

FINAL

THIRD TAXING DISTRICT
of the City of Norwalk
Special Commission Meeting
April 9, 2018

ATTENDANCE: Commissioners: David Brown, Chair; Debora Goldstein (arrived 7:33pm);
Pamela Parkington; Johnnie Mae Weldon, Treasurer

STAFF: Kevin Barber, General Manager; Ron Scofield, Assistant General

OTHERS: Matt Allred (Bliss Allred & Co.)

CALL TO ORDER

Commissioner Brown called the meeting to order at 7:05 p.m. A quorum was present.

PUBLIC COMMENT

No one from the public was in attendance to comment.

MINUTES OF MEETING

March 2, 2018 Special Meeting

**** COMMISSIONER PARKINGTON MOVED TO APPROVE THE MINUTES OF MARCH 2, 2018 SPECIAL COMMISSION MEETING.**
**** COMMISSIONER BROWN SECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

March 5, 2018 Regular Meeting

Commissioner Brown asked that Mr. Johnson's comments be added to the item "Rowan Street Building Bids."

**** COMMISSIONER BROWN MOVED TO APPROVE THE MINUTES OF MARCH 5, 2018 REGULAR COMMISSION MEETING AS AMENDED.**
**** COMMISSIONER PARKINGTON SECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

FINAL

March 6, 2018 Emergency Telephonic Meeting

**** COMMISSIONER BROWN MOVED TO APPROVE THE MINUTES OF MARCH 6, 2018 EMERGENCY TELEPHONIC COMMISSION MEETING.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

March 29, 2018 Special Joint Meeting

**** COMMISSIONER PARKINGTON MOVED TO TABLE THE MINUTES OF MARCH 29, 2018 SPECIAL JOINT MEETING OF THE THIRD TAXING DISTRICT, NORWALK HARBOR MANAGEMENT AND SHELLFISH COMMISSIONS FOR FURTHER CLARIFICATION FROM COMMISSIONER GOLDSTEIN TO THE APRIL 16, 2018 COMMISSION MEETING.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KPI'S

Mr. Allred, the District's Accountant, reviewed the Financial Highlights and Footnotes with the Commission. Net Income was \$1,269,712, an increase of 8% over last year. Net Income Before Rate Stabilization was \$1,211,347, an increase of 15666% over the previous year, which was \$7,682.

Cash Balances continue to be in good shape. Operating Accounts are consistent with the previous months. Capital Improvements Fund is \$1,367,630 which reflects the CMEEC Equity Transfer of approximately \$356,000.

Outstanding Principal Balance with CMEEC continues to decrease. The current balance is \$3,229,981, down \$1,115,602 from July 1, 2016.

KPIs – Mr. Allred reviewed the KPIs with the Commission. All items continue to be in line with the Industry Average.

DISCUSSION OF RATE STABILIZATION FUND AND PCA

Mr. Barber informed the Commission that up until the recent month, the Commission was given a PCA (Power Cost Adjustment) spreadsheet. In the past, staff has talked about reviewing the spreadsheet and doing a deep dive analysis of it to see where TTD stands with the PCA. During Mr. Barber's review, it became apparent that some questions needed to be addressed to provide staff with the guidance needed to recommend changes to the PCA and related rates.

FINAL

There are three questions that need to be honed in on.

- What is the appropriate balance to maintain the Rate Stabilization Fund (RSF)?
- What is the appropriate PCA rate to charge TTD customers?
- What is the appropriate billable rate for CMEEC to charge TTD?

Mr. Barber informed the Commission that he will be presenting one question at a time over the next few Commission meetings due to time constraints.

Mr. Barber explained to the Commission what the RSF is and how it works. It is a fund held at CMEEC, for the purpose of allowing the utility to actively manage their retail rates. He reviewed what can affect the RSF, i.e., monthly power bill, CMEEC member margin, interest and a one-time withdrawal.

Mr. Barber is asking the Commission to consider what would be an appropriate balance for TTD to keep in the RSF. Mr. Barber is recommending a 6-month balance in the RSF. This is also in line with CMEEC's 5-year financial plan. For TTD the target balance would be \$2,750,000 to \$3,000,000. This would provide TTD with approximately 6 months worth of CMEEC power bills in case of extraordinary circumstances.

The current balance in TTD's RSF is \$3,880,386. To achieve the new target balance, the RSF would have to be reduced between \$880,000 and \$1,100,000. There are two options to reduce the RSF balance.

- Adjust the CMEEC billable rate below the forecasted cost of energy. This would reduce the balance over a period of time (12-24 months or longer), depending on the billable rate selected.
- Make a one-time withdrawal of funds. This would reduce the balance immediately.

Mr. Barber does not feel the one-time withdrawal approach is appropriate and is not in alignment with the CMEEC Membership Agreement.

Commissioner Goldstein recommended adding the RSF balance to the KPIs for tracking on a monthly basis.

It is the recommendation of Messrs. Barber and Allred to reduce the RSF on a slow decline over 12-24 months with a target balance of approximately \$3 million.

FINAL

**** COMMISSIONER GOLDSTEIN MOVED TO ACCEPT THE RECOMMENDATION OF THE GENERAL MANAGER, KEVIN BARBER AND DISTRICT ACCOUNTANT, MATT ALLRED, TO SET A TARGET BALANCE OF THE RATE STABILIZATION FUND BETWEEN \$2,750,000 AND \$3,000,000 AND THAT WOULD BE A METRIC THAT TTD WOULD USE FOR THE CMEEC BILLABLE RATE AND THE PCA IN THE FUTURE.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

LINE OF CREDIT RENEWAL

Mr. Barber reviewed the history of the line of credit at Patriot Bank in the amount of \$500,000. It was originally set up for the purpose of having access to funds during the construction of the Fitch Street Substation and Cervalis projects. At that time the former General Manager, Jim Smith, had the ability draw on the line of credit. Since Mr. Smith is no longer employed at TTD, Patriot Bank will not extend the existing line of credit under his name. The bank is requiring a Resolution from TTD's Commission authorizing a new designated employee to extend and access the line of credit, provided the Commission wants to continue to keep the line of credit open.

It is the recommendation of Mr. Barber that the Commission approve the line of credit in the amount of \$500,000 with Patriot Bank and that it be extended to December 1, 2018. This will provide TTD with access to funds in case of extenuating or emergency situations.

**** COMMISSIONER GOLDSTEIN MOVED THAT KEVIN BARBER, GENERAL MANAGER OF THE THIRD TAXING DISTRICT, IS HEREBY AUTHORIZED TO RENEW FOR AND ON BEHALF OF THE DISTRICT A LINE OF CREDIT IN THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000), FROM PATRIOT BANK ON THE TERMS SET OUT IN THE TERM REVOLVING PROMISSORY NOTE PREPARED BY PATRIOT BANK AND ATTACHED TO THE MINUTES OF THIS MEETING.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

(See Attachment A for Second Promissory Note and Revolving Term Loan Modification Agreement.)

**** COMMISSIONER PARKINGTON MOVED TO FURTHER REQUIRE KEVIN BARBER, GENERAL MANAGER OF THE THIRD TAXING DISTRICT, BEFORE ACCESSING ANY FUNDS FROM THE LINE OF CREDIT, MUST RECEIVE AUTHORIZATION FROM THE COMMISSION AT A DULY CONVENED COMMISSION MEETING.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

VOTE FOR CHAIRMAN

Commissioner Brown said the vote for a Chairman should come up every two years following an election. Commissioner Goldstein stated that there is nothing written in the Charter indicating this procedure and is a subject matter that would be in ByLaws for Third Taxing District, once they are developed.

Commissioner Goldstein stated that she thought it was unfair to hold this election for Chairman following an election, as the possible new Commissioner has not been able to familiarize themselves with the other Commissioners and because they are too new, probably would not put their own name forward for the position. She believes a more appropriate/fairer time to conduct the vote would be after the Annual Meeting, perhaps in April.

Commissioner Parkington agreed that to have this vote right after the election is too soon, especially if there is a new Commissioner coming on board. Commissioner Parkington believes the vote should take place after the Annual Meeting on an off year.

Mr. Scofield shared some history of when the Vote for Chairman typically took place in the past. He indicated that it did take place at the first Commission meeting following the election. It had to do with the political party. If the Democrats controlled the Commission, there would be a Democratic Chair and the same holds true for Republicans.

Further discussion took place on the subject as to when this vote should take place. Commissioner Parkington asked whether or not a vote would be taken at this meeting and asked if the Commission was open to nominations at this time. Commissioner Brown replied, "yes."

**** COMMISSIONER GOLDSTEIN MOVED TO NOMINATE COMMISSIONER DAVID BROWN TO REMAIN AS CHAIR UNTIL THE NEXT REGULAR ELECTION DAY OR UNTIL THE BYLAWS ARE INSTITUTED AND DULY PASSED.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

GENERAL MANAGER'S REPORT

Discussion of Budget Process

Mr. Barber informed the Commission that he and the staff have started work on next year's fiscal budget. He is planning to have a draft of the budget completed by mid to late May. It is Mr. Barber's understanding that the Commission usually approves the budget at the second Commission meeting in June. He asked the Commission if they were open to approving it sooner or keep the schedule as is.

FINAL

After discussion of the process, the Commission and Mr. Barber thought the best schedule would be to get the budget to the Commission at least one week to ten days prior to the first meeting in June. Mr. Barber will be available to review the budgets individually with the Commissioners. The first meeting in June would be used to review the draft budget and resolve any final questions or problems. Staff would then rectify any issues if needed and present the final budget to the Commission at the second meeting in June for their vote.

Mr. Barber also discussed with the Commission that he is working on changing the format for the Operating and Capital Budgets and explained how it will change. He plans on bringing a more manageable Capital Budget to the Commission with a list of projects that are more realistic and can be completed within the fiscal year instead of an entire “wish list.”

Update on Library Roof Projects

Mr. Barber gave the Commission an update on the two projects for the Library. The bids for a new roof will be received by Thursday, April 12, 2018 at 3:00 p.m. at the TTD office and will be opened at that time. It is anticipated that the bids and recommendation will be ready for the Commission’s review at the April 16, 2018 meeting.

With regard to the solar project for the Library, the RFP is “on the street” and those bids will be received by April 25, 2018 at 10:00 a.m. and be opened at the TTD office. The staff expects to have the bids and recommendation ready for the May 7, 2018 meeting.

WALK BRIDGE: OUTREACH DISCUSSION

Commissioner Goldstein reviewed the last meeting of the Mayor’s Design Advisory Committee Meeting held on March 21, 2018. One of the take-aways she is bringing to the Commission is the lighting of the Walk Bridge. The Committee has a strong preference for digital moving lights on the bridge. Commissioner Goldstein is not in favor of this type of lighting, but does not feel comfortable voting against it without input from the ratepayers.

Brainstorming took place on how to get this information out to the ratepayers and get their input. A one question survey was discussed, as well as ways to get the survey to the ratepayers. Staff will be meeting with TTD’s marketing firm, Greyskye, on Thursday, April 12, 2018 at 10:30 a.m. and will bring them on-board for the process. Options include:

- Survey link in the May/June newsletter
- Email blast with link to the survey
- Website survey
- Billing insert that can be mailed/returned to the office (English/Spanish)

Commissioner Goldstein will work on putting a preliminary lead in paragraph and multi-choice question together for the meeting with Greyskye.

FINAL

**** COMMISSIONER GOLDSTEIN MOVED TO AUTHORIZE THE STAFF TO ENGAGE GREYSKYE MARKETING TO DO OUTREACH AND FEEDBACK ON WALK BRIDGE DESIGN ELEMENTS.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

STRATEGIC PLANNING DISCUSSION

Due to the lateness of the evening and the fact that the subject matter could be lengthy, there was discussion as to whether or not to table this item.

**** COMMISSIONER GOLDSTEIN MOVED TO DISCUSS STRATEGIC PLANNING AND FINISH IN TIME TO ADJOURN THE MEETING BY 9:30 P.M.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Commissioner Goldstein reviewed the history of what has taken place to date. TTD had hired a consultant to guide both the staff and Commission in Strategic Planning. To date, no plans have been put in place. Discussion took place around whether or not TTD should hire a consultant to continue the process or try to handle it themselves. Commissioner Goldstein thought if Strategic Planning could be put on the agenda each month, perhaps some headway could be made a little bit at a time.

Commissioner Parkington believes the Commission should start with governance and create ByLaws – the rules to live by – and develop what is needed from there. The Charter also needs to be revised.

Commissioner Goldstein feels the change in the Charter should probably be held off until last, in order to pick up everything needed once the Strategic Planning process has been completed. Charter revisions will need ratepayer approval. A plan needs to be put in place as to what needs to be done and prioritize the items.

PROJECT SUMMARY

**** COMMISSIONER GOLDSTEIN MOVED TO TABLE THE PROJECT SUMMARY DISCUSSION TO THE FOLLOWING MONTH.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

FINAL

ADJOURN

- ** COMMISSIONER GOLDSTEIN MOVED TO ADJOURN.**
- ** COMMISSIONER BROWN SECONDED.**
- ** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:32 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

**SECOND PROMISSORY NOTE AND
REVOLVING TERM LOAN MODIFICATION AGREEMENT**

THIS MODIFICATION AGREEMENT, made effective as of this day March 14, 2018 between THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK, having a principal place of business at 2 Second Street, Norwalk, Connecticut 06855, (the "Borrower") and PATRIOT BANK, N.A., formerly known as Patriot National Bank, a federally chartered bank association, having an office at 900 Bedford Street, Stamford, Connecticut 06901 (hereinafter called the - Lender).

BACKGROUND

WHEREAS, on July 12, 2013, the Lender and Borrower entered into a Variable Rate Commercial Revolving Term Loan Agreement (the "Loan Agreement") whereby Lender agreed, subject to the terms and conditions of the Loan Agreement, to make available loan advances in an amount of up to \$500,000 (the Loan"); and

WHEREAS, on July 12, 2013, Borrower executed a \$500,000 Term revolving Promissory Note (the "Note") evidencing all advances to be made under said loan Agreement. The Loan evidenced by the loan Agreement and the Note are secure by a lien on all assets of the Borrower and certain inventory equipment and property located at 6 Fitch Street, Norwalk , Connecticut; and

WHEREAS, on November 9, 2016, the Lender and Borrower entered into a first loan Modification Agreement Renewal of Line of Credit of \$500,000 to be Matured on December 1, 2017 . Term revolving Promissory Note (the "Note") evidencing all advances to be made under said loan Agreement. the Note are secure by a lien on all assets of the Borrower and certain inventory equipment and property located at 6 Fitch Street, Norwalk , Connecticut; and

WHEREAS, Borrower has requested Lender extend the Maturity Date of the Loan to December 1, 2018 and to make other changes and modifications to the Note and Mortgage as provided herein; and

NOW, THEREFORE, for the reasons set forth above, and for good and valuable consideration received by one for the other and the mutual covenants herein contained, and each and every act to be performed hereunder by any of the parties hereto. As well as all such covenants, promises and agreements contained in the Note and Mortgage. As amended below, Borrower and Lender covenant and agree as follows:

DRAFT

SECTION 1

NOTE AND MORTGAGE MODIFICATION

1. (a) The parties hereto acknowledge and agree the Borrower has paid and Lender has received all monthly installments of interest due through March 1, 2018 at the rate for which provision is made in said Note.

(b) The parties hereto agree and acknowledge that the current principal balance due under the Note is \$0.00.

2. The Loan Agreement and the Note are modified to read as follows:

(a) Section 1(a) of the Loan Agreement is modified by extending the Maturity Date of July 1, 2016 to December 1, 2018 as the Maturity Date at which time all principal sums and accrued and paid interest shall become due and payable.

(b) Section 2 of the Note is amended by deleting July 1, 2016 and substituting December 1, 2018 as the Maturity Date under the Note.

(c) Section 1.1 of the Note is amended by adding a floor rate of 4.50%.

SECTION 2

DRAFT

BINDING EFFECT, MISCELLANEOUS

1. Borrower hereby acknowledges and reaffirms its liability for the indebtedness evidenced by the Note, the Loan Agreement and each of the various instruments and agreements evidencing and/or securing such consolidated indebtedness (collectively, the "Loan Documents") and acknowledges and agrees that no set-off, Counterclaim or defense exists with respect to its' liability under the Note and that no other claims against the Lender exist. Borrower hereby waives Borrowers' rights to raise any such set-off, counterclaim, defense or claim against the Lender arising out of occurrences prior to the date of this Modification Agreement.
2. All of the representations, warranties and covenants contained in the Loan Agreement are true and correct and as of the date hereof, are incorporated by this reference and are remade as of the date hereof.
3. All other terms and conditions of the Loan Agreement, Note and other Loan Documents shall remain the same and in full force and effect except as specifically amended by this Modification Agreement.
4. This Agreement shall be biding upon Borrower and the Lender and their respective successors and assigns.
5. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument and either party hereto may execute this Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the undersigned have executed this Second Promissory Note and Revolving Term Loan Modification Agreement as of the day and year first above written.

WITNESSES:

BORROWER:

THE THIRD TAXING DISTRICT
OF THE CITY OF NORWALK

By: _____
Name: Kevin Barber
Its: General Manager

PATRIOT BANK, N.A., f/k/a
PATRIOT NATIONAL BANK

By: _____
Name: Barbara Budnick
Its: Senior Vice President