

**BOARD OF FINANCE  
SPECIAL MEETING  
The Metropolitan District  
555 Main Street, Hartford  
Wednesday, February 11, 2015**

**PRESENT:** Commissioners Luis Caban, Allen Hoffman and Pasquale J. Salemi; Citizen Members Ron Angelo, Richard Mulready and District Chairman William A. DiBella (6)

**ABSENT:** Commissioner William P. Horan and Citizen Members William Cibes Martin B. Courneen and Linda King-Corbin (4)

**ALSO**

**PRESENT:** Commissioner Donald Currey  
Commissioner Georgiana Holloway  
Commissioner Thea Montanez  
John M. Zinzarella, Deputy Chief Executive Officer, Business Services  
R. Bartley Halloran, District Counsel  
John S. Mirtle, District Clerk  
Rob Constable, Manager of Budgeting and Analysis  
Gerald J. Lukowski, Director of Operations  
Kelly Shane, Director of Procurement  
Stanley Pokora, Manager of Treasury  
Sue Negrelli, Director of Engineering  
Kerry E. Martin, Assistant to the Chief Executive Officer  
Cynthia A. Nadolny, Executive Assistant  
Joe Vitale, Bond Counsel

**CALL TO ORDER**

Chairman Salemi called the meeting to order at 5:43 PM

**PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS**

No one from the public appeared to be heard.

**APPROVAL OF MINUTES**

***On motion made by Citizen Member Mulready and duly seconded, the meeting minutes of the Board of Finance meeting of December 1, 2014 were approved.***

**APPROVAL FOR STATE OF CONNECTICUT FINANCING  
DWSRF NO. 2013-7013**

To: Board of Finance for consideration on February 11, 2015

Staff seeks approval from your Board to execute and deliver to the State of Connecticut the First Amendment to the Project Loan and Subsidy Agreement DWSRF No. 2013-7013 and the Interim Funding Obligations and Project Loan Obligations under such amendment.

This amendment increases the low interest loans and grants which fund the replacement of water mains in portions of Linden Place, Capitol Avenue and Broad Street in Hartford under the Water Main Replacement (Linden, Capitol, Broad) project.

The State of Connecticut, through the Drinking Water State Revolving Fund Program, will provide an increase of \$282,907.50 in state funding, to a total state funding of \$2,929,907.50 with an increase in grants of \$81,464.89, to a total of \$213,664.89 in grants, and an increase of \$201,442.61 in low interest loans, to a total of \$2,713,242.61, at 2.00% to fund the expenses associated with this project.

Bond Counsel prepared the following resolution for your approval.

**It is therefore RECOMMENDED that it be**

VOTED: That the Board of Finance recommends to the District Board passage of the following resolution from Bond Counsel

RESOLVED:

Section 1. The Chairman and the District Treasurer or Deputy Treasurer are authorized to execute and deliver the First Amendment to the Project Loan and Subsidy Agreement DWSRF No. 2013-7013 and any and all Interim Funding Obligations and Project Loan Obligations issued under Project Loan and Subsidy Agreement DWSRF No. 2013-7013 as amended by the First Amendment to the Project Loan and Subsidy Agreement DWSRF No. 2013-7013 in the aggregate amount not to exceed \$2,713,242.61. Such Interim Funding Obligations shall be dated as of their date of issue, shall mature within six months of the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in the Project Loan and Subsidy Agreement DWSRF No. 2013-7013 as amended by the First Amendment to the Project Loan and Subsidy Agreement DWSRF No. 2013-7013 to be entered into with the State of Connecticut (as amended, the "Agreement") and, to the extent not paid prior to maturity from The Metropolitan District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in the Agreement. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Agreement.

Section 2. The Project Loan Obligations shall be dated as of their date of issue, shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest as provided in the Agreement.

Respectfully Submitted,

  
Chief Executive Officer  
Scott Jellison

***On motion made by Citizen Member Mulready and duly seconded, the report was received and the resolution adopted by unanimous vote of those present.***

### **REPORT ON CLEAN WATER PROJECT BORROWING CWF 652-C**

To: Board of Finance for consideration on February 11, 2015

On December 1, 2014, the Board of Finance and District Board approved a borrowing from the State Clean Water Fund CWF 652-C for the District's Clean Water project, having a loan amount of \$77,808,705.43 and a grant amount of \$39,939,116.17. Previously, borrowings from the Clean Water Fund have been in smaller increments. The Department of Energy and Environmental Protection requested that this borrowing, and future borrowings, be larger to save DEEP the administrative time in having to deal with multiple borrowings. The State Treasurer's Office, however, found that such larger borrowings negatively impact the cash flow of the State Clean Water Fund to a significant degree, as interest accrues during the construction period and payments of principal and interest do not commence until six months after the scheduled completion date. Therefore, it is requiring that the District execute Project Loan Obligations annually in the amounts drawn down during each calendar year after the execution of the agreement and begin to make payments of principal and interest on such amounts. Staff wanted to bring this to your attention as this is a slight deviation from prior agreements with the State. As with any other debt that commences amortization sooner, this results in some savings in interest costs to the District. The Lamont model already conservatively had assumed that PLOs would be issued annually for the Clean Water Project.

Respectfully Submitted,

  
Chief Executive Officer  
Scott Jellison

***On motion made by Citizen Member Mulready and duly seconded, the report was received.***

**REALLOCATION OF PROCEEDS OF CERTAIN GENERAL OBLIGATION BOND ANTICIPATION NOTES**

To: Board of Finance for consideration on February 11, 2015.

Staff is seeking authority for the District to reallocate proceeds from the District's \$90,459,000 General Obligation Bond Anticipation Notes, Series C dated March 24, 2014 as follows:

- (i) \$10,000 from the 2008 Sewer System Capital Equipment and Staffing to the 2009 Management Operation & Maintenance Compliance project.

Bond counsel prepared the following resolution for consideration by the Board of Finance:

It is therefore RECOMMENDED that it be:

**Voted:** That the Board of Finance recommends to the District Board passage of the following resolution:

**RESOLUTION AUTHORIZING THE REALLOCATION OF \$10,000 IN GENERAL OBLIGATION BOND ANTICIPATION NOTES OF THE METROPOLITAN DISTRICT**

Proceeds from the District's \$90,459,000 General Obligation Bond Anticipation Notes, Series C dated March 24, 2014 (the "2014 Series C Notes") are hereby reallocated as follows:

- (i) \$10,000 from the 2008 Sewer System Capital Equipment and Staffing to the 2009 Management Operation & Maintenance Compliance project.

Respectfully Submitted,

  
Chief Executive Officer  
Scott Jellison

***On motion made by Citizen Member Mulready and duly seconded, the report was received and the resolution adopted by unanimous vote of those present.***

**DEBT ISSUANCE RESOLUTION  
FOR BANS  
ISSUANCE OF UP TO \$116,500,000 IN BOND ANTICIPATION NOTES**

To: Board of Finance for consideration on February 11, 2015.

Staff is seeking authority for the District to issue up to \$116,500,000 in bond anticipation notes that will provide up to \$25,000,000 in new money for CIP projects and \$91,500,000 to renew bond anticipation notes for CIP projects and to renew bond anticipation notes for the Clean Water Project.

Series A bond anticipation notes in the approximate aggregate principal amount of amount of \$81,500,000, for CIP projects and to renew bond anticipation notes previously issued for CIP projects, will be dated on or about March 19, 2015 and will mature on March 18, 2016. Series B bond anticipation notes in the aggregate principal amount of amount of \$35,000,000, to renew bond anticipation notes for the Clean Water Project, will be dated on or about March 19, 2015 and will mature on November 4, 2015.

Bond counsel prepared the following resolution for consideration by the Board of Finance:

It is therefore RECOMMENDED that it be:

**Voted:** That the Board of Finance recommends to the District Board passage of the following resolution:

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT  
EXCEEDING \$116,500,000 GENERAL OBLIGATION BOND  
ANTICIPATION NOTES OF THE METROPOLITAN DISTRICT**

Not exceeding \$116,500,000 Metropolitan District General Obligation Bond Anticipation Notes (the "Notes") are hereby authorized to be issued in anticipation of the issuance of bonds to fund such portion of the authorized and unissued balances of the capital appropriations contained in certain bond resolutions adopted to finance capital budget items enacted by the District Board in the years and in the amounts set forth on Exhibit A hereto attached and to refund previously issued bond anticipation notes as shown on Exhibit A. Proceeds of the Notes shall be used on a first-spent basis to temporarily finance the expenditures for any of the purposes or projects set forth on Exhibit A and for any supplemental purposes or projects the Board of Finance and the District Board may from the date hereof authorize to be financed by the issuance of bonds. The Series A Notes, for capital improvement projects and to renew bond anticipation notes previously issued for capital improvement projects, shall be dated on or about March 19, 2015, and shall mature on March 18, 2016, bear interest payable at maturity and be issued in fully registered form. The Series B Notes, to renew bond anticipation notes for the Clean Water Project, shall be dated on or about March 19, 2015, and shall mature on November 4, 2015, bear interest payable at maturity and be issued in fully registered form. The Notes shall be payable at and certified by U.S. Bank National Association, which bank shall also serve as registrar and transfer agent for the Notes. The Notes shall be sold by the District Treasurer, or in his absence, the Deputy Treasurer, in a competitive offering and shall be awarded to the bidder or

bidders offering to purchase the Notes at the lowest net interest cost to the District, and in no case for a sum less than par and accrued interest to the date of delivery or shall be sold in a negotiated offering, in the discretion of the Treasurer or, in his absence, the Deputy Treasurer. The District Treasurer, or in his absence the Deputy Treasurer, is hereby delegated the authority to determine the rate or rates of interest on the Notes, and to deliver the Notes to the purchaser or purchasers thereof in accordance with this resolution. The Chairman, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver a Tax Regulatory Agreement and, in the case of a negotiated sale, a Note Purchase Agreement for the Notes on behalf of the District in such forms as they shall deem necessary and appropriate, and to rebate to the Federal government such amounts as may be required pursuant to the Tax Regulatory Agreement for the purpose of complying with the requirements of the Internal Revenue Code of 1986, as amended. The Chairman, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver a Continuing Disclosure Agreement and any and all agreements and documents necessary to effect the issuance and sale of the Notes in accordance with the terms of this resolution.

Respectfully Submitted,

  
Chief Executive Officer  
Scott Jellison

***On motion made by Commissioner Hoffman and duly seconded, the report was received and the resolution adopted by unanimous vote of those present.***

**DEBT ISSUANCE RESOLUTION  
FOR GENERAL OBLIGATION BONDS  
ISSUANCE OF UP TO \$71,959,000 IN GENERAL OBLIGATION BONDS**

To: Board of Finance for consideration on February 11, 2015.

Staff is seeking authority for the District to issue up to \$71,959,000 in general obligation bonds that will refund \$71,959,000 in existing bond anticipation notes due on March 25, 2015.

Bond counsel prepared the following resolution for consideration by the Board of Finance:

It is therefore RECOMMENDED that it be:

**Voted:** That the Board of Finance recommends to the District Board passage of the following resolution:

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING \$71,959,000 IN GENERAL OBLIGATION BONDS OF THE METROPOLITAN DISTRICT**

Not exceeding \$71,959,000 Metropolitan District General Obligation Bonds (the "Bonds") are hereby authorized to be issued in for capital improvement projects, to currently refund up to \$71,959,000 Bond Anticipation Notes of the District maturing March 25, 2015 (the "Outstanding Notes") and to fund such portion of the authorized and unissued balances of the capital appropriations contained in certain bond resolutions adopted to finance capital budget items enacted by the District Board in the years and in the amounts set forth on Exhibit A hereto attached. Proceeds of the Bonds not used to refund the Outstanding Notes shall be used on a first-spent basis to temporarily finance the expenditures for any of the purposes or projects set forth on Exhibit A and for any supplemental purposes or projects the Board of Finance and the District Board may from the date hereof authorize to be financed by the issuance of bonds. The Bonds shall be dated the date of their delivery, and shall mature on March 1st in each of the years 2016 through 2035, bearing interest semi-annually each year until maturity (the "Bonds"). The Bonds shall be payable at and certified by U.S. Bank National Association, which bank shall also serve as registrar and transfer agent for the Bonds. The Bonds shall be sold by the District Treasurer, or in his absence, the Deputy Treasurer, in a competitive offering and shall be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the District, and in no case for a sum less than par and accrued interest to the date of delivery. The District Treasurer, or in his absence the Deputy Treasurer, is hereby delegated the authority to determine the principal amount to be issued, the principal amount to mature in each year, optional redemption date(s) and redemption premium(s), if any, the rate or rates of interest on the Bonds, and to deliver the Bonds to the purchaser(s) thereof in accordance with this resolution. The Chairman, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver a Tax Regulatory Agreement for the Bonds on behalf of the District in such form as they shall deem necessary and appropriate, and to rebate to the Federal government such amounts as may be required pursuant to the Tax Regulatory Agreement for the purpose of complying with the requirements of the Internal Revenue Code of 1986, as amended. The Chairman, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver a Continuing Disclosure Agreement and any and all agreements and documents necessary to effect the issuance and sale of the Bonds in accordance with the terms of this resolution.

Respectfully Submitted,

  
Chief Executive Officer  
Scott Jellison

***On motion made by Commissioner Hoffman and duly seconded, the report was received and the resolution adopted by unanimous vote of those present.***

**2014 OPERATING BUDGET TRANSFER**

To: Board of Finance for consideration on February 11, 2015

The 2014 Metropolitan District operating budget is experiencing deficits in the Legal, Employee Benefits and Special Programs budgets. These deficits are the results of higher than expected activities associated with increase legal expenses, increase employee benefits and construction associated with Mattabassett District.

Management recommends that the required additional funding for these cost overruns come from Debt Service.

**CERTIFICATIONS:**

In accordance with Section 3-8 of the Charter of The Metropolitan District, I hereby certify that there exists free from encumbrances, in the following appropriation, the amounts listed:

	<b>General</b>	<b>Water</b>	<b>Total</b>
<b>Department 701 – Debt Service</b>	<b><u>\$444,600.00</u></b>	<b><u>\$481,700.00</u></b>	<b><u>\$926,300.00</u></b>
<b>Total</b>	<b><u>\$444,600.00</u></b>	<b><u>\$481,700.00</u></b>	<b><u>\$926,300.00</u></b>

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John M. Zinzarella  
Chief Financial Officer

It is therefore RECOMMENDED that it be:

**Voted:** That the Board of Finance recommends to the District Board passage of the following resolution.

**Resolved:** That transfers within the 2014 Budget Appropriations be approved as follows:

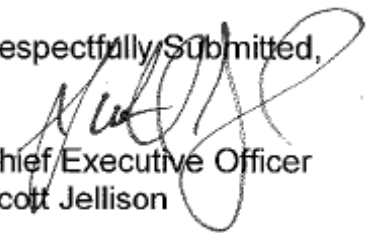
<b>From:</b>	<b>General</b>	<b>Water</b>	<b>Total</b>
<b>Department 701 – Debt Service</b>	<b><u>\$444,600.00</u></b>	<b><u>\$481,700.00</u></b>	<b><u>\$926,300.00</u></b>
<b>Total</b>	<b><u>\$444,600.00</u></b>	<b><u>\$481,700.00</u></b>	<b><u>\$926,300.00</u></b>
<b>To:</b>	<b>General</b>	<b>Water</b>	<b>Total</b>
<b>Department-702 Employee Benefits</b>	<b>\$292,600.00</b>	<b>\$354,200.00</b>	<b>\$646,800.00</b>
<b>Department-741</b>			



<b>Special Agreements &amp; Programs</b>	<b>29,500.00</b>	<b>-0-</b>	<b>29,500.00</b>
<b>Department-141 Legal</b>	<b><u>122,500.00</u></b>	<b><u>127,500.00</u></b>	<b><u>250,000.00</u></b>
<b>Total</b>	<b><u>\$444,600.00</u></b>	<b><u>\$481,700.00</u></b>	<b><u>\$926,300.00</u></b>

Respectfully Submitted,

Chief Executive Officer  
Scott Jellison



*On motion made by Citizen Member Mulready and duly seconded, the report was received and the resolution adopted by unanimous vote of those present.*

**ADJOURNMENT**

The meeting was adjourned at 5:57 PM

ATTEST:

John S. Mirtle, Esq.  
District Clerk

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Date of Approval