



The elements of success

# Third Taxing District – Norwalk Pension Plan

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Pension Outsourcing & Investment Advisory services

September 5, 2017



- Company overview
- Streamlining your plan services
- Investment Advisory
- Fees

## Your H&H team



**Stuart Herskowitz, CRC, AIF®**  
Senior Vice President, Client Relations



**Steve A. Lemanski, FSA, FCA, MAAA, EA**  
Consulting Actuary



**Arthur J. Meizner, CFA, CAIA, CFP®, AIF®**  
Director, Investment Consulting Services



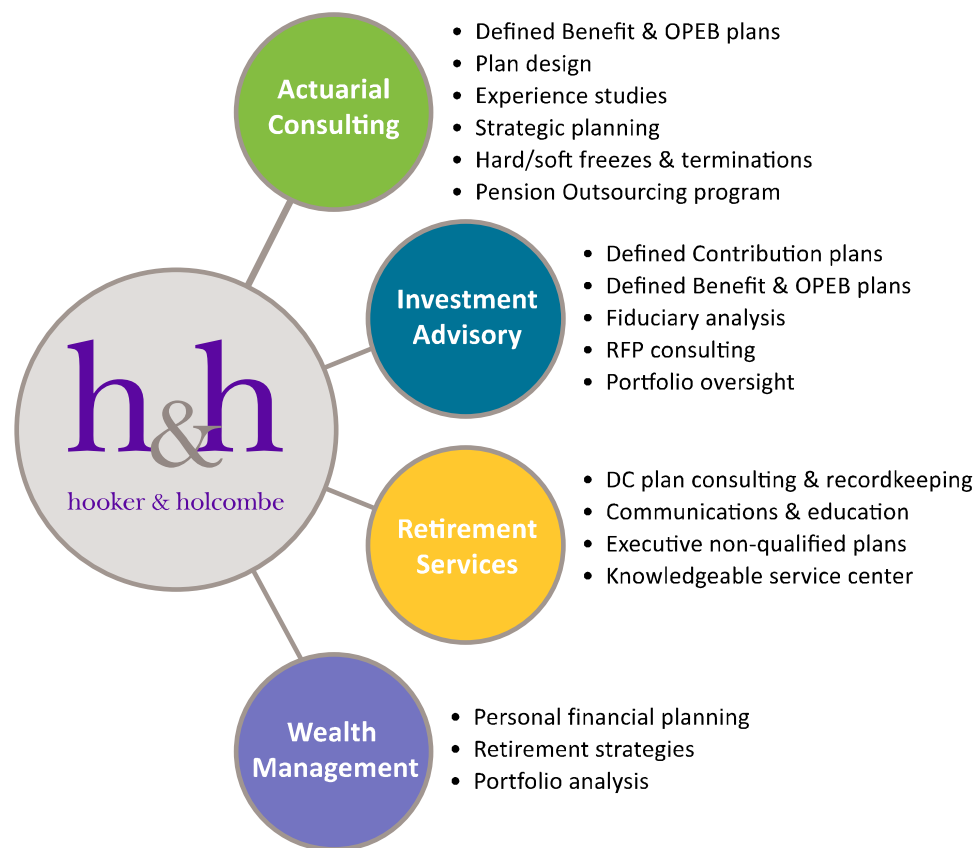
**Robin C. Lane**  
Supervisor, Support Services

# Assisting municipalities since 1956



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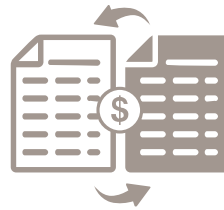
- More than 60 years of experience working with public sector plans
- Full-service firm administering more than 855 DB and DC plans
- More actuaries under one roof than any other regional firm of our size
- 5 CFA Charterholders
- Robust tools & technology
- Successfully completed SSAE-16 examination, ensuring trust and confidence in our service delivery processes and controls



# Streamlining your plan services

# Simplifying pension administration

## Pension Outsourcing Program



## PensionEdge<sup>®</sup> Plus

- Maximum flexibility for busy plan sponsors
  - Supported by knowledgeable service center representatives
  - Driven by PensionEdge<sup>®</sup> Plus online technology
  - Comprehensive solution that meets your needs
- Web-based portal providing a single source of data
  - No hardware or software to purchase
  - Real-time reports
  - Online newsfeed and communications
  - WorkTrack, an online “assistant” to maximize plan sponsor efficiency
  - Integrated valuation data
  - Online user guides and on-site training
  - Paperless documents
  - State-of-the-art security

## Easing administrative responsibilities

- Easily calculate real-time participant benefit scenarios
- View plan demographics and utilization statistics
- Worktrack automates plan administration by acting as a checklist for recurring and non-recurring tasks
- Email notifications can be associated with any step of the process
- Convenient and secure paperless documents including annual participant benefit statement and annual funding notice
- Comprehensive and secure data archiving

User: Administrator, Jane S (Plan Sponsor) Contact Us 1-866-495-3548 Logout

PensionEdge® Plus

Demo - ABC Company Inc. Doe, Jane C (Active)

Manage Worktrack

Task Filter

☒ Active - waiting for you ☒ On Hold ☐ Completed

Note: all tasks started more than 6 months ago are excluded from the listing of Worktrack items shown above.

Progress	Started/ ACD	Task Type/ Name	Name	Status/ Next Step	Target/ Completed
	4/1/2016 7/1/2016	Distribution Request Benefit Request	Doe, Jane C.	Benefit Package Prepared Authorized Complete Benefit Package Mailed	4/29/2016 N/A
	3/9/2016 9/1/2016	Distribution Request Benefit Request	Doe, Jane C.	Request received Complete Benefit Package Prepared	4/6/2016 N/A
	3/8/2016 4/1/2016	Distribution Request Benefit Request	Doe, Jane C.	Request received Complete Benefit Package Prepared	4/5/2016 N/A
	12/8/2015 2/1/2016	Distribution Request Benefit Request	Doe, Jane C.	Election Forms Received Completed	1/5/2016 N/A

User: Administrator, Jane S (Plan Sponsor) Contact Us 1-866-495-3548 Logout

PensionEdge® Plus

Demo - ABC Company Inc. Doe, Jane C (Active)

Edit Worktrack Item

Jane C. Doe - 4/1/2016 - Active

Checklist

Description	Complete	Authorize	Skip	Required
1 Benefit Package Prepared	<input type="radio"/>	<input type="radio"/>		
2 Benefit Package Mailed	<input type="radio"/>			
3 Election Forms Received	<input type="radio"/>	<input type="radio"/>		
4 Payment Authorized	<input type="radio"/>	<input type="radio"/>		
5 Benefit Submitted for Payment	<input type="radio"/>	<input type="radio"/>		

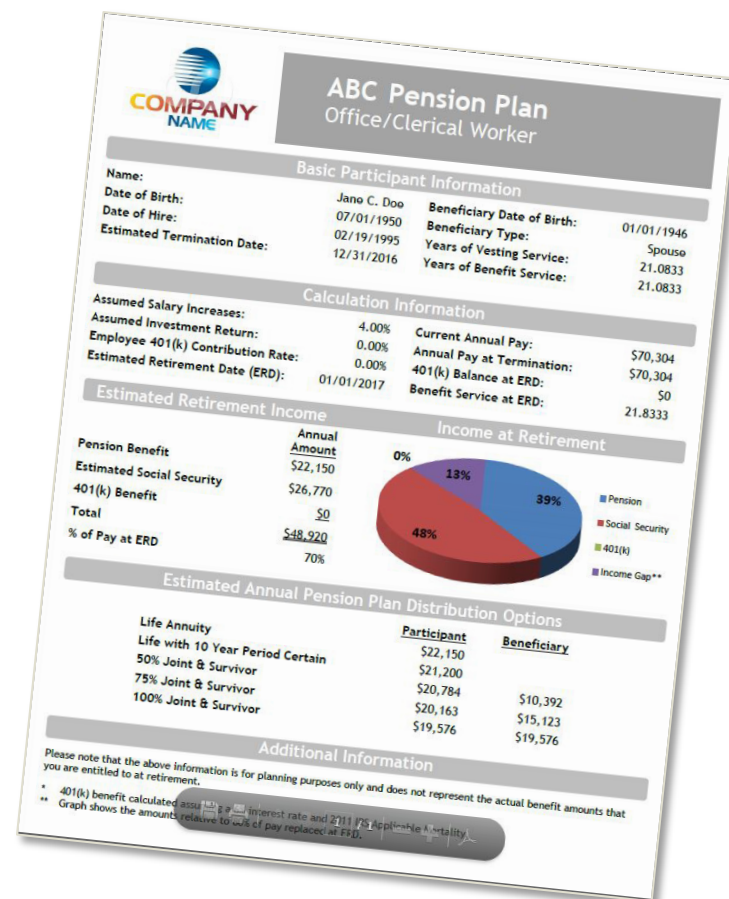
Details Documents Comments History

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# Key features for participants

## Convenient & accessible

- View personal data
- Estimate benefit scenarios & request benefit package
- Generate personalized financial planning projections
- Reference archived documents
- Easily accessible via your company intranet or website
- Provide online participant user guides



## ▶ Customer service professionals

- Commitment to quality and exceptional service delivery
- Average tenure of 12 years
- Certifications include Series 6 license
- Process, policy and procedure training
- Client & plan specific training with ongoing team support and mentoring
- Lead representative assigned to each client



Monday-Friday, 8:30 am to  
4:30 pm ET

- Prompt response utilizing call routing software and email systems
- All calls recorded and routinely evaluated for training and quality
- Archiving of all participant written correspondence for easy reference



# Taking care of your participants



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- Friendly and experienced pension plan specialists with in-depth knowledge of your plan provisions and procedures
- Ongoing quality assurance
- Prompt response and resolution
- Personal assistance with portal and benefit election packages
- Personalized participant communications
- Detailed audit trail of all correspondence
- Manage benefit election process from initiation to payment
- Audit of returned benefit election packages
- Interface directly with your vendor for payment of benefits
- Collect and process name, address, payment delivery and withholding changes
- Reconcile monthly benefit payment activity
- Action taken on death audit reporting



## ► Best practices and proven methods ensure a seamless transition

- Dedicated implementation team
- Customized implementation plan based on your needs and goals
- Thorough testing
- Open, frequent communication
- Introduction of new tools and services
- Training for your staff



# Third Taxing District Norwalk Pension Plan



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	Current	Proposed
Administration	Plan is administered by in-house staff; requires coordination with multiple vendors	<ul style="list-style-type: none"> <li>• H&amp;H fully administers pension plan</li> <li>• Includes call center and internet platform</li> <li>• Coordination with one vendor only</li> </ul> <p>Annual fee: \$8,200</p>
Investments <ul style="list-style-type: none"> <li>▪ Advisory fee</li> <li>▪ Contract/Custodian fee</li> </ul>	Vendor: Reliance & Infinex <ul style="list-style-type: none"> <li>• \$6,893</li> <li>• \$16,112</li> </ul>	H&H and Schwab Trust fees: <ul style="list-style-type: none"> <li>• \$7,500</li> <li>• \$2,200</li> </ul>
<b>Total</b>	<b>\$23,005*</b>	<b>\$17,900</b>

\* Does not include personnel time for Third Taxing District staff



# Your H&H investment advisory team



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## ► Knowledgeable fiduciary partners



**Rodger K. Metzger, CFA, AIF®**  
President and Chief Investment Officer  
Investment Advisory Group



**Kate Pizzi, CFA, ASA**  
Managing Director



**John N. Fuller, CFA, AIF®**  
Vice President, Director of Operations



**Jonathan S. Gruber, RICP®, AAMS**  
Director, Wealth Management



**Arthur J. Meizner, CFA, CAIA, CFP®, AIF®**  
Director, Investment Consulting Services



**Katerina Nikolaou, CFP®**  
Financial Advisor



# Experience matters



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5 CFA

Chartered Financial  
Analyst

**Highly-qualified  
investment  
professionals**

1 ASA

Associate of the  
Society of Actuaries

1 CAIA

Chartered  
Alternative  
Investment Analyst

2 CFP®

Certified Financial  
Planner

5 AIF®

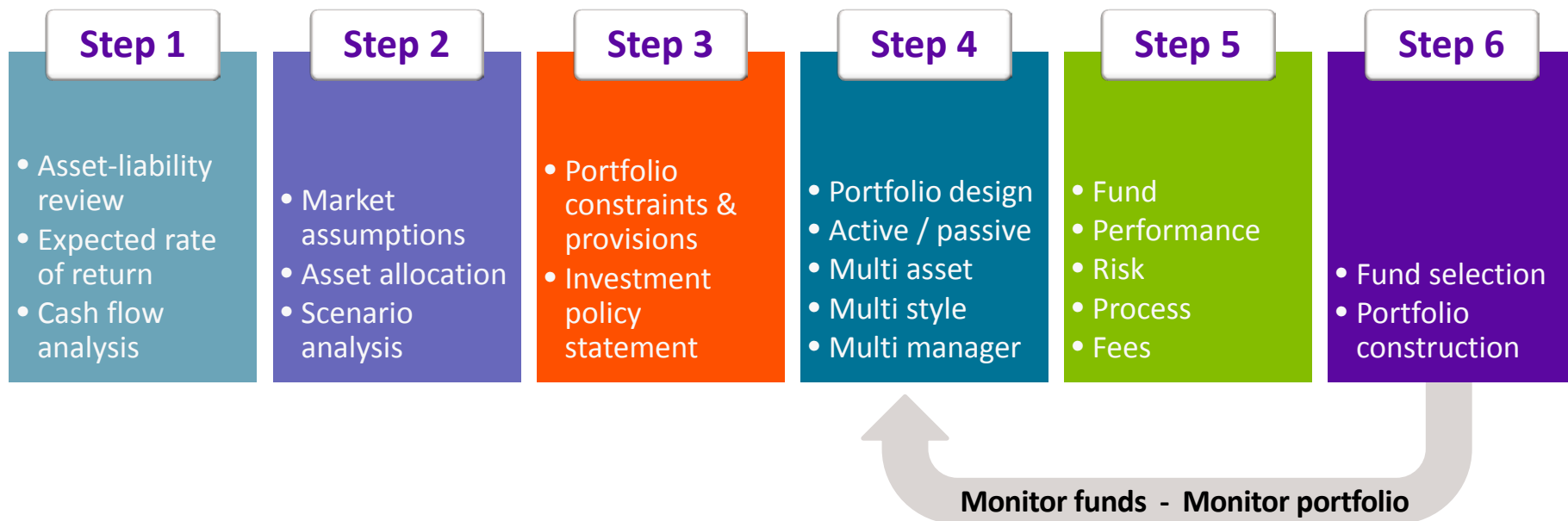
Accredited  
Investment  
Fiduciary

**\$2.4 billion**  
assets under advisement

- Assistance with RFPs
- 3(38) discretionary or 3(21) non-discretionary advisory services
- Advisory oversight
- Expense & performance audits
- Investment policy guidelines & objectives
- Asset allocation strategies
- Asset liability review
- Investment manager searches
- Fund evaluation & selection
- Performance monitoring & reporting
- Executive committee & fiduciary workshops



# Portfolio structuring process





# Rigorous manager research process



Fund universe



**Quantitative:**  
by the  
numbers



**Qualitative:**  
the  
characteristics



**Selected  
funds**

We start with the  
universe of all  
available funds

Strict criteria  
ensures only  
quality funds are  
considered

Experienced  
professionals provide  
ongoing monitoring  
which drives watch list  
and future fund choices

100%



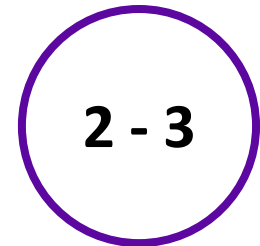
10%



5-10



2 - 3





## ► Qualitative

**Focus on investing, not gathering assets**

- Corporate culture
- Stewardship
- Manager incentives
- Risk controls
- Sell discipline
- Manager access
- Process transparency
- Ongoing due diligence meetings and reviews

## ► Quantitative

**Leveraging technology through our propriety scoring algorithm**

- Interact with Morningstar® databases
- Returns-based approach
- Risk evaluation
- Active fund management
- Consistency

- **Advising our clients what is in the best interests of the plan, employer and participants**
- We do not work on commission nor do we sell any investment products, so you can be assured conflicts of interest are minimized
  - Our pricing is not tied to the value of the assets but rather a flat dollar amount
  - Our investment advisory and actuarial contracts are separate to ensure full independence



The elements of success

Together we will

- ▶ **identify** your challenges and opportunities
- ▶ **achieve** your goals
- ▶ **exceed** your expectations

Hooker & Holcombe Investment Advisors, Inc. (HHIA), a wholly-owned subsidiary of Hooker & Holcombe, is an SEC Registered Investment Adviser providing investment advice to corporations, municipalities and individual investors throughout the Northeast.

Together, HHIA's investment professionals have more than 100 years of experience in the financial services area. Their collective backgrounds include prior experience as portfolio managers, fiduciary consultants and finance professionals. On our core team, four of our investment professionals hold the Chartered Financial Analyst (CFA®) designation, one is a Chartered Alternative Investment Analyst (CAIA), two are Certified Financial Planners (CFP®) and three hold the Accredited Investment Fiduciary (AIF®) designation.

CFA® is a trademark owned by the CFA Institute.

# Portfolio investments

	Current - Reliance	Proposed – H&H
US Large	25	23
US Mid	8	6
US Small	5	6
Foreign Large	12	12
Emerging Markets	3	3
Energy Ltd Partner	2	
Real Estate		2
Muni National	22	
CD/Ultra Short	11	
US Corp Bond		10
US Intermediate Bond		20
Multisector Bond		8
Nontraditional Bond		5
Money Market	12	5

# Current holdings (Reliance)



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Name	Category
Vanguard Dividend Appreciation Index Adm	US Fund Large Blend
T. Rowe Price Instl Large Cap Growth	US Fund Large Growth
Dodge & Cox Stock	US Fund Large Value
JPMorgan Mid Cap Value L	US Fund Mid-Cap Blend
T. Rowe Price Mid-Cap Growth I	US Fund Mid-Cap Growth
American Beacon Small Cp Val Inst	US Fund Small Value
Cambiar International Equity Instl	US Fund Foreign Large Blend
American Funds Europacific Growth F2	US Fund Foreign Large Growth
Harding Loevner Emerging Markets Advisor	US Fund Diversified Emerging Mkts
<b>Tortoise MLP &amp; Pipeline Instl</b>	<b>US Fund Energy Limited Partnership</b>
Money Market	US Fund Money Market - Taxable
Amer Express Centurian Bk Ctf Dep Progra 2019-07-22	Ultrashort Bond
Cap One Natl Assn 2018-07-16	
Manufacturers & Traders Tr Buf 2018-04-16	
Brooklyn Center Minn Go Impt A 2021-02-01	Muni National Interm
Crossville Tenn Go Ref Im 2.125% 2021-06-01	
Fairfield Iowa Ref-Taxab 2018-06-01	
Garland Cnty Ark Sales & Use T Sal 1.54% 2018-11-01	
Hidalgo Cnty Tex Ctfs Of O 4.618% 2019-08-15	
Honolulu Hawaii City & Cnty Wa Rev Bds 2026-07-01	
Kauai Cnty Hawaii Go Bds 4.036% 2018-08-01	
Killingly Conn Taxable-S 2022-05-01	
Mississippi St Go Bds 3.243% 2021-10-01	
New York N Y Go Bds 4.13% 2017-12-01	
Rhode Island Hsg & Mtg Fin Cor Rev 3.05% 2020-04-01	
Tucson Ariz Go Ref Bd 2.541% 2018-07-01	



# Proposed future holdings (H&H)



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Name	Category
Vanguard Dividend Appreciation Index Adm	US Fund Large Blend
<b>Vanguard Russell 1000 Index I</b>	<b>US Fund Large Blend</b>
T. Rowe Price Instl Large Cap Growth	US Fund Large Growth
Dodge & Cox Stock	US Fund Large Value
JPMorgan Mid Cap Value L	US Fund Mid-Cap Blend
<b>Vanguard Mid Cap Index Admiral</b>	<b>US Fund Mid-Cap Blend</b>
T. Rowe Price Mid-Cap Growth I	US Fund Mid-Cap Growth
<b>Vanguard Small Cap Index Adm</b>	<b>US Fund Small Blend</b>
American Beacon Small Cp Val Inst	US Fund Small Value
Cambiar International Equity Instl	US Fund Foreign Large Blend
<b>Vanguard FTSE All-Wld ex-US Idx Admiral</b>	<b>US Fund Foreign Large Blend</b>
American Funds Europacific Growth F2	US Fund Foreign Large Growth
Harding Loevner Emerging Markets Advisor	US Fund Diversified Emerging Mkts
<b>Fidelity® Real Estate Income</b>	<b>US Fund Real Estate</b>
<b>Vanguard Interm-Term Corp Bd Idx Admiral</b>	<b>US Fund Corporate Bond</b>
<b>Dodge &amp; Cox Income</b>	<b>US Fund Intermediate-Term Bond</b>
<b>JPMorgan Core Plus Bond R6</b>	<b>US Fund Intermediate-Term Bond</b>
<b>PIMCO Income P</b>	<b>US Fund Multisector Bond</b>
<b>Western Asset Total Return Uncons I</b>	<b>US Fund Nontraditional Bond</b>
Schwab Money Market Sweep	US Fund Prime Money Market

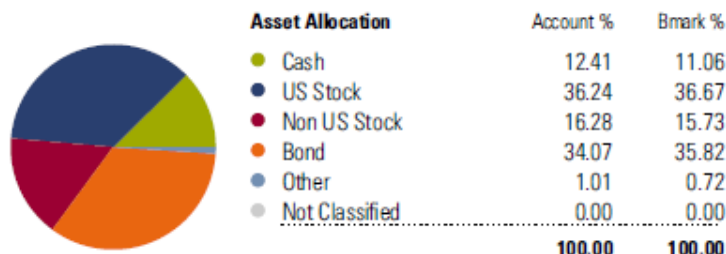


# Portfolio comparison

## Current - Reliance

Account Value: 2,333,758.00  
 Benchmark: Peer Universe Benchmark  
 Currency: USD  
 Avg Expense Ratio: 0.47

### Asset Allocation



### Investment Style

#### Equity Style

	Value	Blend	Growth
Large	20	27	23
Mid	7	7	7
Small	4	4	2

Not Classified 0%

#### Fixed-Income Style

	Ltd	Mod	Ext
High	0	69	0
Mid	31	0	0
Low	0	0	0

Not Classified 0%

#### Equity Style

Market Cap	Mil
Account	30,512.83
Benchmark	36,203.24

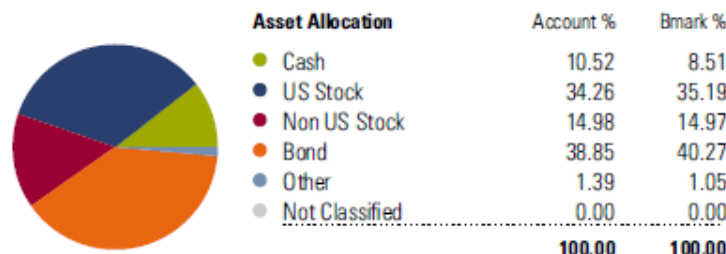
#### Fixed-Income Style

Avg Eff Duration (Yrs)	4.37
Avg Eff Maturity	4.30
Avg Credit Quality	AA

## Proposed - H&H / Schwab

Account Value: 2,333,758.00  
 Benchmark: H&H Schwab Peer Universe Benchmark  
 Currency: USD  
 Avg Expense Ratio: 0.46

### Asset Allocation



### Investment Style

#### Equity Style

	Value	Blend	Growth
Large	19	24	24
Mid	7	8	8
Small	4	4	2

Not Classified 0%

#### Fixed-Income Style

	Ltd	Mod	Ext
High	0	0	0
Mid	29	30	0
Low	12	28	0

Not Classified 0%

#### Equity Style

Market Cap	Mil
Account	30,142.39
Benchmark	36,119.83

#### Fixed-Income Style

Avg Eff Duration (Yrs)	4.71
Avg Eff Maturity	7.51
Avg Credit Quality	BBB

# Portfolio comparison

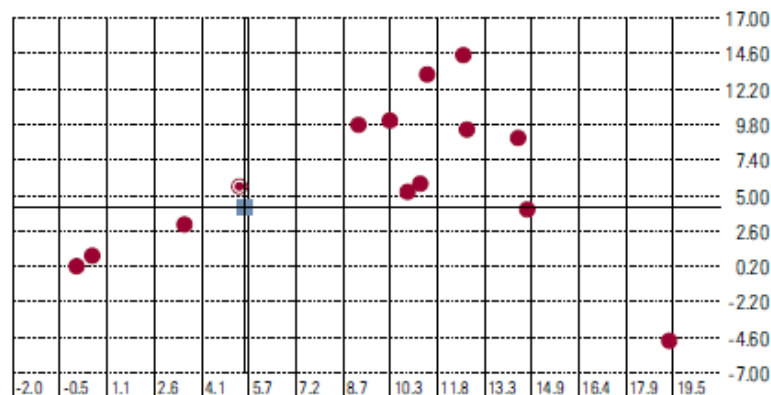
## Current - Reliance

Performance 7/31/2017

Trailing Returns	Account %	+/- Benchmark
3 Mo	3.19	0.48
1 Yr	9.77	1.22
3 Yr	5.61	1.44
5 Yr	8.23	1.54
10 Yr	5.50	1.49

Risk and Return Statistics 7/31/2017

Risk/Reward Scatterplot Portfolio Holding B-mark 3-Year Mean



3-Year Standard Deviation

Risk and Return Statistics	3 Yr Acct	3 Yr B-mark	5 Yr Acct	5 Yr B-mark	10 Yr Acct	10 Yr B-mark
Standard Deviation	5.37	5.56	5.40	5.32	10.00	9.18
Mean	5.61	4.17	8.23	6.69	5.50	4.01
Sharpe Ratio	0.99	0.71	1.46	1.21	0.54	0.42

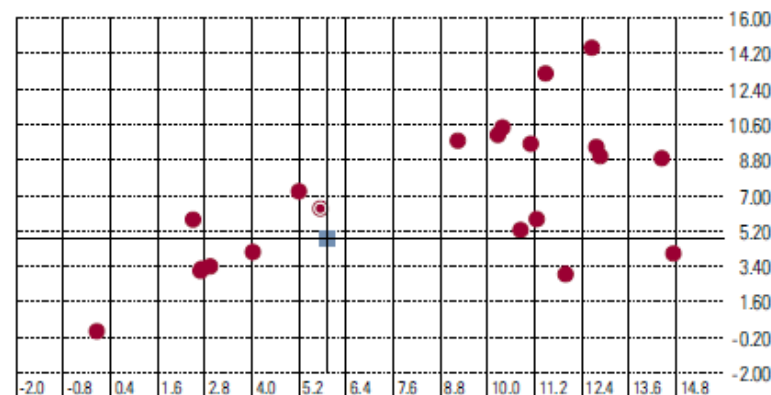
## Proposed - H&H / Schwab

Performance 7/31/2017

Trailing Returns	Account %	+/- Benchmark
3 Mo	3.44	0.49
1 Yr	10.55	1.66
3 Yr	6.33	1.55
5 Yr	8.64	1.47
10 Yr	6.56	1.69

Risk and Return Statistics 7/31/2017

Risk/Reward Scatterplot Portfolio Holding B-mark 3-Year Mean



3-Year Standard Deviation

Risk and Return Statistics	3 Yr Acct	3 Yr B-mark	5 Yr Acct	5 Yr B-mark	10 Yr Acct	10 Yr B-mark
Standard Deviation	5.74	5.90	5.46	5.59	9.67	10.00
Mean	6.33	4.79	8.64	7.17	6.56	4.87
Sharpe Ratio	1.05	0.77	1.51	1.23	0.66	0.48

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**THIRD TAXING DISTRICT**  
of the City of Norwalk  
Special Commission Meeting  
August 29, 2017

**ATTENDANCE:** Commissioners: David Brown, Chair; Charles Yost,  
Debora Goldstein

**STAFF:** Ron Scofield, Interim General Manager;  
Mike Adams, General Line Foreman

**OTHERS:** Matt Allred (Bliss Allred & Co.)

**CALL TO ORDER**

Commissioner Brown called the meeting to order at 7:00 p.m. A quorum was present.

**PUBLIC COMMENT**

No one from the public was in attendance to comment.

**MINUTES OF MEETING**

August 7, 2017 Regular Meeting

**\*\* COMMISSIONER YOST MOVED TO APPROVE THE MINUTES OF AUGUST 7, 2017 REGULAR MEETING.**

**\*\* COMMISSIONER GOLDSTEIN SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

**ADDITION TO CAPITAL BUDGET**

Mr. Adams reviewed the events of the 2017-18 budget approval process with the Commission and informed them that during the allocation process, a line item for the two vacuum breakers at the Rowan Street substation was overlooked. He is asking the Commission to approve additional funds in the amount of \$49,087 to cover the cost for an additional breaker which is in TTD's possession and in use, but has an outstanding invoice for payment.

Third Taxing District  
of the City of Norwalk  
August 29, 2017

Commission Goldstein asked for clarification on how many breakers there were in total, how many had been purchased and what was left to purchase. Mr. Adams reviewed the history of the purchases going back to the budget year 2013/14 and gave a breakout of how many were purchased each year. Mr. Adams also informed the Commission that he was going to look into selling off the old breakers, which are in acceptable working condition, and recoup some of the funds to offset the purchase price.

**\*\* COMMISSIONER BROWN MOVED TO AMEND THE 2017/18 CAPITAL BUDGET TO INCLUDE THE OUTSTANDING INVOICE TO EATON IN THE AMOUNT OF \$49,087 FOR THE PURCHASE OF THE ROWAN STREET VACUUM BREAKERS.**

**\*\* COMMISSIONER YOST SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

Mr. Adams informed the Commission that while he was reviewing the Capital Budget for the Rowan Street vacuum breakers, he realized that there was a similar situation with regard to the eight East Avenue vacuum breakers. The intent was to purchase the breakers over two fiscal years (four and four). He explained why this project should not wait until next fiscal year to purchase the breakers. Also, in order to realize the savings from the vendor in the approximate amount of \$17,000, all eight breakers would need to be ordered in the immediate future. The Commission and Mr. Adams continued to discuss the situation.

**\*\* COMMISSIONER YOST MOVED TO ADD \$67,000  $\pm$  5% TO THE 2017/18 CAPITAL BUDGET FOR THREE ADDITIONAL EAST AVENUE VACUUM BREAKERS TO REALIZE A SAVINGS OF APPROXIMATELY \$17,000.**

**\*\* COMMISSIONER GOLDSTEIN SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

### **CMEEC EQUITY DISTRIBUTION**

Mr. Allred reviewed his discussion with Ed Pryor (CMEEC) which was outlined in the memo sent to the Commission. He explained how the funds from the Trust Fund and the Rate Stabilization Fund (aka non-Trust Fund) can be used and how long it takes to obtain those funds. He then reviewed CMEEC's financial reports to the utilities for the past several years – how much was taken from each account and how the funds were used. The sum of the two funds equals the Rate Stabilization Fund.

Mr. Allred said that he and Mr. Scofield have placed another call into Ed Pryor and is waiting to hear back from him on a couple of items. On August 5, 2015 there was a distribution in the amount of \$1MM taken from the non-Trust Fund and placed it into TTD's Savings account. Per Mr. Pryor the only use for these funds would be to offset TTD's power bill. Mr. Allred is waiting to hear back from Mr. Pryor to clarify how TTD was able to receive these funds if not used for the purchase of power.

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The other question for Mr. Pryor has to do with a \$1.5MM transfer from the non-Trust Fund to the Trust Fund in March 2017. Mr. Allred is not clear whether or not this was a CMEEC transfer or something that Mr. Smith had done.

Mr. Allred and/or Mr. Scofield will wait to hear back from Mr. Pryor and request supporting documentation for the two transactions and report back to the Commission.

It was requested that Mr. Allred reflect the proper names of the accounts on future financials reported to the Commission.

Mr. Allred addressed a question he received from Commissioner Goldstein prior to the meeting with regard to whether or not the monies in the CMEEC account are pooled, thus allowing anyone to use any of the funds. He clarified that that all the monies held at CMEEC from all of the municipalities is in one account, but tracked on an individual basis. No other municipality would be able to use funds from another municipality. They only have access to their own funds.

It was the consensus of the Commission to leave the recent equity distribution (\$141,000) in the Trust Fund at CMEEC. Should there be another distribution in the future, the Commission will make a decision as to where the funds should be placed.

#### **APPROVAL OF DISTRICT BANNER PRINTING**

Commissioner Brown said that he had received a total of five quotes for the printing of the new District banners. From those five, he culled out three and is presenting the two final quotes to the Commission. They are from Technical Reproductions (\$11,337) and Minuteman Press (\$11,895). The price quotes differ by only \$558. Both vendors are very reputable.

The Commission discussed whether or not they could split the printing job between the vendors and print 200 banners instead of 100, thereby having extra banners to use as replacements over time. It was decided that only 100 banners should be printed and one vendor chosen. Each vendor is willing to split up the 100 banners into however many groups TTD would like to have, i.e., 25 each of four designs, etc.

The final banner(s) design is still pending and will be brought to the Commission in the near future.

**\*\* COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE BID FROM TECHNIAL REPRODUCTIONS TO PRINT 100 DISTRICT BANNERS IN THE AMOUNT OF \$11,337 +5% SUBJECT TO CONFIRMATION THAT THE PRINTING SPECS ARE THE SAME OR BETTER AS THE ONES PRESENTED IN THE MINUTEMAN PRESS BID.**

**\*\* COMMISSIONER YOST SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

Third Taxing District  
of the City of Norwalk  
August 29, 2017

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**ADJOURNMENT**

**\*\* COMMISSIONER BROWN MOVED TO ADJOURN.**

**\*\* COMMISSIONER YOST SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:40 p.m.

Respectfully submitted,

Cynthia Tenney  
Executive Assistant  
Third Taxing District

Third Taxing District  
of the City of Norwalk  
August 29, 2017

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) SPECIAL COMMISSION MEETING.

OR

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) SPECIAL COMMISSION MEETING AS CORRECTED.

**Third Taxing District  
Financial Highlights  
Jul- 2017 vs. Jul-2016**

	July 2017	July2016	\$ Change	% Change
Total Income	1,097,698	1,015,454	82,244	8.10%
Total Expense	837,366	804,505	32,860	4.08%
Net Ordinary Income	260,332	210,948	49,384	23%
Other Income	58,444	35,452	22,992	65%
Other Expense	-	-	-	#DIV/0!
Net Income before Rate Stabilization	318,776	246,400	72,376	29%
Rate Stabilization	24,607	121,142	-96,535	-80%
Net Income	343,383	367,542	(24,159)	-7%

**CASH BALANCES FY 2017**

	Jul-17
<b>ACCTS</b>	
Operating Accounts	1,453,922
Construction WIP	34,494
Savings	976,779
Capital Improvements Fund	826,500

**TTD Outstanding Principal Balance with CMEEC**

Balance as of July 1, 2016	4,345,583
Current Balance	3,485,436
Current Fiscal Year Capital Additions to date	1,182

<b>Power Supply</b>	<b>Current Fiscal Year-to-Date</b>	<b>Last Fiscal Year-to-Date</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Energy Cost</b>	\$ 480,602	\$ 535,454	\$ (54,852)	-10%
<b>Budget Energy Cost</b>	\$ 442,154	\$ 508,682	\$ (66,527)	-13%
<b>Energy Cost Cents/KWH</b>	10.010	10.700	\$ (0.69)	-6%



**Third Taxing District**  
**Profit & Loss Prev Year Comparison**  
**July 2017**

	Jul 17	Jul 16	\$ Change	% Change	
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
443-00 · Cervalis Data Center Revenues	24,001.91	22,719.47	1,282.44	5.65%	
440-00 · Residential Sales	438,244.38	387,944.27	50,300.11	12.97%	
442-01 · Large Commercial Sales	98,063.02	89,879.15	8,183.87	9.11%	
442-02 · Small Commercial Sales	283,565.11	273,011.81	10,553.30	3.87%	
445-01 · Water Pollutn Contrl Plnt Sales	98,055.78	84,376.38	13,679.40	16.21%	
445-02 · Flat Rate	8,358.54	8,680.29	-321.75	-3.71%	
451-00 · Miscellaneous Service Revenue	9,580.75	1,300.00	8,280.75	636.98%	
557-00 · Purchased Power Adjustment	137,828.62	147,542.40	-9,713.78	-6.58%	
<b>Total Income</b>	<b>1,097,698.11</b>	<b>1,015,453.77</b>	<b>82,244.34</b>	<b>8.1%</b>	
<b>Cost of Goods Sold</b>					
555-00 Electrical Power Purchased	569,394.60	535,454.26	33,940.34	6.34%	
<b>Gross Profit</b>	<b>528,303.51</b>	<b>479,999.51</b>	<b>48,304.00</b>	<b>10.06%</b>	
<b>Expense</b>					
904-00 · Substation	10,568.86	14,064.89	-3,496.03	-24.86%	Footnote 1
403-00 · Depreciation Expense	64,676.80	64,676.80	0.00	0.0%	
408-00 · Taxes	1,375.14	941.45	433.69	46.07%	
540-00 · Other Power Generation Expense	0.00	828.56	-828.56	-100.0%	
580-00 · Distribution Expenses	10,641.48	11,425.15	-783.67	-6.86%	
590-00 · Maintenance Expenses	35,589.36	32,978.71	2,610.65	7.92%	Footnote 2
900-00 · Customer Accounts & Service	17,779.17	14,688.59	3,090.58	21.04%	Footnote 3
920-00 · Administrative Expenses	127,340.33	129,447.00	-2,106.67	-1.63%	
<b>Total Expense</b>	<b>267,971.14</b>	<b>269,051.15</b>	<b>-1,080.01</b>	<b>-0.4%</b>	
<b>Net Ordinary Income</b>	<b>260,332.37</b>	<b>210,948.36</b>	<b>49,384.01</b>	<b>23.41%</b>	
<b>Other Income/Expense</b>					
<b>Other Income</b>					
418-00 · Dividends	0.00	0.00	0.00	0.0%	
419-00 · Interest Income	520.00	519.20	0.80	0.15%	
421-00 · Norden Project Income	42,938.00	27,131.67	15,806.33	58.26%	
424-00 · Energy Conservation Fund Income	14,985.72	7,801.25	7,184.47	92.09%	
<b>Total Other Income</b>	<b>58,443.72</b>	<b>35,452.12</b>	<b>22,991.60</b>	<b>64.85%</b>	
<b>Other Expense</b>					
<b>Total Other Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>	
<b>Net Other Income</b>	<b>58,443.72</b>	<b>35,452.12</b>	<b>22,991.60</b>	<b>64.85%</b>	
<b>Net Income before rate stabilization</b>	<b>318,776.09</b>	<b>246,400.48</b>	<b>72,375.61</b>	<b>29.37%</b>	
<b>Rate Stabilization</b>	<b>24,607.16</b>	<b>121,141.97</b>	<b>-96,534.81</b>	<b>-79.69%</b>	
<b>Net Income</b>	<b>343,383.25</b>	<b>367,542.45</b>	<b>-24,159.20</b>	<b>-6.57%</b>	

Third Taxing District  
Profit & Loss Statement  
Explanation of Major Variances  
Jul-2017 vs. Jul-2016

1. The decrease in the substation expense of \$3K is due primarily to Pete Johnson retiring in July-2016.
2. The \$2K increase in maintenance expenses is due to the timing of supply purchases with Electrical Wholesalers.
3. The \$3K increase in Customer Accounts and services is due to the timing of purchases for paper, supplies, and envelopes.

**THIRD TAXING DISTRICT**  
**KEY PERFORMANCE INDICATORS (KPI'S)**

			2017	July 2016	Industry Average (Bandwidth)
1)	<b><i>OPERATING RATIO</i></b>	TOTAL OPERATING EXPENSE / TOTAL OPERATING REVENUE	76.28%	79.23%	95-105%
2)	<b><i>POWER SUPPLY EXPENSE RATIO</i></b>	TOTAL POWER SUPPLY EXPENSES / TOTAL EXPENSES	68%	67%	65% - 70%
3)	<b><i>OUTSTANDING RECEIVABLES</i></b>	TOTAL DOLLAR AMOUNT OF CUSTOMER RECEIVABLES OVER 90 DAYS	\$40,702	\$42,713	
5)	<b><i>ACTUAL RATE OF RETURN ON RATE BASE</i></b>	AUTHORIZED BY STATE STATUTE	N/A	N/A	Varies by state
6)	<b><i>ELECTRIC CUSTOMERS PER EMPLOYEE</i></b>	TOTAL ELECTRIC CUSTOMERS / TOTAL FULL TIME EMPLOYEES	350	345	200 - 500
7)	<b><i>ENERGY LOSS %</i></b>	TOTAL ENERGY LOSSES/TOTAL SOURCES OF ENERGY	3.60%	3.45%	2.5% - 6%
8)	<b><i>SYSTEM LOAD FACTOR</i></b>	TOTAL KWH SALES + TOTAL kwh ENERGY LOSSES/8760/ HIGHEST HOURLY PEAK DEMAND	54.8%	57.40%	50% - 65%

**East Norwalk - PCA Calculation**  
Power Cost Adjustment Calculation  
6 Month Rolling Average (starting January 2012)

		2016	2016	2016	2016	2016	2016	2017	2017	2017	2017	2017	2017	2017	
		July	August	September	October	November	December	January	February	March	April	May	June	July	
Total Energy		kWh													
h	Grand Total Purchased Power Costs	\$	\$ 700,154	\$ 718,571	\$ 543,716	\$ 460,285	\$ 482,983	\$ 563,687	\$ 563,194	\$ 487,869	\$ 489,912	\$ 384,726	\$ 397,585	\$ 480,602	\$ 569,395
i	(Sum of current and previous 5 months)	\$	3,229,169	3,388,153	3,430,664	3,433,166	3,441,164	3,469,397	3,332,437	3,101,735	3,047,931	2,972,371	2,886,973	2,803,888	2,810,089
j	kWh's Purchased	kWh													
l	Total Purchased Power kWh Units	kWh	6,533,151	6,298,482	5,295,186	4,309,272	4,347,256	4,809,142	5,732,210	5,199,650	4,628,845	4,204,693	4,427,132	4,995,545	6,533,151
m	(Sum of current and previous 5 months)	kWh	29,989,016	31,087,848	31,754,189	31,858,768	31,778,892	31,592,489	30,791,548	29,692,716	29,026,375	28,921,796	29,001,672	29,188,075	29,989,016
n	Power Supply Costs @ Retail	\$	0.1137	0.1151	0.1141	0.1138	0.1143	0.1160	0.1143	0.1103	0.1109	0.1085	0.1051	0.1014	0.0990
o	Base Fuel Cost	\$	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958
p	Loss Factor	%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
q	Calculated PCA	\$	0.0179	0.0193	0.0183	0.0180	0.0185	0.0202	0.0185	0.0145	0.0151	0.0127	0.0093	0.0056	0.0032
r	Actual PCA Implemented	\$	\$ 0.0270	\$ 0.0270	\$ 0.0270	\$ 0.0270	\$ 0.0270	\$ 0.0270	\$ 0.0250	\$ 0.0250	\$ 0.0250	\$ 0.0230	\$ 0.0230	\$ 0.0230	\$ 0.0230
s	Total System Retail Sales (kWh's)	kWh	5,691,198	5,986,748	6,625,943	4,266,088	4,450,569	4,618,003	5,796,522	5,028,127	4,489,846	5,076,518	3,621,793	4,737,321	6,215,088
t	Base PCA Revenue	\$	545,217	573,530	634,765	408,691	426,365	442,405	555,307	481,695	430,127	486,330	346,968	453,835	595,405
u	Fuel Factor Revenue	\$	153,662	161,642	178,900	115,184	120,165	124,686	144,913	125,703	112,246	116,760	83,301	108,958	142,947
v	Total Revenues through PCA	\$	698,879	735,173	813,666	523,876	546,530	567,091	700,220	607,398	542,373	603,090	430,269	562,794	738,352
w	Difference of Collection vs Expense	\$	\$ 192,923	\$ 209,524	\$ 479,474	\$ 543,064	\$ 606,611	\$ 610,015	\$ 747,041	\$ 866,569	\$ 919,030	\$ 1,137,395	\$ 1,170,079	\$ 1,252,270	\$ 1,421,228

# Memorandum

## Third Taxing District

### Electric Department

**To:** TTD Commissioners

**From:** Ron Scofield – Interim General Manager

**Date:** September 5, 2017

**Subject:** East Norwalk Library – Energy Audit Results

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The Commission requested that Michael Cassella do a study of the options for air conditioning at the East Norwalk Library. Michael has prepared a sheet outlining the various options. His recommendation, and I would agree, is to do Option 3.

## East Norwalk Public Library

### Air Conditioning Options

**Background:** The Library, designated as an emergency cooling center and for the comfort of users and staff in warm weather, requires air conditioning. In conjunction with the installation/application of window tinting, which will reduce A/C load, the current system of conditioning the building was examined. Current state includes two, through the wall 27,000 BTU (approximately 2.5 tons each) units in the main reading area and two 6,000 BTU window units in offices on the first floor. In addition, another 27,000 ton through the wall unit is installed in the basement. The units are relatively new, Energy Star rated and in good operating order (except for the need for weather stripping and air sealing around the units).

#### Options for Air Conditioning the Library

Measure	Pros	Cons
1-Install Ducted, Central Air Conditioning	Highest level of control Heat pump option would allow heating Increased Electric Sales No noise	Complex installation Cost prohibitive (\$40,000 +) Annual Maintenance costs Requires patching/repairing holes in walls for existing AC
2-Install Ducted, Mini Split Systems	High level of control Heat pump option would allow heating Increased Electric Sales Relatively simple install Low noise	High Cost (@\$35,000) Requires patching/repairing holes in walls for existing AC On-going maintenance
3-Air Seal Building	Reduces air infiltration Improves AC effectiveness Energy Savings No construction work Low Cost \$2000 – includes blower door testing Eliminates breaches in the building shell (e.g. old chimney sealed )	Periodic replacement of through the wall/window units. Some audible noise
Do nothing	No cost	Building has open penetrations/cracks that will remain – higher energy bills

**Recommendation:** Option Three - Air Seal Building. This is the least intrusive, lowest cost option and will meet the needs and requirements of the building and staff.