

CRUMBLING FOUNDATION AD HOC MEETING
241 Main Street, 3rd Floor CRCOG Meeting Room

Wednesday, June 19, 2019
1:30 PM 3:00 PM

Minutes (Draft until Approved)

ATTENDANCE

Name	Organization / Town
Steve Werbner	Town Manager, Tolland
John Elsesser	Town Manager, Coventry
Erika Wiecenski	First Selectman, Willington
Jason Lawrence	Assessor, Tolland
Mary Lavallee	Assessor, Columbia
Kim Bechard	Assessor, Ellington
Scott Shanley	General Manager, Manchester
Mike Maglaras	CFSIC
Jonathan Gourley	Trinity
Yuriel Cuz Hernandez	UConn
Maria Chrysochoou	UConn
Kay Wille	UConn
Pauline Yoder	CRCOG
Jeff Currey	State Rep.
Chris Davis	State Rep.
Ayanti Grant	Congressman Courtney's Office
Emily Boushee	Senator Murphy's Office
Alex Saylor	House Republican Office
Debra MacCoy	Vernon, Ryefield
Linda Tofolowsky	Stafford
Lynne Morrison	Bolton, Keller Williams Realty
Bill Stanley	O&G Industries
Christina Mailhos	Willington
Brenda Draghi	Attorney, Ellington
Sheila Cyr	Tolland, Homeowner
Mary Anne Williams	Tolland, Homeowner
Ralph Tulis	Willington
Carolyn Lumsden	Pollian Foundation

Members : Andover / Avon / Bloomfield / Bolton / Canton / East Granby / East Hartford / East Windsor / Ellington / Enfield / Farmington / Glastonbury Granby / Hartford / Hebron / Manchester / Marlborough / Newington / Rocky Hill / Simsbury / Somers / South Windsor / Stafford / Suffield / Tolland / Vernon / West Hartford / Wethersfield / Windsor / Windsor Locks

Chair Mr. Werbner called the meeting to order at 1:35 PM

1. Approval of Previous Meeting Minutes from February 27, 2019

John Elsesser motioned and Scott Shanley seconded. The meeting minutes passed.

2. Updates from the Captive Insurance Company

Mr. Maglaras gave an update regarding the Captive Insurance Company. CFSIC began processing claims on January 10th. A total of 683 applications have been received as of 6/18. To date \$91MM in claims have been obligated with 213 participation agreements signed. CFSIC is once again 6.9MM away from another suspension. Mr. Maglaras anticipates this to happen in late July/August and urge the release of the bonding funds. Suspension would mean that although applications would be accepted, no new participation agreements would be signed. Funding from the Healthy Homes do not hit CFSIC's books until 2020. Type 1 replacement claims began with the first homes. Many of the contractors who are well regarded in this arena have a backlog. Currently the Type 1 claims have a backlog.

CFSIC was expected more applications and it may be good news that the numbers are as low as they are as the problem may not be as pervasive as originally thought. Mr. Maglaras stated, however, that Class 3 claims (severe in need of repair) are lower than expected, but there is a second wave coming of homes that will become Class 3 as time goes on.

The issue with the lack of engineer ability was discussed, causing a backlog in home sales. CFSIC, through a grant from the Connecticut Realtor's association, sponsored a course / test for this issue for Home Inspectors. 25 people passed with an additional class coming up on the 25th.

The latest news and president's message are the places to get updated information regarding CFSIC.

3. Legislative Agenda Discussion

Mr. Currey shared a document that outlined the summary of the legislation that passed. He noted that it is HB7179 but it was modified on the House Amendment Schedule so the File Bill is out of date. LCO 10500 should be used to lookup the actual bill that passed which combined the crumbling foundations related bills.

The summary is as follows:

Section 1 (existing language from previously passed legislation)

- Corrected the name of the Northeastern Connecticut Council of Governments
- Updated length of time to post amended/modified guidelines to fifteen days
- Removed the requirement to develop a unified application
- Updated the type of policies owners may have if/when they receive financial compensation
- Removed all mention of condominiums (the definition is updated below)

Section 2 (existing language from previously passed legislation)

- Updated definition of residential building

Section 3 (existing language from previously passed legislation)

- Cleaned up language regarding the surcharge on homeowner policies

Section 4 (existing language from previously passed legislation)

- Made clear that the 1MM for sinking homes is a one-time allocation from the surcharge collection

Section 5, 6 (SB 907 with change)

- Updated questions related to a home's foundation on the Condition Report
- With regards to a foreclosed property, this requires that the owner (bank) or political subdivision (muni) must disclose information related to pyrrhotite or damage/deterioration due to pyrrhotite
- Liability language to ensure disclosure occurs

Section 7-12 (HB 5969)

- Low-interested loan program

Section 13,14 (variation on a proposal made in the original version of HB7179)

- Connecticut Innovations, Inc will seek out the development of technologies and techniques regarding the prevention, identification, and repair of foundations

Section 15 (existing language from previously passed legislation)

- Extends the deadline for the working group to develop a model quality control plan for quarries to February 1, 2020

Ms. Bechard asked if the re-assessment language had been revisited in this session. Mr. Currey stated that it had not been addressed but there is still two years left on the reassessment language to be able to address it in the next session.

Ms. Grant stated that the Congressman Courtney's amendments related to crumbling foundations were still in the bill which is making its way through Congress.

Mr. Shanley expressed how impressed he has been at how far the programs and legislative action have come, given the usual slow pace of government. Mr. Currey and Mr. Davis stated that it helps that this is not a D/R issue.

4. UCONN Study Update and Trinity Testing Update

Mr. Wille gave a presentation on where the UCONN study is currently (they started in March) in comparing the various testing methods. The presentation can be found at:

http://crcog.org/wp-content/uploads/2019/06/UConn_06192019.pdf

UCONN is also looking to collect samples from houses that are being replaced.

Mr. Gourley gave an update on their testing results. He stated that there is a growing number of homes that have pyrrhotite but currently do not have any visual signs of the issue (referencing the second wave

Mr. Shanley expressed encouragement at how far things have progressed to date.

5. Staff Updates

a. Testing program update

Ms. Yoder stated that over 1341 applications had been received and of those 1198 had been paid or approved pending payment. She further stated that there is roughly \$4MM left in the testing fund and the contract expires in December of 2020 but as that is not tied to the bonding

agenda, CRCOG will begin working with DOH in the next FY to have a renewal or extension put in place.

Ms. Wiczenski asked about the possibility of using testing funds to test public building. Mr. Werbner state that it would require an amendment to the original bonding agenda and requested members of the bonding committee to review and see if public buildings could be added.

b. Request for Qualifications Update

Ms. Yoder stated that the RFQ list is being reviewed on a rolling basis and at a minimum on a quarterly basis. She also stated that CRCOG continues to look to add to the review committee.

6. Other Business

Mr. Elsesser presented Mr. Werbner with a Regional Leadership Award from CRCOG for Mr. Werbner's leadership to the region in a number of different areas, including crumbling foundations. This was met with great enthusiasm by the group.

Ms. Draghi mentioned to legal related issues:

A Foreclosure Mediation Program has been granted by a CT Superior Court judge for issues related to crumbling foundations, which could help homeowners retain ownership and thus be eligible for CSFIC funding to restore the property value.

Congressman Courtney is very hopeful that Congress will restore the exemption for "forgiveness of debt" for homeowners, which expired in 2017. From 2008 to 2017, if there was a lender approved "short sale" or other forgiveness of mortgage debt, the homeowner did not get taxed on the amount of forgiven debt as if it were income. When that exemption expired, short sales and negotiation of debt became virtually impossible because then the homeowner would have to pay income tax on the amount forgiven.

Ms. MacCoy handed out a flyer that announced a gathering of 4 coalitions regarding crumbling foundations to be held on October 5th in Ellington. The 4 coalitions are from Canada, Ireland, Connecticut and Massachusetts.

Mr. Elsesser mentioned that one legislative item to consider is the state auditing costs for the captive insurance company and to have those costs waived. As an insurance company, CFSIC is required to have state auditors audit CFSIC and that cost goes to the state and is paid by CFSIC. Because those costs are high, one legislative suggestion for next year is to have those costs waived for CFSIC.

7. Adjournment

The meeting adjourned at 3:00 PM.