

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF  
DIRECTORS  
OF THE BRISTOL COUNTY WATER AUTHORITY**

**Wednesday, May 16, 2012**

**450 Child Street, Warren Office, Warren, RI**

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**Pursuant to proper notice, the regular meeting of the Board of Directors of the Bristol County Water Authority was called to order by Chairman Jannitto at 5:15 pm, 450 Child Street, Warren Office, Warren, Rhode Island. Executive Director Pamela Marchand and the following Directors were in attendance at the commencement of the meeting:**

**Robert Allio, Paul Bishop, Joseph DeMelo, Kevin Fitta, William Gosselin, John Jannitto, Raymond Palmieri, Frank Sylvia**

**Director absent – Allan Klepper**

**The directors were given two resolutions for their consideration:**

- 1. Resolution to current refund \$12,195,000 General Revenue Bonds, 1997 Series A and \$6,090,000 General Revenue Bonds, 1998 Series A and issue up to \$7,300,000 General Revenue Refunding bonds**

**2. Resolution to borrow up to \$500,000 and issue \$500,000 General Revenue Bonds Series 2012A to fund Franklin Street project, SCADA system, system improvements, debt service reserve fund and costs of issuance**

**Executive Director P. Marchand stated that there were 2 resolutions to be discussed tonight. One is to refinance BCWA series of bonds originally issued for the East Bay Pipeline and the second is to borrow \$500,000 to do system work.**

**Manager of Accounting and MIS, Mr. Mark Champagne made a presentation to the Board.**

**Mr. Champagne explained the flow of cash to BCWA and how funds move through all the funds established under the bond documents. All monies from customers are deposited in the Revenue Fund. Transfers from the Revenue Fund are done at month end to the Debt Service Fund, O & M Account, O&M Reserve. Mr. Champagne explained how the Debt Service Coverage Ratio is computed. The minimum requirement for this ratio is 1.25%, computed annually and reported to the Trustee. He noted that it is monitored on a regular basis, and the Authority is attempting to increase the coverage to meet best practices.**

**Mr. Champagne explained to the Board the projected savings with a**

lower interest rate by refinancing of the 1997 and 1998 Bonds and the additional debt service created by borrowing \$1.4 million. Without a rate increase in effect, the Authority is not able to borrow the full \$1.4 million and meet the financial covenants required by the bond documents. Mr. Champagne noted that the amount to be borrowed has been scaled back to \$500,000 which the Authority can accomplish and meet the bond covenants. He noted that the Authority is not changing the maturity dates of the 1997 and 1998 Bonds,

Director Palmieri asked about additional costs associated with refinancing.

Ms. Mack explained the different fees associated with refinancing, which is dependent upon the type of sale. Categories of the fees are – underwriter’s fee, rating agency fee, electronic fee for printing the OS, trustee fee, trustee counsel fee, bond counsel fee, bank fee, bank counsel fee, and financial advisor fee. Also an independent consultant or an independent engineering firm or accounting firm will have to give a certification that the Authority will meet the financial covenants in the bond documents before the Bonds can be sold, which is an additional cost. She noted that all of these fees are taken into account and any savings projected are after the costs of issuance are paid. Based on current rates, the financial advisor was projecting approximately 6% savings. While rates do fluctuate, the advisors to the Authority would not recommend the refinancing

unless there was at least a 3% savings, unless there were other reasons involved.

Mr. Champagne explained that there is no control on revenue collected by BCWA. BCWA is dependent on water usage by customers. The Authority can only control expenses, which BCWA did last year by saving money on insurance, reduction of personnel from 34 employees to 29 employees, and selling excess property such as the 2 cars. BCWA is trying to economize to control expenses to meet falling demand, and reduced revenues.

Executive Director P. Marchand stated that BCWA had been operating at bare minimum for the last several years. She advised that BCWA cannot continue to operate that way. She noted that there is work that has to be done, and the Executive Director is developing a five year and 20 year capital program to identify such work and how the Authority will fund the capital improvements by developing an infrastructure fund which will help with the debt service ratio.

Director Sylvia made the following motion

**MOTION:** To adopt the resolution to current refund \$12,195,000 General Revenue Bonds, 1997 Series A and \$6,090,000 General Revenue Bonds, 1998 Series A and issue up to \$7,300,000 General Revenue Refunding bonds in the form presented.

**Director DeMelo seconded the motion.**

**Motion passed unanimously.**

**Director Sylvia made the following motion**

**MOTION: To adopt resolution to borrow up to \$500,000 and issue \$500,000 General Revenue Bonds Series 2012A to fund Franklin Street project, SCADA system, system improvements and debt service reserve fund and costs of issuance.**

**Director Gosselin seconded the motion.**

**Director Allio asked if \$500,000 would sufficient to pay for all the necessary projects.**

**Executive Director Marchand stated that it would not pay for everything. Projects to be completed with this money are Franklin Street and Barrington Pump Station. If money is still available then we will install controls for SCADA. The resolution is all inclusive to use the funds for the distribution system.**

**Executive Director Marchand stated that BCWA will be using \$260,000 left over from the Hope Street Project for the Franklin Street project, which is expected to cost \$400,000.**

**Motion passed unanimously.**

**Executive Director Marchand introduced Mr. Ken Booth the new Operations Manager to the Board.**

**The Chairman made the following motion, which was duly seconded**

**MOTION: To adjourn the meeting.**

**Motion passed unanimously.**

**There being no further business, the meeting was adjourned at 6:15 pm.**

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**John Jannitto**  
**Chairman**

**BRISTOL COUNTY WATER AUTHORITY  
RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE BRISTOL COUNTY WATER AUTHORITY APPROVING  
THE FINANCING OF IMPROVEMENTS TO THE BRISTOL COUNTY**

**WATER**

**AUTHORITY WATER SYSTEM AND APPROVING THE ISSUANCE OF  
GENERAL**

**REVENUE BONDS, 2012 SERIES THEREFORE IN AN AMOUNT NOT  
TO EXCEED**

**\$500,000**

**Dated: May 16, 2012**

**WHEREAS: The Bristol County Water Authority (the "Authority") desires and intends to borrow up Five Hundred Thousand Dollars (\$500,000) and to issue General Revenue Bonds, and notes in anticipation thereof, in an amount not to exceed Five Hundred Thousand Dollars (\$500,000) (the bonds, and the notes in anticipation thereof shall be collectively referred to as the "Bonds") to finance the design, engineering and construction of the following projects: (i) the cleaning and lining of approximately 2610 feet of six inch (6") and approximately eight inch (8") cast iron water mains, and the installation of four (4) six inch (6") and eight inch (8") gate valves to improve water quality and pressure in an area known as Franklin Street and surrounding streets in Bristol, Rhode Island; (ii) the cleaning and lining of additional cast iron water mains, and the renovation and/or replacement of water mains and appurtenances, including, without limitation, hydrants, valves, services, pumps, etc. throughout the water distribution system consisting of the towns of Barrington, Rhode Island, Bristol, Rhode Island and Warren, Rhode Island; (iii) the purchase and installation of a SCADA system; (iv) the funding of a debt service reserve; and (v) costs of issuance (the**

**"Project").**

**WHEREAS: The Bonds will be issued pursuant to a 2012 Series Resolution of the Authority amending and supplementing that certain General Bond Resolution of the Authority adopted on November 13, 1986, as supplemented by that certain First Supplemental Resolution dated November 21, 1995, as further supplemented by that certain Second Supplemental Resolution dated July 23, 1997 and as further supplemented by that certain Third Supplemental Resolution dated September 27, 2001 (collectively, the "Resolution").**

**WHEREAS: The Authority anticipates spending funds on the Project from its general fund in anticipation of the issuance of the Bonds.**

**WHEREAS: If required, the Authority will agree to provide continuing disclosure as to certain matters as set forth in a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement").**

**NOW, THEREFORE, be it resolved that:**

**SECTION 1. In order to finance the Project, the Authority is hereby authorized to borrow an amount not exceeding Five Hundred Thousand Dollars (\$500,000) and to issue Bonds in connection therewith, and the manner of sale, date and place of sale, denominations,**

**maturities, interest rates, redemption provisions, and other terms, conditions and details of the Bonds shall be fixed by the Chairman or by any other Authorized Officer of the Authority, acting singly, and in his or her sole discretion, shall approve.**

**SECTION 2. For purposes of this Resolution, the signatures or other**

acts of an "Authorized Officer" of the Authority shall be those of the Executive Director, Chairman, Vice Chairman, Treasurer or Secretary of the Authority, signing singly.

**SECTION 3.** Any Authorized Officer is hereby authorized and instructed to (i) take all actions, on behalf of the Authority, necessary to ensure that interest on the Bonds will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Bonds to become subject to federal income taxes, and (ii) execute, acknowledge and deliver the Bonds and any and all other documents, certificates or instruments necessary to effectuate the purposes of this Resolution and the issuance of the Bonds at any time and from time to time, in such manner and for such purposes as the Authorized Officer, acting singly and in his or her sole discretion, shall deem necessary, desirable or advisable; and do and perform all such other acts and things deemed by the Authorized Officer to be necessary, desirable or advisable with respect to any matters contemplated by this Resolution in order to effectuate the intent hereof.

**SECTION 4.** Pending the issuance of the Bonds as provided in this Resolution, the Authority may expend funds for the Project. Any advances made under this section shall be repaid without interest from the proceeds of the Bonds issued hereunder or from the proceeds of applicable federal or state assistance or from other available funds. Any expenditure of costs incurred to date in connection with the Project are hereby authorized, approved, adopted, ratified and confirmed.

**SECTION 5.** This Resolution is an affirmative action of the Authority toward the issuance of the Bonds and constitutes the Authority's declaration of official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Authority for certain capital expenditures for the Project paid on or after the date which is sixty (60) days prior to the date of this Resolution, but prior to the issuance of the Bonds. Such amounts to be reimbursed shall not exceed Five Hundred Thousand Dollars (\$500,000) and shall be reimbursed not later than eighteen (18) months after the later of (a) the date on which the expenditure is paid or (b) the date on which the Project is placed in service or abandoned but in no event later than three (3) years after the date on which the expenditure is paid.

**SECTION 6.** Any Authorized Officer is authorized to take all actions necessary to comply with federal tax and securities laws including Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule") and to execute and deliver a Continuing Disclosure Certificate in connection with the Bonds in the form as shall be deemed advisable by the Authorized Officer in order to comply with the SEC Rule. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Bonds, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an event of default; however, any Bondholder may take such

**actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section and under the Continuing Disclosure Agreement.**

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**BRISTOL COUNTY WATER AUTHORITY  
RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE BRISTOL COUNTY WATER AUTHORITY APPROVING  
THE REFUNDING OF BRISTOL COUNTY WATER AUTHORITY  
GENERAL  
REVENUE BONDS, 1997 SERIES A AND 1998 SERIES A AND  
APPROVING  
THE ISSUANCE OF GENERAL REVENUE REFUNDING BONDS, 2012  
SERIES  
THEREFORE IN AN AMOUNT NOT TO EXCEED \$7,300,000**

**Dated: May 16, 2012**

**WHEREAS: The Bristol County Water Authority (the "Authority") desires and intends to borrow up to Seven Million Three Hundred Thousand Dollars (\$7,300,000) and to issue General Revenue Refunding Bonds, in an amount not to exceed Seven Million Three Hundred Thousand Dollars (\$7,300,000) (the "Refunding Bonds") to refund on a current basis the presently outstanding (i) \$12,195,000 General Revenue Bonds, 1997 Series A, dated July 1, 1997 and due July 1, 1998 through 2017, inclusive (the "1997 Refunded Bonds") and**

**(ii) \$6,090,000 General Revenue Bonds, 1998 Series A, dated August 26, 1998 and due July 1, 1999 through 2018, inclusive (the "1998 Refunded Bonds"), including payment of redemption premiums, if any, on the Refunded Bonds and costs of issuance of the Refunding Bonds (the "Project"). The 1997 Refunded Bonds and the 1998 Refunded Bonds are sometimes referred to collectively as the "Refunded Bonds".**

**WHEREAS: The Refunding Bonds will be issued pursuant to a 2012 Series Resolution of the Authority amending and supplementing that certain General Bond Resolution of the Authority adopted on November 13, 1986, as supplemented by that certain First Supplemental Resolution dated November 21, 1995, as further supplemented by that certain Second Supplemental Resolution dated July 23, 1997 and as further supplemented by that certain Third Supplemental Resolution dated September 27, 2001 (collectively, the "Resolution").**

**WHEREAS: The financial advisor to the Authority has determined that the refunding of the Refunded Bonds will result in a financial benefit to the Authority.**

**WHEREAS: The Authority will agree to provide continuing disclosure as to certain matters as set forth in a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement").**

**NOW, THEREFORE, be it resolved that:**

**SECTION 1. In order to finance the Project, the Authority is hereby authorized to borrow an amount not exceeding Seven Million Three Hundred Thousand Dollars (\$7,300,000) and to issue Refunding**

**Bonds in connection therewith, and the manner of sale, date and place of sale, denominations, maturities, interest rates, redemption provisions, and other terms, conditions and details of the Refunding Bonds shall be fixed by the Chairman or by any other**

**Authorized Officer of the Authority, acting singly, and in his or her sole discretion, shall approve.**

**SECTION 2. For purposes of this Resolution, the signatures or other acts of an "Authorized Officer" of the Authority shall be those of the Executive Director, Chairman, Vice Chairman, Treasurer or Secretary of the Authority, signing singly.**

**SECTION 3. Any Authorized Officer is hereby authorized and instructed to (i) take all actions, on behalf of the Authority, necessary to ensure that interest on the Refunding Bonds will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Refunding Bonds to become subject to federal income taxes, and (ii) execute, acknowledge and deliver the Refunding Bonds and any and all other documents, certificates or instruments necessary to effectuate the purposes of this Resolution and the issuance of the Refunding Bonds at any time and from time to time, in such manner and for such purposes as the Authorized Officer, acting singly and in his or her sole discretion, shall deem necessary, desirable or advisable; and do and perform all such other acts and things deemed by the Authorized**

**Officer to be necessary, desirable or advisable with respect to any matters contemplated by this Resolution in order to effectuate the intent hereof.**

**SECTION 4. Any Authorized Officer is authorized to take all actions necessary to comply with federal tax and securities laws including Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule") and to execute and deliver a Continuing Disclosure Agreement in connection with the Refunding Bonds in the form as shall be deemed advisable by the Authorized Officer in order to comply with the SEC Rule. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Refunding Bonds, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an event of default; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section and under the Continuing Disclosure Agreement.**

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