

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes

November 13, 2018

Present:	David Westmoreland	Chairperson
	Maria Borges-Lopez	Vice Chairperson
	Harold Bonnet	
	Mary Mann	
	Sandra Stokes	
	Martha Wooten-Dumas (arrived 7:16 p.m.)	
Absent:	None	
Also Present:	Paul Yatcko	General Manager
	Lisa Roland	District Clerk
	Connie Luis	Clerical Assistant
	Kara Murphy, Esq.	Tierney, Zullo, Flaherty & Murphy
	Frank Murphy, Esq.	Tierney, Zullo, Flaherty & Murphy
Public Present:	None	

The meeting was recorded with the exception of Executive Session.

Call To Order:

Commissioner Westmoreland called the Regular Meeting of The Second Taxing District to order at 7:00 p.m. on Tuesday, November 13th, 2018. 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 16th, 2018.

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

The minutes were approved unanimously. (2018-11-13-1.1)

Public Participation

No members of the public were present.

REGULAR AGENDA

2. Review of Unaudited Financial Results for the Fiscal Year Ending June 30, 2018

Paul Yatcko presented unaudited results. The District's Charter requires the Commission to present financials to the Electors by the third Tuesday in

November. Once again, the State's CMERS actuarial data is late and holding up the District's audited financial statements.

Paul Yatcko started with the District's financials. The District's interest income was \$292, coming in \$258 or 46.9% under budget.

Expenses charged to the District totaled \$193,405., which was \$153,700 less than budgeted. Actual line item expenses contributing significantly to the savings (on paper) were Street Lighting Expense (expenses were charged directly to Electric division) at \$68,000 under budget, Professional and Outside Services (legal costs for the District) at \$53,000 under budget, and Meetings, Printing and Other expenses (District Clerk spent less time than anticipated) at \$21,000 under budget.

The District loss was \$193,113., which was \$153,000 better than budgeted. This is a paper loss since the expenses are actually absorbed by the Water and Electric division budgets in equal parts.

On the Electric side, revenue was \$15.5 million, which was \$1.9 million under budget. Revenue from metered sales was \$750,000 under budget, of which \$185,000 was due to an adjustment made to correct customer over-billing and the remainder is due to the continued trend in diminishing electric sales. Lost customer discounts were better by \$73,000 due to fewer customers taking advantage of the discount period. Miscellaneous service revenue was \$1.25 million less than budgeted due to the delay in receipt of the Mall related contribution in the aid of construction.

A letter of agreement committing Brookfield Properties to pay for construction costs was just received and the check is expected within a couple of weeks.

Electric total expenses were also \$15.5 million or \$842,000 below budget. Purchased power was a little more than \$350,000 below budget due to the lower sales performance, transmission and distribution costs were about \$30,000 better than budget and would have been even better had not the finance department embarked on a strong effort to close open work orders, customer accounts was \$194,000 lower primarily due to lower conservation program costs which were partially offset by an increase in the charge for bad debts, administrative and general were \$249,000 better as lower pension, benefits, worker's compensation and other expenses were partially offset by gross revenue tax and CT sales tax adjustments and also a correction of an inaccurate entry in the CMEEC cash account. Errors made by the former finance staff are being found and cleaned up by the new financial professionals on board. The resulting net income in Electric was a \$25,000 loss which was approximately \$1 million below budgeted and largely attributed to the Mall delay and mostly offset by lower construction costs.

On the Water side, revenue was \$8.48 million which was \$422,000 below budget

due to lower water consumption than anticipated. Water expenses were \$8.4 million or about \$1.5 million lower than projected. Supply costs were \$30,000 better partially due to the lower water volumes and was partially offset by water purchases from Third District during the river crossing repair. Transmission and distribution costs were \$280,000 above budgeted which reflects a concerted effort to close open work orders. There were over 200 open work orders that were cleaned up, costs were charged to income and adjustments made to physical inventory. Water pumping and water treatment together were about \$289,000 below budget because both of these expenses are volume driven. Customer accounts was about \$115,000 below budget due to labor savings relative to the forecast, A&G costs were \$1.3 million better than budgeted reflecting the same savings seen on the electric side plus an adjusting entry reflecting the Wilton tax settlement (\$845,000 refund received in 2017 but not previously reflected in the books). Water net income was approximately \$80,000 which was far better than the anticipated \$1 million loss.

Commissioner Westmoreland asked if these numbers (outlined above) is what will be presented at the Electors' meeting of November 20th. Paul Yatcko replied in the affirmative and added that he expects a few of the electors will not be pleased to see unaudited financials, but it is out of his control. The GASB 45 requirements are causing delays on the State's reporting of CMERS data, and the District's charter mandates the presentation date to electors.

Management Update

Reservoirs:

Paul Yatcko presented. All reservoirs are (mostly) near 100% with the exception of New Canaan. The level there is being kept lower in order to do repairs to the spillway. The levels at this time of year are typically at our minimum at around the 62% mark and thus we are in very good shape.

New Hire:

A new Director of Electric Operations, Scott Murphy, has been hired and begins on December 10th. He is coming from United Illuminating, has line worker experience, and lives nearby.

Outages:

There have been 11 outages this month – 6 forced and 5 planned:

- October 26st, on Hollow Tree Court and Hollow Tree Road, affecting 37 customers for 43 minutes, caused by a blown cutout on a pole because of a biological contact.
- November 3rd, affecting 51 customers on 5 streets for 54 minutes, also caused by a blown cutout.

- November 4th, again on Hollow Tree Road, affecting 3 customers for 2 hours and 24 minutes, again caused by a blown cutout.
- On the same day and street as above, another 49 customers were out for 5 minutes, also caused by a blown cutout.
- Last week, on corner of Flax Hill and Soundview, a pole literally split in half by natural causes (rotted out). The pole hit a car but did not cause an unintentional outage. Homes had to be taken out intentionally while repairs were done.
- Ten minute outage affecting one customer on Taylor Avenue due to a bad connection.
- The Mall has requested two outages in order to protect their equipment during heavy rain storms.
- Two outages in the Day and Raymond area to remove poles to stick with O&G's schedule.
- One customer was taken out in order to transfer his temporary service to a permanent service.

CMEEC:

Lastly to report, 5 individuals from CMEEC were indicted in federal court last week – the CEO, CFO, 1 current board member, and 2 former board members – for misuse of funds by an entity that had received federal grant money, and conspiracy to do the same. Many, but not all, are related to trips to the Kentucky Derby for so called strategic retreats in the 2013 – 2016 period. The CEO and CFO have been suspended without pay by the CMEEC Board pending the outcome of the investigation. The active board member has been removed from the Board. Paul Yatcko emphatically stated that no employees nor board members from the Second Taxing District attended the outings nor are being investigated, and that he personally did not attend these events which occurred before he came over to SNEW. Press coverage is likely and we have a press statement prepared.

Commissioner Westmoreland added that an interim CEO was named. He is the recently hired CFO which was not involved in any of this. A Board meeting this coming Thursday will convene to name new board officers and to adopt a budget.

The FBI investigation is ongoing, and Paul Yatcko has been interviewed by both the FBI and the IRS.

Commissioner Westmoreland added that CMEEC, the organization, is not being indicted and has been named a victim.

3. Health Insurance Discussion

Mike Sutton presented a summary of the health insurance premium bids received from ConnectiCare, the State's plan, and UnitedHealthCare/Oxford.

Initially ConnectiCare quoted an 8% increase on a renewal. The District elected to go out to bid. A couple carriers refused to provide a quote because they would not, or could not, cover the under 65 year old retirees. The most aggressive quote received was from UnitedHealthCare Oxford with offered two options. The first option mirrors the current plan with ConnectiCare, and the second has a lower deductible but is really only an HMO only plan in that there is no out of network coverage. Mike Sutton also reached out to MEHIP (State's plan – Municipal Employee's Health Insurance Plan) whose quote turned out to be the most non-competitive.

Mike Sutton expressed his opinion that a minimum of 8-10% savings is needed to justify jumping from one plan to another because of the disruptions/inconveniences involved with the move. The first option with Oxford offers a 5 point differential from the ConnectiCare plan, but he was wary of an initially lower bid as an incentive to jump, only to increase substantially the next year, as well as he felt it was better for morale to stay with the same carrier and not cause disruptions.

ConnectiCare also offered another option with a much higher lower premium in exchange for a much higher deductible [5000/10,000].

On the plans for the retirees [over 65], the rate for the Anthem Blue Cross/Blue Shield Medicare supplemental plan has held steady while the prescription drug component of that plan has decreased by 11%. There are only a small number of individuals participating in these plans.

Commissioner Borges-Lopez felt the 5000/10,000 individual/family deductibles were too high, and that no coverage for going out of network was out of the question. The Commissioner moved to stay with the current ConnectiCare plan at the \$3500/\$7000 deductibles. Commissioner Mann seconded.

The motion carried.

(2018-11-13-4)

EXECUTIVE SESSION

Strategy & Negotiations Involving Collective Bargaining

Commissioner Stokes moved to enter Executive Session at 7:32 pm. Commissioner Borges-Lopez seconded. Commissioners Westmoreland, Borges-Lopez, Bonnet, Mann, Stokes and Wooten-Dumas, as well as Paul Yatcko, Lisa Roland and attorneys Frank Murphy and Kara Murphy participated.

Commissioner Borges-Lopez moved to end Executive Session at 8:12 pm. Commissioner Stokes seconded. No action to be taken.

Adjournment

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

The meeting adjourned at 8:12 p.m.

Attest:

Lisa G. Roland
District Clerk