

**BOARD OF FINANCE  
SPECIAL MEETING  
The Metropolitan District  
555 Main Street, Hartford  
Monday, December 1, 2014**

**PRESENT:** Commissioners Allen Hoffman, William P. Horan Pasquale J. Salemi; Citizen Members Ron Angelo, Martin B. Courneen, Linda King-Corbin, and District Chairman William A. DiBella (7)

**ABSENT:** Commissioner Luis Caban and Citizen Members William Cibes and Richard Mulready (3)

**ALSO**

**PRESENT:** Charles P. Sheehan, Chief Executive Officer  
John M. Zinzarella, Deputy Chief Executive Officer, Business Services  
R. Bartley Halloran, District Counsel  
Brendan Fox, Assistant 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 5:24 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 Courneen and duly seconded, the meeting minutes of the Board of Finance meeting of November 17, 2014 were approved.***

**APPROVAL FOR STATE OF CONNECTICUT FINANCING – CWF NO. 652-C**

To: Board of Finance for consideration on December 1, 2014

Staff seeks approval from your Board to execute and deliver the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for CWF No. 652-C having a principal amount of \$77,808,705.43 and having an interest rate of 2.00%.

The low interest loan and grant will fund the construction of new headworks and primary treatment, including wet weather capabilities, odor control and dry ash at the Hartford wastewater treatment plant.

The State of Connecticut, through the Clean Water Fund Program, will provide \$117,747,821.60 in state funding with approximately \$39,939,116.17 in grants and \$77,808,705.43 in low interest loans at 2.00% to fund the expenses associated with this agreement.

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 Project Loan and Project Grant Agreement CWF No. 652-C to be entered into with the State of Connecticut (the "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations for CWF No. 652-C in the aggregate amount not to exceed \$77,808,705.43. 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 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,

Charles P. Sheehan  
Chief Executive Officer

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

**DEBT ISSUANCE RESOLUTION TO REFUND BANS MATURING  
DECEMBER 5, 2014 FOR THE CLEAN WATER PROJECT**

**THROUGH REVENUE BONDS**

Issuance of Up To \$140,000,000 in Revenue Bonds

To: Board of Finance for consideration on December 1, 2014.

Staff is seeking authority for the District to issue up to \$140,000,000 in revenue bonds that will refund \$140,000,000 in existing bond anticipation notes due on December 5, 2014 and provide additional funds for the Clean Water Project.

Revenue Bonds will be dated the date of their delivery and will mature in annual installments of principal through November 1, 2042.

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 \$140,000,000 CLEAN WATER PROJECT REVENUE BONDS OF THE METROPOLITAN DISTRICT, THE EXECUTION OF DELIVERY OF A SECOND SUPPLEMENTAL INDENTURE TO THE SPECIAL OBLIGATION INDENTURE OF TRUST, AND RELATED AGREEMENTS**

**WHEREAS**, the Metropolitan District (the "District") has entered into a consent decree of the United States District Court of the District of Connecticut, by and between the District, the United States Department of Justice, the U.S. Attorney's Office, the United States Environmental Protection Agency and the State of Connecticut Attorney General (the "U.S. Consent Decree"), and a consent order and a general permit for nitrogen discharges, and existing municipal national pollutant discharge elimination system permits of the State of Connecticut Department of Energy and Environmental Protection, formerly the State of Connecticut Department of Environmental Protection ("CDEP") entered into by and between the District and the Commissioner of the CDEP (the "Connecticut Consent Order" and together with the U.S. Consent Decree, the "Governmental Orders"), including, but not limited to the obligation to provide for (i) the rehabilitation and reconstruction of portions of the District's sanitary sewer systems, (ii) the renovation of the combined sewer system, (iii) improvements to water pollution control facilities, (iv) development of a nitrogen removal program, (v) the separation of sewerage and storm water drainage collection systems, (vi) the construction of additional storage, conveyance and treatment facilities (herein referred to as the "Project");

**WHEREAS**, the District to date has appropriated \$1.6 billion in capital expenditures for the costs of the Project, and authorized the issuance of \$1.6 billion in its bonds for purposes of financing such capital expenditures;

WHEREAS, the District has issued bond anticipation notes in anticipation of the issuance of the bonds authorized for the Project;

**WHEREAS**, the District has by ordinance adopted October 1, 2007 adopted Section S12x of its Ordinances Relating to Sewers, which provides for a Special Sewer Service Surcharge for customers of the District who utilize the District's sewer system and are furnished water directly by the District (the "Special Sewer Service Surcharge"), which Special Sewer Service Surcharge shall be established annually through the District's budget approval process, shall be uniformly applied to, and be proportional to the quantity of water used by, such customers, and shall be used exclusively for the payment of principal and interest on certain bonds issued or which may be issued and other loans, including State of Connecticut Clean Water Fund loans, to finance all costs associated with any and all measures necessary to comply with the Governmental Orders, including the costs of the Project;

**WHEREAS**, Chapter 103 of the General Statutes the Municipal Sewerage Act (the "Municipal Act") provides for the issuance of bonds, notes and other obligations by a municipality, including the District, which may be secured as to both principal and interest by a pledge of revenues to be derived from sewerage system use charges, including the Special Sewer Service Surcharge;

**WHEREAS**, the District's Charter, as amended by Special Act 90-27 and Special Act 14-21, and as it may be amended from time to time (the "Charter," and together with the Municipal Act, the "Authorizing Acts"), provides for the issuance of bonds, notes and other obligations by the District, and in connection therewith to enter into reimbursement agreements or similar agreements in connection with credit facilities, including, but not limited to, letters of credit or policies of bond insurance, remarketing agreements and agreements for the purpose of moderating interest rate fluctuations;

**WHEREAS**, the District proposes to issue special obligation bonds to be secured by a pledge of the Special Sewer Service Surcharge pursuant to the Authorizing Acts;

**WHEREAS**, special obligation bonds issued pursuant to the Authorizing Acts and not secured by the general obligation of the District are not subject to the limit on indebtedness of the District provided for in the Charter;

**WHEREAS**, the District proposes to issue bonds pursuant to a Special Obligation Indenture (the "Special Obligation Indenture") and a Second Supplemental Indenture thereto the "Second Supplemental Indenture" and together with the Special Obligation Indenture, the "Indenture") with U.S. Bank National Association, to finance the costs of the Project;

**WHEREAS**, the Indenture provides for the issuance of the Special Obligation Bonds (the "Bonds") of the District, payable solely from the Special Sewer Service Surcharge, and other receipts, funds or moneys pledged under the Indenture, if any, and that such Bonds shall be special obligations of the District, payable solely from Pledged Revenues (as that term is used

in the Special Obligation Indenture, and other receipts, funds or moneys pledged under the Indenture, and respective supplemental indentures thereto for each series of Bonds;

WHEREAS, Section 11 of S.A. 14-21 provides:

The state of Connecticut does hereby pledge to and agree with the holders of any bonds, notes and other obligations issued by the Metropolitan District in Hartford County created pursuant to number 511 of the special acts of 1929, as amended, under the authority of chapter 103 of the general statutes or under section 4 of special act 90-27, as amended by section 6 of public act 93-380 and section 10 of this act, which are payable solely from the income and revenue of a particular facility, system or program or the revenues to be derived from sewerage system use charges, and with those parties who may enter into contracts with the district in respect of the same, that the state will not limit or alter the rights vested in the authority to charge and collect such income, revenues, or sewerage system use charges, or in the holders of any bonds, notes or other obligations of the district until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the district, provided nothing contained herein shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds, notes and other obligations of the district or those entering into contracts with the district. The district is authorized to include this pledge and undertaking for the state in such bonds, notes and other obligations or contracts.

WHEREAS, the Bonds constitute “bonds, notes and other obligations issued by the Metropolitan District in Hartford County created pursuant to number 511 of the special acts of 1929, as amended, under the authority of chapter 103 of the general statutes or under section 4 of special act 90-27, as amended by section 6 of public act 93-380 and section 10 of this act [Special Act 14-21], which are payable solely from the income and revenue of a particular facility, system or program or the revenues to be derived from sewerage system use charges” as described in the aforesaid Section 11, and the District desires to include the aforesaid pledge and undertaking of the State in the Bonds, notes and other obligations or contracts relating to the Bonds by amending the Indenture applicable to the Bonds..

**WHEREAS**, the District proposes to issue up to \$140,000,000 of its Bonds to be designated to the 2014 Series A Bonds (the “2014 Series A Bonds”) to refund bond anticipation notes issued to fund costs of the Project and to fund costs of the Project;

**WHEREAS**, the District has prepared a preliminary official statement for the purpose of presenting information in connection with the offering and sale of the Bonds.

**WHEREAS**, the District proposes to issue and sell the 2014 Series A Bonds to underwriters led by J.P. Morgan Securities LLC (or its affiliates), pursuant to a bond purchase agreement (the “Contract for Purchase”), to be negotiated between the District and the underwriters.

**WHEREAS**, the 2014 Series A Bonds are expected to be issued on terms such that the interest thereon shall be excludable from gross income for federal income tax purposes, and for the purpose of establishing such terms and giving assurance as to future compliance with

the Internal Revenue Code of 1986, the District proposes to enter into a Tax Regulatory Agreement.

**WHEREAS**, pursuant to Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as part of the offering of the 2014 Series A Bonds the District proposes to enter into a Continuing Disclosure Agreement.

**NOW THEREFORE, BE IT RESOLVED** by the District Board as follows:

**Section 1.** The District Board determines it is advisable and in the best interest of the District to authorize, and does hereby authorize, the District to enter into the Second Supplemental Indenture to the Special Obligation Indenture of Trust to provide for the terms of the Bonds proposed to be issued by the District, and to amend the Special Obligation Indenture of Trust to include the pledge and undertaking of the State as authorized by Section 11 of S. A. 14-21, as provided for therein, such agreement to be in the form, or substantially the form, as has been or shall be distributed to the District Board, and authorizes the proper officers of the District to execute and deliver such agreement in such form, with such further changes and additions as such officers shall approve, such approval to be conclusively evidenced by the execution and delivery of such agreements by such officers.

**Section 2.** The District Board, having reviewed the form of preliminary official statement, authorizes the use of such preliminary official statement in connection with the public offering of the 2014 Series A Bonds, with such further changes and additions as the proper officers shall deem advisable, and authorizes the Chair and the District Treasurer, or in his absence, the Deputy Treasurer, in the name of the District, to deem the preliminary official statement and such supplements thereto when appropriate and execute a final official statement and such supplements, and any further amendment or supplement thereto, in connection with and after the sale of the Bonds.

**Section 3.** The District Treasurer, or in his absence the Deputy Treasurer, is hereby delegated the authority to determine the principal amount, maturities, rate or rates of interest redemption terms, and the other particulars of the 2014 Series A Bonds, and to deliver the 2014 Series A Bonds to the purchaser thereof in accordance with this resolution. The Chairman and the District Treasurer or in his absence the Deputy Treasurer are authorized to execute and deliver a Second Supplemental Indenture setting forth all the terms of the 2014 Series A Bonds so determined, in such form as they shall deem necessary and appropriate. The Chairman and the District Treasurer or in his absence the Deputy Treasurer are authorized to negotiate, execute and deliver a Contract of Purchase setting forth all the terms of sale of the 2014 Series A Bonds, including the underwriters' discount for such sale, in such form as they shall deem necessary and appropriate. The Chairman and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver a Tax Regulatory Agreement for the 2014 Series A 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 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 2014 Series A Bonds in accordance with the terms of this resolution. The proper officers of the District are hereby authorized to do and perform such acts, and execute and deliver, in the name of the District,

such additional instruments, agreements and certificates as they deem necessary or appropriate to carry into effect the intent of the foregoing resolutions, and as shall not be inconsistent with the foregoing resolutions.

**Section 5.** The District hereby determines and declares, for purposes of Section 7-263 of the Connecticut General Statutes, that the 2014 Series A Bonds are part of a single plan of finance that also includes all prior borrowings from the State of Connecticut Clean Water State Revolving Fund for the purpose of financing the Project, and all prior general obligation and revenue bonds of the District (but not any bond anticipation notes issued in anticipation of the issuance of such general obligation bonds) issued for purposes of financing the Project.

**Section 6.** For purposes of this resolution, the “proper officers” of the District shall be the Chairman, the District Treasurer, and the Deputy Treasurer of the District, and each or any of them.

**Section 7.** This resolution will take effect immediately.

Respectfully submitted,

Charles P. Sheehan  
Chief Executive Officer

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

#### **ADJOURNMENT**

The meeting was adjourned at 5:28 PM

ATTEST:

John S. Mirtle, Esq.  
District Clerk

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Date of Approval