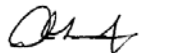


**MUNICIPAL ACCOUNTABILITY REVIEW BOARD**

MEMORANDUM

TO: Members of the Municipal Accountability Recovery Board (MARB)

FROM: Alison Fisher, OPM 

SUBJECT: West Haven Subcommittee Update; Evaluation of Compliance with MARB Resolution of May 3, 2018

DATE: June 6, 2018

In advance of Thursday’s meeting, OPM staff wanted to update the full Board on the activities of the West Haven MARB Subcommittee regarding the City of West Haven’s compliance with the MARB resolution of May 3, 2018. At their meeting yesterday, the West Haven subcommittee reviewed the following list of attached documents and the staff status report provided below related to the May 3<sup>rd</sup> resolution requirements. The committee’s findings will be reported at tomorrow’s full MARB meeting.

- 1) MARB May 3, 2018 Resolution Package
- 2) Summary of City Council Budget Changes, as approved by the Council on May 29, 2018
- 3) Details Regarding City Council Budget Changes
- 4) MARB Budget Documentation Requirements
- 5) Documentation sent to OPM in Response to Documentation Requirements

As a result of staff analysis, please find below a table summarizing our findings as they relate to the compliance with the MARB Resolution.

<b>Resolution Requirement</b>	<b>Status</b>	<b>Status Detail</b>
Tax revenue collection assumptions for FY 2018-19		Received and appears sufficient
Restructuring funds for FY 2018-19 are changed to \$8.0m for operating purposes, \$1.75m for prior year deficit reduction, and \$250k for MARB-related expenses		Completed and is adequately reflected in amended FY 2018-19 budget; need to ensure restrictions as to their use (MARB approval required)
Transfers to and from the Sewer Fund in the proposed FY2018-19 budget		FY17 Audit indicates fund balance deficit reduced from \$1.5 million to \$75,000
Sufficient budgets for pension, debt service		Completed and is adequately reflected in amended FY 2018-19 budget
Allingtown Fire Department budget is balanced		Completed and appears adequately reflected in amended FY 2018-19 budget
Handling/budgeting for Education Cost Sharing funds (as an Alliance District)		Information received but not sufficient to determine if ECS is appropriately budgeted or handled
Health Insurance Projections		Information received but more documentation and clarification required

Deficit in FY 2016-17 audit		Information received but still in draft form
<p>FY 2018-19 amended budget meets MARB budget review criteria as listed below.</p> <ol style="list-style-type: none"> <li>1. The reasonableness of the assumptions utilized with respect to expenditures and revenues.</li> <li>2. the overall balance and imbalance of expenditures and revenues;</li> <li>3. the achievability of efficiency measures included in the recommended budget;</li> <li>4. its impact on the municipality's long-term liabilities and the municipality's most current three-year financial plan; and</li> <li>5. any other issues or matters that would impact, in the MARB's opinion, the municipality's financial sustainability and vitality.</li> </ol>		<p>See "MARB Budget Documentation Requirements" schedule for details. Issues of concern include:</p> <ul style="list-style-type: none"> <li>• Recycling savings</li> <li>• Street Lighting (information from UI provided)</li> <li>• Worker's Compensation</li> <li>• 401k, FICA</li> <li>• Building Permits</li> <li>• Changes to Contingency</li> </ul>
Deficit mitigation plan for FY 2017-18		Need updated projections
5 Year Plan		Not received
Application for Municipal Restructuring Funds for FY2017-18 and/or FY 2018-19		Not received

Please contact myself or Robert Dakers if you have any questions in this regard.

Attachments:

- MARB May 3, 2018 Resolution Package
- Summary of City Council Budget Changes, as approved by the Council on May 29, 2018
- Details Regarding City Council Budget Changes
- MARB Budget Documentation Requirements
- Documentation sent to OPM in Response to Documentation Requirements

Cc: Mayor Nancy Rossi, West Haven  
Linda Savitsky, Acting Director Finance, West Haven

**West Haven Budget Issues: Need for Additional Documentation** 5/30/2018 **City Comments and MARB Staff Questions**  
 The 5/3/18 MARB resolution conditioned MARB approval of the budget upon receipt and MARB acceptance of documentation that all of the resolution's conditions have been met.  
**The line items and issues for which more documentation and analysis is required are indicated below (in italics)**

Expenditures	Unaudited			FY18 YTD	Mayor's Budget		Amended	Comments	MARB Staff Coments/Questions
	FY16 Actual	FY17 Actual	Budget FY18	31-Mar	Projected FY18	FY19	Budget FY19		
Recycling Pickup	\$ 444,223	\$ 456,313	\$ 469,900	\$ 350,316	\$ 469,900	\$ 469,900	\$ 249,900	<i>Need documentation</i>	(220,000) <b>Reduced collection cycle from weekly to bi-monthly; RFP in process.</b> 1) What is the breakdown of the current costs of approx \$469,000 annually? Is this a contracted service for pickup or does City staff do collection? Please provide a breakdown of current costs for weekly pick-up, and projected costs for bi-monthly pick-up. 2) What is the schedule for the RFP and the movement to bi-monthly? When do you anticipate this will go into effect? Are the savings prorated accordingly? Are there any startup costs (e.g. equipment) associated with this change?
Street Lighting	\$ 968,070	\$ 935,235	\$ 775,000	\$ 625,069	\$ 875,000	\$ 725,000	\$ 600,000	<i>Documentation submitted</i>	(125,000) <b>Previously provided. City is self-insured; anticipated savings based on full review of TPA .</b> 1) Have all the lights been converted? 2) Are monthly costs meeting expectations? 3) Are there any conversion costs for City or is UI financing through the rates?
Worker's Comp Prem	\$ 1,776,688	\$ 1,892,170	\$ 1,600,000	\$ 1,330,999	\$ 1,700,000	\$ 1,600,000	\$ 1,500,000	<i>Need documentation</i>	(100,000) <b>Reduction in work-force; see "401k_FICA" tab. Reduction in work-force; see "401k_FICA" tab. Anticipated savings from bank consolidation.</b> 1) What is/are the primary cause(s) for the savings? 2) Can you provide us with a copy of the review done by the TPA? 1) Were these positions filled and now vacant? If so, when did they become vacant? Have overall monthly costs come down? 2) If not vacant yet, when will they become vacant? Are there any costs associated with sick leave and vacation payments and Unemployment Comp? 3) Are all these positions eligible for 401k and Social Security? Does the City contribute 8% for all employees for 401K?
401K City	\$ 862,756	\$ 970,532	\$ 1,034,000	\$ 873,521	\$ 1,184,999	\$ 1,200,000	\$ 1,100,000	<i>Need documentation</i>	(100,000) <b>Reduction in work-force; see "401k_FICA" tab. Reduction in work-force; see "401k_FICA" tab. Anticipated savings from bank consolidation.</b> Same as above
FICA City	\$ 1,255,471	\$ 1,345,833	\$ 1,365,600	\$ 1,014,412	\$ 1,365,500	\$ 1,366,000	\$ 1,336,000	<i>Need documentation</i>	(30,000) <b>Anticipated savings from bank consolidation.</b> Has the consolidation occurred? If yes (or no), when?
Bank Fees	\$ 73,338	\$ 63,389	\$ 70,000	\$ 49,502	\$ 70,000	\$ 70,000	\$ 50,000	<i>Need documentation</i>	(20,000) <b>Overly conservative estimate as potential stop-loss reimbursement not included; see "HEALTH INSURANCE PREM" line in "EXP-DETAIL" tab.</b> 1)What is the final Health Insurance Premium account amount in the FY17 Audit? Is it higher than the \$8,617,110 Unaudited Amount for FY17 indicated in the City's FY19 budget? 2) Does the City have aggregate stop loss or individual stop loss? What are the limits in this regard and the expected impact on the City's FY18 final spending in this account? Your current projection for FY18? 3) What is the total of the administrative fees projected for FY19 and are these fees in the \$9,068,208 FY19 projection? The cost of stop loss? 4) Does the \$9,068,208 include an assumed health inflation rate and, if so, what is assumed?
Health Insur Prem*	\$ 9,499,974	\$ 8,617,110	\$ 7,943,738	\$ 7,954,249	\$ 10,400,000	\$ 9,583,092	\$ 9,850,000	<i>Need documentation</i>	\$ 266,908 <b>Overly conservative estimate as potential stop-loss reimbursement not included; see "HEALTH INSURANCE PREM" line in "EXP-DETAIL" tab.</b>

\*Unaudited numbers for FY17 indicated a \$956,650 over budget amount for Health Insurance Premium; however, draft audit indicates a \$1.6m overage for "Pensions & Hospitalizations"  
 The amended budget indicates that \$227,408 is for Health Insurance Premium but also references "Contingency"; Need to Clarify that and the \$26,000 amount

Revenues	Unaudited			FY18 YTD	Mayor's Budget		Amended	Comments	MARB Staff Coments/Questions
	FY16 Actual	FY17 Actual	Budget FY18	31-Mar	Projected FY18	FY19	Budget FY19		
Building Permits	\$ 946,399	\$ 759,930	\$ 1,025,000	\$ 634,439	\$ 1,025,000	\$ 1,025,000	\$ 1,225,000	<i>Need documentation</i>	\$ 200,000 <b>Development projects, see "Bldg Permits" tab. Development projects, see "Bldg Permits" tab. Development projects, see "Bldg Permits" tab. Increased cash balances due to deficit bond. YTD Apr/18 interest income = \$115K</b> The City has in FY16 and FY17 received between \$1.1 and \$1.3m for these 3 permit categories on between \$51 to \$56 in construction value. The budget is projecting an increase up to \$1.595 million for FY19 based on UNH project. Does the Building Inspector believe that the projected permit revenue for UNH and overall will be realized in FY19?
Electrical Permits	\$ 99,198	\$ 134,882	\$ 150,000	\$ 117,032	\$ 150,000	\$ 150,000	\$ 160,000	<i>Need documentation</i>	\$ 10,000 <b>Development projects, see "Bldg Permits" tab. Increased cash balances due to deficit bond. YTD Apr/18 interest income = \$115K</b> Does the \$115k YTD April amount all belong to the General Fund? Is this related largely to the deficit borrowing? If not, what is it?
Plumb/Heating Per	\$ 166,951	\$ 172,270	\$ 215,000	\$ 42,471	\$ 150,000	\$ 200,000	\$ 210,000	<i>Need documentation</i>	\$ 10,000 <b>Development projects, see "Bldg Permits" tab. Increased cash balances due to deficit bond. YTD Apr/18 interest income = \$115K</b>
Invest Gen Fund	\$ 3,946	\$ 7,199	\$ 5,000	\$ 107,190	\$ 36,000	\$ 5,000	\$ 55,000	<i>Need documentation</i>	\$ 50,000 <b>Development projects, see "Bldg Permits" tab. Increased cash balances due to deficit bond. YTD Apr/18 interest income = \$115K</b>

Education: Need to review compliance with Alliance District requirements										
	FY12	FY13	FY14	FY15	FY16	FY17	FY18**	OFA FY19	Amended Budget FY19	
Education Cost Sharing*	\$ 41,399,303	\$ 42,781,151	\$ 44,209,129	\$ 45,496,942	\$ 45,994,046	\$ 45,140,487	\$ 44,899,746	\$ 45,803,715	\$ 45,140,487	\$ (240,741)
Alliance Portion*		\$ 1,381,848	\$ 2,809,826	\$ 4,097,639	\$ 4,594,743	\$ 3,741,184	\$ 3,741,184	\$ 4,404,412	\$ 3,741,184	\$ -
Non-Alliance Portion*		\$ 41,399,303	\$ 41,399,303	\$ 41,399,303	\$ 41,399,303	\$ 41,399,303	\$ 41,148,562	\$ 41,399,303	\$ 41,399,303	\$ (250,741)
*From State SDE							**OFA Post Holdback: \$44,894,871			
							Estimates			
City BOE Appropriation	\$ 81,924,049	\$82,424,049	\$ 85,134,756	\$ 86,359,981	\$ 87,769,908	\$ 89,626,581	\$ 89,626,581	\$ 89,969,421	\$ 89,960,421	
City Budget ECS Revenue		\$41,399,303	\$ 44,406,627	\$ 45,387,212	\$ 45,496,942	\$ 45,994,046	\$ 41,558,928	\$ 45,140,487	\$ 45,140,487	

Page 2  
Contingency

Health Care Runoff	\$ 100,000	<i>Are these two lines offsetting?</i>
Unallocated Contingency	\$ (100,000)	<i>Are these two lines offsetting?</i>
Furlough Day	\$ (73,000)	<i>Why is this savings taken out of contingency; it should be its own line item?</i>
Unallocated Contingency(5)	\$ (50,000)	<i>Reduces an already small contingency</i>
Library	\$ 25,000	
MARB Deficit Reduction	\$ 1,750,000	<i>Restricted</i>
MARB Expenses	\$ 250,000	<i>Restricted</i>
	\$ 1,902,000	<i>\$1,952,000??</i>

Yes, per conversation with Alison on 5/31/18  
Yes, per conversation with Alison on 5/31/18

Yes, for Actual for reporting. OK as is - \$50K offset in Healthcare; see "HEALTH INSURANCE PREM" line in "EXP-DETAIL" tab.

<b>Sewer Fund</b>	<u>FY 16 Audit</u>	<u>FY17 Unaudited</u>	<u>FY17 Audited</u>	FY19 Budget	
Beginning Fund Balance	\$ (1,851,354)	\$ (1,556,716)	\$ (1,556,716)		
Revs over Expends	\$ 1,735,406	\$ 1,480,676	\$ 2,861,811		
Transfer to Gen Fund	\$ (1,440,768)	\$ (1,381,086)	\$ (1,381,086)	\$ (1,063,000)	<i>Does the the Sewer Fund have this amount budgeted (\$1,063,000) and where?</i>
Ending Fund Balance	\$ (1,556,716)	\$ (1,457,126)	\$ (75,991)		


MARB Staff Question Comments

See "Sewer" tab.

Need excess of revenues over expenditures of \$1,063,000 to cover? Was sewer fund deficit part of deficit financing?

**STATE OF CONNECTICUT**  
**MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)**

**MEMORANDUM**

TO: Members of the MARB  
FROM: Robert Dakers, OPM   
SUBJECT: Proposed Bond Ordinance-West Haven  
DATE: June 6, 2018

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According to Public Act 17-2, the MARB, for Tier III municipalities, shall review and comment on proposed debt issuances not involving refunding bonds. Attached is proposed bond ordinance to fund projects (as listed in Exhibit A) totaling \$8,754,000. The projected debt service schedules are also attached. The debt service costs related to this bond issuance are included in the City's amended budget. A portion of the amount to be funded under the ordinance are part of a consent to decree related to water pollution control projects.

Please contact me with any questions in this regard.

Cc: Mayor Nancy Rossi  
Linda Savitsky, Acting Director of Finance, West Haven

**EXHIBIT A**

<b><u>Project Description</u></b>	<b><u>2015/2016 Capital Budget Appropriation</u></b>	<b><u>2016/2017 Capital Budget Appropriation</u></b>	<b><u>2017/2018 Capital Budget Appropriation</u></b>	<b><u>Total Bond Authorization</u></b>
<b><u>Public Works:</u></b>				
Beach Street Reconstruction Phase I & II*			\$ 50,000	\$ 50,000
Cove River Flood Mitigation			50,000	50,000
Storm Sewers Decree – MS4			250,000	250,000
Street Paving	\$800,000	\$800,000	800,000	2,400,000
<b><u>Water Pollution Control Authority</u></b>				
Sewer Pump Station Upgrades			4,079,000	4,079,000
Consent Decree Order - EPA			725,000	725,000
<b><u>Board of Education:</u></b>				
Restoration Upgrades at Carrigan			\$1,200,000	\$1,200,000
<b>TOTAL:</b>	<b><u>\$800,000</u></b>	<b><u>\$800,000</u></b>	<b><u>\$7,154,000</u></b>	<b><u>\$8,754,000</u></b>

**CITY OF WEST HAVEN**

**Proposed New Debt Service - FY 2017-18 CIP  
New BANs & Bond 2018 - \$8,754,000**

Fiscal Year	Proposed \$8.7M BAN - FY 17-18 CIP			Proposed \$8.7M Bond - FY 17-18 CIP			Total Proposed Debt Service		
	Principal	Interest	P&I	Principal	Interest	P&I	Principal	Interest	P&I
2018-19	\$ -	\$ 109,425	\$ 109,425	\$ -	\$ 177,816	\$ 177,816	\$ -	\$ 287,241	\$ 287,241
2019-20	-	-	-	-	393,930	393,930	-	393,930	393,930
2020-21	-	-	-	464,000	383,490	847,490	464,000	383,490	847,490
2021-22	-	-	-	465,000	362,588	827,588	465,000	362,588	827,588
2022-23	-	-	-	465,000	341,663	806,663	465,000	341,663	806,663
2023-24	-	-	-	460,000	320,850	780,850	460,000	320,850	780,850
2024-25	-	-	-	460,000	300,150	760,150	460,000	300,150	760,150
2025-26	-	-	-	460,000	279,450	739,450	460,000	279,450	739,450
2026-27	-	-	-	460,000	258,750	718,750	460,000	258,750	718,750
2027-28	-	-	-	460,000	238,050	698,050	460,000	238,050	698,050
2028-29	-	-	-	460,000	217,350	677,350	460,000	217,350	677,350
2029-30	-	-	-	460,000	196,650	656,650	460,000	196,650	656,650
2030-31	-	-	-	460,000	175,950	635,950	460,000	175,950	635,950
2031-32	-	-	-	460,000	155,250	615,250	460,000	155,250	615,250
2032-33	-	-	-	460,000	134,550	594,550	460,000	134,550	594,550
2033-34	-	-	-	460,000	113,850	573,850	460,000	113,850	573,850
2034-35	-	-	-	460,000	93,150	553,150	460,000	93,150	553,150
2035-36	-	-	-	460,000	72,450	532,450	460,000	72,450	532,450
2036-37	-	-	-	460,000	51,750	511,750	460,000	51,750	511,750
2037-38	-	-	-	460,000	31,050	491,050	460,000	31,050	491,050
2038-39	-	-	-	460,000	10,350	470,350	460,000	10,350	470,350
	\$ -	\$ 109,425	\$ 109,425	\$ 8,754,000	\$ 4,309,086	\$ 13,063,086	\$ 8,754,000	\$ 4,418,511	\$ 13,172,511

**CITY OF WEST HAVEN, CONNECTICUT**  
**Existing & Proposed Debt Service (FY 17-18 CIP)**  
**General Fund - Bonded Debt & CWF Loans**

Fiscal Year	Existing GF Bonded Debt			Existing CWF loans paid by the GF			Existing BANS			Proposed Debt Service - FY 17-18 CIP			Total - Existing & Proposed		
	Principal	Interest	P&I	Principal	Interest	P&I	Principal	Interest	P&I	Principal	Interest	P&I	Principal	Interest	P&I
2018-19	\$ 14,325,000	\$ 3,884,908	\$ 18,209,908	\$ 683,415	\$ 33,285	\$ 716,700	\$ -	\$ -	\$ -	\$ -	\$ 287,241	\$ 287,241	\$ 15,008,415	\$ 4,205,434	\$ 19,213,849
2019-20	14,470,000	3,369,952	17,839,952	639,088	19,788	658,875	-	-	-	393,930	393,930	393,930	15,109,088	3,783,669	18,892,757
2020-21	13,525,000	2,816,014	16,341,014	352,211	8,917	361,128	464,000	383,490	847,490	320,850	320,850	320,850	14,341,211	3,208,421	17,549,632
2021-22	13,765,000	2,222,649	15,987,649	200,476	4,204	204,680	465,000	362,588	827,588	341,663	341,663	341,663	14,430,476	2,589,440	17,019,916
2022-23	5,805,000	1,652,401	7,457,401	101,362	592	101,954	465,000	320,850	780,850	320,850	320,850	320,850	6,371,362	1,994,656	8,366,018
2023-24	7,200,000	1,326,339	8,526,339	-	-	-	460,000	300,150	760,150	300,150	300,150	300,150	7,660,000	1,647,189	9,307,189
2024-25	7,240,000	964,511	8,204,511	-	-	-	460,000	279,450	739,450	300,150	300,150	300,150	7,700,000	1,264,861	8,964,861
2025-26	4,945,000	649,406	5,594,406	-	-	-	460,000	258,750	718,750	279,450	279,450	279,450	5,405,000	928,856	6,333,856
2026-27	2,975,000	456,513	3,431,513	-	-	-	460,000	238,050	698,050	238,050	238,050	238,050	3,435,000	715,263	4,150,263
2027-28	2,640,000	324,700	2,964,700	-	-	-	460,000	217,350	677,350	217,350	217,350	217,350	3,100,000	562,750	3,662,750
2028-29	715,000	247,491	962,491	-	-	-	460,000	196,650	656,650	196,650	196,650	196,650	1,175,000	464,841	1,639,841
2029-30	715,000	217,913	932,913	-	-	-	460,000	175,950	635,950	175,950	175,950	175,950	1,160,000	363,350	1,523,350
2030-31	700,000	187,400	887,400	-	-	-	460,000	155,250	615,250	155,250	155,250	155,250	1,160,000	311,450	1,471,450
2031-32	700,000	156,200	856,200	-	-	-	460,000	134,550	594,550	134,550	134,550	134,550	1,160,000	259,550	1,419,550
2032-33	700,000	125,000	825,000	-	-	-	460,000	113,850	573,850	113,850	113,850	113,850	1,160,000	207,650	1,367,650
2033-34	700,000	93,800	793,800	-	-	-	460,000	93,150	553,150	93,150	93,150	93,150	1,135,000	156,250	1,291,250
2034-35	675,000	63,100	738,100	-	-	-	460,000	72,450	532,450	72,450	72,450	72,450	780,000	112,450	892,450
2035-36	320,000	40,000	360,000	-	-	-	460,000	51,750	511,750	51,750	51,750	51,750	780,000	75,750	855,750
2036-37	320,000	24,000	344,000	-	-	-	460,000	31,050	491,050	31,050	31,050	31,050	780,000	39,050	819,050
2037-38	320,000	8,000	328,000	-	-	-	460,000	10,350	470,350	10,350	10,350	10,350	460,000	10,350	470,350
2038-39	\$ 92,755,000	\$ 18,830,296	\$ 111,585,296	\$ 1,976,553	\$ 66,785	\$ 2,043,338	\$ 8,754,000	\$ 4,418,511	\$ 13,172,511	\$ 4,418,511	\$ 4,418,511	\$ 13,172,511	\$ 103,485,553	\$ 23,315,593	\$ 126,801,145

1 - The City currently has a \$9M BAN outstanding for the WHHS project, maturing on 10/2/18. The \$157,421.50 of BAN interest will be capitalized and charged to the project rather than the General Fund.



**AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$8,754,000 BONDS PLUS ADDITIONAL FINANCING COSTS OF THE CITY TO MEET CERTAIN 2015/2016, 2016/2017 AND 2017/2018 CAPITAL BUDGET APPROPRIATIONS, AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE**

**WHEREAS**, the City Council of the City of West Haven (the “City”) has previously adopted the City’s 2015/2016 Capital Budget, as amended from time to time (the “2015/2016 Capital Budget”); and

**WHEREAS**, the City desires to finance a portion of the City’s 2015/2016 Capital Budget in an amount up to \$800,000 as shown on Exhibit A attached hereto; and

**WHEREAS**, the City Council of the City has previously adopted the City’s 2016/2017 Capital Budget, as amended from time to time (the “2016/2017 Capital Budget”); and

**WHEREAS**, the City desires to finance a portion of the City’s 2016/2017 Capital Budget in an amount up to \$800,000 as shown on Exhibit A attached hereto; and

**WHEREAS**, the City Council of the City has previously adopted the City’s 2017/2018 Capital Budget, as amended from time to time (the “2017/2018 Capital Budget”); and

**WHEREAS**, the City desires to finance a portion of the City’s 2017/2018 Capital Budget in an amount up to \$7,154,000 as shown on Exhibit A attached hereto; and

**WHEREAS**, the City Council has determined to authorize bonding for certain capital projects included in the 2015/2016 Capital Budget, the 2016/2017 Capital Budget and the 2017/2018 Capital Budget; and now therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WEST HAVEN:**

Section 1. The sums set opposite the capital projects hereinafter listed in Exhibit A attached hereto (as may be more fully described in the narrative description of such improvements in the 2015/2016 Capital Budget, the 2016/2017 Capital Budget and the 2017/2018 Capital Budget of the City, hereafter the “Projects”) are hereby appropriated to meet the costs thereof or so much thereof as may be accomplished within said appropriation, and for architectural, design, engineering, hydraulic, site acquisition, development, demolition and disposal, environmental studies, surveying, infrastructure improvements, paving, material, utility charges, data systems, furniture and fixtures, equipment, testing, insurance, training, administrative, advertising, printing, legal, other consultant fees, and any appurtenances related to the Projects, as well as the cost of the establishment and maintenance of any reserve pursuant to Chapter 109, Chapter 117 and other chapters of the General Statutes of Connecticut, as amended (the “Connecticut Statutes”). Said appropriations to be inclusive of any and all Federal and State grants-in-aid thereof.

Section 2. To meet said appropriations, \$8,754,000 bonds or other obligations of the City (in the amounts set forth in Exhibit A attached hereto) plus an additional amount for all necessary and appropriate financing costs not in excess of three percent of the cost of the Projects, or so much thereof as may be necessary for said purpose (the “Bonds”), may be issued,

maturing not later than the twentieth year after their date, or such later date as may be allowed by law. The Bonds may be issued in one or more series as shall be determined by the Mayor, City Treasurer, and the Director of Finance (collectively, the "Bond Committee"), and the amount of Bonds of each series to be issued shall be fixed by a majority of the Bond Committee. The Bonds shall be issued in an amount up to the City's share of the cost of the Projects determined after considering the estimated amount of any State and Federal grants in aid for the Projects, or the actual amount thereof if such amount is ascertainable, and the anticipated times of receipt thereof, provided that the total amount of Bonds to be issued shall not be less than an amount which will provide funds sufficient, with other funds available for such purpose, to pay the principal of and the interest on all outstanding temporary borrowings issued in anticipation of the receipt of the proceeds of said Bonds, and any administrative, printing and legal costs of issuing the Bonds as determined by a majority of the Bond Committee. The Bonds shall be in the denomination of \$1,000 or a whole multiple thereof, be issued in bearer form or in fully registered form, be executed in the name and on behalf of the City by the manual or facsimile signatures of a majority of the Bond Committee, bear the City seal or a facsimile thereof, be certified by a bank or trust company designated by a majority of the Bond Committee, which bank or trust company may be designated the registrar and transfer agent, be payable at a bank or trust company designated by a majority of the Bond Committee and be approved as to their legality by the City's bond counsel. The Bonds shall bear such rate or rates of interest as shall be determined by a majority of the Bond Committee. The Bonds shall be general obligations of the City and shall comply with all requirements of law, including any debt limit, relating to the authorization or issuance of such Bonds. The Bonds may also be secured as to both principal and interest, to the extent permitted by law, by a pledge of certain revenues or benefit assessments or both. The aggregate principal amount of the Bonds, installments of principal, redemption provisions, if any, the date, time of issue and sale and other terms, details and particulars of such Bonds, including any repayment agreements or memoranda of understanding, or whether any of the Bonds will be issued as taxable bonds, shall be determined by a majority of the Bond Committee, in accordance with the requirements of the Connecticut Statutes.

Section 3. In connection with the issuance of any bonds or notes authorized herein (collectively, the "Obligations"), the City, as determined by a majority of the Bond Committee, may exercise any power delegated to municipalities pursuant to the Connecticut Statutes, including the authority to establish credit facilities and to enter into agreements managing interest rate risk. The City, as determined by a majority of the Bond Committee, shall have all appropriate powers under the Connecticut Statutes, including Chapter 748 (Registered Public Obligations Act), Chapter 173 (School Building Projects), Chapter 446k (Water Pollution Control) and Chapter 109 (Municipal Bond Issues), to issue, sell and deliver the Obligations and, further, shall have the full power and authority to do all that is required under the Internal Revenue Code of 1986, as amended, and other applicable laws and regulations of the United States, to provide for issuance of the Obligations in tax exempt form and to meet all requirements which are or may become necessary in and subsequent to the issuance and delivery of the Obligations in order that the interest on the Obligations be and remain exempt from Federal income taxes, including, without limitation, to covenant and agree to restriction on investment yield of bond proceeds, rebate of arbitrage earnings, and expenditure of proceeds within required time limitations. In order to meet the capital cash flow expenditure needs of the City, a majority of the Bond Committee is authorized to collectively allocate and reallocate expenditures incurred for the Projects to any bonds or notes of the City outstanding as of the date of such allocation, and the bonds or notes to which such expenditures have been allocated shall be deemed to have been issued for such purpose, including the bonds and notes herein authorized.

Section 4. Said Bonds shall be sold in a competitive offering or by negotiation as determined by a majority of the Bond Committee. If sold at competitive offering, the Bonds shall be sold by a majority of the Bond Committee at not less than par and accrued interest on the basis of the lowest net or true interest cost to the City, by sealed proposals, auction, or other comparative method. If the Bonds are sold by negotiation, the purchase contract shall be signed by a majority of the Bond Committee. With respect to the receipt of original issuance premium or bid premium upon the sale of the bonds or notes herein authorized, the City is authorized, but not required, to apply original issuance premium and bid premium, if applicable, to fund future debt service payments on the City's bonds and notes or to fund any purpose for which bonds of the City are authorized to be issued, and such application shall reduce the amount of authorized and unissued bonds for the purpose to which the premium was applied, in the amount so applied.

Section 5. Said Bonds may be secured by the City's property taxes, including interest, penalties and related charges, pursuant to Chapter 117 and other chapters of the Connecticut Statutes, and, if deemed necessary or appropriate and in the City's best interest by a majority of the Bond Committee, the Bond Committee, on behalf of the City, is hereby authorized: (i) to establish a property tax intercept procedure and a debt service payment fund pursuant to Chapter 117 of the Connecticut Statutes, §7-560 et seq., and other Chapters of the Connecticut Statutes, on such terms as a majority of the Bond Committee deem necessary or appropriate, and (ii) to take all further actions which a majority of the Bond Committee deem necessary or appropriate to so secure the Bonds or which are contemplated by law. A majority of the Bond Committee, if they determine it to be advisable, necessary or appropriate, is authorized, on behalf of the City, to enter into an indenture of trust and/or a supplemental indenture of trust to any existing indenture of the City (collectively, the "Indenture") with a bank or trust company located within or without the State of Connecticut (the "Trustee"), and to covenant: (i) if the Bonds are issued pursuant to such Indenture that all or a portion of the City's property taxes shall be paid to the Trustee and be held in trust for the benefit of the holders of the Bonds as provided in Chapter 117 and other Chapters of the Connecticut Statutes, and (ii) the terms on which any payments or reserves securing the payment of the Bonds will be paid, and the terms of any reserve or other fund for the benefit of the holders of the Bonds; and, in any event, to amend or supplement the Indenture containing such terms and conditions as a majority of the Bond Committee shall determine to be necessary or advisable and in the best interest of the City, the execution thereof to be conclusive evidence of such determination.

Section 6. The issue of the Obligations aforesaid and of all other bonds or notes of the City heretofore authorized but not yet issued, as of the effective date of this Ordinance, would not cause the indebtedness of the City to exceed any debt limit calculated in accordance with law.

Section 7. The City is authorized to make temporary borrowings in anticipation of the receipt of the proceeds of any series of said Bonds or any anticipated amounts of State and Federal grants in aid for the Projects. Notes evidencing such borrowings shall be signed by the manual or facsimile signatures of a majority of the Bond Committee, have the seal of the City or a facsimile thereof affixed, be payable at a bank or trust company designated by a majority of the Bond Committee, be certified by a bank or trust company designated by a majority of the Bond Committee, pursuant to Section 7-373 of the Connecticut Statutes, and be approved as to their legality by the City's bond counsel. Notes shall be sold in competitive offering or by negotiation as determined by a majority of the Bond Committee. If sold in a competitive offering, the notes shall be sold by a majority of the Bond Committee at not less than par and accrued interest on the basis of the lowest net or true interest cost to the City, by sealed proposals, auction or other comparative method. If the notes are sold by negotiation, the purchase contract shall be signed

by a majority of the Bond Committee. The notes shall be issued with maturity dates which comply with the provisions of the Connecticut Statutes that govern the issuance of such notes. The notes shall be general obligations of the City and shall comply with all requirements of law, including any debt limit, relating to the authorization or issuance of such notes. The net interest cost on such notes, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said Bonds, shall be included as a cost of the Projects. Upon the sale of said Bonds the proceeds thereof, to the extent required, shall be applied forthwith to the payment of the principal of and the interest on any such temporary borrowings then outstanding or shall be deposited with a bank or trust company in trust for such purpose. The City is also authorized to issue notes in anticipation of the receipt of grants, if applicable, and a majority of the Bond Committee shall determine the terms and conditions of such issuance.

Section 8. (a) In the case of the capital project set forth in Exhibit A under the heading “Water Pollution Control Authority – Sewer Pump Station Upgrades” (the “Pump Station Project”), \$4,079,000 of interim funding obligations and project loan obligations or any other obligations of the City evidencing an obligation to repay any portion of the costs of the Pump Station Project determined by the State of Connecticut Department of Energy and Environmental Protection, Public Health or other department as applicable to be eligible for funding under Section 22a-475 et seq. of the Connecticut General Statutes, as the same may be amended from time to time (the “Clean Water Fund Program”) plus an additional amount for all necessary and appropriate financing costs not in excess of three percent of the cost of the Pump Station Project, or so much thereof as may be necessary for said purpose (the “Clean Water Fund Obligations”), may be issued, maturing not later than the twentieth year after their date, or such later date as may be allowed by law. The Clean Water Fund Obligations may be issued in one or more series as shall be determined by the Bond Committee, and the amount of Clean Water Fund Obligations of each series to be issued shall be fixed by a majority of the Bond Committee. The Clean Water Fund Obligations shall be issued in an amount up to the City’s share of the cost of the Pump Station Project determined after considering the estimated amount of any State and Federal grants in aid for the Pump Station Project, or the actual amount thereof if such amount is ascertainable, and the anticipated times of receipt thereof. The issuance of the Clean Water Fund Obligations and of all other bonds or notes of the City heretofore authorized but not yet issued, as of the effective date of this Ordinance, would not cause the indebtedness of the City to exceed any debt limit calculated in accordance with law. The Clean Water Fund Obligations shall be executed in the name and on behalf of the City by the manual or facsimile signatures of a majority of the Bond Committee, bear the City seal or a facsimile thereof. The Clean Water Fund Obligations may be general obligations of the City and shall comply with all requirements of law, including any debt limit, relating to the authorization or issuance of such Clean Water fund Obligations. The Clean Water Fund Obligations may also be secured as to both principal and interest, to the extent permitted by law, by a pledge of certain revenues or benefit assessments or both. The aggregate principal amount of the Clean Water Fund Obligations, installments of principal, redemption provisions, if any, the date, time of issue and sale and other terms, details and particulars of such Clean Water Fund Obligations, including the rate or rates of interest, any repayment agreements or memoranda of understanding, shall be determined by a majority of the Bond Committee, in accordance with the requirements of the Connecticut Statutes; and

(b) any combination of Obligations and Clean Water Fund Obligations for the Pump Station Project as set forth in the preceding Sections may be issued, provided that the total, aggregate principal amount thereof issued, and including the amount of any grant funding

obtained, shall not exceed \$4,079,000 plus an amount needed for necessary and appropriate financing costs related to the Pump Station Project.

Section 9. Resolution of Official Intent to Reimburse Expenditures with Borrowings. The City hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid 60 days prior to and after the date of passage of this Ordinance in the maximum amount and for the Projects described above with the proceeds of bonds, notes, or other obligations authorized to be issued by the City. Such obligations shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the project, or such later date the Regulations may authorize. The City hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Director of Finance or his designee is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement obligations, and to amend this declaration.

Section 10. The Director of Finance is hereby authorized to exercise all powers conferred by section 3-20e of the Connecticut Statutes with respect to secondary market disclosure and to provide annual information and notices of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds, notes or other obligations authorized by this Ordinance.

Section 11. The Mayor, the Director of Finance and any other duly authorized City, Board of Education or WPCA official is authorized to seek grants and other contributions for the costs of the Projects. Any such grants or contribution received prior to the issuance of any Obligations or Clean Water Fund Obligations authorized herein shall be applied to the costs of the Projects or to pay at maturity the principal of any outstanding bond anticipation note, grant anticipation note or other temporary obligation issued pursuant this Ordinance and shall reduce the amount of Obligations or Clean Water Fund Obligations that can be issued pursuant to this Ordinance. If such grants and contributions are received after the issuance of any Bonds or Clean Water Fund Obligations, they shall be applied to pay either non-financed portions of the Projects or debt service on the Bonds or Clean Water Fund Obligations provided such application does not adversely affect the tax exempt status of the Bonds or Clean Water Fund Obligations.

Section 12. This Ordinance shall be effective immediately upon the Mayor's signature.

ENACTED BY THE CITY COUNCIL ON: \_\_\_\_\_

APPROVED BY THE MAYOR: \_\_\_\_\_ DATE: \_\_\_\_\_