



The Metropolitan District
water supply · environmental services · geographic information

**BOARD OF FINANCE
SPECIAL MEETING
TUESDAY, JUNE 23, 2020
5:00 PM**

**IN ACCORDANCE WITH GOVERNOR LAMONT'S EXECUTIVE ORDER #7B
THIS MEETING WILL INCLUDE TELEPHONIC ATTENDANCE**

Dial in #: (415)-655-0001; Access Code: 35580947#

The general public is welcome to call into the meeting. Everyone present on the conference call should mute their phone to limit background noise.

<u>Location</u>	<u>Commissioners</u>	<u>Citizen Members</u>
Board Room	Adil	Aberasturia
District Headquarters	Currey	Angelo
555 Main Street, Hartford	DiBella (Ex-Officio)	Gentile
	Hoffman (VC)	King-Corbin
	Salemi (C)	
	Quorum: 5	

1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF MAY 27, 2020
4. CONSIDERATION AND POTENTIAL ACTION RE: AUTHORIZATION FOR REVENUE BOND ISSUANCE: (A) \$20 MILLION IN UNFUNDED CLEAN WATER PROJECT EXPENSES; (B) TAXABLE ADVANCE REFUNDING OF OUTSTANDING REVENUE BONDS; AND (C) TAX EXEMPT REFUNDING OF CLEAN WATER FUND LOANS
5. REPORT RE: REIMBURSEMENT FOR CLEAN WATER PROJECT EXPENSES FROM 2014 SPECIAL REVENUE BONDS
6. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
7. COMMISSIONER COMMENTS & QUESTIONS
8. ADJOURNMENT

The Metropolitan District

Presentation to the Board of Finance
July 2020 Revenue Bond Issuance Considerations



Clean Water Project Bond/ Cash Discussion Agenda Item 4 & 5

1. Revenue Bonds for Clean Water Project (Agenda #4)

- 1a. \$20 Million Reimbursement of Engineering Expenses
- 1b. Refunding of MDC 2013 (2014) CWP Revenue Bonds
- 1c. Potential Refunding of MDC's State Clean Water Fund Loans

2. \$23.5 million Reimbursement from CWP to MDC Pooled Cash (Agenda Item #5)

1a. \$20 Million Reimbursement of Engineering Expenses

- Engineering costs – these are recent costs paid from MDC Pooled Cash and not paid through State grants/loans
- Comparison of 20-Year Level Debt Service and 30-Year Level Debt Service Projections
- Analyzing alternative amortization scenarios and impact on CWPC in anticipation of State approval of the Long Term Control Plan

Unfunded Project Costs	
Unfunded	41,128,899
Suspended	(9,445,315)
PMU	(11,683,584)
New Money	20,000,000

Transaction Summary	20-Yr Debt Service	30-Yr Debt Service	Difference of 30-Yr Compared to 20-Yr
Project Proceeds	20,000,000	20,000,000	0
Final Maturity Date	4/1/2040	4/1/2050	
All-In True-Interest-Cost ⁽²⁾	2.48%	3.07%	0.59
Total Debt Service	24,753,338	28,805,064	4,051,726
Present Value of Total Debt Service ⁽³⁾	21,141,083	22,487,843	1,346,760
Maximum Annual Debt Service	1,626,625	1,357,250	(269,375)

Assumptions:

1. Includes \$100,000 cost of issuance and \$4.00/bond based on 2019 refunding.
2. Market rates as of June 16, 2020 +25bps for an August issuance. Rates provided by Goldman Sachs and are preliminary and subject to change with market movement.
3. Present valued at bond arbitrage yield.

1b. Refunding of MDC 2013 (2014) CWP Revenue Bonds

- Bond Resolution to authorize Taxable Advance Refunding of certain Series 2013A and 2014A bonds (\$196,740,000 total outstanding)
- Currently there are \$45,575,000 of maturities in the 2013A bonds that are efficient to refund

Transaction Summary	Taxable Advance Refunding of 2013A Revenue Bonds
Par Amount	\$50,490,000
Par Amount Refunded	45,575,000
Projected All-In True-Interest-Cost on Refunding⁽¹⁾	2.96%
Avg. Annual Cashflow Savings	396,087
Total Cashflow Savings	8,499,488
Net Present Value Savings	6,695,694
Net Present Value Savings as % of Refunded Bonds	14.69%

Assumptions:

1. Market rates as of June 16, 2020 +25bps for an August issuance. Rates provided by Goldman Sachs and are preliminary and subject to change with market movement.
2. Includes \$300,000 cost of issuance and \$4.00/bond based on 2019 refunding

1c. Potential Refunding of MDC's State Clean Water Fund Loans

- MDC has \$383mm of State CWP Loans outstanding – all loans have a 2% interest rate
- Below analysis refunds \$113.6 million prior loans for present value savings of \$4.6 million or 4.03% of refunded par.
 - Subject to negotiation with the State and market conditions, up to \$383 million of loans could be refunded for savings
- Refunding the loans also has the benefit of removing the associated loan principal amount from the MDC's GO Debt Limit

Transaction Summary	Tax-Exempt MDC Clean Water PLO Refunding Bonds
Par Amount	\$ 97,205,000
Par Amount Refunded	113,641,914
Projected All-In True-Interest-Cost on Refunding⁽¹⁾	1.36%
Avg. Annual Cashflow Savings	\$ 311,006
Total Cashflow Savings	4,777,751
Net Present Value Savings	4,580,934
Net Present Value Savings as % of Refunded Bonds	4.03%

Assumptions:

1. Market Rates as of June 16, 2020 for a August Issuance. Rates provided by Goldman Sachs and subject to change with market movement.

2. Includes \$150,000 Cost of Issuance and \$4.00/bond based on 2019 refunding.

2. \$23.5 Million Reimbursement from CWP to MDC Pooled Cash

■ Bond Premium on 2014 MDC Special Revenue Bonds

- The 2014 bond premium, maintained and held within CWP Bond Indenture (US Bank “Premium” Account) has not yet been transferred to reimburse MDC’s Pooled Cash for specific CWP bonded project expenses
- Bond/ Tax Counsel have indicated that the premium should reimburse MDC’s pooled cash for that expense in order to comply with provisions of the US Tax Code
- Management recommends extinguishing estimated one-time expenses and liabilities reduction such as:
 - Glastonbury Lawsuit \$8.5 million
 - Internal Service Fund deficit (Self-insurance shortfall) \$6.5 million
 - Repay Pension Fund Glastonbury Land Expenses \$1.4 million
 - 2 year phase in of OPEB/Pension Assumption changes(Mortality Table/Discount Rate) \$6.6 million