

FINAL

THIRD TAXING DISTRICT
of the City of Norwalk
Commission Meeting
December 3, 2018

ATTENDANCE: Commissioners: David Brown, Chair; Debora Goldstein;
Pamela Parkington; Treasurer: Johnnie Mae Weldon

STAFF: Kevin Barber, General Manager; Ron Scofield, Asst. General Mgr.

OTHERS: Peter Johnson, CMEEC Ratepayer Representative
Peter Murphy, James P. Murphy & Associates
Capt. Jim Hines, Station 3 Firehouse

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.

INSURANCE RENEWAL

Mr. Barber reminded the Commission that in his memo to the Commission about the insurance renewal he indicated that Mr. Murphy was still working with the underwriters to resolve a few issues that could possibly change the Commercial Auto and Boiler and Machinery policies. After Mr. Murphy's discussion with the underwriters, no additional changes were made, and the costs identified in the Commission packet remained the same.

Mr. Murphy indicated that there was a new underwriter this year on the Boiler and Machinery policy. Initial quotes were missing a few items and the premiums were higher than expected. After negotiation, the quote provided the Commission was approved. Mr. Murphy indicated that they were in the third year with current values and he will be meeting with Mr. Barber to review the coverages for the properties for 2020.

Mr. Murphy reviewed all the policies with the Commission. He noted that the Workers Compensation premium decreased by 20.87% or \$4,531 over last year. Overall, the premium for 2019 is \$147,582.52, an increase of \$2,319.44 or 1.6% compared to 2018.

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**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE PROPERTY & CASUALTY INSURANCE RENEWAL FOR 2019 AS IT APPEARS IN THE PACKAGE MATERIAL BY JAMES. P. MURPHY & ASSOCIATES OR THEIR SUCCESSOR IN INTEREST AT A TOTAL RENEWAL PREMIUM OF \$147,582.52, A 1.6% PREMIUM INCREASE OVER 2018.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

FIREHOUSE FUNDING REQUEST

Mr. Barber provided some background information to the Commission. In fiscal year 2016-17, the firehouse requested and received a budget item in the amount of \$4,500 for the “Structural Review of the Firehouse.” This preliminary survey was to deal with the structural integrity of the apparatus level. As a result of the study, temporary metal plates were installed on the apparatus floor.

Capt. Hines reviewed the events that took place with the apparatus floor over the preceding years and explained in depth about the type of floor they currently have and how it may not be able to support any of the newer trucks due to their weight. The Firehouse is now looking for appropriations in the amount of \$4,500 to create a Scope of Work (SOW) to have the floor reinforced. This SOW will then be sent out to bid. In the meantime, Capt. Hines is going to get an estimate of the work that needs to be done (based on the SOW) in order to submit an amount for the upcoming District Budget which will be presented in March.

Mr. Barber stated that if the \$4,500 was approved, the funds would come out of the current year’s budget in order to hopefully have an amount to perform the work for next year’s budget. Since there are no funds in the Firehouse Capital budget for the current year, the request would be considered an emergency and the funds would come out of Contingency.

**** COMMISSIONER BROWN MOVED TO APPROVE \$4,500 FOR A STRUCTURAL REVIEW OF THE FIREHOUSE WHICH WILL BE TAKEN OUT OF THE DISTRICT CONTINGENCY FUND AND NEEDS TO BE EXPENDED WITHIN THE CURRENT BUDGET YEAR.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

MINUTES OF MEETING

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 5, 2018 REGULAR MEETING, NOVEMBER 8, 2018 SPECIAL MEETING AND NOVEMBER 14, 2018 SPECIAL MEETING.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KEY PERFORMANCE INDICATORS

Mr. Barber reviewed the Financial Highlights with the Commission. Total Income was \$3,432,457, an increase of 4.54% over last year. Total Expense was \$3,373,220, an increase of 1.58% over last year. Other Income is \$387,544, an increase of 5%. Net Income Before Rate Stabilization was \$446,781, an increase of 35%. Net Income was \$532,411, an increase of 22% over the previous year.

Cash Balances continue to be in good shape. The Outstanding Principal Balance with CMEEC continues to decrease with a current balance of \$3,120,069. Current Fiscal Year Capital Additions to date is \$505,929.

Mr. Barber reviewed the P&L Previous Year Comparison. Electrical Power Purchased is down from last year. In actuality, TTD has purchased more power this year from CMEEC, but the cost is down as TTD had lowered their billable rate from CMEEC from \$90 to \$80/MWh.

KPI's – Mr. Barber reviewed the KPI's with the Commission. Everything is on track. Mr. Barber specifically noted that the Actual Rate of Return on Rate Base is beginning to increase once again.

PCA –Mr. Barber reviewed the current PCA and the forecast with the Commission. The current balance in the Rate Stabilization Fund is \$4,059,858. Mr. Barber believes with the current trend, by fiscal year end of 2019, the balance will be approximately \$3.5 million.

CAPITAL IMPROVEMENT ACCOUNT – CORPORATE RESOLUTION

Messrs. Barber and Scofield met with Jamie Hunter, Account Executive, and it was determined that an updated corporate resolution was required due to a change in authorized personnel listed on the account. The authorized signers would be Kevin Barber, General Manager and Ronald Scofield, Assistant General Manager. Mr. Barber assured the Commission that before any funds were transferred in or out of this account, it would be brought before the Commission for their approval.

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE CORPORATE RESOLUTION AS PRESENTED IN THE CORPORATE RESOLUTION CERTIFICATION DOCUMENT BEGINNING ON PAGE 39 OF THE MATERIAL, TO INCLUDE KEVIN BARBER, GENERAL MANAGER, AND RONALD SCOFIELD, ASSISTANT GENERAL MANAGER, AS THE AUTHORIZED SIGNERS ON BEHALF OF THIRD TAXING DISTRICT WITH REGARD TO THE CAPITAL IMPROVEMENT INVESTMENT ACCOUNT WITH INFINEX INVESTMENTS, INC. EFFECTIVE AS OF DECEMBER 3, 2018.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

**** COMMISSIONER GOLDSTEIN MOVED THAT ANY SUCH ACTION TAKEN WITH REGARD TO THE AUTHORIZATION PROVIDED TO GENERAL MANAGER, KEVIN BARBER AND ASSISTANT GENERAL MANAGER, RONALD SCOFIELD, AS AUTHORIZED SIGNERS OF THE DISTRICT'S CAPITAL IMPROVEMENT INVESTMENT ACCOUNT WITH INFINEX INVESTMENTS, INC., IT SHALL BE REQUIRED THAT THEY COME BEFORE THE DISTRICT COMMISSION FOR APPROVAL OF ANY SUCH TRANSACTION BEFORE ACTING IN THEIR SIGNING AUTHORITY AT A REGULAR OR SPECIAL COMMISSION MEETING.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

STRATEGIC PLANNING

Commissioner Goldstein stated that she would like to set up a calendar for Strategic Planning meetings to discuss what methods the Commission should use and what topics should be discussed.

Commissioner Parkington would like to review policies under Strategic Planning to determine what functions are operational and what are Board specific. She believes the Commission is getting too involved in the operational items.

After much discussion as to what the Commission would like to accomplish, the Commission set aside the January 28, 2019 Commission meeting to solely begin the Strategic Planning process.

GENERAL MANAGER'S REPORT

Audit Update

Mr. Barber reported that the audit is complete, clean and it was reported that there were no findings. Mr. Barber offered to answer any questions the Commission might have. Commissioner Goldstein suggested that each Commissioner set up a one-on-one meeting with Mr. Barber to ask any questions. Mr. Barber was in agreement.

Meeting with Mayor

Messrs. Barber and Scofield met with Mayor Harry Rilling and his Chief of Staff, Ms. King, the prior week. Mr. Barber reported that Mayor Rilling wanted to discuss the East Avenue undergrounding and Third Taxing District's property at 215 East Avenue. Mr. Barber explained to the Mayor that he is directed by the Commission and at this time, Third Taxing District is an above ground utility. Any change in that structure would need to go before the Commission. Mr. Barber suggested that the Mayor attend a Commission meeting to discuss these topics.

Commissioner Parkington suggested that before the Commission meets with the Mayor, they should probably investigate all the pros and cons about above-ground vs. undergrounding in order to make an informed decision.

After discussion with the Commission, it was recommended that Mayor Rilling be invited to attend the January 7, 2019 meeting to discuss these items.

The Rinks at Vets Park

Mr. Barber received a response from his letter to Mr. Hughes. Mr. Hughes has indicated that the business is closed and there are no assets to satisfy clients. Mr. Barber has been in touch with Atty. Studer to see what course of action can be taken, if any.

Christmas Tree Lighting

Mr. Barber informed the Commission that due to an accident over the weekend, the Showmobile is out of commission. Staff immediately moved forward to find a solution to the problem. Mr. Scofield has secured a portable stage through Abbey Tent for the event. Lighting is being handled by staff.

PROJECT SUMMARY

There were no questions about the Project Summary.

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**** COMMISSIONER GOLDSTEIN MOVED TO SUSPEND THE RULES IN ORDER TO AMEND THE AGENDA TO REFLECT THE FOLLOWING: ITEM #10 WILL NOW BE IN OPEN SESSION, CMEEC INVESTIGATION UPDATE, AND ITEM #11 WILL BE EXECUTIVE SESSION TO DEAL WITH PERFORMANCE REVIEW PURUANT TO THE EXEMPTION SECTION ON THE AGENDA.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

CMEEC INVESTIGATION UPDATE

Mr. Barber stated that on November 9, 2018, the CMEEC Board was advised that indictments were handed down to the CMEEC CEO, CMEEC CFO and three members, either current or former, of the CMEEC Board of Directors. Since that time the CMEEC Board has been taking some steps to address the issue. The CEO and CFO have been placed on administrative leave without pay pending an internal investigation. CMEEC Board of Directors have removed the one Board Director that was a current and active Board member. The remaining two had previously left the Board years ago, and therefore, the CMEEC Board has not taken action against them.

CMEEC has created a Special Committee to oversee the investigation. Commissioner Goldstein is on the Committee and has been elected Chairperson. Their next meeting is scheduled for Wednesday, December 5, 2018. The purpose of the meeting will be to make a recommendation to the Board with respect to the administrative leave of the CEO and CFO because the original Resolution which put them on a 30-day leave is about to expire and the investigation is not over.

Mr. Barber stated that another item that is being dealt with is communication with the CMEEC rating agencies, Moody's Investor Service and Fitch Ratings. Both agencies have placed CMEEC on watch, pending the outcome of the internal investigation.

CMEEC is also taking a hit on the political front and in the media. CMEEC is big news in the local papers in the eastern part of the State. Some are calling for CMEEC to be dissolved. Commissioner Goldstein read from an article dated November 14, 2018 where State Senator Somers detailed her call for an overhaul or elimination of CMEEC.

Mr. Barber stated that if what Senator Somers is asking for comes to fruition, it will affect Third Taxing District's billable rate for power that is purchased, but it's hard to say how much.

Mr. Barber stated that CMEEC has re-activated their Legislative Committee to start taking a proactive role on how to handle the situation.

Mr. Barber will keep the Commission informed on the subject as more information becomes available.

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EXECUTIVE SESSION

- Performance Review – General Manager

**** COMMISSIONER BROWN MOVED TO ENTER INTO EXECUTIVE SESSION TO DISCUSS PERFORMANCE REVIEW – GENERAL MANAGER.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The Commissioners, Treasurer, General Manager and Assistant General Manager entered into Executive Session at 9:12 p.m.

The Commissioners, Treasurer, General Manager and Assistant General Manager returned to public session at 9:40 p.m.

ADJOURNMENT

**** COMMISSIONER GOLDSTEIN MOVED TO ADJOURN.**

**** COMMISSIONER BROWN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY**

The meeting adjourned at 9:41 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District