

RHODE ISLAND INFRASTRUCTURE BANK

MEETING OF THE BOARD OF DIRECTORS

PUBLIC SESSION

June 21, 2016

A meeting of the Board of Directors of the Rhode Island Infrastructure Bank ("RIIB") in public session was held on Tuesday, June 21, 2016 in the conference room of the RIIB, 235 Promenade Street, Suite 119, Providence, Rhode Island pursuant to a duly posted public notice of the meeting and notice given to all Directors. The meeting was called to order by the Chair of the Board, Merrill Sherman at approximately 4:00 p.m.

Directors present were: Chair Merrill Sherman, Treasurer Seth Magaziner, Scott Lajoie and Joshua Celeste.

Lisa Ferrara arrived at 4:12pm

Directors absent were: none.

Also present were Jeffrey Diehl, Executive Director; Michael P. Larocque, Deputy Director; Michael Baer, Senior Advisor; Michael Pagliaro, Senior Accountant; Anna Coelho Cortes, Drinking Water SRF Program Manager; Kelly Rogers, Office of the General Treasurer; Christopher Vitale and Stephanie Federico, Harrington & Vitale, RIIB Legal Counsel; Neal Pandozzi, Nixon Peabody, RIIB Bond Counsel; and Maureen Gurghigian and Adam Krea, First Southwest Company, RIIB Financial Advisors.

Chair Sherman opened the meeting declaring a quorum. The Chair addressed the first item on the Agenda: Review and consideration of the May 16, 2016 Board Meeting Minutes.

Attorney Vitale noted that an amendment needed to be made. Specifically on page 3 of the document, where reference is made to the Town of Portsmouth, it should read the Town of Jamestown.

Voted: A motion was made by Joshua Celeste, seconded by Scott Ferrara that the meeting minutes from the May 16, 2016 Board meetings be approved as amended.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None
- Lisa Ferrara was absent for this vote.

The Chair moved to **Item #2** of the Agenda: Board Chair remarks.

Chair Sherman discussed the Efficient Buildings Fund Loans that the Board would vote on later in the meeting, indicating that she wanted the loan presentations to focus on the technical reviews for the projects as well as the energy audits conducted to provide reasonable assurances that the municipalities would realize savings once the renewable energy or energy efficiency projects had been implemented.

No vote was necessary for this agenda item.

The Chair moved to **Item #3** of the Agenda: Executive Director's report.

Jeffrey Diehl, Executive Director, updated the board on Phase 1 and 2 of the Efficient Buildings Fund, the Brownfields Remediation Fund and the Community Septic System Loan Program. Mr. Diehl also discussed the status of the Bank's Clean Water, Drinking Water and Commercial PACE programs.

Mr. Diehl also informed the board that he is hoping to increase the staff at the Bank in the coming year to include the addition of a Chief Operating Officer and two other junior/middle level staff members. Additionally, Mr. Diehl noted the need to work with a Human Resources Consultant to update job descriptions for the staff, create objective setting and development plans, implement a review process for staff and conduct a compensation survey for all current and proposed positions within the Bank.

Next Mr. Diehl provided an update to the Board regarding the technology upgrades happening at the Bank, the status of the engagement of the new Auditors, and the implementation of the communications plan. Regarding the communications strategy for the Bank, Mr. Diehl discussed the press coverage in the Westerly Sun regarding the Commercial PACE program, the Brownfields event and related press, and the future coordinating with the Governor's Office and Treasurer's Office regarding the loans to be made from the Efficient Buildings Fund.

No vote was necessary for this agenda item.

The Chair moved to **Item #4** of the Agenda: Review and consideration of the Rhode Island Infrastructure Bank's March, 2016, April, 2016, and May, 2016 Financial Statements.

Michael Larocque reviewed the Revenue and Expense Reports for the RI Infrastructure Bank for the months of March, 2016, April, 2016 and May, 2016, the Balance Sheets for the Bank as of March, 2016, April, 2016 and May, 2016 as well as Liabilities and Fund Balances for said months.

The Board held a brief discussion regarding what additional financial information will be available to review once the new financial reporting software system is implemented at the Bank.

Voted: A motion was made by Lisa Ferrara, seconded by Scott Lajoie that the March 2016, April 2016 and May 2016 Financial Statements be accepted.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #5** of the Agenda: Review and consideration of a loan to the Town of Barrington in an amount up to \$1,100,000 from the Efficient Buildings Fund.

Attorney Vitale provided a brief summary to the Board regarding the process for the Efficient Buildings Fund generally. The Rhode Island Office of Energy Resources ("OER") received applications from

municipalities for energy efficiency and renewable energy projects. The Cadmus Group was hired to assist OER in conducting technical analysis of the projects as well as vetting and scoring of the projects. All proposed loans that are being presented to the Board for approval have had energy audits conducted and projected annual energy savings have been estimated. Each application has been through multiple levels of energy audits and have been amended into the final form now before the board. OER issued a Project Priority List in compliance with the Rules and Regulations for the program and the Bank met with all potential borrowers.

All the proposed loans will be General Obligation loans and the proposed loan amounts have been approved by the individual municipal city/town councils. The loan amounts include the cost of the project, the capitalized interest and the cost of issuance for each loan. For each loan the municipality will begin to realize energy savings before they begin payment on the loan. Until all of the loans are priced the capitalized interest for each loan might fluctuate and the final amount of the loan might be less than what is being submitted today to the Board for approval.

Mr. Baer noted that for each loan the estimated annual savings is more than the estimated annual debt service for the community. He also informed the board that the estimated savings do not include an energy escalation factor. Every effort has been made to ensure conservative estimates for savings.

Adam Krea from First Southwest addressed the Board regarding the loan for the Town of Barrington. He noted that the Town is seeking a loan up to \$1.1 million for energy efficiency projects which include the Department of Public Works building, Library, Senior Center and Town Public Safety Building. The structure of the loan is one year of capitalized interest followed by a 6-year amortization with level debt service. The projected annual energy savings are \$208,000 which does not include energy price increases. Mr. Krea noted that the Board had been provided with the borrower's financial summary.

Chair Sherman asked generally how far along in the construction process the communities were as it relates to the energy efficiency and renewable energy projects. Mr. Baer noted that most municipalities have already gone through procurement and most are shovel ready.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Treasurer Magaziner, seconded by Joshua Celeste to approve a loan to the Town of Barrington in an amount up to \$1,100,000 from the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #6** of the Agenda: Review and consideration of a loan to the City of Cranston in an amount up to \$2,300,000 from the Efficient Buildings Fund.

Adam Krea explained that the City of Cranston was seeking a loan in the amount up to \$2.3 million for an energy efficiency projects including HVAC improvements at the Edgewood Highland School. The structure of the loan is one year of capitalized interest followed by a 15-year amortization with level debt service. The projected annual energy savings are \$192,000 which does not include energy price increases. Mr. Krea noted that the Board had been provided with the borrower's financial summary.

Mr. Baer noted that this project is shovel ready and is a school project that will improve air quality while also providing for energy efficiency within the building.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Joshua Celeste, seconded by Scott Lajoie to approve a loan to the City of Cranston in an amount up to \$2,300,000 from the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #7** of the Agenda: Review and consideration of a loan to the Town of Johnston in an amount up to \$1,300,000 from the Efficient Buildings Fund.

Adam Krea noted that the Town of Johnston had already received Council approval to conduct approximately \$707,000 in energy efficiency upgrades to their school buildings. He indicated, however, that they will be seeking approval from the Council for an additional \$600,000 in funding for additional energy efficiency projects. Specifically, Mr. Krea stated that the energy efficiency projects would include Johnston High School, Thornton Elementary School, Barnes Elementary School, the DPW building, four fire stations, the library, municipal court building, police station, and senior center. The projects included energy management systems, boilers, insulation, LED lighting, and window replacement.

The projected annual energy savings is \$58,000 for the school portion which does not include energy price increases but the savings for the other town buildings was still being determined. The structure of the loan is one year of capitalized interest followed by a 15-year amortization with level debt service. Mr. Krea noted that the Board had been provided with the borrower's financial summary.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Treasurer Magaziner, seconded by Scott Lajoie to approve a loan to the Town of Johnston in an amount up to \$1,300,000 from the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #8** of the Agenda: Review and consideration of a loan to the City of Newport in an amount up to \$1,300,000 from the Efficient Buildings Fund.

Adam Krea explained that the City of Newport was seeking approval for a loan up to \$1.3 million for installation of solar panels for Newport's Wastewater Treatment Facilities. The structure of the loan is one year of capitalized interest followed by a 10-year amortization with level debt service. The projected annual energy savings were still being calculated as of the date of the meeting but would not include energy price increases. Mr. Krea noted that the Board had been provided with the borrower's financial summary.

Mr. Baer explained that this is a 3 phase project with the majority of solar panels to be installed by winter and the rest completed in the spring/summer of 2017. Mr. Baer explained that this project is in partnership with funding that they are receiving from the Clean Water State Revolving Fund and will allow additional CWSRF funding to go directly to work on the City's sewer system and plant.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Lisa Ferrara, seconded by Treasurer Magaziner to approve a loan to the City of Newport in an amount up to \$1,300,000 from the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #9** of the Agenda: Review and consideration of a loan to the City of Pawtucket in an amount up to \$4,100,000 from the Efficient Buildings Fund.

Mr. Krea informed the Board that the City of Pawtucket was seeking a loan in an amount up to \$4.1 million for energy efficiency projects for City Hall, Deborah Sayles Library, Police Annex, Public Works Building, and retrofitting the City streetlights to LED. The structure of the loan is one year of capitalized interest followed by a 10-year amortization with level debt service. The projected annual energy savings is \$769,000 which does not include energy price increases. Mr. Krea noted that the Board had been provided with the borrower's financial summary.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Treasurer Magaziner, seconded by Joshua Celeste to approve a loan to the City of Pawtucket in an amount up to \$4,100,000 from the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #10** of the Agenda: Review and consideration of a loan to the City of Providence in an amount up to \$2,000,000 from the Efficient Buildings Fund.

Mr. Krea stated that the City of Providence was seeking a loan for up to \$2,000,000 for energy efficiency projects including three fire stations on Atwells Avenue, Broad Street and Brach Avenue, the Dexter Garage and the Police Academy. The structure of the loan is one year of capitalized interest followed by a 5 year or 10-year amortization with level debt service. The projected annual energy savings is \$91,556 and Mr. Krea noted that the Board had been provided with the borrower's financial summary.

Mr. Baer noted that this loan was pending City Council approval.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Treasurer Magaziner, seconded by Scott Lajoie to approve a loan to the City of Providence in an amount up to \$2,000,000 from the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #11** of the Agenda: Review and consideration of a loan to the Town of West Warwick in an amount up to \$7,400,000 from the Efficient Building Fund.

Adam Krea informed the Board that the Town of West Warwick was seeking a loan from the Bank in amount up to \$7,400,000 for energy efficient projects including the Public Works Building, Civic Center, retrofitting LED Town streetlights, and financing of one wind turbine. Mr. Krea explained that the town has received grant funding to install solar panels on the Civic Center and further explained that the Town

was actively engaged in a thirty day test period for three wind turbines that were previously purchased by the town. Mr. Krea further indicated that the structure of the loan is a 10 and 15-year amortization with level debt service and the projected annual energy savings is \$866,000 which does not include energy price increases. It was noted that for this loan there is no capitalized interest as the project will immediately start seeing savings. The Board was provided with the Borrower's financial statement.

Treasurer Magaziner inquired into the financing that was originally utilized to purchase the turbines and Mr. Krea explained that the Town had obtained short term financing for the purchase of three turbines, and that the application before the Board was to finance one of the three turbines. Julian Dash, energy consultant to the Town of West Warwick, was present on behalf of the municipality to discuss the Operation and Maintenance Agreement for the turbines and the Long Term Service Agreement that the Town has entered into. Mr. Dash also discussed the details of the Production Guarantee Insurance that the Town acquired.

Chair Sherman requested that the staff conduct additional due diligence to examine the finances of the turbine manufacturer (Vensys), who provided a long term warranty to the town on the turbines. Chair Sherman then disclosed that she had considered recusing herself from voting on the ww loan because of her awareness that Bank RI had a business relationship with one of the vendors for the wind turbine project. The Chair indicated Bank RI is a subsidiary of Brookline Bancorp Inc. and she sits on its Board of Directors. The Chair decided that she would not recuse herself as the relationship was too remote, and did not present a conflict of interest. Scott Lajoie, employed by Bank RI, also indicated that he would not recuse himself from the matter for similar reasons.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Treasurer Magaziner, seconded by Joshua Celeste to approve a loan to the Town of West Warwick in an amount up to \$7,400,000 from the Efficient Buildings Fund subject to satisfactory due diligence performed by the Bank's staff and Financial Advisor.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #12** of the Agenda: Review and consideration of a loan to the Town of Westerly in an amount up to \$1,600,000 from the Efficient Buildings Fund.

Mr. Krea stated that the Town of Westerly was seeking a loan in an amount up to \$1,600,000 for energy efficient projects to the Police Station, Town Annex, Highway Garage, Town Hall, LED streetlight conversion, and solar installation on the Town's Department of Public Works. Mr. Krea indicated that the structure of the loan would be one year of capitalized interest followed by a 5 and 10-year

amortization with level debt service. The projected annual energy savings is \$535,000 which does not include energy price increases. The Board was provided with the borrower's financial summary.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Treasurer Magaziner, seconded by Scott Lajoie to approve a loan to the Town of Westerly in an amount up to \$1,600,000 from the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #13** of the Agenda: Review and consideration of a loan to the City of Woonsocket in an amount up to \$4,000,000 from the Efficient Buildings Fund.

Mr. Krea indicated that the City of Woonsocket was requesting a loan up to \$4,000,000. However, Mr. Krea stated that he expected the actual loan amount to be less. The funding will be used for energy efficient projects including retrofitting LED City streetlights. The structure of the loan is one year of capitalized interest followed by a 15-year amortization with level debt service. The projected annual energy savings is \$225,000 which does not include energy price increases. The Board was provided with the borrower's financial summary.

Mr. Baer indicated that the Mayor held a workshop with the City Council and have gotten commitment for the project but the necessary resolution had not yet been approved.

First Southwest recommends approval of this loan with the following caveats:

- That the project appear on the Office of Energy Resource's Project Priority List;
- That the loan security be in a form acceptable to the Bank as determined by the Bank;
- That the borrower comply with all federal, state and Bank laws, rules and regulations; and
- That a loan agreement be signed by all principal parties authorized to sign.

Voted: A motion was made by Scott Lajoie, seconded by Lisa Ferrara to approve a loan to the City of Woonsocket in an amount up to \$4,100,000 from the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Treasurer Magaziner, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #14** of the Agenda: Review and consideration of an Issuance Resolution Not to Exceed \$30,000,000 for the Rhode Island Infrastructure Bank Efficient Buildings Fund Revenue Bonds or Notes, 2016 Series (Pooled Loan Issue) (the “EBF Obligations”).

Executive Director Diehl stated that the Bank was requesting approval for the issuance of up to \$30,000,000 in Efficient Buildings Fund Bonds or Notes but that it would most likely be in the \$20-21 million range. He discussed the process for issuing an RFP to financial institutions for proposals and structures for meeting the Bank’s needs and how the Bank was proposing to finance the Efficient Buildings Fund loans.

Director Diehl stated that Webster Bank had proposed a process for funding the loans that would allow the first Phase of EBF to be funded while waiting to increase the amount of loans and the number of municipalities in the second round of funding. Webster Bank was offering RIIB attractive costs and lower lending rates. Mr. Diel explained that the proposed transaction before the Board would give the Bank time to work with OER and National Grid and other stakeholders to develop a long term funding strategy for the program. Director Diehl reviewed the terms of the loan with Webster Bank.

Treasurer Magaziner left the meeting at approximately 5:45 and Kelly Rogers stepped in as the Treasurer’s designee.

Voted: A motion was made by Scott Lajoie, seconded by Joshua Celeste to approve an Issuance Resolution Not to Exceed \$30,000,000 for the Rhode Island Infrastructure Bank Efficient Buildings Fund Revenue Bonds or Notes, 2016 Series (Pooled Loan Issue) (the “EBF Obligations”).

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #15** of the Agenda: Review and consideration of Policies and Procedures relating to Interest Rate Hedging Transactions.

Executive Director Diehl explained to the board that in order to fund the Efficient Building Fund loans through the issuance of a short-term Note to Webster Bank, the Bank desires to enter into an interest rate hedging agreement. To enter into such an agreement, under Dodd-Frank, the Bank is required to adopt policies and procedures relating to Interest Rate Hedging Transactions.

Director Diehl reviewed the proposed Policies and Procedures with the Board including the objectives, guidelines, form of interest rate hedging transactions, general guidelines and discussed the risks and benefits of the proposed transaction.

Board Member Ferrara made inquiries as to the technical operations of the proposal that were satisfactorily addressed by Director Diehl and Bond Counsel.

Voted: A motion was made by Lisa Ferrara, seconded by Kelly Rogers to approve the Bank Policies and Procedures relating to Interest Rate Hedging Transactions.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.

- Voting against the foregoing: None

The Chair moved to **Item #16** of the Agenda: Review and consideration of a resolution authorizing the execution and delivery of one or more Interest Rate Cap Agreements relating to the future issuance of bonds to refund the EBF Obligations (the “Interest Rate Cap Agreement”) and appointing of authorized officer(s) to negotiate the terms thereof.

Director Diehl and the Board members agreed that the details of this Agenda Item had been sufficiently addressed in the previous discussions relating to Agenda Items #14 and #15.

Voted: A motion was made by Scott Lajoie, seconded by Lisa Ferrara to approve the resolution authorizing the execution and delivery of one or more Interest Rate Cap Agreements relating to the future issuance of bonds to refund the EBF Obligations (the “Interest Rate Cap Agreement”) and appointing of authorized officer(s) to negotiate the terms thereof.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #17** of the Agenda: Review and consideration of a resolution appointing a Qualified Independent Representative pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to advise the Infrastructure Bank in connection with the Interest Rate Cap Agreement and future interest rate hedging transactions.

Director Diehl and the Board members agreed that the details of this Agenda Item had been sufficiently addressed in the previous discussions relating to Agenda Items #14 and #15. The recommendation is to engage a subsidiary of First Southwest to serve as the Bank’s Qualified Independent Representative.

Voted: A motion was made by Lisa Ferrara, seconded by Joshua Celeste to approve the resolution appointing Hilltop Securities as the Bank’s Qualified Independent Representative pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to advise the Infrastructure Bank in connection with the Interest Rate Cap Agreement and future interest rate hedging transactions.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #18** of the Agenda: Review and consideration of a loan to the Town of Richmond in an amount up to \$300,000 from the Community Septic System Loan Program.

Adam Krea reviewed the details of Richmond’s financial condition. The Town of Richmond is requesting a non-restoring line of credit in the amount of \$300,000. This line of credit would be used for the development and operation of a CSSLP and allow Richmond to make loans available to real property owners for the repair or replacement of failed septic systems or cesspools. The borrowing cost for the

homeowner will be 1% for a term up to ten years. The Town of Richmond is rated Aa3 by Moody's. This rating reflects that the town has a low debt burden with limited plans for future borrowing, manageable net pension liability and rising wealth levels within the Town. Mr. Krea also noted that the Town is experiencing budgetary pressure caused by decreases to state aid and property tax cap limits the ability to raise revenue.

First Southwest recommended approval of the loan application subject to completion of all legal requirements by the Town and with the understanding that the Bank will review the request in connection with the DEM Project Priority List, that the borrower comply with all federal, state and bank laws, rules and regulations, that a satisfactory loan agreement be signed by all parties to the transaction and that the loan will be made subject to availability of funds.

Voted: A motion was made by Joshua Celeste, seconded by Lisa Ferrara to approve a loan to the Town of Richmond in an amount up to \$300,000 from the Community Septic System Loan Program.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #19** of the Agenda: Review and consideration of a Board Resolution authorizing the use of Bank operating funds of up to \$164,000 to provide the required match to the EPA's Brownfields Revolving Loan Fund Grant.

Director Diehl referred to his comments that he made regarding this program during his Executive Director Report. He noted that the Bank has received a grant from EPA for \$820,000 that has a state match requirement of 20%. The match may permit in-kind or other funds.

Voted: A motion was made by Scott Lajoie, seconded by Kelly Rogers to approve a Board Resolution authorizing the use of Bank operating funds of up to \$164,000 to provide the required match to the EPA's Brownfields Revolving Loan Fund Grant.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #20** of the Agenda: Review and consideration of a Board Resolution authorizing the use of ARRA funds to engage an energy consultant(s) to provide technical assistance to the Efficient Buildings Fund.

Director Diehl referred to the comments that he made on this matter during his Executive Director Report.

Voted: A motion was made by Kelly Rogers, seconded by Scott Lajoie to approve a Board Resolution authorizing the use of ARRA funds to engage an energy consultant(s) to provide technical assistance to the Efficient Buildings Fund.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #21** of the Agenda: Review and consideration of a Board Resolution authorizing the engagement of an executive search firm for the chief operating officer position.

Executive Director Diehl referred to his comments during his Executive Director Report indicating the need for a Chief Operating Officer and noted the desire to engage a search firm to identify the best candidate. He noted that a search firm had not yet been selected.

Voted: A motion was made by Kelly Rogers, seconded by Scott Lajoie to approve a Board Resolution authorizing the engagement of an executive search firm for the chief operating officer position.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #22** of the Agenda: Review and consideration of the Bank's FY2017 Budget.

Director Diehl reviewed budget highlights from the different Bank programs and explained that regulations restrict the ability to move many of the funds within the Bank. Much of the budget is based on operating funds and the clean water, drinking water, efficient buildings fund, brownfield, water quality protection and road and bridge funds.

Chair Sherman noted the changes in the budget format and recognized that the new format is a great way to look at the entire budget and segmenting the ability to look at each program individually.

Director Diehl noted that the biggest increases occur in employee expenses which reflect the proposed increase in staff to the Bank.

Kelly Rogers inquired as to why there were no expenses allocated for CPACE. Director Diehl explained that the Bank does not yet have a firm handle on the fees and that details for the new program still need to be determined.

Voted: A motion was made by Scott Lajoie, seconded by Joshua Celeste to approve the Bank 2017 Budget.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #23** of the Agenda: Legislative Update.

Attorney Vitale provided the Board with a document outlining the legislative summary. He noted that the proposed “scoop” had been reinstated in the budget and the amendments that were made to Article 2 of the budget regarding the Public Finance Management Board. He also noted the various bond authorizing resolutions that were approved by the General Assembly as they related to clean water, road and bridge and the efficient buildings fund. Attorney Vitale highlighted other legislation impacting the Bank.

No vote was necessary for this Agenda item.

The Chair moved to **Item #24** of the Agenda: Review of the 2016A and 2016B Water Pollution Control Bond Issues by FSW.

The Board was provided with copies of each report by First Southwest.

No vote was necessary for this Agenda Item.

The Chair moved to **Item #25** of the Agenda: Review of the Bank’s Guaranteed Investment Contract Provider Ratings by FSW.

Maureen Gurghigian noted that there were no changes to the ratings.

No vote was necessary for this Agenda Item.

The Chair moved to **Item #26** of the Agenda: Expenses

Michael Larocque reviewed RIIB’s expenses with the Board.

The Board engaged in a discussion regarding the legal fees as they related to the negotiation of the technology contracts. The Board requested the staff review the invoice and if necessary discuss with the law firm prior to making payment.

Voted: A motion was made by Scott Lajoie, seconded by Joshua Celeste to approve expenses as presented to the Board, with the one exception of the legal invoice related to the technology contract who could be paid upon satisfactory follow-up review by Bank staff.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The Chair moved to **Item #27** of the Agenda: Next regularly scheduled meeting date, July 18, 2016.

No vote was necessary for this Agenda Item.

Voted: A motion was made by Kelly Rogers, seconded by Joshua Celeste to adjourn the meeting.

- Voting in favor of the foregoing: Chair Merrill Sherman, Kelly Rogers, Lisa Ferrara, Scott Lajoie and Joshua Celeste.
- Voting against the foregoing: None

The meeting adjourned at approximately 6:30 pm