

SECOND TAXING DISTRICT COMMISSIONERS

Special Meeting

March 8, 2012

Present: Mary E. Burgess Chairperson
Al Ayme Vice Chairperson
Maria Borges-Lopez
Mary Geake
Sherelle Harris
Mary Mann
Cesar Ramirez

Also Present: John M. Hiscock General Manager
Kevin Barber Temporary Clerk
Atty. Kara Murphy Counsel

Call to Order

Chairperson Mary E. Burgess called the Special Meeting of the Second Taxing District Commissioners to order at 7:00 p.m. on Thursday March 8, 2012. The meeting was held at South Norwalk Electric and Water, One State Street, South Norwalk Connecticut.

Regular Agenda

Commissioner Burgess: Before we start we need a motion to appoint a Temporary Clerk for the purposes of the Special Meeting on March 8, 2012 and to accept the General Transmission Services Agreement for record...”

Commissioner Ayme: “So moved.”

Commissioner Burgess: “And, okay, I have to read this into the...”

Mr. Hiscock: “No the Clerk has a copy, well the Temporary Clerk has a copy if you approve them.”

Commissioner Burgess: “Okay.”

Commissioner Geake: “I second it.”

Mr. Hiscock: “That he can put into the record.”

Commissioner Burgess: All in favor?

Simultaneous Aye

Mr. Hiscock: “And just quickly for those of you who don’t know, Gwendolyn had a death in the family, and she is not in town, so that’s why we had to settle for Kevin.”

Laughter

CMEEC / SNEW Power Supply Contract

Commissioner Burgess: "CMEEC / SNEW Power Supply Contract, Mr. Hiscock."

Mr. Hiscock: "Okay, I'm sure you all know that we have been negotiating a better arrangement with CMEEC. CMEEC is our wholesale supplier, we are a member of CMEEC". We have only slightly under 9% of the vote and there is a weighted vote provision which means we have virtually no power. You have heard me speak of no power to control what goes on the Board. You've heard me speak it for a very long time. We approved a resolution which allowed the TRANSCO financing to move forward, but only for approximately a little bit over two years, because we did not want to be the entity to cause CMEEC to lose about \$2,000,000 on the TRANSCO project. So we agreed to a resolution that said basically, CMEEC could not issue any debt past the date, and we don't need to go into the detail. You all remember what I did and what we did. At the time Art Miller was representing us. Art Miller is no longer public counsel so we now have Kara Murphy, of Tierney, Zullo, Flaherty and Murphy, who will be representing us. And Kara and I have been working on this for what seems like a very long time, but we've just had a lot of revisions. It's not time to permanently finance the short term note that CMEEC issued last year. And as conditions prior to us agreeing to that, we wanted the PSA replaced. After meeting with the other entities involved, the other four members, we agreed that we would split the relationship of MEU's, obviously which we are one, and CMEEC into transmission services and power supply services into two different contracts. We've started with the transmission portion of the arrangement which is called the GTSA, General Transmission Sales."

Kara Murphy: "Services."

Mr. Hiscock: General Transmission Services Agreement, we did that obviously because we have to have something for the underwriters, and the bond agents, and the rating agents to deal with. So we've been negotiating. I think we are now in about our fifteenth version of it. It was hot and heavy for the last, quite a few weeks. We believe we have a final version we can agree with, I sent you a while back, excuse me, two days ago, the version that we had at that point and time. For your reading enjoyment, which I'm sure you didn't necessarily enjoy all forty one pages and it is version 9.0. I think we've had two or three versions since then, but the changes have really been dealt with by counsel. To give you that back up we need to approve this, this evening to fit into CMEEC's time schedule and I don't expect any of you to read this document in detail other than a general reading, of which it's very complex. It has to deal with a lot of electric industry issues that I don't believe you would have enough knowledge of to clearly make a decision about whether the arrangement is good or it's not. From the legal perspective Kara has dealt with that, from a business perspective I've dealt with it and we sort of taught each other a lot going through this process. So I'm going to stop here and do a quick slide show, it's in your book and I want to explain a few things about the relationship so that you get a better feel for what we are trying to do. Because after we get done with the GTSA, we are then going to do the power sales arrangement. And I'm not going to take credit for the very nice PowerPoint presentation, because it was a strongman presentation handed out by CMEEC so that all the Munie's could use it. We just modified it a little bit for our circumstances. That's as bright as it gets, we'll deal with it. Alright, this is a brand new document as of March. Quickly what we're going to do we'll talk about the original arrangement the Legacy Power Sales Agreement, that's the one that we are under now. We're going to talk about the contract structure and what the changes are. We're going to talk about the changes of the PSA and the GTSA. We're going to talk about critical dates and next steps. We're going to talk about GTSA value to SNEW, and questions, and be done with it. Okay the Legacy Power Sales Agreement originally created in 1980, when CMEEC

was Jewett City, Norwich, and Groton, when SNEW joined in 85 or 87, I can't remember which. We were forced to sign this agreement because this is the agreement that's security for the bonds issued for all of CMEEC's projects. So we had no, we had no condition to negotiate. It was a take it or leave it we took it because it was the lesser of two evils. It's full of requirements, everything we buy for our customers has to come from CMEEC, and certain portions of it are what's called, take or pay which means the service you get you gotta pay for whether you use it or not. It's just the terminology we use. Rate 9 is the rate that we use to split the power bill based on the contracts that CMEEC has with the power suppliers and currently the ISO and transmission and then we divvy it out to each MEU's based on what's called the load shape. Based on a demand and timing more than you need to know, but it's the most equitable way to do it. Now the next bullet is the one that I've been objecting to forever. Termination only available upon no indebtedness, and the little note under its no practical exit path its debt may always exist. The way the contract was set up the Board included by weighted vote if they wanted to they could continue to enter into debt and you could never get out, all the way up to 2029, December 1, 2029. Which is when the original legacy power sales agreement expires, and again the underlining security for any and all financing. What does it do? We pledge all of our electric revenues to CMEEC, CMEEC takes those revenues and pledges them to cover the bonds, that's how it works. Other than the bonds we're also obligated to pay the operating expenses of CMEEC and for the power supply and all of that. The next bullet served the MEU's very well since creation, well I don't think so but certainly some people do. But now the environment and the MEU's are dealing with different issues and change is occurring fine. Here's what we are doing real quick we're taking the Legacy PSA and we're splitting into a new PSA, which actually the name is changed it's now the RPSC which is the revised power sales contract. Finally got that one in my head, and the new GTSA. Tonight we are dealing with the new GTSA, general transmission services agreement. Okay, now multiple factors driving the need for PSA, GTSA prompted by the transmission project that we started about four years ago. And with negotiations with CL&P we now own the asset (inaudible) and we have the temporary bonds. Transmission is not technically not an electric product per say, it's the ability used to the transmission wires to move the electric products we purchase through CL&P, through CMEEC not CL&P and CMEEC purchases in the wholesale market. I think you remember the deal I told you that we maximize return on equity on the equity contributions because we are issuing tax exempt debt, and we getting to invest it as equity in the taxable market, since we on the record I won't comment about that any further. Increased flexibility to offer commodity of transmission separate, this was design so that, all of this was designed so that you can get your transmission from CMEEC or not there are withdrawal provisions. You can get your electric products or not from CMEEC or not there are withdrawal provisions. You can still invest in the projects like the transmission project without buying transmission services, you can arrange for them separately. Now Kara and I will get into some of those procedures how it all works but basically it's about a two to three year decision to get out, which you have a lot of things to put in place. So we will have flexibility and this is what we have been fighting for, for a long time. The only way to get what we wanted was to not approve bond issuance, but it was done pretty much friendly, the MEU Managers met and decided to go forward and do this and so it been friendly, okay. The other reason is the existing PSA terminates in 2029 and we couldn't support thirty year financing for the transmission project so we would have had to redo the PSA anyway. So there are a bunch of reasons, us standing up and saying no, and the 2029 date didn't support thirty year financing okay. Right now you know the industry has changed and awful lot and we've talked about that, and we these contracts were created there was no ISO there was no wholesale market there was nothing you bought power through contracts or you bought it from CL&P or whatever, there was no real what's called bilateral contracts, the contract with someone else, Duke Power, anyone of the big banks that's involved in power trading. The other issue is the existing PSA termination rights weren't defined because they didn't want you to terminate and we wanted the ability to transfer or sale parts of

projects if we wanted to those are all they reason why we've gone to this structure. I'm really not going to go into the detail of this other than you can look at it quickly but full requirements, notifying term, no ability to sale any of the projects, project benefits were applied as add is or deducts, it just simply needed updating a (inaudible) rate 9. Now go down to the GTSA in the lower right, transmission services only, access to the grid forty years termination two year notice, well three to four, practical two by definition maybe, but it's certainly better than no way out. Ability to sell and buy other MEU share and projects, again still applied to the bills as a deduct or a add, uniform all parties deal with the same contract but we don't have to buy the same products. Nor do we have to invest in the same the same projects, and cost structure is rate 9 revised, we needed to revise that anyway. The new RPSC essentially will be the same other than its power only, everything else is the same, what you'll find out later is that the power sales, new power sales arrangement is going to be a little more complex because it will be a little bit more business involved in it. The basic structure we've seen so far is identical, the documents are pretty much parallel. Alright, this is why we are here this evening and there is some (inaudible) in the schedule but we don't want to use it May 15, the option bonds must be replaced or rolled over."

Commissioner Ramirez: "May 15 of this year?"

Mr. Hiscock: "Yes, we've been preceding with the underwriters, I went down to New York about two weeks ago for the rating agency meeting with Moody's and Fitch, it was Drew Rankin our CEO, our finance guy Ed Pryor, our attorney Phil Sussler, myself as Chairman of the Board of CMEEC, Ed DeMuzzio one of the Commissioner from Groton, and Jim Sullivan the Chairman of the Board of TRANSCO. We chose to finance long term now to replace the option bonds because the interest rates are great, and the yield curve is low for the five or six years the way it looks it's a good time, in the later years it obviously goes up. March 30, we need rating agency statements, March 22, the CMEEC Board meeting authorizing the refinancing using the parameter resolution and I'm going stop here. That's the resolution that we forced onto CMEEC last year to allow the TRANSCO to go forward and you probably remember that Art talked a lot about it at the meeting that night, that needs to be modified, because if we agree to this financing we lose the hammer. So Kara is going to be working with Phil Sussler at CMEEC to create a modification maybe a new resolution, I don't know how they are going to do it that's up to the attorney's. One of the ideas that we've come up with is that after a date certain sometime this fall they will not be able to buy forward energy products. And once they can't buy forward energy products all of our risk management program ceases and that's a very bad situation. And this is the thing we use to force the new power sales agreement to be work on over the next several months and get adopted. It's also what's going to allow them change the bi-laws of the association which also needed change. All of this started from a legal perspective last year when we got the legislature to change the CMEEC enabling statute to allow withdrawals, and a few other things we go fixed at the same time, so this is really an ongoing work. February 28, and 29 was the rating agency presentation based on this schedule and we actually did it on the 29th. Originally we were scheduled for a February 27th approval by all of the MEU's we that hasn't happened because you haven't approved it yet. Some of the others have approved it and we'll talk a little about that in a while but we're all down to the gun now. You can see that we've already slipped nine day into the schedule and this in here is where the (inaudible) is refinancing closed to replace the option bond April 17th -19th we were going to do a closing we may have to push that back closer to the 15th of May. April 17th and 19th the original schedule we're going to have to push closer to May 15th, for a practical perspective it needs to be like the 12th of May because we've got banking transactions that have to move around. Essentially an older slide just explaining where we are, we're past almost everything here. One of the important issues though is right here at the bottom the thirty day rejection period before ultimately official, under the law, under the CMEEC enabling statute 7233."

Kara Murphy: "X."

Mr. Hiscock: "X, okay. If you approve this, this evening we post a notice in the paper saying that you've approved it and the legislative body of the Taxing District has thirty days in which they can reject your action if they want to, they don't need to approve it, they would have to reject it, okay. In most of the Munies it's the City Council, in our case Jewett City's case and Third Taxing District it's the Electors, cause we have Town meeting format. Most of the rest of this has happened, the other thing that you will note here is that Joe Fassey, generally know as the bond counsel represented the other four Munies, we chose our own counsel because we were the ones who were driving the change. We were the ones who really wanted to make sure this contract was what it was (inaudible) to be. Okay, governs, transmissions, services wholesale, serves as security for financing and initial and any subsequent transmission projects. If we enter into another transmission project where we have to put capital this will be the vehicle that which will allow it, it the vehicle that will allow bonding, again key provisions for years two years buy and sell, fix cost obligation with the participant. Fixed cost obligation is all of the things we have to pay for on a monthly basis and we're not going to get into the detail it related to everything that is necessary to keep the projects running, managed, controlled, operated. I don't really know of this is of interest to you but here's the TRANSCO up here, which we are a member we have acquired transmission project number one these groups have to pay for it, and you have the one, two, three, four, five, Munies at CMEEC and Bozrah wholly owned previous investor owned utility owned by Groton is also a member. Right at the bottom 2012 financial information if you look at South Norwalk the cash flow to South Norwalk for this year is going to be \$217,335 after expenses, that's our net. So you know at this point it's a good deal and will always be a good deal and we've explained that to you before, it amounts to so you know \$2.21 a megawatt hour and you probably know that we pay \$110 a megawatt hour for our power to CMEEC and we talked a little bite about that when we dealt with rates and subsidizing rates. That's just order of magnitude so you have an idea. (Inaudible) another boring slide transmission investments 2011 shows you the budget here verse the actual so we're doing better than the budget, that a good thing. What does it mean over the long haul, well between now and 2016 the yield the profit to all of us together, all of the munies together including Bozrah is about \$11 million so we are taking a reasonable amount of money here. And that's it. So that's sort of what we're doing and why we're doing it. I'm going to stop here for questions and then and then we're going to deal with some legal issues."

Commissioner Ramirez: "Through the chair, first question what would be the process for electors to reject this proposal in thirty days?"

Mr. Hiscock: "The process is they would have to come to an Elector's meeting and vote to reject."

Commissioner Ramirez: "And the second question is."

Mr. Hiscock: "And we will schedule an Elector's meeting, and I'll tell you what has happened in the past. We've done this three times now, that I'm aware of. We've probably done it well more than that, because before my involvement, we didn't quite do it as vigorously as we should have. Two of the Elector's meetings ended for lack of a quorum. One of the Elector's meetings we had a quorum, I went out of my way to explain that no action was necessary unless they did not want us to go forward, and despite my trying to explain to them that taking no act is essentially (inaudible) to approval they voted to approve anyway. Well, whatever you know we weren't going to argue the point fine. The problem that we have is the legislative body of the municipality usually meets within

the thirty days so they can take action, well we don't meet. The only way meet we is if the Chairman calls an Elector's meeting or if ten percent of the electors petition an elector's meeting. The petition process is problematic because then you got posting, you got notices, you've got all sorts of things that can delay the process. So we have come up with the easiest way to deal with this is to schedule an Elector's meeting and give them the opportunity. If they don't show we have an agenda they fail to show so be it. They come and it's a quorum and they can either end the meeting with no action, or the ugly side of it, they can approve even though they don't need to approve it. And we don't want to set a precedence where they need to approve it. So I think that answers your question."

Commissioner Ramirez: "Yes indeed."

Mr. Hiscock: "Okay."

Commissioner Burgess: "Any other questions?"

Commissioner Ramirez: "Yes the financial when it comes to the attorney, can you process right now how much are we approximately, are we thinking about to spend in the legal fees?"

Mr. Hiscock: I don't know, well if you file time cards and it comes to us in a bill, I'd estimate without getting in trouble, it's in the \$10 to \$20,000 range maybe more."

Commissioner Ramirez: "For something similar to what we spent last time? Or a little less?"

Mr. Hiscock: "More."

Commissioner Ramirez: "More this time."

Mr. Hiscock: "More this time, because there were more negotiations. It was the final arrangement. There were many, many more versions to deal with. Remember we were only dealing with temporary one year rollover with a resolution that prevented further financing so we weren't agreeing to a forty year contract. And I don't know if I said ten to twenty was the range off the top of my head I thinks its somewhere in that range. "

Kara Murphy: "Because we've gotten through the hard part now, the Power Sale Agreement has many sections that mimic the General Transmission Services Agreement so John and I will be able to review the Power Sale Agreement the revised Power Sale Agreement more quickly we've already received preliminary drafts of it, so there are fewer sections that have to worked on and changed to become fair and equitable for the Municipal Utility such as SNEW who have the minority percentage in interest, so I think we've gotten through the hardest part at this point. It's just now to the make the main provisions of the Power Sales Agreement involving the purchase of the sale of the power more equitable."

Mr. Hiscock: "If I had to describe to you over the long haul, I mean we've been at this for a while we've had a lot of meetings, I mean we've been at it for three years. By the time we're done our efforts are going to be in the \$40,000 range. This is a forty year contract so that's not a very unusual number at all."

Commissioner Ayme: "Can you say that again, can you repeat what you just said?"

Mr. Hiscock: "I think that the effort involved in the changing the structure of CMEEC to suit us, and quite frankly the other Munies have agreed so it's not just us, on our part it's going to be in the \$40,000 range, beginning to end."

Commissioner Ayme: "Everyone has agreed, all of the rest of the utilities have agreed?"

Mr. Hiscock: "We believe based on the information we received from CMEEC that all of the other Munies have also agreed with the latest version that we are dealing with on the GTSA."

Kara Murphy: "Jewett City and Bozrah had their meeting last week and approved it, and the Third Taxing District a much earlier version of this agreement in January and they have not seen all the subsequent revisions even though they are represented by counsel. And they are going to be going, it's been recommended to them to go back to their Commissioners on Monday night next week to get an updated approval based on revisions that have come in. We've had a flurry of revisions that have come in since the end of January."

Commissioner Ayme: "Now through the chair."

Commissioner Burgess: "Go ahead."

Commissioner Ayme: "What changes here as opposed to what we had in the past in terms of the, not only the relationship but the mechanics of dealing with CMEEC?"

Mr. Hiscock: "We're able to invest in a project if we want to, or we can waive on the project and not involve ourselves. We can decide that we don't want to purchase transmission services from CMEEC and we can purchase and pay for them ourselves to ISO New England, that's a change. The power sales will have the same structure we cannot buy our power from them or we cannot involve ourselves in their projects or we can, so from the operations and payment to them that has changed dramatically because before it was all for one and one for all with no way out so that's changed. We have flexibility the relationship between ourselves the other MEU's and CMEEC will change when we change the bi-laws which is the last thing that we need to do after we do the Power Sales Contract. And the bi-laws will change the governance between the parties and CMEEC the members and CMEEC, I don't expect material changes to the governance, some. It's still going to have a weighted vote, it's still going to have a Board, it's still going to have two representatives from each MEU. They're still going to have two alternates and it's still going to have officers and rules. I don't expect a big change there."

Commissioner Ayme: "I want to ask you something, on a hypothetical and this would only be a speculation, on a hypothetical there is a possibility that CMEEC, that people could say that CMEEC themselves, can say that they can become obsolete, am I correct?"

Mr. Hiscock: "Yes."

Commissioner Ayme: "Am I correct?"

Mr. Hiscock: "Yes, of course."

Commissioner Ayme: "What's the liability if that happens? Like I said before this, I'm only asking for your comment or your vision of what could happen. What's a liability? What's our responsibility and the obligations? If that..."

Mr. Hiscock: "CMEEC first of all can't disappear by itself until it's paid off all of its obligations, all of its bonds, and has paid off all of its contracts. So if it decided to dissolve by its self because the members no longer felt it was an appropriate organization. If it dissolves and I'm only going to give you a very layman's description, if it dissolves because it has severe financial problems you're going to end of with some sort of for lack of a better term, some sort of receiver some sort of individual group chosen by a bunch of attorneys, chosen by the creditors, chosen by the MEU's sort of like a bankruptcy proceeding but not a bankruptcy proceeding. Or it could be I guess in which all of the stake holders all of the parties everybody involved in the contract will divvy up what's left and go from there and our liability is essentially whatever we've contracted for, because remember our revenues are pledged, there's no direct and Kara can explain it a little bit better than I, I think. But there's no direct way that we would be forced to tax our residents for the wind down. But our revenues are pledged to against all of these contracts to CMEEC. So from CMEEC's perspective it's their income, so their creditors are going to want their income to settle the debts. So it's, the best I can tell you if it's forced it's very similar to bankruptcy and if it's not forced it will be voluntary and we will wind the business down paying off all the liabilities."

Commissioner Ayme: "That's exactly my point, we have some substantial monies at CMEEC, in the event of what you're talking about which is very close to a bankruptcy, we'll never see that money again."

Mr. Hiscock: "No, you certainly wouldn't because its offsets against a series of liabilities that we've all agreed to."

Commissioner Ayme: "Okay, even if we have a balance, which we do have which is available to us, left we'll never see that either?"

Mr. Hiscock: "Oh I doubt it, I don't think there's any way you would see it."

Kara Murphy: The wind down for each party in this agreement is based upon their entitlement allocation, which is their percentage of their interest in the transmission project. So far example, Groton has about 50% interest, and Norwich has about 40%, and then the other MEU's have reduced percentages, and we're around 8.1% or 8.2%, so we're much lower, so if there was a collapse of CMEEC, Groton and Norwich would take the bulk of the hit. That's one of the reasons why John and I fought so hard for more fair withdrawal provisions so that we can withdraw from CMEEC and also transfer our entitlement allocations. Because if John see's at some point that CMEEC may not be working as well as it should he now has the opportunity to get out and basically jump ship if he has to."

Commissioner Ayme: "Okay."

Mr. Hiscock: "Now 85% of CMEEC in rough numbers is Norwich, Groton, Jewett City, three contiguous communities involved in the financial condition of Southeastern Connecticut."

Commissioner Ayme: "I understand that...I understand that."

Mr. Hiscock: "So base and gambling, their a risky business."

Commissioner Ayme: "But speaking of my two cents that we have to... as opposed to other utilities which may have a lot more assets, or whatever you want to call it, the other side of the coin as I see it is that if nothing happens and CMEEC continues to operate and all of that, and we continue to operate with CMEEC on the same bases as up until now, what, (inaudible) other than having more flexibility, which is what we are looking for what, am I correct?"

Mr. Hiscock: "Right."

Commissioner Ayme: "We're looking a lot for more flexibility than we had in the past."

Mr. Hiscock: "Correct flexibility and the ability to exit."

Commissioner Ayme: "Okay, alright suppose we decide not to exit, that we continue on the same path, what would you say at the, are there any other benefits to us other than flexibility and the ability to exit?"

Mr. Hiscock: "Other than flexibility and the right to withdraw no, the financial arrangements are the same, the cost are going to be the same. The staff is the same nothing really changes, the way we're billed stays the same our obligations that isn't changing, it's really the relationship between us and CMEEC and us and the other parties, and the ability to withdraw if we need to."

Commissioner Ayme: "Okay now I have to ask you this, I have to ask you this on another hypothetical because I really like to know what we are facing here. If we do decide at some point in time and this is strictly hypothetical to exit where do we go?"

Mr. Hiscock: "We provide notice, we may sell some of our entitlement allocation into project to some on the other Munies or other qualified and that's a fairly complex legal definition qualified entity. Our project are like any other situation some of them are winners some of them are losers, we allowed to sell them at market value, unbalanced we'll have winners we'll have losers and hope to come out in a neutral position. We provide notice when we get to the Power Sales Contract you'll find out that we're going to obligated for more than two years but we can withdraw we'll be in a situation where we will simply have to pay for all of the forward purchases on our behalf. In other words the first two years you'll be an all requirements purchaser from CMEEC however as the forward purchases wind off you will be in a position of buying power elsewhere and obligated for those contracts that exist and at the end of the time frame which is about five years you'll be free and clear and gone. But you will not be wasting money because you're going to get the product that you purchased and It's just like you're a other than you're in this withdrawal procedure that pulls you out over time and time frame is two to five years."

Commissioner Ayme: "Okay."

Mr. Hiscock: "Okay."

Commissioner Ayme: "My last, my last question is that we would be facing, if we go into the open market without, we on the CMEEC and with the structure of the CMEEC organization and the other utilities we have some buying power?"

Mr. Hiscock: "Correct."

Commissioner Ayme: "Okay, how if we have to go into the open market and buy, what we're buying from CMEEC wouldn't we be drastically and detrimentally affected in that sense?"

Mr. Hiscock: "There's an economy and scale issue that's important, the administration of the contracts is very expensive and very difficult and complex. You would end up hiring on staff a power purchasing individual and that's a pricey proposition to say the least..."

Commissioner Ayme: "Okay."

Mr. Hiscock: "And we're relatively small so it wouldn't be a fulltime job. But you would need that fulltime knowledge. You could actually hire somebody and he actually sat in this room a couple of months ago, our rate consultant Mayhew Seavey, a portion of his business is power broker for the Munies in New England, so you can hire a broker. I mean there are other things that you can do going alone for somebody our size will be difficult, except in the long run if the market place ever go so mature that the spread between the simply day ahead, the market rate and wholesale contracts got really small and you could buy off the day ahead and accept the risk that would be the easiest option. The problem is security mark to market credit rating and all those other issues that ISO is going to force you into. CMEEC is our best deal today, it may not be the best deal ten years from now, and that's the best way I can describe it."

Commissioner Burgess: "Okay."

Commissioner Ayme: "Okay, thank you."

Commissioner Burgess: "Any other questions?"

Commissioner Ramirez: "Simple question, through the chair, would this new engagement (inaudible) we are going to get into will affect our new project to build the power plant?"

Mr. Hiscock: "No."

Kara Murphy: "We had bond counsel look at these agreements so he's aware of them, so that when you need to issue your bonding he know what the agreement is."

Mr. Hiscock: "And whether we stay with CMEEC or whether we went to the market place or dealt directly with ISO we would need the same substation, we would get the same benefit because the arrangement that we are using now to get power through CL&P is a different agreement called a wholesale distribution agreement, and that's between CMEEC and CL&P and further between us and CMEEC. That always has to stay in place until we build the substation, so they are totally unrelated projects."

Commissioner Burgess: "Any more questions? Okay, you want to go on?"

Mr. Hiscock: "I'm going to sort of stop here for the business deal and let Kara go through any of the legal things that she thinks she needs to know about. You can get rid of that Kevin."

Kara Murphy: "I'm just going to go back to a few of your questions, under this agreement there is no pledge of your taxing power or your full faith in credit. So that if you need to bond for the substation or you need to God forbid raise taxes to raise additional revenue that is not pledge so that you'll still be free to raise taxes if you have to which historically you have not done but you have the authority to do under your charter. Or to get bonding generally GO Bonds and other bonds are full faith and credit bonds and that what your bond counsel would use to raise the funds to build the new substation. So those powers have not been pledge under this agreement, which is important when you are going to be building that substation. I think we've talked quite a bit about the transfer of the allocation provisions and the withdrawal provisions essentially each party to this agreements has a certain percentage that they are involved in the agreement, we're about 8.1% and Groton for example is at 50% so if for some reason you decide you do not want to purchase transmission services in the future from CMEEC or maybe you can get a better deal out on the open market you can exit this agreement in different ways. One way would be to withdraw from the agreement in its entirety and sell all of your entitlement allocations under the agreement and get out, and we spent a lot of time making sure that those provisions were fair and that you could sell and get out of this agreement. Based on fair market value for what the asset is actually worth. Under the old provisions and in old versions of this agreement it was very structured and it prevented us from selling to a willing buyer our interest in this project and it would have devalued your assets if you wanted to get out, so that's important also if we're involve in a transmission project and financially it was a loser for the District, you can sell your interest in that project and get out that project. So that we're not losing money and I think that's also important. One of the other sections that we spent a lot of time working on has to do with disputes."

Commissioner Ramirez: "May I?"

Kara Murphy: "Sure."

Commissioner Ramirez: "Through the Chair, if you don't mind. Before you continue if we get out at any point of all those sections that you mentioned, that you had mentioned without any penalties at all? Or any penalties will occur (inaudible)."

Kara Murphy: "Well as John mentioned earlier we have to plan ahead when we try to get out because they need notice..."

Commissioner Ramirez: "Right, just doing it in the normal process."

Kara Murphy: "In a normal process."

Commissioner Ramirez: "Do it require us to pay any penalties to getting out early, or what's the story?"

Kara Murphy: "Not penalties but you cannot sell to just any, any utility because of statutory structure. Those statues may change in the future but if another municipal (inaudible) utility wanted to buy our interest so that we can withdraw, so far example let's say Groton wanted to buy our interest so we can withdraw, or another municipality that has electric that is not involved right now is Wallingford, what would happen is that we have to ensure that they're a qualified buyer the term under the contract is qualified entity and there are cost associated with determining they are a qualified entity. So those costs would be..."

Commissioner Ramirez: "We will be paying for them."

Kara Murphy: "Right, so the cost are having bond counsel sign off on the agreement to make sure that none of the entities lose their tax exempt status and there are ways under the IRS code to make sure no one loses their tax exempt status. Then we would have to have a national credit rating agency such as Moody's or Fitch's sign off on it."

Commissioner Ramirez: "So it not as easy as it sounds though? Is a long process?"

Kara Murphy: "Yes, I mean there is a process there and there are cost there to get out but if you're going to make that very serious decision to get out, then you would be willing to spend the money there, because it would be better for SNEW and the Second District as a whole."

Commissioner Ramirez: "Okay, thank you, sorry to cut you short but."

Kara Murphy: "That's okay..."

Commissioner Ayme: "I just want to clarify one thing if I may, through the Chair, this is not a pull out?"

Kara Murphy: "I'm sorry?"

Commissioner Ayme: "This is not a pull out?"

Kara Murphy: "No."

Commissioner Ayme: "From CMEEC, this is not?"

Mr. Hiscock: "No."

Kara Murphy: "No, no."

Mr. Hiscock: "No, this is replacing one contract with a better contract."

Commissioner Ayme: "I know, I just wanted that on the record."

Kara Murphy: "We also spent some time on the dispute resolution provisions, so that if we have a billing dispute there is more structured process now. If we disagree with the bill we are receiving from CMEEC, so that we can contest those bills and that process involves both mediation and if necessary arbitration, and if we have any other contractual dispute under this agreement we have the right to sue and to sue CMEEC. Also under this agreement if another municipality defaults, so for example if Groton defaulted on their identical contract then not only would CMEEC have the right to sue them but we could also be a part of that suit to enforce Groton's obligations, okay. So (inaudible) utilities could do the same to us but that important because there are such a limited number of people involved in CMEEC, and some of the entities involved in CMEEC have such a high percentage in the project. We also put in a provision about joint preparation the other four Munies have..."

Commissioner Ramirez: "I'm sorry what is the joint preparation (inaudible)?"

Kara Murphy: "Joint preparation means that we all worked on the contract together..."

Commissioner Ramirez: "Oh, okay."

Kara Murphy: "And as you noted the other municipalities all have one attorney and that attorney was suggested by CMEEC and he happens to be bond counsel for some of those municipal utilities. He's not bond counsel for the Third District, so as you can imagine we have similar interest in these agreements but some of us may have different interests. And one of the reason for the joint preparation clause is to make sure that we all involved, that we've all read the agreement, that everyone has agreed to the terms of it, because we didn't want a situation where one the MEU's that represented by the sole counsel could come back at some point and time and say he didn't work with me, he didn't explain the agreement to us. It limits their ability to come back at a later time and contest the agreement so we made sure that vision was in the contract. They could still contest it but it makes it harder for them okay and as we mentioned earlier the Third District agreed to and went to their Commission on a version of the contract that has now been revised multiple times over and yet they are represent by an attorney who just didn't give them the other versions and now they have to go back again so that is an important provision. And I think those are probably the highlights of the major legal issues. Do you have any other questions for me?"

Commissioner Burgess: "Questions?"

Mr. Hiscock: "It's certainly is my recommendation to the Commission to go forward and approve this contract, because it is better than the existing arrangement it's an improvement over the existing arrangement and it's a very good improvement so it is my recommendation that you do approve this document."

Commissioner Borges-Lopez: "I make a motion to approve the General Services Transmission Agreement."

Commissioner Geake: "I second it."

Commissioner Burgess: "Any discussion on the motion? All in favor?"

Simultaneous Aye

Commissioner Burgess: "Opposed?"

Mr. Hiscock: "And the other thing that you need to do is the second portion of that temporary clerk resolution that's in front of you, paragraph 2 because of the legal procedure here with respect to the thirty day notice and all of that we have to make sure we do all of this perfectly correct. So we do have to approve Kevin Barber as temporary clerk for the purposes of accepting the General Transmission Services Agreement where the Connecticut Municipal Electric Energy Cooperative for recording and public notice in order to comply with the charter of the Second Taxing District in section 7 233x of the Connecticut General Statues."

Commissioner Ramirez: "I move to approve it."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "All in favor?"

Simultaneous Aye

Commissioner Burgess: "Opposed?"

Mr. Hiscock: "Now the final document, okay, Kevin can you run please and copy this. And well change this, we have a very formal resolution that you need to approve so you're going to have to read the formal resolution, you've already indicated that you are going to approve it but there is a detailed formal resolution, you know where as, where as is, now therefore, now therefore so we going to hand it to you, you can take a look at it, and read it, and then we can discuss it if necessary, just make sure you, and I'm sorry I should have brought copies and put them on your thing on your table, but I forgot. Put some light on, (inaudible) we have some people in the company and I don't mean it to be negative that have a tendency to pay attention sometimes pay attention to pennies, and we have one individual most of you know has a tendency to run around the building and turn the light off all the time in the daytime, and I'm sure you know who that is...Mr. Harris."

Commissioner Harris: "Must be Kevin."

Mr. Hiscock: "No, not Kevin once you read this you can talk to counsel and I about the contents of it to make sure it's fully what you understand, and it certainly should be."

Commissioner Burgess: "Do we have to read this whole resolution into the..."

Mr. Hiscock: "No, I think you can refer to, read the title and you hand it to the temporary clerk, and the temporary clerk will make it part of the record. If you like you can read it."

Kara Murphy: "The reason we need the Board Resolution is that when they do the closing on the bonds, they have to have a formal board resolution and they have to have an opinion letter from me that you acted and that you're duly authorized to act under your charter."

Commissioner Burgess: "Will someone move the resolution regarding execution of the General Transmission Services Agreement by and between the Connecticut Municipal Electric Energy Cooperative and The Second Taxing District, of the City of Norwalk."

Commissioner Ayme: "So moved."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "Is that all you need Mr. Hiscock?"

Mr. Hiscock: "And a vote obviously."

Commissioner Burgess: "Is there a second?"

Commissioner Harris: "Maria."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "All in favor?"

Simultaneous Aye

Commissioner Burgess: "Opposed?"

No Opposed

Laughter

Kara Murphy: "I'm Kara Murphy, very pleased to meet you."

Commissioner Harris: "I'm Sherelle Harris."

Kara Murphy: "It's nice to meet you."

Commissioner Harris: "It's nice to meet you, thank you."

Kara Murphy: "Thank you."

Commissioner Burgess: "I'd like to thank you Mr. Hiscock, you know how unhappy I've been for years being held hostage to CMEEC."

Laughter

Mr. Hiscock: "This is the first time step, and the next two steps will be very, very shortly hereafter. I believe by the fall of this year it will be a done deal, and we can determine..."

Commissioner Ramirez: "Keep doing a good job."

Mr. Hiscock: "our own fate."

Commissioner Burgess: "Thank you. Okay we now on to the second item."

District Budget Review and Discussion

Mr. Hiscock: "Okay, I put two items on your table this evening. One is the budget that we are working on, that's the one that in the approval process. And I put 2011-2012 on your table as a propose budget revision. We'll talk a little bit more about this next Thursday night as to why the revision is necessary and I really hadn't planned on talking about the revision tonight other than to let you know the revision is a minor revision from the current year's budget to accommodate the street lighting request and the capital installation. And think I sent you a memo."

Commissioner Mann: "Yes."

Mr. Hiscock: "Explaining all of that but technically since we are going to do some of this work before July 1 we need to modify the current budget. And unless you have questions I'm going to leave it at that tonight and we will actually talk about this on Tuesday night, when you get the final shot at the budget. Now the other item has to do with the general fund budget, and we talked about

this several weeks ago. But as part of that process, there were some concerns about the community service portion of the budget. It was decided to have a meeting this evening to finalize that portion of the budget. You have the memorandum of February 21, from myself to the Commission speaking to the community service project contribution committee of Mary Geake and Maria Borges-Lopez. And you have their recommendation, and it's in your board book and it is the same recommendation obviously that you saw at the last meeting which was February, I don't know when was the Commission meeting? Sorry."

Commissioner Borges-Lopez: "22?"

Mr. Hiscock: "I think so, February 21, okay it was the same day. So this memorandum got to you the morning of the meeting and there was some concern about that, cause you didn't have time to digest it and review it. So it was decided to defer action on this portion of the budget. So this is where we are, we didn't get, the rest of the budget, I believe from in the working session it was resolved, there weren't really issues about that portion of it, so now it's simply focusing on this portion."

Commissioner Burgess: "Okay, and everybody read the opinion by Frank Zullo and Kara Murphy about what we're required to do and the guidelines (inaudible) should."

Commissioner Ramirez: "It is also final recommendation by the Attorney Zullo here, where he indicated that he believed it would be justified, from the project services as long as the Commissioner are in agreement (inaudible) purposes of assisting the community. Through the Chair, if you may you know I expressed my feelings and my concerns last time I will express the same this (inaudible) but I believe I don't need to repeat myself if it's already been recorded. I strongly support to continue the assistance for the electrical \$25,000, as well as the youth program. I strongly I advocating I will deeply suggest to you that without that money quite a few youth from our community will be out any assistance. I will agree with the community services where the Thanksgiving Dinner and some other have been proposed anything with in our District, I will support it 100%. I will how the rest of the Commissioners would believe in the same, we have a mission yes we are a sociable agency like it was suggested before. I understand that, but the same token my state will be we need to provide assistance to our community the percentage of this project is very minimal. It was really my fault to request Mr. John Hiscock to provide our accounting fellow here to present to all of us, what would be the percent of this budget that will be utilizing to assist our community. I don't know if he might have any numbers, close by perhaps just a percentage."

Mr. Hiscock: "Okay, the community service budget is \$62,200, and the total revenue of the Taxing District for Water and Electric is \$25,108,474, as proposed in the budget so if I do my math, I don't know if..."

Commissioner Burgess: "Well..."

Commissioner Ayme: "May I, through the Chair, that's not realistic to take a percentage of the total revenue..."

Commissioner Ramirez: "Just a..."

Commissioner Ayme: "If I may, I have the floor please, realistically with 70% of the \$25,000,000 goes to buying electrical power. Am I correct?"

Mr. Hiscock: "Your percentage is off but close, the purchase, out of the \$25 remember, this is both water and electric okay, out of the \$25 million in total revenue, \$11 million goes to purchase power."

Commissioner Ayme: "So we should (inaudible) a percentage of expenses."

Mr. Hiscock: "Okay."

Commissioner Ramirez: "Whatever you wanted to, whatever would be the reality, okay and what you believe ask the CO of this Company. The mere fact what would be the small percentage of the, whatever expenses you wanted to."

Commissioner Burgess: "Well I think we need to, in order to help our ratepayer and electors. I think we need to bear in mind that we just had to have a rate increase. It's obvious we have to save money somewhere."

Commissioner Ramirez: "If you made a..."

Commissioner Burgess: "Go ahead."

Commissioner Borges-Lopez: "Through the chair."

Commissioner Burgess: "Yes."

Commissioner Borges-Lopez: "I'd also like to point out that if you read carefully the opinion letter from the attorney it states that the Second Taxing District should give to non for profit organization. So we really need to look at where the monies are going, if they're not going to the nonprofit organizations, okay whether it's within the District or not, we have to make sure we also adhere to the legal counsel."

Commissioner Ayme: "If I may through the Chair."

Commissioner Burgess: "Yes."

Commissioner Ayme: "At this point I would like to hear from the ad hoc committee."

Commissioner Burgess: "Yes."

Commissioner Ayme: "What the proposal is from the committee, I see it in writing but I would like one of the committee members to read that so we can have that read into the record."

Commissioner Borges-Lopez: "Okay, one of the two areas..."

Commissioner Ayme: "Inaudible."

Commissioner Borges-Lopez: "Two areas that we were looking into (inaudible) the \$25,000, that's gone right now to NEON for electrical subsidy. And then also the \$15,500 that's going to the youth program to the City of Norwalk, and to bring it down to \$4,000 so that the agency would actually be sponsoring four youth."

Commissioner Ayme: "Okay. This should be \$4,000?"

Commissioner Mann: "So you're saying not \$12,000?"

Commissioner Borges-Lopez: "Cut \$12,000 just..."

Commissioner Ayme: "Cutting \$12,000 and that would leave \$4,000."

Commissioner Geake: "What we have on this page is what the attorney recommended, because these were the whole amounts. So if we would do what he recommends, its \$43,000 we'd be saving plus having said but we include the \$25,000. But that would be the saving, this would be the savings."

Commissioner Ayme: "Okay, so from the Heritage Wall we'd cutting \$11,060."

Commissioner Geake: "And since it's already \$11,060 we..."

Commissioner Ayme: "So we'd be eliminating that?"

Commissioner Geake: "Yes."

Commissioner Ayme: "Bill Peters Art Park 5,760 is that the total? If that's the total would we be eliminating that?"

Commissioner Geake: "Actually the total is \$50 yes, I'm sorry yes."

Commissioner Ayme: "Heritage Wall the holiday lights is 1,250, that would be eliminated. Assist Clean & Green, 5,660 that would be eliminated. Miscellaneous Community Projects, 7,500 eliminated. Summer Youth Employment Program brought down to..."

Commissioner Harris: "4,000."

Commissioner Ayme: "4,000, eliminating 12,000 out of that program."

Mr. Hiscock: "Commissioner's I just want to make one quick clarification. When we talked about cutting back to the four individuals I had an incorrect amount at the time. Originally it was \$800 quite a few years ago, I believe it's about \$1,150, somewhere in that range per student per job. So it won't be quite 12,000 in savings it'll be a little more like 11,000."

Commissioner Borges-Lopez: "11,000."

Commissioner Ayme: "11,000 in savings."

Mr. Hiscock: "Yeah and simply whatever the support for four individuals is comes off of the city information, I did not bring that with me but it's between \$1,100 and \$1,200 per, so it would not be a \$12,000 savings. That was my error at the time we created this, I didn't know the exact number."

Commissioner Ayme: "Then the elimination of \$25,000 for the electrical customer assistance program."

Commissioner Borges-Lopez: "Yes, that's correct."

Commissioner Geake: "That was what we had decided."

Commissioner Burgess: "May I ask a question Mr. Hiscock? Has Clean & Green is that still in business as they say? Have they asked us to help?"

Mr. Hiscock: "We have not had a request from them in recent years, recent meaning about the last two. The support generally went to the community cleanup project where they used to go through South Norwalk, and we would provide trucks and drivers. That was the support that we provided Clean & Green, or if they need an area cleaned up for some reason, if they came back and said "hey you know that traffic island there looks really cruddy, would you mind doing it." Those were the kinds of services in kind."

Commissioner Burgess: "Well we haven't had request in a couple of years?"

Mr. Hiscock: "That is correct."

Commissioner Ayme: "So the next figure for the total changes from, since you changed from 12,000 to 11,000, the next figure changes from 43,230 to 42,230."

Mr. Hiscock: "Right, and recall please that these are budgeted numbers, and we usually come in a little bit under. I just wanted to make it clear..."

Commissioner Ayme: "Eliminated from the budget."

Mr. Hiscock: "Right these are budgeted numbers."

Commissioner Ayme: "Eliminated from the budget, and the 25,000 from the electric customer assistance program?"

Mr. Hiscock: "That would come out of the actual electric budget."

Commissioner Ayme: "That makes it about 67,000 to \$130."

Commissioner Ramirez: "Chair we have a question here please."

Commissioner Burgess: "Yes."

Commissioner Harris: "Were you fished AI?"

Commissioner Ayme: "Yes."

Commissioner Harris: "I just want to know what assistance we provide to Madison Avenue and West Avenue, I'm not quite clear on that."

Mr. Hiscock: “West Avenue is a project. As you come down West Avenue and go under 95 coming into South Norwalk, on the right hand side, there’s a slope that’s part of the highway property owned by the State, just before the Shell station, okay. That property used to be pretty ugly looking. It was trees and weeds, nobody ever cut the slope, it was really in poor condition. We decided to make a project out of it. We cleaned the slope up about 100 feet or so, maybe 75 feet. We planted trees, we mulched the area, we keep the grass down and we clean up all of the debris. It was done primarily as an entrance to South Norwalk to make it look good, and obviously as you come down off of the route 7 connector you make a right and there it is.”

Commissioner Harris: “Okay.”

Mr. Hiscock: “Madison Avenue is a project that been around for a very long time. Madison Avenue is a small triangle piece of land owned by Conn DOT, essentially the railroad I believe it might actually be part of the old Madison Avenue from prior to the redevelopment, which was 65 I think, it’s either owned by the City, or owned by the State, I really don’t know which. The individuals in South Norwalk with some community support used to take care of it. It was nicer looking than it is now, except the railroad slope was always heavily wooded and we had problems with homeless living in the woods and frightening people who walked in the path, cause there is a path that crosses diagonally right along the railroad tracks. If you look at that tiny triangle parcel across from Klaff’s, across from 50 Washington Street up against the railroad tracks. Okay, we came in and cleaned out all of the debris on the railroad embankment so that the homeless couldn’t live there and frighten people, and we did it because the neighborhood group that originally started the project lost interest and stopped doing it. For a while we had it in pretty good shape and it’s been a lot of construction in the area in the last several years, and its sort of we maintain it not as well as we use to. We’d like to get back and improve it, but that the location we’re talking about.”

Commissioner Harris: “Okay, thank you.”

Commissioner Ayme: “I’d like to move if I may...”

Commissioner Burgess: “Yes.”

Commissioner Ayme: “For approval of the...”

Commissioner Ramirez: “May I before you move to, please. (Inaudible) to make the final suggestion here, if you don’t mind. I will folks, Commissioners, think about before you making your statements especially Commissioner Al, since you’re going to be moving, I don’t know what you’re going to be moving right now but just in case. The \$25,000 of the electrical systems is for those that at this point in time are people in really need for those folks that are in an emergency even to qualify for this, they have to go through a long process, a can you imagine an elderly person or a mother with children without electricity and without any immediate assistance. Would you feel comfortable to denying that family? Number two, the summer youth program from \$12,000 to \$4,000 you talking about pennies, instead you can assist a few young people to change the view in what life is all about responsibilities and when it comes to work and when it comes to be responsible. Instead of having a person hanging out on the corners get themselves in trouble and dealing with police or dealing with some other type of crime. Would you feel so good to have the child hanging out somewhere perhaps a child will assist a parent, a single parents or perhaps we make the life of this child to see a different future. Number three the last the miscellaneous on community projects its only 75 folks I don’t know

if anyone of you have to attend to see those Thanksgiving Dinner where a lot of homeless and a lot of people enjoy”

Commissioner Burgess: “Excuse me, that is not a nonprofit group.”

Commissioner Ramirez: “Pardon me, and some of the projects that even some of you Commissioner requested assistance for some of those services in our community okay. It would be a really a shame I will agree to disregard the others okay but when it comes to those three subject it will be a shame for us to really not to consider it to assist those in need and to really move forward for one time we promise to do better in our community and to enhance the quality of life in our community as well as the life of those in need. Thank you.”

Commissioner Burgess: “Well we can’t do better in our community if we keep losing and have to raise rates.”

Commissioner Ramirez: “Ma’am, with all due respect this is not going to do any damage to our I ask the CO last time would this make any difference, he loud and clear said no, even though for the whole process he absolutely say no. It will not make much difference, what it can make a difference when we come in and assist our own recipients, our own family in our District that’s what it makes a difference.”

Commissioner Burgess: “Yes it does but not all of these things...”

Commissioner Ramirez: “That’s what I say.”

Commissioner Ayme: “We are raising our, listen we are increasing rates...we have a responsibility.”

Commissioner Ramirez: “Sir, we already went through that, we went through that we very loud and clear, we know what we got to do.”

Commissioner Ayme: “No, no you said what you have said and I think everyone understood exactly what you have said. We have a we are increasing rate we have a responsibility to the people of South Norwalk that are paying the rates and in terms that’s why we set up a ad hoc committee to come up with some...”

Commissioner Ramirez: “Get to the point Sir, please, we understand.”

Commissioner Ayme: “Listen I’m explaining, I’m not grandstanding...”

Commissioner Ramirez: I don’t need you to explain... I’m not going to recommend it”

Commissioner Ayme: “Let me say this...”

Commissioner Ramirez: “Go ahead.”

Commissioner Ayme: “I am not doing a political grandstanding here like you did...”

Commissioner Ramirez: “Lower your voice please, lower you voice, please.”

Commissioner Mann: "Everybody calm down, everybody just calm down."

Commissioner Ayme: "Listen, I'm not doing a political grandstanding as you did, for the record."

Commissioner Ramirez: "No Sir, it not a political."

Commissioner Ayme: "What I'm saying, what I'm saying is that we have a responsibility to the people of South Norwalk..."

Commissioner Ramirez: "That is correct."

Commissioner Ayme: "And to the payer and to the users..."

Commissioner Ramirez: "And that is what I suggested Sir."

Commissioner Ayme: "Now, I don't think, I don't think that the money we have previously spent, that we have previously spent in terms of the monies that were spent for our community yes, to an extent without overdoing it, but money that are being spent outside of our community I don't think we should do..."

Commissioner Ramirez: "I agree with you, I already stated that, I agree, I agree and that's what I stated earlier in three points, the rest you can eliminate if you want."

Commissioner Burgess: "Excuse me, another Commissioner has their hand up."

Commissioner Harris: "I was just wondering if we could reconsider some of the numbers here, just because of the economy and just because I see what's out there, whether I'm serving on a board or in my job capacity. I would vote to support NEON, I would vote to support the summer youth and maybe have a miscellaneous pot to pick and choose among some of these projects the one that are in South Norwalk. So if we have a \$75,000 miscellaneous fund we could decide whether we wanted to do the Madison Avenue project or whatever. If we, you know, I think we should keep something if we have NEON do we make and NEON and the summer youth even do we give them both \$15,000, I mean could that be a consideration?"

Commissioner Ayme: "I won't vote for that."

Commissioner Burgess: "Could I hear from either one of the members on the ad hoc committee?"

Commissioner Borges-Lopez: "I'm sorry?"

Commissioner Burgess: "Could I hear from either one of the members on the ad hoc committee?"

Commissioner Borges-Lopez: "Well I'm going to state it again, as I mentioned we met, we met with the legal counsel, and based on his letter and the Second Taxing District should only be giving to the non for profit organizations and some of the monies are being had been expended to these community projects that are not for nonprofit organizations and we tried to come up with something that's really fair, as far as the \$25,000 to NEON and right now we feel as well not only that not only to lower cost within the agency also giving \$25,000 to an agency that's going through a lot you know financial issues right now..."

Commissioner Ayme: "Thank you."

Commissioner Borges-Lopez: "You know we should really withhold it at the moment."

Commissioner Burgess: "Commissioner Harris."

Commissioner Borges-Lopez: "And we also felt that \$4,000 to the youth services were fair, not \$4,000 but just to support four youths and that's what we agreed and that's what we discussed with counsel and I'll let Mary give her input as well, I think she should."

Commissioner Geake: "Now a days with today's economy I think that we have to tighten our belt more than ever before. We're going to be raising rates and yet we're going to say but we're still going to give you money. I can't in all truthfulness have that sound good I'm telling somebody that the rates going to increase but I'm still going to be able to give money to a b c d and e and you want me to stop? I don't think that's fair to the, our group, these are people that it takes, if the bill is \$20.22 they've got to come up with \$20.22 and they aren't going to care that we have \$1,000 we're going to be giving to a and \$2,000 to b and \$2,000 to c. They need to, we've gotta tighten our belt if the times comes as it has in the past where we end up having money and we can do it then we can back to giving and helping but right now. The odds are that we're going to end up having to write them off in five years anyway if we even had any money of the \$25,000 that we would have."

Commissioner Burgess: "Commissioner Mann."

Commissioner Mann: "Um yes, my opinion is that number one we can afford to give something back to our community even in light of the fact that we had to raise our rates. One of the reasoning for raising our rates is not, exactly now but for long term to make sure we are staying in a viable financial position. I feel strongly that we need to give something back to our community, my suggestion would be supporting 10 youth in the summer youth program, and to continue the hardship assistance to the community. I've had has the opportunity of sitting on both sides, I think it's a benefit to us, to allow someone a nonprofit it does not have to be NEON, we can look for another nonprofit to manage the money if you know people are that adamant about whatever the situation maybe. But I'm going support push and be very adamant about those hardship funds as well as supporting our youth during the summer, we are South Norwalk were in a very volatile situation our kids are losing it and if we can offer 10 kids and get them off the street a job I think we can very well support that through this District."

Commissioner Ramirez: "That is correct."

Commissioner Harris: "Chair, thank you, I agree with Commissioner Mann and I respect the comment that was made about NEON not being in a great position however, do we let the community suffer because of that? So there are people out that are having a hard time paying their bill do we let them suffer because of whatever is going on? So I just want to put that on the table, this is about the people to me, it's not about agency at this point. So I do support, if we want to bring it down to the 10 youth that's fine, if we want maybe reduce the amount that we are giving that's fine but I do agree, actually I have a question. May I ask a question? Are we in a position financially that we, I know this is all being done because of the economy and our raising the rates but if we, maybe cut this in half would we still be able to function?"

Mr. Hiscock: "Yes, where would the program go, there would be less money obviously for the community action agency to distribute basically the rules at that, for those people who have energy assistance they get an additional amount equal to half of the energy assistance from this program. And for those who do not use electricity for heating we give them the same amount as if they would have gotten from the program if in fact they did use electricity, so it extends the grant to people who don't heat with electricity and it also adds fifty percent to those who get heating electric assistance from the State, that's how the program works. Some years we use the full amount other years we have not. I don't know if that answers your question or not. Whatever you take out of the program is less that's to be distributed so it had for me to say without knowing exactly..."

Commissioner Harris: "What the numbers are."

Mr. Hiscock: "What the numbers are."

Commissioner Ayme: "What I think is that if we don't go along with this we will have to cut from other areas, but we have to cut down. We have a lot of expenses we have projects in progress (inaudible) if not millions of dollars like the substation. If we, in fact even if we did this here we would have to look for other areas to cut down."

Commissioner Ramirez: "Commissioner Al Ayme I asked for a percentage, you folks interrupted the CO to give us the final percentage and for the record, I would like if you don't mind would you give us the small percentage if it's possible."

Mr. Hiscock: "6 divided by 1,300."

Laughter

Commissioner Borges Lopez: "You need to know (inaudible)."

Mr. Hiscock: "I don't have a calculator with me and my phone doesn't have a calculator does yours? His phone has a calculator."

Commissioner Harris: "Here's one if you need one."

Mr. Hiscock: "I've got the same phone and can't see the (inaudible) it's pretty hard to calculate its so small."

Commissioner Ayme: "While their doing this let me say if you're talking about helping the community we have already taken \$750,000 from CMEEC that we going to throw into to increase the rates to an extent that otherwise would have to be increased. If that's not helping the community \$750,000 I don't know what."

Commissioner Borges-Lopez: "I would also like to point out since we are waiting for the information, NEON also receives energy assistance from the State of Connecticut \$1.6 to 1.8 million a year so it's not that they rely solely on the \$25,000 that is coming out this. Last year for an example or the year before I don't recall, not all of that money was used so therefore like \$187,000 was over \$167,000 was taken off the \$1.8 million that was received from the state. So I'm just pointing it out, not to bring their finances here but just to let everyone know that \$25,000 from SNEW is not what NEON works on as far as energy assistance."

Commissioner Ramirez: "I completely understand that and this is a part of assistance that obviously, in very hard times that the community is, the entire nation is going right now..."

Commissioner Borges-Lopez: "I'm sorry I had to bring it out because you pointed out we are leaving grandmothers without electricity and we are leaving them in the cold and it sounds very cruel and to have that on the record for people to think that the Commissioners are not going to supply energy, for the grandmothers and that's really going overboard, that's over stating it."

Commissioner Ramirez: "I'm just stating that..."

Commissioner Mann: "You shouldn't have to (inaudible), if you just don't understand the concept."

Mr. Hiscock: "Its .46%."

Commissioner Ramirez: "I'm sorry."

Mr. Hiscock: ".46%, half a percent."

Commissioner Ramirez: "Okay."

Commissioner Harris: "Through the chair."

Commissioner Borges- Lopez: "I'm sorry I would just like to ask one more question. What was our deficit or for 2011?"

Mr. Hiscock: "Our net?"

Commissioner Borges- Lopez: "Our net income deficit, whatever we had profit or deficit."

Mr. Hiscock: "Out of the electric it was, I don't have the audit in front of me, off the top of my head it was a couple hundred thousand \$400,000 something like that."

Commissioner Borges- Lopez: "In the red?"

Mr. Hiscock: "In the red."

Commissioner Borges-Lopez: "In the red, so we're showing a deficit of \$200,000?"

Mr. Hiscock: "Somewhere around \$400,000 I believe, that's subject to, I don't have the audit with me so I can't give you the numbers, and I don't remember them but it's in that that range."

Commissioner Borges-Lopez: "So we had a deficit last year of \$200,000 I don't see how we can make a comparison to the .46%, when you are running a deficit."

Commissioner Geake: "And for the record if I could through the Chair, it took an awful lot for the two of us to get together and come up with this. It took an awful lot of us having to deal with issues and problems and it's not something we went lightly there's probably a lot of reasons why we didn't want to do what we had to do. We had to do an awful lot of soul searching, we had to do awful

amount of counsel from Frank explaining exactly what was going on, but in the end result we had to come up with something that we could live with. Even though we know it's not what we wanted to do if we would have been in a better financial position."

Commissioner Ramirez: "And just for the record, believe it or not I commend the folks that has spent a lot of time, I believe that this was not easy I truly believe that, alright it was not an easy decision. At the same time I just believe that we should have a little more at least something to help the community. I'm not going to repeat what I have already stated but perhaps if there is something the Commissioners might agree to assist those folks."

Commissioner Harris: "I want to state for the record too that I appreciate the work that you guys have done both of you and it's not personal, I guess I'm just playing it like the term devil's advocate, angel's advocate. And just see how we can help the youth or help people who you know may need energy assistance, and to that point when we give the check to NEON do we give it to them in a lump sum or is it sort of as needed bases? I'm not sure how that works."

Mr. Hiscock: "It's a, we pay the funds over to NEON they issue check back to us and apply it the account of the individual that qualifies and it's done as a lump sum, an its usually done well after the fact. It's also used for one other area that has to do with deposits, sometimes it's used for deposits."

Commissioner Harris: "So whatever amount we were to give them we would give them that entire amount in a lump sum?"

Mr. Hiscock: "How do we dole it out to NEON?"

Commissioner Harris: "Yes."

Mr. Hiscock: "We dole it out in usually two allotments per year."

Commissioner Harris: "Okay."

Mr. Hiscock: "Usually \$15,000 and \$10,000."

Commissioner Harris: "So what if we were to, as Maria stated, there was some money that was not used so if we have the money set aside for NEON."

Commissioner Borges-Lopez: "No I was saying money wasn't used it was not the money that came from SNEW from South Norwalk Electric Works ..."

Commissioner Harris: "But monies that came from the state."

Commissioner Borges-Lopez: "Monies came from the state and that's based on the financials one time that I was working with Chip Anderson. So that why and I only brought it up because..."

Commissioner Harris: "And I appreciate that."

Commissioner Borges-Lopez: "Commissioner Ramirez and what he said before about the subsidy, I wanted to bring it out so that people realize that you know there are monies coming in from other sources as well."

Commissioner Harris: "Right, and I appreciate that because I think every opinion matters. I guess what I'm wondering if since you dole it out in allotments will there be a possibility of setting a certain amount aside? And just say if they come to us for the money can we say something like have you used you other sources yet? But at least we would have some money set aside in the event they, I'm just asking, I don't know how it works."

Mr. Hiscock: "I think that really beyond our ability to do because it would require us to review their rules, practices, policies, and try to make a determination if they have maximized the use of other funds that's not an easy thing for us to do."

Commissioner Harris: "That's too much, I just wanted to ask. Alright I just have one final suggestion, let see, so at this point, our two Commissioners and the guy I applaud you work for your suggestion a \$62,200 saving? Correct? If we were go to give, let see how did I do this? If we were to give NEON \$11,500, give the summer youth, I'm sorry I guess it would be the summer youth \$11,500 that would support ten youth, if we were to give NEON \$10,000 and just have a miscellaneous fund of \$3,500 that comes to \$25,000 and that would be a savings of \$32,200. Would that be a possibility?"

Inaudible

Commissioner Harris: "Nope. Off the record my nope is off the record."

Commissioner Ayme: "I'm sorry."

Commissioner Harris: "Okay, again John stated that I guess supporting one summer youth person would \$1,150 so if we were to support ten per Commissioner Mann's suggestion that would be \$11,500. If we were then to give NEON just simply had to reduce it as opposed to \$2,500 to give them \$10,000 or whatever agency we deem worthy that would come to \$21,500. And if we had a miscellaneous fund of \$3,500 that total comes to..."

Inaudible

Commissioner Harris: "What?"

Commissioner Ayme: "That's we're trying to eliminate it, we're trying to eliminate \$12,000, \$11,000."

Commissioner Harris: "I'm sorry you're trying to what?"

Commissioner Ayme: "The total of what we gave to them last year as far as I know I think is \$15,000."

Commissioner Borges-Lopez: "\$15,500."

Commissioner Ayme: "\$15,500."

Commissioner Borges-Lopez: "Yeah, I believe it was \$15,500, right?"

Mr. Hiscock: "Correct."

Commissioner Ayme: "That's all we gave."

Commissioner Borges-Lopez: "15,500, was the total that was given."

Commissioner Harris: "And that went."

Commissioner Ayme: "15,500."

Mr. Hiscock: "For the Summer Youth Program."

Commissioner Harris: "For the Summer Youth, okay but with the ten that would be reduce to \$11,500."

Commissioner Ramirez: "With us to support ten youth."

Commissioner Harris: "Ten youth according to the number that John gave us would be 11,500. So again if we did that whatever nonprofit we decide to give to if we had \$10,000 and then we had a miscellaneous fund for community projects of \$3,500 and we can put that I guess wherever and we can put that first come first serve basis, and that total would come to \$25,000 and we save \$32,200. I'm not trying to be argumentative here I'm just trying to think of creative ways that we can help, so it not to mitigating anybodies work or anybodies feelings I'm just putting it out there if I'm shot down so be it, but I just want to put it out there."

Commissioner Ramirez: I just want to officially go on the record that was nothing personal folks, this is just something when it comes to assist the community I get a little, I think we all care here definitely everyone of you for the fact I know we all care. We have to run as an entrepreneur of the agency yes, we have to give back something to the community."

Commissioner Ayme: "We gave \$750,000."

Commissioner Ramirez: "But that's..."

Commissioner Borges-Lopez: "\$750,000 that we took and we are also running a deficit of approximately \$200,000. So it's not that we are running a profit here and the economy is not that great. Most of all I know the \$750,000 that we are putting right back into the agency. I mean we have to look at all that you know before we make a decision on."

Commissioner Geake: "If I may through the Chair, we are also talking about street lighting that we haven't even discussed that is going to, so we haven't even started to think about because it's not on our agenda but that's another area that we're going to be have to put out so..."

Commissioner Ayme: "That's (inaudible) the city refuses to pay and we have to pay. The City refuses to pay for that and now we have to pay for that."

Commissioner Borges-Lopez: "Yes \$206,000."

Commissioner Ayme: "Exactly."

Commissioner Geake: "So that was the other reason but I didn't want to bring it up now I'm bringing it up because it hasn't been open for discussion."

Commissioner Ayme: "If I may ask, when is the Electors Meeting again?"

Commissioner Borges-Lopez: "The 20th of March."

Mr. Hiscock: "The 20th."

Commissioner Ayme: "The 20th? Okay."

Commissioner Geake: "We have to have a decision."

Commissioner Ayme: "I'm only talking about this here, maybe perhaps, through the Chair, we should have another meeting prior to the Elector's meeting to discuss this here and other things that I have here."

Commissioner Burgess: "Do we have another meeting?"

Mr. Hiscock: "You have a meeting next Tuesday night the 13th to approve the budget, the only reason we are having this meeting this evening is so that you could sort out the community service portion of the budget, because I have to create a document to hand to you."

Commissioner Borges-Lopez: "(inaudible) today, because we need to have this on the budget for the 13th."

Commissioner Ayme: "Okay."

Commissioner Harris: "We get it."

Commissioner Geake: "I mean it gotta be done tonight."

Commissioner Borges-Lopez: "That's why we are discussing it today because we need to have it on the budget for the 13th."

Commissioner Ramirez: "It has to be presented."

Commissioner Ayme: "Okay, I will make the motion and then you can amend it if you want. My motion is that we accept the recommendations from the adhoc committee including the reduction of the electric consumer, electric customer assistance program of \$25,000, the elimination of that program. Cause the recommendation as stipulated on the agenda."

Commissioner Borges- Lopez: "I second it."

Commissioner Ramirez: "I like to, can we do an amendment right?"

Mr. Hiscock: "Yes, procedurally you have the ability to amend."

Laughter

Commissioner Harris: "I make a motion that we except the recommendation but with giving a nonprofit, let's see \$10,000, supporting ten summer youth at \$11,500 and I'll leave it at that."

Mr. Hiscock: "That's a motion to amend it needs a second."

Commissioner Ramirez: "I second."

Mr. Hiscock: "Okay, we have a motion to amend you can discuss and then you need to vote on the amendment."

Commissioner Burgess: "Is there any discussion on the amendment?"

Commissioner Harris: "I think we've had it, we've had the discussion."

Laughter

Commissioner Burgess: "You need to call on the amendment first."

Mr. Hiscock: "Correct."

Commissioner Burgess: "No discussion? All in favor?"

Mr. Hiscock: "Of the amendment, all in favor of the amendment."

Commissioner Harris: "Of the original?"

Mr. Hiscock: "Of the amendment."

Commissioner Harris: "Oh I'm sorry."

Commissioner Burgess: "Opposed?"

Mr. Hiscock: "You have to vote Kevin? And the amendment failed, you now have the original motion back in front of you."

[In favor Commissioner's Ramirez, Mann and Harris]

[Opposed Commissioner's Geake, Borges-Lopez, Ayme and Burgess]

Commissioner Burgess: "And I think we've all spoken on that, enough."

Commissioner Ramirez: "Just for the record, I Commissioner Ramirez will not or refuse to vote, excuse me I vote against the first motion okay, because we didn't go for a record."

Commissioner Burgess: "Of the original motion?"

Commissioner Borges-Lopez: "All in favor of the original motion."

Mr. Hiscock: "Okay."

Commissioner Burgess: "Opposed?"

Mr. Hiscock: "Okay, you have the vote."

Mr. Barber: "Uh huh."

[In favor Commissioner's Burgess Ayme, Geake, and Borges-Lopez]
[Opposed Commissioner's Harris and Mann]
[Commissioner Ramirez abstained]

Commissioner Burgess: "So the original motion passes."

Mr. Hiscock: "Okay."

Commissioner Harris: "You need to hug me girl, you're not going to be mad at me. Oh come on Al don't do that."

Commissioner Ayme: "I'm sorry."

Commissioner Harris: "Don't do that."

Commissioner Ayme: "Strike that from the record please."

Inaudible

Commissioner Harris: "Don't think that."

Commissioner Geake: "Is there anything else? Can I make a motion that we adjourn?"

Commissioner Burgess: "Yes."

Adjournment

The meeting adjourned at 8:55 p.m.

Attest:

Kevin Barber
Temporary Clerk

Transcribed by: Gwendolyn Gonzalez