

SECOND TAXING DISTRICT
Electors' Annual Meeting Minutes
January 23, 2020

Electors Present:	Harold Bonnet	Maria Borges-Lopez
	Robert Burgess	Dawn Delgreco
	James Delgreco	Wallace Frey
	Steven Hunter	Lorrie Mann
	Mary Mann	Sonya Oliver
	Diana Revolous	Sandra Stokes
	Antoinette Van Loan	Paul Vinett
	David Westmoreland	Martha Wooten-Dumas
	Darlene Young	

Also Present:	Paul Yatcko	General Manager
	Lisa Roland	District Clerk
	Kara Murphy	Tierney, Zullo, Flaherty & Murphy
	Eric Strom	Director of Customer Care
	Alan Huth	Director of Water Operations
	Lori Walker	Director of Finance
	Gwen Gonzalez	Collections Specialist

Public Present: Jody Proct

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

The meeting was recorded in its entirety.

1. CALL THE MEETING TO ORDER

1.1 *Call To Order:*

Commissioner Westmoreland called the Electors' Annual Meeting of The Second Taxing District to order at 7:03 p.m. on Thursday, January 23, 2020. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

2. LEGAL CALL

The Clerk, Lisa Roland, read the legal call. Darlene Young moved to accept the legal call. Sonya Oliver seconded.

The legal call was accepted unanimously.

3. ELECTION OF ELECTORS TO ETHICS COMMITTEE

Paul Yatcko provided a brief overview. The Ethics Committee consists of 7 electors, no four of which can be from the same political party. Members are nominated/elected at the Annual Meeting and serve until the next Annual Meeting. The meeting moderator accepts nominations at the Annual Meeting and nominees must accept or refuse the nomination. .

The duties consist of receiving and initiating complaints of violation of the code of ethics. The members conduct investigations and hearings on alleged violations. They transmit their findings to the District Commissioners and electors for final resolution. Additionally they can make recommendations to the code of ethics. Meetings are only on an as needed basis.

The floor opened to nominations. Darlene Young nominated previously serving members including Jody Proct and Sonya Oliver.

Steve Hunter spoke that he had served and would be willing to serve again.

Sandra Stokes nominated Diana Revolous.

Moderator David Westmoreland indicated that these nominations filled the Democratic Party slots. Only 3 more nominations from either the Republican or Unaffiliated Parties could be accepted.

The Clerk, Lisa Roland, informed David Westmoreland that Jody Proct's eligibility to serve was being questioned. She may not be an elector of the District.

No further nominations came from the floor. Moderator David Westmoreland stated that the DelGreco's are unaffiliated and would probably be willing to serve, but were not in attendance. Also, the only Republican elector that could potentially serve is Tom Soltes and he, too, was not in attendance.

Shortly thereafter the DelGreco's came in (7:10 pm) and accepted the nominations.

Moderator David Westmoreland, Clerk Lisa Roland, and Attorney Kara Murphy consulted and formulated a plan. Tom Soltes would be placed on the nominations list, pending his willingness to serve, and would need to be confirmed at the next electors' meeting. If Jody Proct is ineligible, another nomination would be required at the next meeting.

Maria Borges-Lopez nominated Tom Soltes, pending his acceptance.

That would leave the Committee potentially short one member, the nomination of which would have been included, if necessary, on the next meeting's agenda.

Moderator David Westmoreland stated the slate of nominations:

- Jody Proct – Democrat (possibly not an elector)
- Sony Oliver – Democrat
- Steve Hunter – Democrat
- Diana Revolous – Democrat
- Dawn DelGreco – unaffiliated
- Jim DelGreco – unaffiliated
- Tom Soltes – Republican (pending his acceptance)

Sandra Stokes moved to accept the slate of nominations as listed above. Martha Wooten-Dumas seconded the nominations. The nominations were accepted unanimously.

4. REVIEW THE AUDITED FINANCIAL REPORT OF THE SECOND TAXING DISTRICT FOR THE FISCAL YEAR – July 1, 2018 – June 30, 2019

Mary Mann moved to put this item on the floor. Sandra Stokes seconded.

Paul Yatcko presented. A five page high level summary was distributed. The full 94 page report is available on www.SNEW.org. If a paper copy is desired, please see Lisa Roland with your name and address and she will have one mailed to you.

The first page of the handout shows the financials for the District. The beginning balance was \$42.6 million, operational expenses for the District itself reduced the balance by \$295 thousand, water business activities further reduced the balance by \$675 thousand, while electric business activities increased the balance by \$1.9 million. Miscellaneous activities further increased the balance by \$108 thousand, bringing the net change to slightly over \$1 million. The ending balance was \$43.6 million.

The second page shows the District's summary for budgeted versus actual dollars. Interest income came in under budget as interest rates are low. Several expense line items came in under budget, which is a favorable variance. These included Meetings' expenses, Street Lighting expenses, Legal and Accounting expenses, and Community Service project expenses. Street Lighting was under budget because some expenses were charged to the Electric fund rather than to the District.

The third page shows the financial results – budgeted versus actual dollars - for the Water Fund. Water revenue was \$8.5 million, or \$510 thousand worse than expected primarily due to weak metered sales of water. Water expenses were \$9.1 million, or \$843 thousand better than expected primarily due to lower customer care expenses by \$84 thousand, and lower administrative and general costs by \$210 thousand due to the switch to ConnectiCare medical insurance, the initiation of premium contributions by employees, and open positions. Also T&D costs were lower by \$226 thousand as certain maintenance projects were deferred due to weather, pumping expenses were lower by \$86 thousand as pump replacements improved efficiency and lower maintenance costs. Wilton property taxes were lower by \$216 thousand due to the Wilton tax settlement. The Water Fund net loss was \$612 thousand, but better than budgeted by \$332 thousand.

The fourth page shows the financial results – budgeted versus actual dollars – for the Electric Fund. Electric revenue was a little over \$18 million, or \$780 thousand better than anticipated due to unbudgeted construction revenue from the Mall and the Marriott hotel, unbudgeted amounts for unbilled revenues, and an overly conservative revenue budget. We also had some unbudgeted merchandising and jobbing revenue from Washington Village. On the page, the line item 'Laboratory Service' should have been labelled 'miscellaneous' and represents Mall construction contributions. The variance for the combined line items is \$613 thousand under budget due to work we expected to perform and bill for but that was done by the Mall construction crews instead.

Electric expenses were \$16.1 million, or \$23 thousand above budget primarily due to higher transmission and distribution expenses which include street lighting expenses (charged here instead of to the District), higher contractor costs (which were partially offset by A&G costs), and higher customer service costs. These costs were offset by lower A&G due to the switch to ConnectiCare, employee contributions towards medical premiums, and open positions in the organization. Electric net income was \$1.9 million, which was \$757 thousand better than budgeted.

The last page shows the total cash flows from operations - \$458 thousand from water, and \$1.9 million from electric for a total of \$2.4 million. Cash flows from capital activities were obviously negative, the total being \$2.4 million. We continued to pay down the principal portion of our debt for a total of \$1.7 million. These were partially offset by positive flows from pension and OPEB funds. The negative cash from these activities were a total of \$2.9 million. The District's net change in cash was a negative \$500 thousand.

Water's ending cash balance was \$2.6 million, Electric's was 15.8 million, and the combined total was \$18.4 million.

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

Moderator David Westmoreland stated that compensation has remained the same for several years, but is open to anything.

The current total budget is \$22,750 for the Commissioners, amounting to \$3250 each.

Robert Burgess moved to leave the compensation as is at \$3250 per Commissioner. Steve Hunter seconded.

The motion was accepted with two abstentions - Maria Borges-Lopez and Sandra Stokes.

Maria Borges-Lopez moved to leave the compensation for Treasurer as is at \$3250. Sandra Stokes seconded. The motion was accepted.

David Westmoreland introduced Attorney Kara Murphy, Director of Customer Care

Eric Strom, Director of Water Operations Alan Huth, Director of Finance Lori Walker, and District Clerk Lisa Roland. David Westmoreland thanked retiring General Manager, Paul Yatcko, for his service and moving the organization forward. Paul Yatcko will be retiring on March 6. Mr. Yatcko thanked the Commissioners and the community for their support.

Darlene Young asked what happened on North Main Street just recently. The short answer from Paul Yatcko was that a transformer blew up. A 500kVA submersible transformer failed at about 9:37 a.m. on Tuesday (1/21/20) morning. The unit was about 40 years old. Roughly 430 customers were left without power. Power was restored to 400 customers within two hours. Power was restored to the remaining customers, with the exception of 9, within another hour. The remaining 9 were without power for nearly 16 hours. Our crews, supplemented by contractors, did a "hell of a job." They worked non-stop for 16 hours. There is some clean-up and recovery work to do, and then a plan has to be formulated to accomplish replacement of that transformer and six others of the same age.

The transformers have to be custom built at a cost of approximately \$100,000 each. The lead time is 7-9 months, and there are very few suppliers.

Robert Burgess asked if the replacement would be placed above or underground. The response was that they are designed to be placed underground.

David Westmoreland added that although the District has old infrastructure, it is making improvements when finances allow. The substation on Dr. Martin Luther King is an example at a cost of \$14 million. The electric side is in a better position to make improvements, but the water is not.

6. ADJOURNMENT

Martha Wooten-Dumas moved to adjourn. Sandra Stokes seconded.

The meeting adjourned at 7:40 p.m.

Attest:

Lisa G. Roland
District Clerk