



The Metropolitan District
water supply · environmental services · geographic information

**BOARD OF FINANCE
SPECIAL MEETING
WEDNESDAY, SEPTEMBER 27, 2023
4:00 PM**

| <u>Location</u> | <u>Commissioners</u> | <u>Citizen Members</u> |
|------------------------------------|----------------------|------------------------|
| Board Room | Adil | Iacovazzi |
| District Headquarters | Currey | King-Corbin |
| 555 Main Street, Hartford | DiBella (Ex-Officio) | Russo |
| | Hoffman (VC) | Tsegai |
| Dial in #: (415) 655-0001 | Salemi (C) | |
| Access Code: 2317 644 0175# | | |
| Meeting Video Link | | |
| | Quorum: 5 | |

1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF SEPTEMBER 6, 2023
4. DISCUSSION RE: 2024 DISTRICT BUDGET OVERVIEW
5. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
6. COMMISSIONER REQUESTS FOR FUTURE AGENDA ITEMS
7. ADJOURNMENT

The Metropolitan District **FISCAL YEAR 2024 BUDGET** Board of Finance Meeting





AGENDA

- Budget Calendar
- Sewer Ad Valorem / Water Rate Overview
- Expenditure Analyses
- Other Revenue Analyses
- Proposed Budget
- Summary



BUDGET CALENDAR

- 09/27 Board of Finance Meeting
- 09/28 Town Meeting #1
- 10/02 District Board refers Budget to BOF
- 10/25 Board of Finance Meeting
- 10/26 Town Meeting #2
- 11/01 Board of Finance Meeting consider and approve proposed 2024 budget and rates
- 11/02 Public Hearing for 2024 Budget, Rates and Ordinance Revisions
- 11/08 Water Bureau consider and approve 2024 Water Rates and Refer to District Board
- 11/09 Board of Finance approves Budget
- 12/04 MDC Government Committee – Ordinance revisions and refer to District Board
- 12/04 MDC District Board adopts Budget
- By 12/31 Levy Tax/ Publish Ordinance



AD VALOREM/WATER RATE OVERVIEW

Three key steps for Sewer ad valorem and Water rate calculations:

- 1) Identify the operational expenditures (opex)
- 2) Subtract “other” revenues (orev)
- 3) Allocate remainder using
 - Town revenue weighted average calculation for Sewer’s Ad Valorem tax, and
 - Consumption and service charges for Water rate determination



AD VALOREM/WATER RATE OVERVIEW

Proposed 2024 District operating budget is \$213.3 million (4.2% increase):

- Sewer
 - 1) \$ 102.6 opex
 - 2) - \$ 49.5 orev
 - 3) = \$ 53.1 to be collected from Member Towns' Ad Valorem **(0% or no increase)**
- Water
 - 1) \$110.7 opex
 - 2) - \$ 19.3 orev
 - 3) = \$ 91.4 to be collected from Water Sales
 - Water rate of \$3.80 **(0% or no increase)** per CCF x 17.7 million CCF Consumption = \$67.3
 - Water service charges (domestic, commercial, industrial, other) = \$24.1 **(0.4% decrease)**



1) EXPENDITURE ANALYSES (sewer and water opex)

| Major Object | 2023 Adopted | 2024 Proposed | \$ Change | % Change |
|----------------------------------|-----------------------|-----------------------|---------------------|-------------|
| Debt | \$ 74,227,401 | \$ 82,223,486 | \$ 7,996,085 | 10.8% |
| Total Payroll | \$ 47,886,348 | \$ 49,790,828 | \$ 1,904,480 | 4.0% |
| OPEB | \$ 7,148,406 | \$ 7,631,465 | \$ 483,059 | 6.8% |
| Pension Regular | \$ 7,872,627 | \$ 8,108,120 | \$ 235,493 | 3.0% |
| General Insurance | \$ 2,110,737 | \$ 2,311,506 | \$ 200,769 | 9.5% |
| Employee Benefits | \$ 10,854,456 | \$ 9,877,283 | \$ (977,173) | -9.0% |
| Other Miscellaneous Expenditures | \$ 54,645,492 | \$ 53,389,936 | \$ (1,255,556) | -2.3% |
| Total | \$ 204,745,467 | \$ 213,332,623 | \$ 8,587,156 | 4.2% |



1) EXPENDITURE ANALYSES (sewer and water opex)

Debt:

\$7,996,085

- + \$5.3 million net increase due to 2023 GO bond first payment offset by expiring debt
- + \$2.7 million surplus from 2022 was used in 2023 lowering operating contribution to the debt service fund



1) EXPENDITURE ANALYSES (sewer and water opex)

Total Payroll - Operating:

\$ 1,904,480

- Total employee count increase by 9
 - 2023 employee count of 397 OPEX and 41 CAPX equals **438 total**
 - 2024 employee count of 399 OPEX and 48 CAPX equals **447 total**
(9 New positions & 5 employees moved from CAPX to OPEX)
- Year-over-year OPEX payroll changes totaling \$1.9 million:
 - Anticipated cost of Cola and Steps + \$ 1.6 million
 - Cost of 7 new positions + \$ 0.6 million
 - Increase to Overtime and Standby pay + \$ 0.2 million
 - Cost of 5 of employees moved from OPEX to CAPEX - \$ 0.5 million



1) EXPENDITURE ANALYSES (sewer and water opex)

OPEB: \$ 483,059

- Assume same discount rate of 6.625%
- Change of actuarial assumptions

Pension: \$ 235,493

- Assume same discount rate of 6.625%
- Change of actuarial assumptions

Insurance (General Liability, Casualty, Workers Compensation): \$ 200,769

- October 1st insurance renewal at an increase in premium



1) EXPENDITURE ANALYSES (sewer and water opex)

Employee Benefits:

\$ (977,173)

- - \$1.1 million, Medical Services
 - Based on historical claims
- +\$0.1 million, Social Security and Unemployment compensation
 - Salary wage increase led to higher social security and unemployment compensation exposure has increased



1) EXPENDITURE ANALYSES (sewer and water opex)

Other Miscellaneous expenditures:

\$ (1,255,556)

- Materials From Stock + \$1.0 million
- Outside and Consultant Services + \$0.2 million
- Legal Services - \$0.1 million
- Maintenance – Building & Equipment - \$0.1 million
- Nitrogen Credits - \$0.1 million
- General Operations - \$0.2 million
- Chemicals - \$0.2 million
- Electricity-Utilities - \$0.7 million
- Fuel For Incinerator, Pumping and Heating - \$1.1 million



2) OTHER REVENUE ANALYSES (sewer and water orev)

| | 2023 Adopted | 2024 Proposed | \$ Change | % Change |
|--------------------------------|----------------------|----------------------|---------------------|--------------|
| WATER | | | | |
| Non-Operating Revenues | \$ 2,364,497 | \$ 8,242,422 | \$ 5,877,925 | 248.6% |
| Water Billing Penalties | \$ 925,000 | \$ 1,275,862 | \$ 350,862 | 37.9% |
| Hydrant Maintenance | \$ 1,684,500 | \$ 1,740,650 | \$ 56,150 | 3.3% |
| Fire Protection Services | \$ 6,032,000 | \$ 6,032,000 | \$ - | 0.0% |
| Cross-Connection/BackWater Fee | \$ 230,400 | \$ 230,400 | \$ - | 0.0% |
| Use of Prior Year Surplus | \$ 800,000 | \$ 800,000 | \$ - | 0.0% |
| Contribution From Other Fund | \$ 3,995,335 | \$ 989,277 | \$ (3,006,058) | -75.2% |
| subtotal | \$ 16,031,732 | \$ 19,310,611 | \$ 3,278,879 | 20.5% |
| SEWER | | | | |
| Contribution From Other Fund | \$ 6,252,829 | \$ 9,841,769 | \$ 3,588,940 | 57.4% |
| Investment Income | \$ 153,000 | \$ 856,000 | \$ 703,000 | 459.5% |
| Other Government Agencies | \$ 11,931,000 | \$ 12,431,000 | \$ 500,000 | 4.2% |
| Sewer User Charges Revenues | \$ 11,584,900 | \$ 12,062,066 | \$ 477,166 | 4.1% |
| Other Sewer Revenues | \$ 12,276,321 | \$ 12,385,677 | \$ 109,356 | 0.9% |
| Deep Contingency | \$ 1,980,000 | \$ 1,980,000 | \$ - | 0.0% |
| subtotal | \$ 44,178,050 | \$ 49,556,512 | \$ 5,378,462 | 12.2% |
| TOTAL | \$ 60,209,782 | \$ 68,867,123 | \$ 8,657,341 | 14.4% |



2) OTHER REVENUE ANALYSES (water rev)

WATER

\$3,278,879

- Non-Operating Revenues \$ 5,877,925
 - Interest Income & resource-related billing
- Water Billing Penalties: \$ 350,862
 - Higher number of past due water bills
- Hydrant Maintenance \$ 56,150
 - Rate increase from \$150 to \$155
- Use of Fund Balance \$ (600,000)
 - Army Corp maintenance
- Contribution from Other Funds \$(2,406,058)
 - Internal Service Fund



2) OTHER REVENUE ANALYSES (sewer orev)

SEWER

\$5,378,462

- Contributions From Other Funds \$ 3,588,940
 - Assessable Sewer, Hydro and Internal Service Fund
- Investment Income: \$ 703,000
 - Based on next year's projections
- Other Governmental Agencies: \$ 500,000
 - Increase in sludge revenue
- Sewer User Charge: \$ 477,166
 - Increase in late payments
- Other Sewer Revenues: \$ 109,356
 - Customer Service Charge increase
 - Offset by resource-related billing



3) AD VALOREM & WATER RATE IMPACT (to be allocated)

- Sewer \$102.6 opex - \$49.5 orev =
\$53.1 to be collected from member towns
 - **0% or no increase**

- Water \$110.7 opex - \$19.3 orev =
\$91.4 to be collected from Water Sales
 - Water rate of \$3.80 per CCF x 17.7 million CCF Consumption = \$67.3 million
0% or no increase
 - Water service charges (domestic, commercial, industrial, other) = \$24.1
0.4% decrease

- The **\$213.3** million proposed 2024 District's operating budget represents a **4.2% increase**

| (millions) | 2023 | 2024 | \$ Var | % Var |
|---|-----------------|-----------------|----------|--------------|
| Sewer | | | | |
| 1) Opex | \$ 97.2 | \$ 102.6 | \$ 5.4 | 5.6% |
| 2) Orev (subtract) | \$ 44.1 | \$ 49.5 | \$ 5.4 | 12.2% |
| 3) Ad Valorem | \$ 53.1 | \$ 53.1 | \$ - | 0.0% |
| <i>Sewer Customer Service Charges</i> | | | | |
| | \$ 9.0 | \$ 9.0 | \$ - | 0.0% |
| Water | | | | |
| 1) Opex | \$ 107.5 | \$ 110.7 | \$ 3.2 | 3.0% |
| 2) Orev (subtract) | \$ 16.0 | \$ 19.3 | \$ 3.3 | 20.6% |
| 3) Water rates & Service charges | \$ 91.5 | \$ 91.4 | \$ (0.1) | -0.1% |
| <i>Consumption</i> | | | | |
| | \$ 17.7 | \$ 17.7 | \$ - | 0.0% |
| <i>Rate</i> | \$ 3.80 | \$ 3.80 | \$ - | 0.0% |
| <i>Sale of Water</i> | \$ 67.3 | \$ 67.3 | \$ - | 0.0% |
| <i>Service Charges</i> | \$ 24.2 | \$ 24.1 | \$ (0.1) | -0.4% |
| <i>Water rates and service charges</i> | \$ 91.5 | \$ 91.4 | \$ (0.1) | -0.1% |
| Total | | | | |
| 1) Opex | \$ 204.7 | \$ 213.3 | \$ 8.6 | 4.2% |
| 2) Orev (subtract) | \$ 60.1 | \$ 68.8 | \$ 8.7 | 14.5% |
| 3) Ad Valorem/Water rates and Svc. Chrgs. | \$ 144.6 | \$ 144.5 | \$ (0.1) | -0.1% |



SUMMARY

➤ Proposal includes

- Increase in personnel from 438 to 447
- A 4.8% increase in Pension & OPEB contributions, no change in discount rate
- Debt service costs rose due to the 2023 bond issue
- Decrease in Fuel, Electricity and Chemicals costs due to market conditions
- Use of fund contributions and fund balance
- Ad Valorem allocations, by town, are preliminary as all towns' audits have yet to be complete



SUPPLEMENTAL INFORMATION:

Average Customer Water Bill

| | | 2023 | | | 2024 | | | Variance | | |
|---------------------------------------|-----------------|---------------|-----------------|--------------------|---------------|-----------------|--------------------|----------------|----------------|-------------|
| | CCFs / Month | Rate / CCF | Monthly | Annual | Rate / CCF | Monthly | Annual | Monthly | Annual | % |
| Member Town - Residential | | | | | | | | | | |
| Water Use Charge | 8.333 | \$ 3.80 | \$ 31.67 | \$ 380.00 | \$ 3.80 | \$ 31.67 | \$ 380.00 | \$ - | \$ - | 0.0% |
| CWPC | 8.333 | \$ 4.25 | \$ 35.42 | \$ 425.00 | \$ 4.33 | \$ 36.08 | \$ 433.00 | \$ 0.67 | \$ 8.00 | 1.9% |
| Water Customer Service Charge | | | \$ 14.98 | \$ 179.76 | | \$ 14.98 | \$ 179.76 | \$ - | \$ - | 0.0% |
| Sewer Customer Service Charge | | | \$ 9.00 | \$ 108.00 | | \$ 9.00 | \$ 108.00 | \$ - | \$ - | 0.0% |
| Total Bill | | | \$ 91.06 | \$ 1,092.76 | | \$ 91.73 | \$ 1,100.76 | \$ 0.67 | \$ 8.00 | 0.7% |
| Non-Member - Residential | | | | | | | | | | |
| Water Used Charge | 8.333 | \$ 3.80 | \$ 31.67 | \$ 380.00 | \$ 3.80 | \$ 31.67 | \$ 380.00 | \$ - | \$ - | 0.0% |
| Customer Service Charge | | | \$ 14.98 | \$ 179.76 | | \$ 14.98 | \$ 179.76 | \$ - | \$ - | 0.0% |
| General Surcharge Outside of District | | | \$ 14.98 | \$ 179.76 | | \$ 14.98 | \$ 179.76 | \$ - | \$ - | 0.0% |
| Total Bill | | | \$ 61.63 | \$ 739.52 | | \$ 61.63 | \$ 739.52 | \$ - | \$ - | 0.0% |



SUPPLEMENTAL INFORMATION:

Water Rate Comparison (typical 5/8" residential meter)

| 2023 | |
|--------------------------------|---------------------------------|
| Water Utility | Water Rate Per CCF (748 gal) |
| Metropolitan District (MDC) | \$3.80 |
| Regional Water Authority (RWA) | \$5.03 |
| Aquarion (Topstone Division) | \$6.87 |
| CT Water | \$8.55 |

| TREND | | |
|-------|--------|--------|
| Year | MDC | RWA |
| 2024 | \$3.80 | \$5.03 |
| 2023 | \$3.80 | \$5.03 |
| 2022 | \$4.09 | \$4.77 |
| 2021 | \$4.05 | \$4.40 |
| 2020 | \$3.97 | \$4.40 |
| 2019 | \$3.50 | \$4.40 |
| 2018 | \$3.14 | \$4.14 |
| 2017 | \$2.77 | \$3.95 |
| 2016 | \$2.66 | \$3.68 |

**BOARD OF FINANCE
SPECIAL MEETING
The Metropolitan District
555 Main Street, Hartford
Wednesday, September 6, 2023**

PRESENT: Commissioners Andrew Adil, Allen Hoffman, Pasquale J. Salemi and District Chairman William DiBella; Citizen Members Linda Russo and Awet Tsegai (6)

**REMOTE
ATTENDANCE:** Commissioner Donald Currey (1)

ABSENT: Citizen Members Drew Iacovazzi and Linda King-Corbin (2)

**ALSO
PRESENT:** Commissioner Jean Holloway
Commissioner Jackie Mandyc
Commissioner Bhupen Patel
Commissioner Alvin Taylor
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel (Remote Attendance)
John S. Mirtle, District Clerk
Robert Barron, Chief Financial Officer
Chris Levesque, Chief Operating Officer
Kelly Shane, Chief Administrative Officer
Susan Negrelli, Director of Engineering
Robert Schwarm, Director of Information Services
Dave Ruddy, Director of Operations
Diana Phay, Treasury Manager (Remote Attendance)
Jeff King, Construction Manager
Carrie Blardo, Assistant to the Chief Executive Officer
Julie Price, Executive Assistant
Dylan Pecego, IT Consultant
Alex Rodriguez, IT Consultant

CALL TO ORDER

Chairperson Salemi called the meeting to order at 4:36 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

No one from the public appeared to be heard.

APPROVAL OF MINUTES

On motion made by Commissioner Adil and duly seconded, the meeting minutes of the Board of Finance meeting of July 10, 2023 were approved.

AUTHORIZATION FOR PROJECT GRANT AGREEMENT CWF 747-PG

To: Board of Finance for consideration on September 6, 2023

Staff seeks approval from your Board to execute and deliver the Project Grant Agreement between the District and the State of Connecticut for CWF No. 747-PG having a grant amount of \$519,949.65.

The Grant will be used to fund planning to complete the preliminary design for the sewer separation projects, in accordance with the Engineering Agreement approved by the Commissioner of the Department of Energy and Environmental Protection dated July 26, 2023.

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 that certain Project Grant Agreement CWF No. 747-PG (the "Agreement") by and between the District and the State of Connecticut (the "State") and deliver said Agreement to the State. Subject to the terms and conditions of the Agreement, the State will provide a Project Grant to the District in an amount of \$519,949.65, or such additional amounts as may be made available thereunder, to fund planning to complete the preliminary design for the sewer separation projects, in accordance with the Engineering Agreement approved by the Commissioner dated July 26, 2023, and all modifications or amendments which are approved by the Commissioner. The prior actions by the Chairman and the District Treasurer in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Agreement.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

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

AUTHORIZATION FOR INTERIM FUNDING OBLIGATION AND/OR PROJECT LOAN AGREEMENT CWF 746-C

To: Board of Finance for consideration on September 6, 2023

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 746-C having a principal amount not to exceed \$7,104,051.15 and having an interest rate of 2.00%.

The low interest loan and accompanying grant of \$7,104,051.15 will fund all labor, equipment, fees, permits, and other related costs necessary for the large diameter rehabilitation program phase II.

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 a Project Loan and Project Grant Agreement CWF No. 746-C (the "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations for CWF No. 746-C in an aggregate amount not to exceed \$7,104,051.15 to fund all labor, equipment, fees, permits, and other related costs necessary for the large diameter rehabilitation program phase II. 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. The prior actions by the Chairman and the District Treasurer in furtherance of this resolution are hereby ratified and confirmed in all respects. 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 Commissioner Adil and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

**AUTHORIZATION FOR AMENDMENT TO INTERIM FUNDING OBLIGATION AND/OR
PROJECT LOAN AGREEMENT CWF 719-C**

To: Board of Finance for consideration on September 6, 2023

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 719-C having a principal amount not to exceed \$11,783,655.52 and having an interest rate of 2.00%.

The low interest loan and accompanying grant of \$2,945,913.88 will fund the upgrade and replacement of the equipment and controls associated with the dissolved air flotation thickening ("DAFT") and the structural rehabilitation and repair of the DAFT tanks at the Hartford WPCF.

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. This resolution amends and restates a resolution of the Board of Finance, passed at a meeting of the Board of Finance held on September 28, 2021.

Section 2. 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 Project Loan and Project Grant Agreement CWF No. 719-C and the First Amendment Agreement CWF No. 719-C1 to be entered into with the State of Connecticut (collectively, the "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations for CWF No. 719-C and CWF No. 719-C1 in an aggregate amount not to exceed \$11,783,655.52 to fund the upgrade and replacement of the equipment and controls associated with dissolved air flotation thickening ("DAFT") and the structural rehabilitation and repair of the DAFT tanks

at the Hartford Water Pollution Control Facility. 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. The prior actions by the Chairman and the District Treasurer in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Agreement.

Section 3. 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 Commissioner Currey and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

RECENT BOND SALE

Chief Financial Officer Robert Barron presented on the recent bond sale.



The Metropolitan District
Hartford, Connecticut

2023 Bond Sale Summary

Agenda Item #7

- \$84.7 million to fund capital improvement projects:
 - \$37.7 million Water
 - \$32.3 million Sewer
 - \$14.7 million Combined (i.e. fleet and facilities)
- Competitive sale of tax-exempt General Obligation bonds
- Process:
 - June 29, 2023 Ratings Presentations (Moody's and Standard & Poor's)
 - July 27, 2023 Bond Sale
 - August 10, 2023 Closing (receipt of funds)

The Metropolitan District, Board of Finance Meeting 09.06.23

1



The Metropolitan District
Hartford, Connecticut

2023 Bond Sale Summary

Agenda Item #7

- Ratings upgrades two years in a row:
 - 2023 Moody's upgraded its Aa3 rating to Aa2 on MDC's GO bonds
 - 2022 S&P upgraded its AA- rating to AA on MDC's Revenue bonds
- Cost of borrowing only increased 1/10th of 1% from 2022's issue while during the same period the short-term Fed Funds rate increased 3% from 2.5% to 5.5%

| | | | | | | * | ** | |
|---|----------------|--------|--------------------|-------------|---------------|-----------|--------|---------------|
| Price Date | GO Rating | Issuer | Type | Sale | Amount Raised | Avg. Life | TIC | AIC |
| 08/16/22 | AA/ Aa3 | MDC | General Obligation | Competitive | \$86,200,000 | 11.974 | 3.292% | 3.319% |
| 07/27/23 | AA/ Aa2 | MDC | General Obligation | Competitive | \$84,755,000 | 12.043 | 3.389% | 3.419% |
| | | | | | | | 0.097% | 0.100% |
| * Included Underwriter's take-down | | | | | | | | |
| ** Includes Underwriter's take-down and all Costs of Issuance | | | | | | | | |

- For the second year in a row the MDC, double-A rated, achieved a lower cost of borrowing utilizing a competitive sale than a triple-A rated community utilizing a negotiated sale. Both years had similar sized debt issues selling within 10 days of each other.

The Metropolitan District, Board of Finance Meeting 09.06.23

2



The Metropolitan District
Hartford, Connecticut

2023 Bond Sale Summary

Agenda Item #7

- Our debt remains popular in the market with 10 or more bidders in each of the last two years:

| BIDDERS | Issue of 2023 | | Issue of 2022 | |
|----------------------------------|---------------|--|---------------|--|
| | \$84.8M GO | | \$86.2M GO | |
| J.P. Morgan Securities LLC | 1 | | 8 | |
| Raymond James & Associates, Inc. | 2 | | 11 | |
| FHN Financial Capital Markets | 3 | | 9 | |
| Citigroup Global Markets Inc. | 4 | | 2 | |
| Janney Montgomery Scott LLC | 5 | | 5 | |
| Mesirow Financial, Inc. | 6 | | 1 | |
| BofA Securities | 7 | | 3 | |
| UBS Financial Services Inc. | 8 | | | |
| Piper Sandler & Co | 9 | | 6 | |
| KeyBanc Capital Markets | 10 | | | |
| Wells Fargo Bank, National Assn. | 11 | | 7 | |
| Robert W. Baird & Co., Inc. | 12 | | 4 | |
| Jefferies LLC | | | 10 | |

- We've maintained significant Cost of Issuance reductions from 2021's \$344 thousand for August's general obligation and \$537 thousand from November's revenue negotiated sales:

| COST OF ISSUANCE | 2023 | 2022 | \$VAR | %VAR |
|---------------------------------------|---------------------|----------------------|----------------------|--------------|
| Moody's Rating Fee | \$ 44,500.00 | \$ 46,000.00 | \$ (1,500.00) | -3.3% |
| S&P Rating Fee | \$ 43,700.00 | \$ 49,400.00 | \$ (5,700.00) | -11.5% |
| Bond Counsel (Shipman & Goodwin) | \$ 53,000.00 | \$ 53,493.45 | \$ (493.45) | -0.9% |
| Municipal Advisor (Munistat) | \$ 53,000.00 | \$ 52,066.00 | \$ 934.00 | 1.8% |
| Registrar/Paying Agent (US Bank) | \$ 5,500.00 | \$ 5,250.00 | \$ 250.00 | 4.8% |
| Bond Buyer Ad for NOS (Arizent) | \$ 500.00 | \$ 500.00 | \$ - | 0.0% |
| MuniOS (posting of POS/OS & printing) | \$ 2,500.00 | \$ 2,890.32 | \$ (390.32) | -13.5% |
| Paid COI Subtotal | \$202,700.00 | \$ 209,599.77 | \$ (6,899.77) | -3.3% |

The Metropolitan District, Board of Finance Meeting 09.06.23

3

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

No one from the public appeared to be heard.

COMMISSIONER REQUESTS FOR FUTURE AGENDA ITEMS

Chief Executive Scott Jellison stated that at the Water Bureau meeting held on August 30th it was discussed that there should be a joint Water Bureau and Board of Finance meeting in the near future to discuss the Raw Water Master Plan.

ADJOURNMENT

The meeting was adjourned at 4:58 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval