

**CRUMBLING FOUNDATION AD HOC MEETING**  
**241 Main Street, 3<sup>rd</sup> Floor CRCOG Meeting Room**

**Thursday, December 5, 2019**  
**Noon to 1:30 PM**

**Minutes (Draft until Approved)**

**ATTENDANCE**

Name	Organization / Town
Steve Werbner	CFSIC, Tolland
John Elsesser	Town Manager, Coventry
Jason Lawrence	Assessor, Tolland
Mary Lavallee	Assessor, Columbia and Eastford
Kim Bechard	Assessor, Ellington
Scott Shanley	General Manager, Manchester
Lori Spielman	First Selectman, Ellington
Mike Wilkinson	Town of Tolland
Mary Terhune	Assessor, Mansfield
Tom Delnicki	State Representative
John Filchak	NECCOG
Lyle Wray	CRCOG
Pauline Yoder	CRCOG
Mike Maglaras	CFSIC
Maria Chrysochoou	UCONN
Kay Wille	UCONN
Jim Mahoney	UCONN
Ayanti Grant	Congressman Courtney's Office
Britt Foulds	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
Ralph Tulis	Willington
Don Penepent	Tilcon
Len Bestoff	NBC 30
Gretchen Shea	Vernon
Amy Heavysides	Community Voice Channel

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 12:07 PM

1. Approval of Previous Meeting Minutes from June 19, 2019

This item was skipped.

2. Updates from the Captive Insurance Company

Mr. Maglaras gave an update regarding the Captive Insurance Company. To date 318 participating agreements have been signed.

He stated that CFSIC is currently spending approximately \$800,000 per week and is signing 3 participation agreements per week. The reason for the slow signings is to space the funding going out to coincide with anticipated future revenues so there is no break in work and funding flowing through CFSIC.

The challenge is not knowing when the next \$20MM will be passed by the bonding commission (anywhere between 7/1/2020 to 6/30/2020). In addition, funding from the Healthy Home Funds should be coming in June of 2020 but the amount is unknown. Finally, because CFSIC is legislatively set to sunset in 6/30/2022, cannot plan on paying out funds past that date. It will be important to extend CFSIC's sunset to a latter date to address homeowners still in the queue, or wanting to get into the queue.

The 1<sup>st</sup> condo to receive CFSIC remediation is in line and anticipated for a participation agreement to be signed in 6-8 weeks.

Loans for homeowners has been setup with CHFA and the CT Banking Association. Condos, however, were left out of those loans and CFSIC is working to fix that.

Beginning in 1/15/2020, CFSIC will begin accepting a new type of claimant: "Pending". The "Pending" claimant will be entered into the system but will not be in line for the participating agreement (as currently there is insufficient funding). CFSIC will accept these claims for 60 days. The reason for the limited time period is because of the administrative costs associated with processing the claims. The Pending category, however, will give some idea of demand that has not yet been identified.

3. Legislative Agenda Discussion

Ms. Ayanti Grant gave an update from Congressman Courtney's office regarding progress with CDBG funding. She stated that Congressman Courtney met with DOH Commissioner, Seila Mosquera-Bruno as well as Lena Holleron and HUD representative. The potential of using Section 108 funding was viewed favorably at this meeting. The Commissioner's primary concern is finding a revenue source that would be responsible to payback the Section 108 loan. The payback period would be 20 years. Connecticut does not have a lot of lapsed CDBG funding, that could potentially used for the payback. Other states have used general funds as well as other sources.

Mr. Werbner noted that Urgent Need classification would also eliminate the need for the Low Moderate Income requirements.

Mr. Filchak noted that the Quarry testing working group had a draft report that is ready to move forward. Mr. Filchak was concerned about various state agencies that could be involved (DOT, DEEP) and did not want lack of agency coordination to hinder the testing from moving forward.

Mr. Stanley from O&G Industries noted that there would be a need for an additional geologist in the state geologist as well as another administrative person to support the testing recommendations. He also stated that protocols would have to be developed for municipalities to be able to inspect that the work conforms to the testing protocols.

Mr. Werbner reviewed the legislative agenda. After discussion the following was motioned by Mr. Elsesser and seconded by Ms. Spielman and passed unanimously to recommend to the Policy Boards for NECCOG and CRCOG

### **Legislative Agenda items related to Crumbling Foundations:**

1. Extend the life of the captive by 10 years. (This will allow the captive to use actuarially the money it will receive over that time from the home insurance surcharge which will allow for the current suspension on new applications to be lifted.)
2. Extend the life of the assessment reduction statute by 10 years as well to correspond to the sunset date of the captive.
3. Authorize an additional 100 million dollars towards crumbling foundations
4. (For the Bonding Commission) Allow testing funds administered by CRCOG through DOH to be used for testing of municipal buildings as well as second visual tests for homeowners who need adjustment in their severity index based on continued deterioration over time. Also allow DOH testing funds to reimburse homeowners who receive visual inspections via CFSIC certified home inspectors.

### **Request to Policy Board:**

Compose a letter to be endorsed by the policy board to be sent to the Gov, Speaker of the House, senate majority and minority leaders, members of the crumbling foundation legislative caucus which include:

- The above legislative agenda items
- Request the Bond Commission approve the remaining allocation to the captive insurance Comp of 40 million dollars in one action instead of two fiscal years.
- Request for a tsar or ombudsman.
- Form a committee to explore additional funding through multiple sources (coordinating representatives from DOH, Federal Reps, State Reps, OPM, Governor's office, Captive Insurance Comp reps, Banking Industry reps, CRCOG/NECOG etc. for opportunities for funding via CDBG, insurance companies, Bank Community Investment funds, potential directed flow from conveyance tax and other potential areas)

If the governor does not a committee is not formed by the Gov then CRCOG/ NECOG should attempt to assemble such a working group with as many representatives from the various groups as possible.

While the captive is helping many, this issue remains a crisis for eastern Connecticut which will probably get worse with the second wave anticipated to hit over the next ten years. All the good work done over the last several years needs to be carried forward to address this ongoing concern

Mr. Filchak also stated that a group from the committee should try to meet with Martin Heft and/or Jonathan Harris in the December/January timeframe to continue to stress the importance of crumbling foundations and see if there is an appetite for a point person for this issue at the executive level.

He also noted that USDA rural development funds are also another potential source.

Mr. Filchak also noted that it might be helpful to have CFSIC raise visibility in terms of the work that is being done by CFSIC and progress made.

#### 4. Recent Decisions / Information

- CT Supreme Court Decisions Summary
- IRS/CFSIC 1099 Clarification

The above items are informational for the committee.

#### 5. Program updates

- Testing Program
- Request for Qualifications

Ms. Yoder as of the morning of Dec. 5 that 1676 applications had been paid with 3 dozen pending for additional information and approximately 3 dozen pending with DOH. The pending with DOH were primarily applications that require a waiver or had the invoice paid to a home inspection service with a test conducted by an engineer. DOH requested to CRCOG to have those reviewed by DOH so they can verify that the inspection was indeed conducted by an engineer.

Mr. Elsesser noted that the CDBG testing program (for Coventry, Tolland, Willington, Bolton, Union, Ashford and Columbia) is sunsetting. He noted that there were 28 families that remained on the waiting list because of the lack of low income applicants.

#### 6. Introduction of New Co-Chairs

With Mr. Werbner's recent retirement, Lori Spielman, First Selectman of Ellington and Scott Shanley, General Manager of Manchester will be the new co-chairs moving forward.

#### 7. Other Business

- UCONN Study Update

Dr. Chrysochoou gave an update regarding the UCONN study. She stated that they have tested over 50 samples (from 10 houses that have had their foundations replaced) as well as samples from Trinity. She stated that they have developed a method to measure sulfide and sulfate content and are able to determine how much pyrrhotite is present, how much has reacted and how much there is left to react. She noted that

there is a large variability in the samples, even from the same home, and even within the same core. She stated they are working on calibrating a field handheld XRF that would use a less invasive screening technique to determine whether a core is necessary and the best location for obtaining the core.

She noted that the amount of pyrrhotite is not the only parameter in determining whether a reaction takes place.

Moving forward, they will be analyzing more samples in order to develop risk assessment charts.

Mr. Shanley asked what are the other indicators that determine damage. Dr. Chrysochoou responded that access to water is critical, the age of the house and the quality and strength of the concrete are all determining factors but more data is needed to understand how those factors affect the reaction rate and the progress of deterioration with more or less pyrrhotite.

Mr. Shanley stated that a preliminary findings that clearly states those indicators / factors and makes some basic recommendations to at least temporarily alleviate the issue would be helpful.

Please note, although Trinity was not present, results from their testing to date was also distributed at the meeting.

- CDBG Related Information (informational only)

## 8. Adjournment

The meeting adjourned at 1:37 PM.