

**BOARD OF FINANCE
SPECIAL MEETING
The Metropolitan District
555 Main Street
Wednesday, September 2, 2020**

PRESENT: Commissioners Andrew Adil, Donald Currey, Allen Hoffman, Pasquale J. Salemi and District Chairman William A. DiBella; Citizen Members Joan McCarthy Gentile and Linda King-Corbin (7)

ABSENT: Citizen Members Ram Aberasturia and Ronald Angelo (2)

ALSO

PRESENT: Commissioner Bhupen Patel
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel
John S. Mirtle, District Clerk
Christopher Levesque, Chief Operations Officer
Kelly Shane, Chief Administrative Officer
Christopher Martin, Chief Financial Officer
Victoria Escoriza, Executive Assistant
David Silverstone, Consumer Advocate

CALL TO ORDER

Chairman Salemi called the meeting to order at 1:03 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

No one from the public appeared to be heard.

APPROVAL OF MINUTES

On motion made by Commissioner Hoffman and duly seconded, the meeting minutes of the Board of Finance meeting of June 23, 2020 were approved. Commissioner Adil abstained.

**\$135 MILLION CLEAN WATER PROJECT REFUNDING AND NEW MONEY BOND
ISSUANCE**

Christopher Martin, Chief Financial Officer, discussed the project refunding and new money bond issuance as related to the Clean Water Project.

**\$18 MILLION SUPPLEMENTAL APPROPRIATION FOR CLEAN WATER PROJECT
CONTRACT #5**

To: Board of Finance for consideration on September 2, 2020

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

**RESOLUTION APPROPRIATING A FURTHER \$18,800,000.00 FOR THE DISTRICT'S
COMBINED SEWER OVERFLOW, SANITARY SEWER OVERFLOW AND NITROGEN
REMOVAL PROGRAMS TO DECREASE LEVELS OF POLLUTION IN THE CONNECTICUT
RIVER AND LONG ISLAND SOUND TO COMPLY WITH A CONSENT DECREE OF THE
UNITED STATES DISTRICT COURT OF THE DISTRICT OF CONNECTICUT AND A
CONSENT ORDER OF THE CONNECTICUT DEPARTMENT OF ENERGY AND
ENVIRONMENTAL PROTECTION**

WHEREAS, the charter of the Metropolitan District of Hartford County, Connecticut (the "District"), and more particularly Section 14 of number 511 of the special acts of 1929, as amended by section 1 of number 332 of the special acts of 1931, number 127 of the special acts of 1947, section 2 of special act 79-102, special act 80-13, section 1 of special act 83-31, section 5 of special act 90-27, and section 2 of public act 15-114, now codified in Section 3-11 of the District's Compiled Charter, (Section 14, as amended, being referred to as the "Referendum Requirement"), provides as follows:

(a) Appropriations to be financed by the issuance of bonds, notes or other obligations of the district may be made at any time upon approval of the district board and recommendation of the board of finance in accordance with section 20 of number 511 of the special acts of 1929.

(b) (1) Any appropriation in excess of the amount set forth in subdivision (2) of this subsection for any single item of capital expense not regularly recurring, including, but not limited to, a capital purpose, a public improvement or an extraordinary expenditure which may properly be financed long-term rather than from current revenues, notwithstanding that such appropriation is included in the budget to be met from current revenues, shall be approved by a two-thirds vote of the entire district board and by a majority of the electors of the district at a referendum of the district called by the district board in accordance with the requirements of section 5 of number 511 of the special acts of 1929, as amended by special act 77-54; provided an appropriation for any reason involving not more than twice the amount set forth in subdivision (2) of this subsection in any one year for the purpose of meeting a public emergency threatening the lives, health or property of citizens of the district may be made upon approval by a two-thirds vote of the entire district board without submission to the electors of the district; provided further, appropriations may be made in any amount without submission to the electors of the district for any public improvement all or a portion of which is to be paid for by assessments of

benefits or from funds established to pay for waste or water facilities pursuant to section 13 of number 511 of the special acts of 1929, as amended by number 366 of the special acts of 1949, special act 77-54 and special act 83-31; and provided further, submission to the electors of the district shall only be required with respect to such portion, if any, of any appropriation approved by the district board on and after October 1, 2015, as exceeds the amount set forth in subdivision (2) of this subsection. The district board may determine, in the case of appropriations for water, sewer and utility line extensions and improvements, or the installation or replacement of service meters, the definition of what shall constitute a single item of capital expense for purposes of compliance with the referendum requirement of this section. Such determination may be contained in the capital budget or a resolution making such appropriation or authorizing the issuance of bonds, notes or obligations of the district and any such determination shall be final and conclusive.

(2) On and after October 1, 2015, the threshold amount for purposes of subdivision

(1) of this subsection shall be twenty million dollars as adjusted annually thereafter on October first by a percentage equal to the increase, if any, in the consumer price index for urban consumers, as most recently determined by the United States Department of Labor, Bureau of Labor Statistics for the most recent twelve-month period available, provided for any appropriation adopted by the district board on and after October 1, 2015, the aggregate amount of federal and state grants available, committed to be made available or expected to be made available for the appropriation at issue, each as determined by the district board whose determination shall be conclusive, shall be deducted from the amount of the appropriation in determining whether such threshold is met.

WHEREAS, for purposes of this resolution, the amount referred to in section (b) (1) of the Referendum Requirement is hereinafter referred to as the Threshold Amount, and

WHEREAS, by resolution adopted on December 16, 2019 the District Board found and determined that the Threshold Amount for purposes of the Referendum Requirement on October 1, 2019, and as in effect on the date of this resolution, was \$21,583,833.70; and

WHEREAS, the District has by previous resolutions approved appropriations authorized expenditures aggregating \$1.74 Billion for any and all projects necessary or desirable in connection with the planning, design, acquisition, construction and development of a combined sewer overflow program, a sanitary sewer overflow program and a nitrogen removal program of the District, in order to comply with a consent decree issued by the United States District Court, District of Connecticut, and entered into 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 "Consent Decree"), and a consent order to be issued by the State of Connecticut Department of Environmental Protection, now the Connecticut Department of Energy and Environmental Protection ("DEEP") and to be executed by the District and the Commissioner of DEEP (the "Consent Order" and, together with the Consent Decree, the "Government Orders") (the "Project"); and

WHEREAS, the Chairman and the Chief of Program Management or the Treasurer in the name of and on behalf of the District applied for federal and state loans and/or grants-in-aid for the Project under Section 22a-478 et seq. of the General Statutes of Connecticut, Revision of 1958, as amended (the "Clean Water Fund Program"), and in particular, the portion of the Project involving the construction of the South Hartford Tunnel Contract 5; Arlington, New Britain and Newington conduits; construction of inlet control gate chambers (the "South Hartford Tunnel Contract 5") and the District has executed a Project Loan and Project Grant Agreement, dated July 27, 2020 (the "Agreement"), with the State of Connecticut (CWF No. 729-C) involving a total project cost of \$47,359,471.10, of which \$18,808,514.75 would be funded by state grants under the Clean Water Fund Program (subject to the terms and conditions of such Agreement), and the balance by funds of the District and loans from the Clean Water Fund Program;

WHEREAS, the District has determined to appropriate a further \$18,800,000.00 of capital expenditures for the Project, specifically to the South Hartford Tunnel Contract 5, and to declare its determination that such capital expenditures are expected to be funded entirely by federal or state grants under the Clean Water Fund Program under the Agreement;

NOW THEREFORE BE IT RESOLVED:

Section 1. The additional sum of \$18,800,000.00 is hereby appropriated for the Project. The Project is a single item of capital expense, not regularly recurring, which may be financed on a long-term basis. For the avoidance of doubt, the appropriation hereby made shall be in addition to any prior appropriation for the Project. The appropriation hereby made shall be allocated specifically to the South Hartford Tunnel Contract 5, and in particular to those costs associated with the South Hartford Tunnel Contract 5 which are paid for by state grants under the Agreement.

Section 2. Based on the facts heretofore cited and other evidence presented to the District Board, the District Board FINDS and DETERMINES, that the appropriation made in Section 1 will be paid for by funds available, committed to be made available or expected to be committed and made available by federal and state grants; and further, FINDS and DETERMINES, that the appropriation made in Section 1 will not be in excess of the Threshold Amount, and therefore the appropriation made in Section is valid and effective without the requirement that the appropriation be submitted to the electors of the District at a referendum held for such purpose as provided in the Referendum Requirement.

Section 3. The applications by the Chairman and the Chief of Program Management or the Treasurer in the name and on behalf of the District for any and all federal and state loans and/or grants-in-aid to meet any portion of the costs of the Project determined by DEEP to be eligible for funding under Section 22a-478 et seq. of the General Statutes of Connecticut, Revision of 1958, as amended (the "Clean Water Fund Program"), and in particular the South Hartford Tunnel Contract 5, and the execution and delivery of the Agreement providing for expenditures authorized hereby to be paid for by grants under the Agreement, combined with expenditures and borrowings authorized by other appropriations for the Project, be and they hereby are approved, ratified and confirmed.

Section 4. The Treasurer is authorized and directed to charge expenditures for the South Hartford Tunnel Contract 5 reimbursed by the state under the Agreement against the appropriation made hereby, and to charge no other expenditures against this appropriation.

Section 5. In the absence of the appointment of a Treasurer, the Chief Administrative Officer is authorized to act as Treasurer for all purposes of this resolution and the Manager of Treasury is authorized to act as Deputy Treasurer.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

On motion made by District Chairman DiBella and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

APPROVAL FOR STATE OF CT FINANCING CWF 683-D

To: Board of Finance for consideration on September 2, 2020

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. 683-D having a principal amount of \$730,605.50 and having an interest rate of 2.00%.

The low interest loan and grant will fund design services for the five Combined Sewer Overflow regulators and associated connecting combined sewers. CSO Elimination Combined Sewer Overflow regulators N-9 and N-10 redirect flows out of the North Branch of the Park River to regulator N-22. The Kane Brook Sewer Relocation and S8/S13 CSO Relocation and Elimination Project will develop design documents to relocate/eliminate CSOs S-8 and S-13 in accordance with the 2012 Long Term Control Plan.

The State of Connecticut, through the Clean Water Fund Program, will provide \$1,461,211.00 in state funding with approximately \$730,605.50 in grants and \$730,605.50 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, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer are authorized to execute and deliver the Project Loan and Project Grant Agreement CWF No. 683-D 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. 683-D in the aggregate amount not to exceed \$730,605.50, to fund design services for five Combined Sewer Overflow regulators and associated connecting combined sewers. Such Interim Funding Obligations shall be dated as of their date of issue, shall mature within six months of the Scheduled Completion Date, as defined in the Agreement, 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,



Scott W. Jellison
Chief Executive Officer

On motion made by District Chairman DiBella and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

APPROPRIATION FOR PENSION REIMBURSEMENT

To: Board of Finance for consideration on September 2, 2020

By resolution of the District Board considered at its meeting of July 14, 2014, and upon recommendation of the Personnel, Pension and Insurance Committee and the Water Bureau, the MDC approved an investment contribution of approximately 570 acres of MDC-owned property in Glastonbury (Pension Land) to the Trust of the Retirement Plan for Employees of the Metropolitan District (Plan). The purpose of the proposed transfer was to offset, in whole or in part, the MDC's Annual Required Contribution (ARC) (now ADC, or Actuarially Determined Contribution) for Fiscal Year 2015. The transfer of the Pension Land from the MDC to the Plan was completed on December 14, 2014. In order to facilitate the transfer of the Pension Land into the Plan, a limited liability company, Pension Fund Land LLC (PFL LLC), was created to hold the Pension Land.

As part of the transfer agreement controlling the transfer of the Pension Land into the Plan, PFL LLC was authorized to make commercially reasonable efforts to develop the Pension Land or prepare it for development. PFL LLC in fact made such efforts, and in doing so, demonstrated that an increased value of the land as developable parcels rather than solely open space or watershed land was appropriate. Under the transfer agreement, the District was obligated to either pay such costs directly or reimburse PFL LLC, i.e. the Plan.

On October 7, 2019 the PPI Committee approved a purchase and sale agreement with the Town of Glastonbury for approximately 553 acres of the Pension Land. The closing for the property sale occurred on January 16, 2020.

At this time, it is necessary for the District to reimburse the Plan for development costs incurred in furtherance of the sale of the Pension Land. At the July 20, 2020 Board of Finance meeting, the District's actuary, Becky Sielman of Milliman, briefed the board on two alternatives to effect the reimbursement of the underlying \$1,384,488.61 in development costs, plus interest calculated through June 30, 2020. The first method used a fixed, compounded interest rate of 3% per year, which would bring total reimbursement to \$1,563,105. The second method used the actual annual returns of the Plan's assets for 2015 to 2019 and an estimated return for 2020 year to date of -3.1% provided by the District's pension investment advisor Dahab Associates Inc. totaling \$1,780,426.

At the August 26, 2020 meeting of the Personnel, Pension & Insurance Committee, as Trustee of the Plan, the PPI Committee's voted to determine the appropriate interest rate to recommend to the District Board to be applied to the reimbursable development expenses to the Plan. At that meeting, the second method described above was updated as of August 21, 2020 for a total reimbursement of \$2,010,763.05.

It is therefore RECOMMENDED that it be

VOTED: That based upon action by the Personnel, Pension & Insurance Committee at its August 26, 2020 meeting determining an acceptable interest rate to be applied to reimbursable development costs to the Pension Plan, the Board of Finance recommends to the District Board passage of the following resolution:

RESOLVED: That the District Board hereby appropriates \$2,010,763.05 from the General Fund to reimburse the District's pension plan for development costs related to the Pension Land.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

On motion made by District Chairman DiBella and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

Judy Allen, of West Hartford, recommended video conferencing for meetings.

COMMISSIONER COMMENTS AND QUESTIONS

Commissioner Patel recommended video conferencing for future meetings.

Commissioner Hoffman inquired about the budget process and the planned meeting schedule. He also inquired regarding a news story about Livongo being bought out and if that has any affect on our employee wellness program.

ADJOURNMENT

The meeting was adjourned at 1:44 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval