

Coventry Fire District Meeting  
Monday, June 22, 2015  
Club Jogues  
184 Boston St. Coventry RI  
8:00pm

Meeting Agenda

1. Emergency Evacuation Procedure
2. Roll Call
3. Pledge to the Flag
4. Discussion / Action on results of June 17 referendum questions
5. Discussion / Action on the Fiscal Stability Act
6. Discussion / Action on the resolution to dissolve to be sent to the General Assembly
7. Discussion / Action on layoffs of personnel and / or request for further union concessions
8. Discussion / Action on alternatives to extend fire and / or rescue service prior to exhausting funds
9. Discussion / Action on liquidation of tangible assets; sale of real estate, sale of trucks, apparatus, rescue and any other saleable items
10. Discussion / Action on Bankruptcy filing
11. Adjourn Meeting

Meeting is called to order, Chief Warren reviews evacuation procedures. Roll Call, Board members present, John Cook, John D'Onofrio, Frank Palin, Brenda Raposo, absent Sam Rachiele. Others in attendance, Board Attorney Tim Williamson and Board Treasurer Dave Krekorian. John Cook leads the Pledge of Allegiance.

John D'Onofrio calls a point of order, and makes a motion per RIGL42-46-6B, that we add an open forum to the agenda as item # 5, Seconded by John Cook. All those in favor?  
Motion passes.

Frank Palin reads into record a statement that he has just made to the Town Council approx. 25 minutes previous, as follows. "Members of the Town Council, public officials, and especially the voters of Coventry. I am Frank Palin, Chairman of the Coventry Fire District, and also like most people in this room, a citizen of this town for many years. It is with very mixed feelings that I am here tonight, equal parts of sorrow and anger. Sorrow for the possible loss of a hundred and thirty year old fire district that has served this town well and also anger directed at the Town of Coventry for its lack of action over the past four years. The Fire Districts that covered two thirds of our town had been in financial trouble for years. Public safety is at stake, this is the Towns' responsibility. I repeat PUBLIC SAFETY IS AT STAKE. Fire district problems surfaced about four years ago with the Central Coventry district, however the pay as you go system has had problems for both districts for decades. The Town Council provided a three hundred thousand dollar loan to the Central Coventry District, and then stopped helping, with the exception of providing rent free office space in the town hall annex across the street. The former councils inaction, has cost the citizens of the Central Coventry Fire District over three million dollars which is fast approaching four million. If the council followed the Towns charter section 3.14 which allows the Town to establish any department to provide services to the residents, we would probably have a municipal fire department today. But the town has never even offered to hold a non-binding referendum on the subject. The Coventry Fire District is running out of money fast, overtime cost are way over budget, and other costs are too. The Coventry Fire District started the year with a deficit of over six hundred and fifty thousand dollars, which has been slowly increasing during the last four to five years, and possibly decades before that. It is approaching a million dollars soon. I personally do not believe we can save the district, without a massive influx of cash this year, and in the future. According to the Coventry Home Rule Charter 12.02c the department of public safety and welfare shall be responsible for control of the Town activities relating to firefighting, fire prevention and other public safety functions, that the Town may engage and in such other rescue and safety programs that the town may be engaged in. RIGL 45-18-1 allows cities or towns to make appropriations to local fire districts. I'm not going to read the whole law but it is available as a hand out. The district needs approximately one hundred thousand dollars a month stay alive. There is a precedent for this money, based on the three hundred thousand dollars, loaned to Central Coventry, with no possibility of being paid back. I am asking that the Town Council think about public safety as you are required by the Town Charter and provide a grant to us this month and every month until a plan is in place to provide for public safety. Thank you for your time and please think public safety, public safety, public safety.

Treasurers Report: David Krekorian

At this point 06/22/2015, not looking good. Collections slow. Much less than last year. Much less than last year.  
Example:

- a. May 2015- \$108,000.00 in collections vs. May 2014 \$191,000.00.

- b. June 2014 collections were \$82,000.00 vs. this year June 1, through today \$39,000.00
- c. Next billing July 31, 2015 over \$300,000.00 due.

Total bank account balances approx. \$62,000.00

\$359,000.00 in unpaid taxes to date. Total due by end fiscal 2015 approx. 1 million dollars.

David offers copies of list of payables as well as debts and liabilities.

David clarifies all taxes still due, whatever the future of CFD. David

states the District will try to continue as a business as much as it can. In order to do this it needs cash flow, 18% interest on delinquent taxes. Depending upon collections, district could last a few months or it could be over in a month. David clarifies that although it has been reported that some records could not be found, booking records were all intact for the last 2 years, maintained by Judith Heatherman CPA. Frank Palin verifies with David that CFD currently has \$62,000.00 in the bank. Frank asks David how much payroll is for this coming Friday, David's response is \$50,000.00 approximately, depending on overtime. Frank asks David if he anticipated another \$50,000.00 over the next 2 weeks. David says it depends, he budgets \$6,000.00 per week in rescue recovery and \$15,000.00 per week in tax collections. Frank asks if there any invoices due that absolutely have to be paid before the next payroll is due. David doesn't think so. John D'Onofrio asks David if there are any tax sales pending. David states he was with the tax collector today and saw a list of properties, but does not know the status.

Tim Williamson states we are anticipating a tax sale as of Aug 1, 2015. Any taxes that are owed as of January 1, 2015 will be on the tax sale. It is not this fiscal year but for any prior years, it doesn't make a difference if you owe \$5.00 or \$5,000.00 your property is going to tax sale. Notices will be sent out in accordance with the law. Brenda Raposa asks David if all the unemployment expenses are related to chief Labbadia. David responds yes. David explains that most businesses pay into unemployment, however most governmental agencies don't. When an employee collects unemployment these types of agencies get billed for the amount the former employees collect.

Personal Statement from Board member John Cook:

-John makes public apology for outburst after referendum results

-John thanks local Union members for service and support of district.

-John addresses residents and states he feels they did not have all the correct information to make a clear and responsible choice. John promises, as a member of the Board, to continue to find a way to help keep this district open and the sixteen firefighters employed and on the job.

-John expresses personal feelings towards Frank Palins proposal to cut \$435,000.00 from existing budget, not a proposed budget. John states 90% of people present at the meeting in December were there due to disgrace brought to district by former chief. John states that by a slim margin, Franks' proposal passed and the district turned to rocky waters. John states that Frank Palin has guided the district into bankruptcy.

Johns' request for a list of missing records from Frank goes unanswered.

John asks again for this list and would like to know where in the station Frank has looked for them. John states that Conrad Burns had announced at a previous meeting that he was in possession of some records, John asks if arrangements have been made to get them. John asks Frank to resign from the Board. John continues to say that if Frank refuses, he will in accordance to the bylaws and charter of this district, ask the taxpayers for special meeting to have a recall election of him.

Frank responds:

-The cut was from the proposed budget. The actual budget the way it was before, which would have been left the same if the budget did not pass. The difference is \$135,000.00. Of that, based on current collections, we would have received \$70,000.00. Which Frank states would have lasted ten extra days.

John states that if the budget had passed, that the district had proposed, if he has done his numbers correctly, we wouldn't be sitting here doing this tonight.

Frank states that budget would never have passed that evening.

Frank opens floor to public comment.

Ernest Cotnoir of 8 Cindy lane feels if the district had done a better job presenting at the informational meeting, that taxpayers may have gone along with the tax increase. Ernest poses questions. What are the consequences? Are we going to have fire protection? Is the district going to dissolve? How much will that cost? What goes into dissolving? Is it the same as bankruptcy? How much will it cost? How much are we collecting in rescue funds and where does it go? What would happen if you refuse to pay the lighting bill? Ernest states you could live without lights temporarily.

David Krekorian responds re: Rescue recovery funds- from Dec 1, 2014 through May 31, 2015 we have collected approx. \$156,000.00.

Michael Morin of 117 Knotty Oak Rd asks what percentage of potential receivables that represents and who is the billing the reimbursements. David Krekorian responds: rescue recovery is separate, it is not included. The Dawson Group does the billing. Michael asks what the potential receivables today that yet to be put into the bank. David does not have that information at this time, however monthly rescue recovery collections have been steady at approx. \$26,000.00.

Mary Perry of 473 Fairview Ave. asks where the money is going if the district is not paying its lighting and water bills, and also if there are penalties and interest accruing on these bills. Tim Williamson responds there will be interest on them, but it could be waived at the end.

Suzanne Donofrio of 100 Doolittle Street would like to know where the Board stands on selling off unused assets. This topic is on the agenda for discussion this evening. John D'Onofrio states no action at this time has been taken.

Tony Raposo of 11 Birchwood Lane asks if any response was received from National Grid and Kent County Water as it relates to inquiries regarding district ownership. Frank Palin explains minimal response has been received by both entities, and that in our charter it clearly states that the district owns the electrical service and fire hydrants and water service. Coventry Fire District has not received any documentation relating to transfer of ownership from either organization. Frank states that the District doesn't know exactly what it is paying for, despite attempts to find out.

Jim Beckman of 5 Mulberry Court (former member of previous Board), suggest to Dave Krekorian to represent correct numbers or percentages when comparing current collections vs. previous collections due to budgets differences. David explains that expenses haven't changed, and when you have less money coming in, you run out of cash. Mr. Beckman feels you don't run out of money, if you don't pay the lighting and water. If the people have level funded it would have been easier. By drastically reducing the budget you will have income that is shorter, using tax sales will help collect past taxes and you eventually get paid for almost all of them. Brenda adds that the bills we haven't paid add up to about \$250,000.00 which equates to approx. 5 pay periods, about two and a half months. Jim speaks of other revenue sources besides tax collections. Jim adds that the previous board had copies of financials and meeting minutes available, he has only missed two meetings since and has yet to see either. Frank Palin responds our current budget is approx. 93% of what it was last year. Collections for May are 56% of what they were last year. Collections for June are projected to be 62% of LY.

Ernest Cotnoir of 8 Cindy lane asks what the consequences are of dissolving the district. How much will it cost? Will there be fire protection while talks of dissolution continue? Suppose we run out of money and haven't dissolved the district yet? What happens if there is a fire?

John Cook asks Frank Palin to set up a meeting with the Board and surrounding fire chiefs, along representatives from West Warwick, Scituate, East Greenwich to find out what is going to happen as we will not be able to provide mutual aid. We need to know what they will give us, and how much they will charge. Frank asks John Cook to arrange this meeting. John states if that what the Board would like he will do it.

Chief Warren states that he has already met with surrounding towns. He states it will put a very big burden on all departments should this station close. Chief Warren explains he can only ask of Central Coventry what we do for them, all districts depend on each other. More details to follow as there is another meeting tomorrow to determine a plan of action to continue service to residents. John D'Onofrio states it seems we should have had this information before the referendum vote. Chief Warren replies "probably".

David Gorman of 24 Hornbeam RD. asks we know the actual accounts receivable. Dave Krekorian states approximately one million dollars from taxpayers through Nov 30. David Gorman asks what the accounts payable number is that the district owes, broken down by long term debt, what is due today and what is past due. Dave Krekorian replies \$68,000.00 due between now and June 15<sup>th</sup>. David explains the challenge of answering the question "how much do you owe?" But refers to a document he has previously provided to the Board titled Debts and Liabilities. Dave says there are three categories, accounts payable, payments due upon and event and active employee accrued vacation and sick time. David Gorman asks what is due if the doors close tomorrow. John D'Onofrio refers back to a document Dave Krekorian provided to the Board back in April that provided a forecast of where CFD would finish for fiscal 2015, best case scenario of - (\$293,000.00). Does not include payment to Kent County Water or National Grid. John states that he does not agree with the June 10<sup>th</sup> deficit figure that was presented of \$900,000.00. John states that the referendum figure of \$600,000.00 was determined by settling in the middle of best case (-293k) and worst case (-900k). John feels as though the amount asked of taxpayers was based on misinformation. Why are we asking for \$600,000.00 if the Union concessions are \$322,000.00? John does not feel as though the referendum was legally binding. David Gorman feels that an actual debt figure should be determined before discussions / decisions of layoffs and other agenda items. David Krekorian gives other debt figures and gives some explanation to Union contract agreements as they pertain to sick / vacation time of current as well as separated employees. Dave Krekorian offers copies of all payables and schedule of debt to attendees. David Gorman asks Board members how the last five retirees are receiving their buyout. Spread out over two years is the answer. David Krekorian continues to state payables for health insurance benefits for retirees, 4 employees totaling \$5800.00 per month. David Gorman questions why he has noticed nonunion employees on the books for health insurance. John D'Onofrio

states this is a record keeping issue and the board is continuing to look for paperwork to verify eligibility. Frank States the board is moving to find out why they are on, but these people have been paying for these benefits. Dave Krekorian continues payables & liabilities

- 1 employee out on injury still being paid
- Line of credit \$465,000.00 balance @5.25 % interest, payments due quarterly
- Lease ladder truck \$317,000.00 balance. Payments of \$60,850.00 due annually in Feb. last payment due Feb 2021
- Lease Rescue \$77,000.00 balance. Payments of \$15,000.00 due annually in Feb. Last payment due Feb 2020.
- Unfunded Liability for Pension- we are current. 21% of payroll. Till 1.8 million is funded for fire
- Lighting plan overfunded, cannot be used to offset underfunding of fire plan.

Question posed- who is on the lighting fund? Discussion ensues.

John D'Onofrio of 100 Doolittle Street makes a statement as a Board member and tax payer. John States we are here tonight for one reason only, misinformation. John proposes the formation of a finance committee consisting of a Board member, Union member, Board treasurer, and a member of the public at large so that real numbers are communicated. Frank Palin agrees however states this is not on the agenda. John states numbers reported have not been accurate.

Mike Raposo of 9 Gilles Street speaks of confusion around letters received regarding supplemental tax and new tax rate.

John D'Onofrio speaks of bad information voters may have received upon arriving at the referendum location that may have skewed the vote. John expresses dissatisfaction with information given to taxpayers leading up to the election. John states cutting the proposed budget sparked this crisis, it did not create the expense problem that was here. Frank Palin does not deserve the blame for that. John wants to go on the record by saying that was a bad decision, John going forward as a Board member would like suggest going back to restate the budget cut and with the cooperation of the Union, get the district where it needs to be.

Dave Krekorian would like to point out that explaining finances can be very confusing and how Town of Coventrys' annual Financial Report is 170 pages long. Frank Palin recognizes the value of the treasurer and although being paid by the hour, the board cannot afford to hire him full time.

Representative Nardollillo comments how he had received emails after the informational meeting from taxpayers who left confused and without the information they were expecting. He states he had asked for an information table at the referendum explaining impact of options on ballots and answering questions for those who have not been able to attend district meetings. Very discouraged that no informational table was available. Frank explains that he did send an email to all Board members asking if they could volunteer time, only received one response from Board member Brenda Raposo, however being an unpaid Board and all members work full time, there was no one to do it.

Jim Beckman of 5 Mulberry Court asks Frank Palin if he works full time. Frank responds "yes I do, I work more than full time." "What are your hours if you don't mind me asking?"

Frank responds "8:00 in the morning until about 4:00 in the afternoon, about 7 days a week." Jim Beckman states Frank could have made the 6:00 cut off, (to which Frank states that he WAS there at 6:00) but not the 8:00 because he had to be at work. Frank States he WAS there at 8:00 till 8:15 and started his work day a few minutes late. Mr. Beckman asks John D'Onofrio his hours of work. 8:30 to 5 John responds. Mr. Beckman asks how many people were closed out of the vote due to showing up at vote closing at 6. About 35 a witness states. Jim suggest the referendum hours could have been 6am to 8pm to accommodate more voters.

State Representative Sherry Roberts asks why she was not notified of the emergency meeting as Representative Nardollillo was. Frank responds that it was posted on the Secretary of State website.

Conrad Burns former employee of CFD, offers information: Fire underwriters give 90 days to use neighbors as responders, after that, they shut them down. If a decision is made to disband the district, other departments can only help for 90 days, after that, there is no fire protection.

Electric and Water: Fire Chief of department orders every hydrant, he commits the district to pay it. He orders every streetlight, he commits the district to a rental. We can discharge streetlights, we can stop using but have to pay for what we used. Speaks of budgets and staying within it.

Speaks of records and who may have them. People need real numbers. Conrad Burns tells Board they did a lousy job getting the message out concerning informational meeting. Asks about Anthony Mills collections. Discussion ensues about a legal decision regarding such. Questions who determined the tax rate. Bills were improper. Tax assessor to determine tax rate. John D'Onofrio states tax bills were reviewed by assessor before going out. Mr. Beckman speaks of new law requiring certification for assessors. Mr. Beckman asks if every other street light could be shut off. The answer given is yes. He continues, it's \$30,000.00 to disconnect one light and they tried to do this years ago.

Conrad Burns states there is no tariff in RI for turning off a streetlight. Conrad states he had gotten a 30k+ bill rescinded. You terminate the rental agreement.

John D'Onofrio references the Emergency meeting held on June 12<sup>th</sup> and how it did not qualify by definition as RIGL 42-46-6c states this meeting is necessary to address an "unexpected occurrence". Cash shortfall not unexpected. Meeting was called without getting an affirmative vote from the Board. A vote was never held. Referendum could have been postponed a week. It is John D'Onofrio's opinion that since the Board did not conduct a legal meeting, to approve a ballot for an all-day referendum, the referendum should not be binding.

Tim Williamson addresses and responds

1. If in fact there was no requirement of an emergency, neither of the Board members needed to attend the meeting.
2. Since there was a quorum, and the meeting went full and there is no challenge to it as of yet, in the superior court, it was a binding meeting.

Tim continues, regarding your interpretation of what an emergency is and what it is not, there is a lot of discretion as to what that entails. There was an issue that took place after the June 10<sup>th</sup> meeting, there was a number of \$900,000.00. There was a collective bargaining negotiation on Thursday. Where the district got a number from the Union, The earliest the district could have held a meeting to discuss Union concessions was Friday. "That was not anticipated was it?" Asks Tim, That portion was not responded to by John D'Onofrio. Therefore, Tim adds, that was an emergency because that lowered the amount of money sought by the district. John's response is it did not lower the amount. The Board never agreed to that \$900,000.00 number and that is why we had the meeting Friday night to clarify it. Tim states the \$900,000.00 number whether or not it was agreed upon by the Board was discussed freely for a meeting for approximately three and one half hours, and with the Union Concessions that number was reduced to \$600,000.00. John D'Onofrio refers to the agenda for that Friday meeting and points out that the amount to be requested was to be voted on that night. John states Frank Palin said at that Friday night meeting that he had already mailed out letters, before the Board approved it. John Cook adds that Mr. Nardollillo asked about the letters and Mr. Palin had said that the letters had already gone out. John Cook states he did not receive his letter in the mail until Tuesday. John D'Onofrio asks when the Board voted to hold the June 17 referendum. Tim believes it was prior to the June 10 meeting. John states that would be in dispute of the agenda for that evening as executive session only included discussion of grievances and concessions. John states he has checked the minutes and a vote was never taken to hold an all-day referendum on June 17. John D'Onofrio asks the Board if they recall taking a vote to have the referendum. John Cook does not and Frank Palin also has no recollection.

Tim Williamson addresses the Fiscal Stability Act.

Chapter 45 budget Commissions 4591-45910, 910.0,911& 912 the Board is in a position to voluntarily seek help from the State of Rhode Island through the Fiscal Stability Act, at which time the Board and the State in conjunction, would decide if a financial overseer is required, a budget commission is required or a receiver is required. In the event that any of these three individual entities come into this district, the

Board would lose any power it have as it relates to the running of this district, once they can establish what the financial concerns of the district are. If a budget commission came in, members of this Board could possibly be placed on it. A financial overseer would basically work with the Board and with the appointed officials to determine at what level of concern the matter is for a financial intervention, however if there is an appointment of a receiver, that receiver has the power to do anything and everything to either save the district or to dissolve the district. The question for this district is whether or not to bring them in voluntarily or wait for them to come in. Tim believes that based on everything that has been produced so far, they will be coming in. John D'Onofrio asks Mr. Williamson if he has the cost on if we have them come in voluntarily and involuntarily. Tim responds the cost would be the same either way, or he estimates approximately one million dollars, maybe more, based on what he has seen in Central Coventry. John D'Onofrio asks how that is to be paid. Tim believes it is paid out as billed. Frank asks if there a way to prevent the State from coming in, taking into consideration the vote to dissolve. Tim responds, it would be a triggering effect for the General Assembly if this Board decides to take the vote to dissolve and go to the next step, which would be a resolution to the General Assembly, at that point the General Assembly can notify the Department of Revenue to come in. The question is whether or not the Board wants to take action as it relates to chapter 45-9 regarding the budget commissions. John D'Onofrio feels it's too premature to vote on this at the moment as the district still has room to borrow. Still avenues to explore for funds ex. selling of assets, rescue recovery. Tim adds a quarterly tax payment is coming due and revenue from tax sales to consider. Board agrees to hold off on any action / resolution to dissolve to be sent to the General Assembly.

Frank Palin addresses saving money by asking David Kjekorian for the amount that would be saved if we were to layoff half the department and run rescue only for the rest of the year. He asks would we be able to survive. David responds it's still not going to be enough. Frank asks if anyone has any thoughts to extend fire and or rescue service prior to exhausting funds. John says he is open to another meeting with open forum for suggestions from people who may have experience beyond the Board. John D'Onofrio makes a motion to hold a budget workshop as an open forum to the public Tuesday, June 30 at 7pm at a location to be determined. Seconded by John Cook. All in favor, motion passes.

As a point of order, Michael Morin of 117 Knotty Oak Rd asks if open forum can be returned to during meeting. Tim Williamson replies yes. Michael Morin states there is a dictatorship and not a committee sitting at the table.

John Cook makes a motion to re-open public forum for public comment, seconded by John D'Onofrio. All in favor, motion passes.

Discussion / Action liquidation of tangible assets, sale of real estate, trucks, apparatus, rescue and any other saleable items. Frank Palin asks Chief Warren to provide a list for the Board so it can be discussed next week to move forward on this sale as soon as possible. Mr. Conrad Burns adds that there are 14 acres of land that the fire district owns to consider selling. Brenda Raposo suggest renting out parts of Station that are not in use.

Mr. Williamson addresses bankruptcy filing. Based upon the Fiscal Stability Act, the Board cannot file a petition for bankruptcy. Only the Fiscal Stability Act allows that to happen, State law prevents the Board from filing bankruptcy, the Fiscal Stability Act would have to come in.

Frank Palin asks what happens if the district runs out of money and the state has not come in. Tim replies very doubtful that will happen, but the creditor could attempt to force the district into bankruptcy but the Fiscal Stability Act under chapter 45 prevents that.

Revisit Public Comment – no public comment

John D'Onofrio makes a motion to adjourn the meeting, seconded by John Cook, all in favor, motion passes.

Adjourn meeting

Respectfully Submitted

Robert Catalfamo  
Tax Collector / Clerk