

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes

November 13, 2012

Present:	Mary Burgess Maria Borges-Lopez Mary Geake Sherelle Harris Mary Mann	Chairperson
Also Present:	John M. Hiscock Kevin Barber Lisa Roland	General Manager Director of Administration & Customer Service Acting District Clerk
Absent:	Al Ayme César Ramirez	Vice Chairperson
Public Present:	None	

Call To Order:

Commissioner Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:05 p.m. on Tuesday, November 13, 2012. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Acceptance of the Minutes:

Commissioner Burgess: "I will call the Second Taxing District Commissioner Regular Meeting to order for Tuesday, November 13, 2012 at 7:05 p.m. And I need a motion for acceptance of the minutes, as listed."

Commissioner Geake: "I will make a motion to accept the minutes."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

CONSENT AGENDA:

Commissioner Burgess: “Ok good. There is no public here. So, can I have a motion to approve the Consent Agenda?”

Commissioner Mann: “I make a motion to approve the Consent Agenda.”

Commissioner Borges-Lopez: “Second.”

Commissioner Burgess: “All in favor?”

Commissioners Unanimously: “Aye.”

REGULAR AGENDA:

Commissioner Burgess: “Ok, we are now at the Regular Agenda.”

Mr. Hiscock: “Alright, Item 5 is the Appointment of a District Clerk. As I am sure you are aware, under the Charter, the District Clerk is appointed by the Commission because when they are functioning as a District Clerk they are not regular employees they are the Clerk. The Clerk has certain duties and responsibilities under the Statute. You also all know that Candace Fox who used to be Candace Pampoukidis retired a significant time period ago and we have been without a Clerk since. We attempted to do some different things with respect to this position, with respect to long-term employees. It didn’t work out to everybody’s satisfaction because the individual that was attending the meetings and doing the minutes had a significant work load in another area and as are all aware, that the minutes were significantly delayed. And that was not a good situation. I have also indicated to you that generally, since the early 90’s, late 80’s that the District Clerk has always been the Executive Assistant because they generally have the skills that match being a Clerk. The transcription skills, the language skills and all of that that’s necessary. So at this point in time, I have made a recommendation and even though it is not my, the Clerk does not work for me, works for the Commission, I have made a recommendation that you appoint Lisa Roland as District Clerk who is the Executive Assistant that reports to me and I think you are probably aware that the bulk of the minutes that you have been receiving in very large groups have been done by Lisa even though she was not at the meetings. And that is sort of where we are at this point. We really need a Clerk. We have been going for a very long time without a Clerk and it’s kind of a difficult situation. The individual that we previously used was appointed as an Assistant Clerk by Candace and if you go through the detail of the Charter the District Clerk gets to appoint an Assistant Clerk for the purpose of aiding at meetings. And we sort of

skated along with an Assistant Clerk and no Clerk and really now it is time. We really need to move forward.”

Commissioner Harris: “Do you need a motion? I motion that we accept Lisa Roland as our Clerk?”

John Hiscock: “District Clerk.”

Commissioner Harris: “District Clerk.”

Commissioner Burgess: “Second?”

Commissioner Borges-Lopez: “Second.”

John Hiscock: “No discussion? Ok.”

Commissioner Burgess: “All in favor?”

Commissioners Unanimously: “Aye.”

Commissioner Harris: “Yeah... welcome Lisa. Welcome, welcome.”

John Hiscock: “Ok.”

Commissioner Burgess: “There was a motion right? And a second?”

John Hiscock: “Yes.”

Commissioner Burgess: “All in favor?”

Commissioners Unanimously: “Aye.”

Commissioner Burgess: “Congratulations.”

Lisa Roland: “Thank you.”

Commissioner Burgess: “Ok, Audit Report.”

John Hiscock: “Ok, item 6 is the Annual Audit Report. You have all seen the format of this before. It doesn’t change much from year-to-year other than the numbers are a little bit different and because the nature of our businesses, even the numbers don’t change very

much from year-to-year. In some senses that is good and in others it may not be. I am not going to go over the boiler plate as you have all seen the Letter of Transmittal and even that doesn't change much from year-to-year other than we talk about the projects that we are going to do and what is going on in the District. And really we take the prior year's letter and we just edit it and change a few things around, give you an update on what has happened and we roll off the things that are completed. And there is nothing in the Letter of Transmittal that is a surprise to you because you know about all of these things. And I am going to move onto the section that says 'Financial Section Independent Auditor's Report' there is a letter by the auditor and that is certainly the same as every other independent auditor's letter you have seen from Hope & Hernandez. Then you move to the Financial Section, there is the Management Discussion which you have either read through or can read through. It really just explains how it is done. There is nothing in my mind and please stop me if there is anything in here which you have read that you want an explanation for, there is not much in this that is any different than any other year because of the stability of our business. The first meaningful thing is page 5. And I don't mean meaningful, other than for discussion purposes, everything is important. It's the financial analysis of the District as a whole. It's an overview and that is really all it is. It's got a comparison between the years 2011/2012. When you look at the numbers there is relatively little change from year-to-year. I think probably the most important thing for you to look at is the right-hand column and you will see a lot of minus with very small percentages. I think what you can take away from that is our assets are declining albeit very, very small amount. It really has to do with a lot of it, certainly on the water utility side; has a lot to do with depreciation. In fact we both had a very, very large plant that has depreciated over 20 years, 30 years... no 20 years... the note is 20 years; the depreciation is longer. And it is very hard to overcome the depreciation on the water utilities P&L Statement because that depreciation number is huge. It is the largest asset we have ever built. And it will become apparent as we go through it. The fact that the Total Net Assets declined by 1.34% is related to that more than anything else. It would be nice to have it positive but to do it positive, it would really require a significant additional change in rates upward and it is really not in our interest. If and when we deal with the substation and actually go to bonding, the regulators are going to understand that, they are going to see our cash position; they are going to understand all of those issues. That is kind of the normal thing that happens in a government forum that puts assets in a chunky kind of level. It is not a bad indication other than you can take a look at it and see it. On page 6 we break the District down into governmental activities and business type activities. We are required to follow governmental accounting and it's not really meant for our kind of an arrangement where the government is tiny and does almost nothing and everything is in the utility businesses and that is why you see this type of reporting and you look at the numbers and you can see virtually all of our activities, the business activities of the water and electric utilities. And it has been this way ever since they changed the accounting standards procedures for audits and it really is the way it is. You can see that, if you look at the 2012 ending number versus the 2011, again you see that the Net Assets Ending was \$46,913,000

last year and its \$46,259,000 this year again that slight decline. That is just because it is reported in a different way on the previous page. It goes through and explains all of the information in a narrative. The same information that you can get out of the tables and if you look at this narrative it's very similar to the prior year's narrative other than the numbers have changed slightly. The Financial Section is where we really start to see the current numbers. On page 9 you will see the Balance Sheet or the equivalent of what would be a Balance Sheet in a corporate setting. Again, it is governmental activities and business type activities. The current assets are the standard cash, receivables and other things, inventory, that are really the current assets, current in a year's timeframe. You look at it, the business activities, the current assets are \$20 million. The most important one to look at is the cash at the top of the page, \$14 million; very similar to last year. That is offset by, and that's all of our cash with one exception, offset by the current liabilities under the Customer Deposits and Advances of \$1.928 million. That is the money the customers have paid us on account as their deposit. We pay interest on it. The best way to look at this is if we were to end the deposit program tomorrow we would essentially take \$2 million off of the \$14 million and that would be the true cash. Everything else is ours in one form or another. Then you have the Non-Current Assets, which is essentially plant in service after depreciation and you can see we are talking about \$47.5 million dollars in assets that we own. They are not liquid, they are pipes, wires, poles and treatment plants and substations and tools, equipment, trucks and everything else, it's what we need in our business. And we have construction work in progress of \$3 million. Those are the things that we are building now, not in service; we are spending money on the substation. That is one of the largest examples of our spending. That is engineering, studies and reports and other things related to it. Non-Current Liabilities, that is one to look at. Again, we talked about it year after year. The loan payable on the filtration plant is down to \$19 million. It started at \$24.75 million and is now down to \$19.6 million. So while it sounds like a long-term loan, we already paid off a good portion of it. And once that loan is paid off, the water company will have a significant amount of cash. It will have a very significant amount of money to reinvest in the utility. I sat through and this is how long I have been around, one of these cycles in the 1970 filtration plant. That was a 10-year note I believe and at the end of 10 years all of a sudden we had a lot of money to invest in projects and that is essentially what we did. We went for that ten year timeframe in sort of a holding position and then used the money that was coming from rates for reinvestment in pipes and mains and things like that. Anybody have any questions about the Balance Sheet or the money or anything related to it? There is nothing out of the ordinary. Again, we go to page 10 and it breaks the numbers down a different way with respect to the expenses of the District. Again, we have governmental activities in one place and then the business elsewhere. It's just a different representation of really the same numbers. Now, Fund Financial Statements. This is where the utilities get broken down and the government gets broken down. Page 11 is the Government Forum General Funds. It has about a million dollars in cash as you can see. And the rest of the numbers are pretty much inconsequential, they are relatively small compared to the million dollars in cash. It builds very slightly because we

contribute slightly more from the two utilities to the government forum than we pay out in expenses so it builds very slowly and the other issue is interest. There is a little bit of interest income that comes in. You don't see it here, but essentially we are at that one million dollar level. I stopped talking about the money that we put into the library because it was sought long ago and it is sort of out of our timeframe. General Government Revenues, Expenses almost the same as every other year. The Commissioners' Salaries, the Clerk's Salary, the Treasurer's Salary, Community Service Projects, Legal and Accounting, Meetings, Printing and Other. Nothing remarkable; nothing different than any other year. If we move over to page 15 it's a comparison from budgeted to actual and you get to see a little bit about what we did that was slightly different. We didn't get as much interest income as we budgeted. We all know where interest rates are. So we have a negative variance on that. There is no variance on Commissioner's Salary because Commissioner's salaries are set and we pay them. We pay out whatever they are set at. There is a variance with the Clerk's Salary because we didn't have a Clerk during that year so we simply did not pay a Clerk's salary. Now, don't get me wrong. The individual who was acting as Clerk was paid regular hourly wages for all of the work. So they were compensated, ok. I just wanted to let you know that, so don't think it was gratis. The Clerk's Salary has always been \$2,500 for many, many years and it's the stipend, similar to the stipend you get plus the hourly rate for the work and that hasn't changed. And I think you might have seen it in some the notes that I gave you. Community Service Projects, we always budget and we seem to budget more than we spend and you can see a very positive variance there of \$23,000. Legal Accounting we again budget more than we spend and we have a positive variance of almost \$18,000. Meetings, Printing and Other we didn't do so well there. We budgeted \$25,800 and spent \$38,000. You remember some of the things we went through with meetings and the rate increases and all of the issues and all of the things we adopted forcing us into a significant number of meetings and a significant number of advertisements. So, that is really what most of that is. Meeting notices are expensive and the transcription of all of the minutes related to it. That's where that goes. Insurance and taxes we didn't spend anywhere near as much. So while we went over on some of the line items, others we did well on. Generally, we have always judged it in a grouping for the purposes of whether or not we exceeded the budgeted amounts and in the aggregate we did not. We had total expenditures of \$188,000 budgeted and we spent \$153,892. You will see the \$186,000 that came in from the two utilities and basically this looks like the prior years, also. Now we go to the utilities. A couple of, I guess interesting notes, the water utility cash and cash equivalent is \$161,000 and we raised our rates and they became effective in October so we didn't have a full year and while that number is marginally positive, last year we deferred an expense or we accrued an expense so that number was positive because the auditors said we couldn't have negative cash."

Kevin Barber: "It was a liability to the District."

John Hiscock: "Yes, we moved the liability to the District so in essence we borrowed money

from the District to make sure that number was positive because the auditor told us we couldn't have negative cash. Being like a technically oriented person it didn't bother me to have negative cash when we were backed up with the District but it bothered him. So we agreed to that. So we do have better than a \$161,000 swing. So we are starting to build cash in the water utility which is good. The electric utility again has about \$14 million that you saw and \$2 million of that we owe to the customers. The only difference between the numbers that you are seeing here now is that it is broken down into electric and water. Total assets, you can see that the water utility has \$43 million and electric has \$28 million. Plant and service, the filtration plant is the issue. Because, as you go down to the bottom under the liabilities you will see that the liabilities for the electric utility are \$4 million and the total liabilities for the water are \$21 million. It is the loan. So while we have this big number of assets and service, it is offset with the loan. Unbalanced, but you have to look at the two of them that way. What really counts is the bottom, Total Liabilities and Net Assets. The water utility has \$43 million in assets and the electric has \$28 million. And I think that really has to do with the fact that the electric utility while it has been making improvements hasn't been making a lot of improvements and once we get the substation you are going to see those numbers turn around a little bit. And of course we will have a liability to offset that. Next page is the Water and Electric Revenues and Expenses. Similar to what you have seen before. The water revenues are up slightly, due to the increase and the electric are about the same and this comparison you can look at a little bit later. One of the issues is, as you all know, the economy is not doing so well and if you all look around South Norwalk and see the vacant space there is a lot of it, there is a lot of vacant space and those are our customers. The restaurants and bars are not fully occupied; there is a lot of vacant space in South Norwalk. If you look at North and South Main; there is a tremendous amount of vacant space. If the economy turns around, we will be in a little bit of a better position. You see the Operating Expense and if you look at this, and this is an interesting one to look at, if you look at Operating Income for the water utility it is minus \$70,000. Now remember, there is depreciation in this. And if you go up five lines you will see depreciation of \$2.6 million. This is a non-cash expense. However, the amount that we pay on debt eats heavily into that \$2.6 million in depreciation so that is not all cash that comes to us because we are paying off debt. If you go over to the electric utility, you will see a negative Operating Income of \$709,000. And if you look at their depreciation, it is only \$535,000. Part of this has to do with the cost of electric and while we said we were going to move \$1 million from the Rate Stabilization Fund, we did not apply it during this calendar year of auditing. It will be applied as \$1 million next year, so those numbers will look a little bit different. However, it's still going to be negative because when you apply cash it doesn't affect the Operating Income as this is a non-operating infusion of cash. Any other questions about this page? Again, I am sort of repeating to you what I have repeated to you every year as there is not a whole lot different. If you go to page 18, this is the schedule that most people have a little bit of difficulty understanding. You have to really look at it and work through it. It's cash flows from operating activities and then there is non-operating activities and then to reconcile all of this

you have to go to the bottom because there is the depreciation add back, there is changes in receivables, there is changes in inventory, there is changes in deposits, prepaid expense, all of those affect cash. This is the schedule a lot of people have trouble understanding. It's there, it is important to us, but it really doesn't reflect anything other than how we are dealing with the cash and where it is used and where it comes from. Because if we go out and buy a million dollars worth of inventory, it sits in inventory until we use it. But that is an effect on cash. So, most people don't pay a lot of attention to this schedule. It is important from an audit perspective, but it is not something most people look at. And then we go through the boiler plate explanations, same as every other group, nothing significantly different. It just explains all of the entries and what they are. And then we get down to page, it goes through the pension information, it goes through the retirement fund, which we don't control, it really explains all of those issues, it goes through the OPEB, which is the other post employment benefits. That is something you might want to take a look at. We have talked about it before. It shows up on page 41 and 42. It talks about the ARC, the Annual Required Contribution so that we don't build a liability. We had been paying as you go on premiums for those benefits for individuals. Consequently, we are starting to build a liability. If you look at the bottom of page 41 you will see \$357,000, 411,000, \$434,000 and \$473,000, respectively. You go to the next page and you are now \$1.4 million in liability, which shows on the Balance Sheet because we have not funded a trust to take care of this. We haven't done that because we have been short of cash. This will need to be addressed, which means some of our cash is going to be necessary to take care of this. It's on... Balance Sheet... where is a good spot to look at it? Let me find a good spot. Oh, it is merged into other items here, so I can't show it to you unfortunately."

Kevin Barber: "Page 16?"

John Hiscock: "15?"

Kevin Barber: "16, Non-Current Liabilities."

John Hiscock: "I am looking at 16."

Kevin Barber: "Under Net OPEB Obligation."

John Hiscock: "Yes, there we go. Ok. And that is a good place to look at it. Under Non-Current Liabilities on page 16 you will see Net OPEB Obligation and there are two columns, water and electric; \$640,000 for water and \$762,000 for electric. That means that we should be taking those funds in that ratio from the two utilities. So the utilities need to come up with that money and it adds up to the \$1.4 million that I showed you elsewhere. And we need to do it in a trust and there is a comment in here that we have not yet set the trust up. That is going to be an issue and that trust will end up with payables from us at some point in time to

resolve this issue. And the other area that it shows up in and let's see, where is the note to this? Ok, if you go to page 43 and you look at the Actuarial Valuation Date of 7/1/08 and 7/1/11 and you see the second numbers column over (b) the Actuarial Accrued Liability has increased from 2008 to 2011. And that just goes further to show that issue. If you look at the bottom of the page, it shows you the four fiscal years and it shows you the Annual Required Contribution to avoid the liability and then the Actual Contribution and that Actual Contribution is the pay as you go numbers and you can see the percentage contributed. Essentially, we paid out half of what we should have done. So we will build a liability. The reason GASB #45 was done this way, was because if every government forum had to show their liability on their Balance Sheet every virtually every government forum in the country would probably have a negative Balance Sheet. They didn't want to do that. So they set the timeframe and as you amortize over 30 years what you owe, if you don't pay the amortization out plus the current every year you end up building a liability. So that everybody has time to pay this off before they end up with a negative Balance Sheet. The end result is that if you don't pay it off, eventually the Balance Sheet for most people will go negative. In our case, maybe not, because you see the liability of \$11 million, the Actuarial Accrued Liability, we have \$14 million in cash. If the cash declines then we are going to have a problem. And because we are building a substation, the cash will decline or we are going to take a note out against it and then we would end up with another liability for notes payable. So, this does need to be addressed going forward. That will eat into some of our cash and that is a problem. And that is one I really wanted to point out to you for the record. You go to page 45 and it shows you the water utility income versus expenses and all of the variances. The bottom line is we budgeted \$6.8 million in income and we had \$7.8 million. So, we had a favorable variance, but we always kind of tell you in the budget meetings that we are not in control of the revenue other than through rates and that the expenses are what we control. If you go down to Total Operating Expense you will see we budgeted \$5.1 million. We spent \$4.8 million. So, we had a favorable variance of \$370,000. So in essence, we spent \$370,000 less than we had budgeted. At the bottom you will see the transfer to the General Fund. You go through to page 46 you see the projects and the reconciliation. You go to the electric and you go through the same kind of numbers. We budgeted in the electric utility, this one is a little trickier, an income of \$15.7 million; we only brought in \$15.1 million. So we had a negative variance of \$609,000. Again, that is absolutely out of our control, it is what our customers use and there is really nothing we can do about that. It is what it is and as our customers use less because we have vacancies, because of conservation or anything along that line, we have less income. But, if you go down to the Operating Expense; and we have talked about this before, Purchased Electricity for Resale, we budgeted \$11 million and we actually spent \$10.5 million. Customers use less, we had to buy less. Now, there are other numbers there that are helpful. CMEEC has been doing a little bit better than budgeted and our numbers are based on their budget, so it is a combination of two things. Our customers are using less and CMEEC doing a better job compared to their budget. So, the electric is a little trickier because you have to look at those two numbers together. You have to look at

sales revenue and then purchased power. Let's look at the Total Expenses at the bottom. We budgeted \$16.97 million and we used \$14.77 million. We had a favorable variance of about \$2.2 million. Where did we save the most? Well, obviously a half a million in purchased electricity. We spent a lot less in transmission distribution operations, \$500,000. It could be because we diverted our work force to do work in other areas. We are also not filling any positions. Any questions about that? It sort of is what it is. If you go to page 48 the schedule is all of the project work reported for reconciliation out of the capital budget. We will talk about those at budget time. Utility Plant In Service, is a schedule that is necessary from an accounting perspective. It tells you virtually nothing from a management perspective."

Commissioner Borges-Lopez: "I have a question. On the Customer Assistance Program, where the budget was \$25,000 and it says the actual was \$36,000."

John Hiscock: "Where are we?"

Commissioner Borges-Lopez: "Page 47."

John Hiscock: "Ok. There it is. That is because we doled the money out in uneven amounts that we replenish the money that we sent to NEON based on as they spend it. And when they start to run out of money, we give it to them. So sometimes there is a timing differential. And if you look at this over time, you will see that it does not exceed the allotted \$25,000. I don't have last year's in front of me. [Directed to Kevin Barber] Is there anywhere else you can think of where I can see this number? Let's see... for 2011"

Kevin Barber: "We allotted for this before."

John Hiscock: "Excuse me?"

Kevin Barber: "We allotted for this before."

John Hiscock: "Let me just glance back because this is budgeted to actual. Let see if we have a comparison. Let's see if it is broken down. Again, it is spread out this way. I think they are going to get last year's audit to answer your question."

Kevin Barber: "Here is last's years, John."

John Hiscock: [Looks at last year's Audit Report] "No it is not going to help me either because that's 25. What page is it?"

Kevin Barber: "Same page as last year, page 49. We can look at the reconciliation on it."

John Hiscock: “Yes, we are going to get you an answer to that question. I don’t have it in front of me as we have to go into the detail as to why.”

Commissioner Borges-Lopez: “Ok.”

Kevin Barber: “We do keep track of it.”

John Hiscock: “We keep very accurate track of it. Ok, I am trying to think of what else could have caused that without going into the detail. Well, we are going to get you an answer. We are going to go into the account detail and we will send you and the rest of the Commission an email tomorrow or the next day after we go through it. I will not be here tomorrow after 10:00 a.m. as I have to go to a CMEEC member meeting and our annual board meetings are on Thursday so the next time I will be back in the office is on Friday. And once you get onto page 53 and beyond you get into a lot of detail. This really splits it out into extreme detail. And I am just looking to see if I can pick it up out of here. I don’t think so. Again, it is a one line item on the bottom of page 54. You will see the same \$36,536. It is not split out line by line, so I think it is a timing issue but we will make sure we get you a reconciliation. Page 55 is just the Community Service Projects. And the Statistical Section is kind of an interesting one. Not that I am going to go over it here, but it gives you an historical perspective over 10 years. The operating revenue for water in ten years climbed from \$4.5 million to \$7.8 million, reflecting a series of rate increases over the years because we don’t sell any more water than we did ten years ago. And if you look at the Operating Expenses, you will see the same thing, from \$4.2 million to \$7.8 million. Depreciation is one of the very significant ones. Other than that everything has climbed pretty much steadily. Some categories very significantly; others not so significantly. Some of them reflect changes in the way we account for things. But generally they are pretty much stable. The biggest ones you see obviously are Administration and General Operations. It goes up significantly because part of it is benefits, which have been climbing. Water Supply Operations went from \$630,000, all the way to \$1.4 million. A good portion of that is the power and chemicals to the new filtration plant. It is way more expensive to run than the prior plant. But this gives you a very interesting perspective as you look at it. The rest is rates structures and things that don’t change much. You will see the same for electric. Electric is a little bit more stable. It has gone from \$10.2 million up to \$15 million in sales. Well, that is a significant amount and then Operations from just under \$10 million to \$15.7 million. Purchased electricity is the big number there from \$6.2 million to \$10.4 million and if you look at the last two years you will notice purchased electricity is down from \$11 million to \$10.4 million. Use and a little bit of price, as I said, from CMEEC it’s a combination of those two. Kilowatt hours by rate class, this is going to be a very interesting table next year because we changed our rate structure and we don’t even have the same rate classes. And, the General Fund, income in 2003 was \$29,000 down to current income of \$2,000. Cash on hand and interest rate is all that is. We had the library fund and we had \$2.4 million at good interest rates and it dropped down to a million at poor interest rates.

Expenditures are from \$160,000 up to \$201,000 and contributions varying from a high of \$250,000 to a low of \$150,000. The high of \$250,000 probably related to Commissioner's Compensation as there were a couple of big years in there. And the Debt Information Table splits the City debt versus the District's debt and the tax base and this hasn't been updated in many years because the City no longer provides this information to us. And the cost to us getting this information would be difficult and we don't do it. So all the auditor does is indicate that for the Fiscal Year Ending 2003 on they have failed to respond to our request for this information because they don't calculate it. And that is pretty much it. So, in a nutshell that is the Audit. Again, I keep saying it but there is nothing unusual, nothing surprising. Our business doesn't change very much. And considering we are not in the greatest economic times we are ok. Any questions about the Audit?"

Commissioner Burgess: "No questions? So, I need a motion to Receive, Approve and Recommend the Audit Report to the Electors, is that correct?"

John Hiscock: "Yes."

Commissioner Burgess: "Is there a motion to that affect?"

Commissioner Borges-Lopez: "So moved."

Commissioner Geake: "I will second it."

Commissioner Burgess: "So there are no questions, right? All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Opposed?"

[None Opposed]

Commissioner Burgess: "Abstentions?"

John Hiscock: "And we will provide the information requested shortly. Ok, I had promised you last month that we were going to have more detail for the substation. We kind of got hung up in the middle of the substation information gathering with an event that sort of took a lot of our time and all of us including, even though Scott Whittier is not in operations, he jumped in and helped out during the storm along with everybody in the organization. It was interesting how we all worked on resolving the issues. Consequently, we didn't lean on the architect maybe as much as we should and all of the various consultants that were supposed to supply us information claimed that the storm

delayed them and we don't have any information. The best we can do at this point is the information provided on the next page. Substation Control Room-Building Modification the current appropriated funding is \$256,640. The consulting fees are listed by company. The architect who is coordinating all of this for us, Nicholas Pacella, his estimated cost is \$19,000 and change. BPD Roofing Consultants is \$20,000 estimated costs for all of the work with respect to roofing including design, review, construction, inspection. Southport Associates is HVAC..."

Commissioner Geake: "I don't have this."

John Hiscock: "Sure you do. Keep going."

Commissioner Geake: "Oh here it is, sorry."

John Hiscock: "Yes, this was sort of stuck in at the end unfortunately because this came in after the Board Books were put together on Friday and Lisa Roland was going to take the book apart and put it in and I said to her no, the Commission would figure it out."

Commissioner Mann: "Stick it in the back."

John Hiscock: "Ok. So that was me who said do not do that. And then we had one of the employees was hovering who wanted to deliver the document."

[Laughter]

John Hiscock: "So, we just stuck it in so he didn't annoy us any further. Southport Associates is the HVAC..."

[Laughter]

John Hiscock: "Yes, it is a little running joke between all of us with respect to the delivery service that we get. \$12,000 and the structural engineer \$3,800 to review the roof. So the consulting and architectural fees and design fees and inspections fees is estimated to be \$55,774. The construction estimates, now these are ballpark estimates because they are not detailed estimates but the interior are the walls that need to go up, the stairwell modifications, the doorway modifications, \$115,000; the windows, that is removing the existing windows and putting in those panels that I described to you, the translucent panels with the high "R" factor, \$95,000; Mechanical, Electric and Plumbing, \$175,000, that is because we are going to put a complete independent heating, electrical and plumbing system with respect to the space so it is segregated from the rest of the building that we are walling off. Structural is \$45,000 for potential improvements to the

roof structure in the building. There is some concrete spalling in the roof section that you can see from the inside. It's a combination of steel truss and post and beam construction with a concrete deck. Some of the concrete deck has spalled. Concrete where you can see the exposed re-bar, that has to be fixed, so that is where the \$45,000. And the roof is, strip off the existing roof and put on a new roof from scratch. One of the problems is, like every other roof we have ever dealt with, it always has asbestos in it and it is going to be expensive to remove the old roof. That is included in the \$115,000. So, the total cost estimate of renovating this space is \$600,774.00. When you add in the existing appropriation, we are asking for an additional appropriation of \$350,000. We are asking to take this additional appropriation out of cash. We are not indicating that we would cancel any existing projects. I can answer questions about it; we talked a little bit about it at the last meeting. And we included the backup that we sent to you at the last meeting to talk about. All of the sub-trades will be bid; the design phases have been negotiated and are basically time and material rates. Any questions, any issues, any discussions about this? Procedurally, if the Commission is so inclined to approve this dollar amount it would then go onto the Electors' meeting as a modification to the current year's budget."

Commissioner Borges-Lopez: "I make a motion to modify the original budget of \$256,640 with the additional \$350,000 for the total cost of \$600,774.00"

Commissioner Geake: "I second it."

Commissioner Burgess: "Any questions? All in favor?"

Commissioners Unanimously: "Aye"

Commissioner Burgess: "Opposed?"

[None Opposed]

Commissioner Burgess: "Abstentions?"

John Hiscock: "Ok, we have a Budget Meeting next Tuesday night at 8:00 p.m. A quorum of 15 is required. So, we need to get 15 persons out and hopefully they will show up on time so we don't have to get on the phone."

Commissioner Burgess: "Motion to adjourn?"

Commissioner Harris: "So moved."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Adjournment:

The meeting adjourned at 7:59 p.m.

Attest:

Lisa Roland
District Clerk