Second Taxing District to order at 7:03 p.m. on Tuesday, November 15, 2016. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

2. LEGAL CALL

The District Clerk read the legal notice.

T.C. Burtt moved to accept the legal call. Mike Geake seconded. All were in favor.

The motion to accept the legal call passed unanimously. (16-11-15-2)

3. ELECTION OF ELECTORS TO ETHICS COMMITTEE

Paul Yatcko cited the rules to serve on the Ethics Committee:

- Seven electors
- No more than 4 can be from same political party
- Elected at the Annual Electors' Meeting
- Serve for one year
- Term commences with election and ends at next Annual Meeting
- Moderator accepts nominations for candidates and nominations do not require a second
- Nominee must affirm willingness to serve or provide a written statement of such intent
- The written statement must have been provided to the District Clerk prior to the nomination

The District Clerk had not received any prior written notifications of willingness to serve. Thus (at least) 7 nominations were needed from the floor. A vote would be required if more than 7 were received.

The following individuals were nominated from the floor, and they affirmed their willingness to serve:

Mike Mushak (Democrat)
T.C. (Theodore C.) Burtt (Independent)
Jim Clark (Democrat)
Steve Hunter (Democrat)
Ian Soltes (Republican)
Tom Soltes (Republican)
Toni (Antoinette) Van Loan (Democrat).

Jim Clark clarified to the floor that nominees must be prepared to serve when called, but there are no set meetings. They occur only when needed. As an FYI, Jim Clark stated he has served on the Committee several times, but has never been called to a meeting.

Tim Clark made a motion to close nominations (at 7). T.C. Burtt seconded. All were in favor.

Nominations were accepted unanimously. (16-11-15-3.4)

4. REVIEW THE UNAUDITED FINANCIAL REPORT OF THE SECOND TAXING DISTRICT FOR THE FISCAL YEAR – July 1, 2015 – June 30, 2016

A motion was made by Mike Geake to place the item on the floor. Darlene Young seconded.

Paul Yatcko explained the departure from recent historical practice regarding the presentation of financial reports at tonight's meeting. The reports are unaudited.

The implementation of Government Accounting Standards Board (GASB) Standard 68 requires the District to show its liability for the State of Connecticut's Municipal Employee's Retirement System pension payments on its balance sheet. The State delayed on providing the required data, thus the District has not been able to complete its financial statements for certification by the auditors. The State delayed providing the data because they themselves had been going through their own audit process which was just recently completed. Because the District Charter requires that a financial report be made by the Commission to its electors at the annual Electors Meeting (third Tuesday of the month of November), unaudited financials are being presented at this time. Once the data (just recently received) is incorporated into the District's books, another meeting will be scheduled to provide the audited financials to electors.

Kevin Barber proceeded to present the unaudited financial reports. These are essentially the same as presented during the District Commissioners Special Meeting of November 7, 2016, with the exception of some adjustments regarding depreciation.

The District's total revenue (interest) amounted to \$405 compared to the budgeted \$550, which was \$145 under budget (negative variance). Total operating expenses were \$394,272 compared to the budgeted \$406,109, which was \$11,837 under budget (positive variance). Legal and accounting expenses were \$149,952 compared to the budgeted \$85,000. These expenses were over budget (negative variance) by nearly \$65,000. Actual revenue minus expenses resulted in a negative \$393,868 versus a budgeted loss of \$405,559. The result was a positive variance of \$11,691 for the year.

Commissioner Westmoreland clarified that over \$100,000 of legal expenses were due to the Ryan Park/Washington Village litigation brought forth by Friends of Ryan Park regarding the dry egress issue.

Mike Mushak asked if the legal fees could be recouped for the taxpayers. Attorney Kara Murphy responded that it was not possible in this case because the winner of the litigation cannot seek attorney's fees from the loser, and, in addition, the litigation was not the type where she could seek attorney's fees.

Jim Delgreco wanted to know why the difference in street lighting expenses. Paul Yatcko replied that the budgeted amount was based on recent history, but less maintenance was required/performed for the year. This does not necessarily mean that more street lighting repairs will be required in the new fiscal year. It is difficult to tell which lights or controllers will burn out. Some need for lighting maintenance might be displaced by planned pole replacements.

Jim Delgreco asked about the increasing number of damaged double poles with no initiative to try to get the utilities to transfer the lines from one to the other. Is there any initiative to try to alleviate this issue? Paul Yatcko responded that although there was a meeting this past summer there is no formal plan regarding this issue at this time. His perspective is that the larger utility companies in the State are reluctant to do work in the regulated pole business because they have other areas of business which are more profitable. Paul Yatcko said that SNEW would continue to push regarding this issue, but as a small company SNEW has little leverage.

Jim Clark expressed his gratitude for SNEW's attentiveness to this issue.

Patrick Vingo asked about the cost of removing the dead pole. Paul Yatcko responded that it is not simply a question of removing the pole, but also moving the construction on it. The cost varies depending upon the type of pole and how much equipment has to be moved, and can cost up to \$2000 per pole.

On the Water Operations side, total operating revenue was \$9.119 million compared to the budgeted \$8.522 million, resulting in a positive variance of \$597,000. Total operating expenses were \$8.848 million compared to the budgeted \$9.328 million, resulting in positive variance of \$480,000. The resulting net operating income was a positive \$271,000 compared to the budgeted loss of \$806,000, resulting in a positive variance of \$1.077 million. Total non-operating expenses were \$356,000 compared to the budgeted loss of \$344,000, resulting in a positive variance of \$12,000. For water, the total operating income over expenses were a negative (loss) of \$85,000 for the year compared to the budgeted loss of \$1.15 million, resulting in a positive variance of \$1.065 million. SNEW is ahead on the water side by \$1.065 million.

Jim Delgreco wanted to know why the big difference resulting in swing of over one million dollars. Kevin Barber explained that the total operating revenue was nearly \$600,000 more than budgeted for the year. Paul Yatcko added that the bulk of that increase was due to miscellaneous revenue, which is work done at the expense of others. For example, SNEW relocates a main because of a highway project and is reimbursed by the State, but payment isn't received in the fiscal year it was budgeted for.

Mike Mushak asked if, SNEW being a non-profit company, the surplus of \$1.065 million could be credited to customers' utility bills. Paul Yatcko replied that the cash reserves in the water side are very thin resulting from a number of years of operating on a shoe string because of the debt service associated with the rehabilitation of the water treatment plant, and thus he preferred to hold on to that money to rebuild the water reserve fund.

Mike Mushak wanted to know if that reserve would lower SNEWs borrowing costs. Paul Yatcko replied that it would if SNEW were looking to borrow.

Mike Mushak asked about a recent water main break on Fairfield Avenue. He wanted to know if heavy truck traffic on Fairfield Avenue is a contributing factor to line breaks because the road was not designed for such heavy use, and if this scenario is of concern to the Commission. Paul Yatcko speculated that truck traffic may have contributed, but he didn't know the specifics of that line – what it is constructed of or how long ago it was built. Thinking ahead for the long term, Paul Yatcko would like to put into place a systematic main replacement program. However, the current level of finances on the water side won't allow for this right now.

Mike Mushak wondered if local utility replacements might be funded by the Federal Government under the new administration. Paul Yatcko could not speculate on what Washington might do.

On the Electric Operations side, total operating revenue was \$15.674 million compared to the budgeted \$16.039 million, resulting in a negative variance of \$364,000. Total operating expenses were \$14.538 million compared to the budgeted \$16.176 million, resulting in a positive variance of \$1.638 million. The difference was largely due to purchased power costs coming in nearly \$900,000 under budget. The lower costs resulted from softer electric sales for the year, which in turn require less purchased power. Additionally, per unit cost of purchased power was less than anticipated.

The resulting total operating income was \$1.136 million compared to the budgeted loss of \$137,000, resulting in a positive variance of \$1.273 million. The final income over expenses, taking into account non-operating expenses, was \$874,000, compared to the budgeted loss of \$433,000 and resulting in a positive variance of \$1.307 million. SNEW is ahead on the electric side by \$1.307 million.

Jim Delgreco asked how the electric rate changes put in a couple of years ago for different customer categories was working out. Paul Yatcko replied that SNEW had not evaluated the specific rate of return from any one class. While it is something that should be done, it is on a very long list of things that need to be done. It isn't in this fiscal year's budget to do, but it is acknowledged that SNEW needs to perform a comprehensive review of rates.

Toni Van Loan asked in light of the notices that have been sent out regarding the water shortage, are there any plans to purchase water from another source? Paul Yatcko replied that SNEW is looking into this, but unfortunately any sources in proximity are in the same predicament, and transporting water from those further east in the State of Connecticut that have surplus is very difficult. The best strategy is to conserve and SNEW is pushing that message very hard.

Toni Van Loan asked if SNEW is restricted to CT sources. Paul Yatcko replied that he is unaware if they would be forbidden, but difficulty arises in dealing with two regulatory authorities. He didn't know if New York regulators would be willing to export water, especially if it were to expose them to risk. It would be easier to obtain the required regulatory approvals – DPH and DEEP - within the State of Connecticut. Toni Van Loan mentioned that she is aware of New Jersey negotiating for water purchase from New York sources. Paul Yatcko wondered if maybe the parties had convenient interconnection points to make the purchase and transport easy for them, but he was not familiar with the circumstances.

Tom Soltes wondered if water runoff from gutters could be directed to the reservoirs. Paul Yatcko replied that the reservoirs are located in Wilton and New Canaan, and are not fed off storm water runoff from South Norwalk. He was not aware of places where people were recycling storm water runoff from urban and suburban streets into the reservoir systems.

Mike Mushak brought up the use of rain gardens (gravel beds) being utilized in Philadelphia, Boston and Long Island to collect storm water for use in their drinking water systems. Paul Yatcko was aware of this being done out West, but had not heard of it being done in Northeastern urban environments.

Alex Christofor commented that the flyer/notice should be put in the paper because tenants don't receive the flyers that are being sent out with the bills. Paul Yatcko replied that the water shortage doesn't appear to be important enough for the papers to pay much attention to and SNEW has received little assistance from the media in regards to getting the message out.

Jim Delgreco wanted a review of the fiscal house and how good, bad, where SNEW stands, how much debt ... etc.... in addition to the numbers already presented. Paul

Yatcko asked that he wait for the audited statements to be completed.

Commissioner Westmoreland stated that the District wants to make the audited financials available to interested parties at an informational session, but that another official Electors' Meeting, with a quorum, is not legally required. When it becomes available, the information will also be posted on SNEW's website.

Patrick Bingo questioned what happens with the \$1.307 million in the income before operating transfers. Kevin Barber explained that the funds are rolled over into a reserve fund for use in future years. The figures shown are "before operating transfers" meaning these are the balances before Water and Electric Operations contribute funds to the operation of the District. They each contributed \$95,000 for this fiscal year.

Commissioner Westmoreland thanked Kevin Barber and Paul Yatcko for their work in providing the Commission with budget versus actual figures on a more regular basis rather than just once a year. This was important to the Commission so that it could monitor what is going on throughout the year. Budgeting will become tighter and variances will lessen with time and more budgeting history.

No vote was necessary with the unaudited financials.

5. SET THE COMPENSATION FOR ELECTED OFFICIALS OF THE SECOND TAXING DISTRICT

Mike Geake moved to set compensation for the Commissioners. T.C. Burttt seconded.

Paul Yatcko presented the annual compensation figures - \$3,250 for the Commissioners and the Treasurer, and \$2,500 for the District Clerk.

Jim Clark asked how long these particular salary figures have been in effect. No one knew, but at least as long as the District Clerk has been with SNEW which is five years.

There was some confusion as to what was being moved because the motion did not include a dollar amount. Attorney Kara Murphy stepped in to clarify that because the agenda did not include a dollar amount, a modified motion was required. Jim Delgreco made a motion to modify the original motion to include the dollar amount of \$3,250. After some continued confusion and back-and-forth comments, it was decided to start over and vote on each group's compensation separately.

Mike Geake moved to set the compensation for the Commissioners at \$3,250. T.C. Burttt seconded.

All were in favor, with the exception of Commissioners Westmoreland, Geake and Mann who all abstained.

The motion passed.

(16-11-15-5.5)

T.C. Burttt moved to set the compensation for Treasurer at \$3,250. Mike Geake seconded.

All were in favor. No objections or abstentions.

The motion passed unanimously.

(16-11-15-5.8)

The Agenda didn't include the District Clerk. However, both Commissioner Borges-Lopez and Attorney Kara Murphy stated that they believed the Commission sets the District Clerk's salary and a motion/vote was not necessary.

6. ADJOURNMENT

A motion to adjourn was made by Mike Geake. Commissioner Geake seconded.

The meeting adjourned at 7:50 p.m.

Attest:

Lisa G. Roland
District Clerk