

**SECOND TAXING DISTRICT COMMISSIONERS**

Regular Meeting Minutes

November 14, 2017

Present: David Westmoreland Chairperson  
Maria Borges-Lopez Vice Chairperson  
Harold Bonnet  
Mary Geake  
Mary Mann  
Sandra Stokes  
Martha Wooten-Dumas

Absent: None

Also Present: Paul Yatcko General Manager  
Lisa Roland District Clerk  
Kara Murphy, Esq. Tierney, Zullo, Flaherty & Murphy  
Frank Murphy, Esq. Tierney, Zullo, Flaherty & Murphy  
Mike Sutton Benefit Planning Services, LLC

Public Present: None

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*The meeting was recorded in its entirety.*

**Call To Order:**

Commissioner Westmoreland called the Regular Meeting of The Second Taxing District to order at 7:03 p.m. on Tuesday, November 14, 2017. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

1. Acceptance of the Minutes:

1.1 Regular Meeting Minutes of October 17, 2017

Commissioner Borges-Lopez moved to accept the minutes. Commissioner Mann seconded.

**Minutes were approved unanimously.**

**(2017-11-14-1.1)**

*Public Participation*

No Public was present.

**REGULAR AGENDA**

2. Select Chairperson & Vice Chairperson

Commissioner Stokes moved to accept nominations for Chairperson. Commissioner Wooten-Dumas seconded.

Commissioner Borges-Lopez moved to nominate David Westmoreland to the Chairperson position. Commissioner Wooten-Dumas seconded.

**Commissioner Westmoreland was unanimously voted Chairperson.**  
**(2017-11-14-2.1)**

Commissioner Stokes moved to accept nominations for Vice Chairperson. Commissioner Geake seconded.

Commissioner Geake nominated Maria Borges-Lopez for the position of Vice Chairperson. Commissioner Wooten-Dumas seconded.

**Commissioner Borges-Lopez was unanimously voted Vice Chairperson.**  
**(2017-11-14-2.2)**

3. Health Insurance Marketplace Review

Mike Sutton from Benefit Planning Services presented.

Anthem Blue Cross Blue Shield quoted renewal at a 26% increase in the 2018 premium. An alternative option, (almost) doubling the current deductibles, results in an 8% increase in the 2018 premium.

ConnectiCare quoted two options. The first with a lower deductible at \$2500 (individual) results in a 10% increase in premium. The second option with a \$4000 (individual) deductible results in a 6.5% decrease in premium. Assuming the District continues to fund the deductible in full, funding the higher deductible (\$4000 individual / \$8000 family) at the lower premium results in a lesser net cost than funding the lower deductible (\$2500 individual / \$5000 family) at the higher premium (net costs are a \$16,000 increase vs. a \$47,000 increase, respectively.)

Harvard Pilgrim quoted a premium increase in-between Anthem and ConnectiCare, and was shown in the presentation for comparison, but their network is not yet well established in Connecticut.

Aetna, Cigna and Oxford declined to bid.

Comparing the ConnectiCare plans, the Commissioners liked the middle plan option with a \$4000 individual deductible and an \$8000 family deductible. While all the ConnectiCare plans require the employee to pay a 20% co-pay after meeting the deductible, the middle plan presents the employee with the lowest potential net out-of-pocket cost. With the middle plan, the maximum out-of-pocket is \$5500 individual / \$11,000 family, of which the District would fund

\$4000/\$8000. Thus the net potential cost to the employee would be \$1500/\$3000. The out-of-pocket costs for the first option are \$5000/\$10,000. With the District funding the HSA at \$2500/\$5000, the potential net cost to the employee would be greater at \$2500/\$5000.

Commissioner Westmoreland questioned whether the District was being too generous in terms of medical coverage since most companies neither pay the premium in full nor fund an HSA at the level the District has (i.e. deductible in full).

Commissioner Borges-Lopez felt the current level was appropriate.

Paul Yatcko suggested taking into advisement that being less generous with the health benefits could possibly influence employees to be more inclined to vote yes to joining the Union. The Union petition is the subject of the next item on the Agenda.

Commissioner Westmoreland was not concerned and expressed it was the employee's right to unionize or not.

Commissioners Geake and Borges-Lopez recalled that a previous enrollment in IBEW by Electric Works (prior to the merger of Electric and Water into one entity) resulted in decertification after one year because of dissatisfaction with IBEW's medical plan.

Commissioner Borges-Lopez motioned that the District go with the middle ConnectiCare plan, funding the HSAs in full at the \$4000 individual / \$8000 family level, and having the employee pick up the 20% co-pay after having met their deductible. Commissioner Wooten-Dumas seconded.

The motion carried unanimously.

Mike Sutton left the meeting at 7:30 p.m.

#### **EXECUTIVE SESSION**

4. Report on Department of Labor Letter Regarding Request for Union Representation

Commissioner Borges-Lopez moved to enter Executive Session. Commissioner Mann seconded. Executive Session was initiated at 7:30 p.m. All seven Commissioners, Paul Yatcko, Lisa Roland, and Attorneys Kara and Frank Murphy were present.

Commissioner Mann motioned to exit Executive Session at 7:51 p.m. Commissioner Borges-Lopez seconded.

No action was taken.

Attorney Frank Murphy left the meeting at 7:51 p.m.

**REGULAR SESSION**

5. An Act Concerning Municipal Electric Utility Cooperatives and Establishing a Municipal Electric Consumer Advocate / Public Act No. 17-73

Paul Yatcko started off the item discussion with a summary of recent events. CMEEC Board of Directors recently met in Executive Session. The City of Norwich is rushing ahead having named a ratepayer member. Groton is also moving forward quickly to name a ratepayer member. Both of these utilities have the added incentive to act quickly in that they operate in Senator Somers' district. Senator Somers was the primary sponsor of this legislation. This time of year being a very busy time of year for the Board, CMEEC has not yet modified its by-laws, thus preventing the new members from being seated, and essentially putting them in a holding pattern.

On the other hand, CMEEC has produced a short monograph regarding the Board of Directors' roles and responsibilities, committee structure, meeting requirements and compensation. Having this information is helpful in starting to consider whom to name as the ratepayer member.

Paul Yatcko stated the compensation for in-person board meeting participation is \$600., while conference bridge participation is \$200. Commissioner Westmoreland read from the CMEEC's rate schedule: the rate for in-person committee meeting participation is \$250., and conference bridge participation is \$100 per meeting. There are approximately 15 board meetings per year, of which 2 typically take place in Norwalk.

Commissioner Westmoreland would like to establish a process and expectations policy, as well as a separate nominating committee which would meet outside of District Commission Meetings in order to protect the privacy of the candidates. A vote on the committee's recommendation could take place at a District Commission Meeting. Additionally, Kara Murphy suggested the policy would need to cover terms of office, and removal/replacement from office, if required, before the term's end.

Attorney Kara Murphy committed to investigating whether a nominating committee could be established within the confines of the Freedom of Information Act.

Commissioner Westmoreland brought up a brief discussion he had with Paul Yatcko regarding the inclusion of a District Commissioner on the CMEEC Board. Currently only Paul sits on the board and there is an open seat. Commissioner Westmoreland asked the other Commissioners to think about having one of them,

rather than an employee, sit on the CMEEC Board. Although historically the District have never had a Commissioner sit on the CMEEC Board, it is the only CMEEC member utility that does not. Commissioner Westmoreland thinks it is important for the District to exercise more control over CMEEC decisions.

Paul Yatcko reported that CMEEC, in light of having inexperienced ratepayer members sit on the Board, will be creating orientation programs for new members.

Attorney Kara Murphy left at 8:20 p.m.

6. Review of Unaudited Financial Results for the Fiscal Year Ending June 30, 2017

Paul Yatcko presented. Unaudited financials are being presented due to a delay in receiving OPEB data and in completing a particular account reconciliation. In accordance with the District's charter, financials are required to be presented at the Annual Electors' Meeting scheduled for next week. Completion of the audit will require another 3 to 4 weeks. Therefore, unaudited financials will be presented at the Electors' meeting, and if any material changes occur, an additional Electors' meeting will be scheduled.

Three high level income statements are included in the handout – District, Water and Electrical.

Looking at the District's statement, Interest Income and Other Revenue came in \$162, or 29%, under budget due, in part, to overly optimistic balances and interest rates. On the expenses, Community Service Projects looks like it came in over budget, but there was a double entry made and the actual figure, once corrected, will be approximately \$7000 below budget. The Street Lighting requires an adjusting entry. Some of the costs were erroneously charged directly to the electric budget and, thus, the positive variance will actually be less than shown. Legal and Accounting is showing a positive variance due to less litigation costs this year than last year (no more Ryan Park). Meetings, Printing and Other is showing a positive variance of approximately \$28,000, or 63%. The expense shown includes actual labor costs (i.e. time spent preparing for meetings and transcribing/summarizing minutes) as opposed to what was budgeted. Insurance (director's and officer's liability) and Taxes is also showing a positive variance. This is due to charges being made directly to the utilities rather than to the District. The bottom line is the District finished approximately \$104,000 below budget on a preliminary unaudited basis.

Turning to the Water statement, total operating revenue for water was \$165,000, or 2%, below budget, mostly due to lower metered sales as a result of the drought. In expenses, there is an unfavorable \$16,000 over budget in Water Supply due to increased consultant and management labor costs, also as a result of the drought. Pumping expense is below budget by \$90,000 due to lower sales volume

and overestimation of electric power needed to run the pumps. The positive variance of \$212,000 in Water Treatment is due to fewer chemicals being needed to treat the water. The positive variance of \$81,000 in Customer Accounts is due to a number of smaller cost items coming in either over or under, with no one item making up a large portion of the account. The Administrative and General expense as shown is \$429,000 under budget, but does not include the OPEB charges and gross receipts tax payment adjustments. Total Operating Expenses are approximately \$828,000 under budget. Operating Income is negative \$241,000 for a positive variance of approximately \$663,000. The adjustments will further reduce income, and cut into some of the positive variance, but not enough to reverse it.

Commissioner Westmoreland stated that a water rate increase was in order.

Turning to the Electric statement, it can be seen that Electric Sales and Operating Revenue are significantly below budget. Paul Yatcko's hypothesis for lower sales is the increased use of higher efficiency appliances contributing to greater energy conservation. Miscellaneous Revenue is \$711,000 below budget resulting from the delays in the ongoing large construction project, and not having received the 'contribution in aid of construction' dollars previously budgeted for. Thus Operating Revenue is \$1.7 million under budget. In the operating expenses category, Purchased Power is down because Sales are down. Transmission and Distribution is down because less maintenance was performed. Customer Accounts is lower by \$200,000 due largely because expenditures were lower than anticipated. Both the Administrative and General, and the Gross Revenue Tax Expense variances are being driven by missing entries. Thus Total Operating Expenses were \$1.5 million under budget. Net net lower revenue and lower expenses combine to result in an Operating Income figure of about \$509,000 or \$148,000 under budget.

Paul Yatcko requested permission to present the above figures at the Electors' meeting. A motion was not required and no action was taken.

## 7. Management Update

### *Reservoir Levels*

Current levels are at 49% of capacity. Ten year figures at this time of year are normally 59%. This time last year we were at 27%.

### *Director of Electric Operations*

Marvin Ayala started this week as the new Director of Electric Operations. He comes from Eversource, and has previously worked at United Illuminating as well as Consolidated Edison in New York. He has line experience, and has managed crews at Eversource in Norwalk for a number of years.

*Mall*

Paul Yatcko made a preliminary rate proposal about 10 days ago. GGP has not reached out to meet yet. Paul Yatcko suspects that they (GGP) are evaluating how the rate proposal fits into their budget and future cash flows.

Commissioner Westmoreland requested a summary of outages – both electric and water – report be made each month during the management update discussion.

**Adjournment**

Commissioner Borges-Lopez moved to adjourn. Commissioner Geake seconded.

*The meeting adjourned at 8:37 p.m.*

Attest:

Lisa G. Roland  
District Clerk