

RHODE ISLAND INFRASTRUCTURE BANK
MEETING OF THE BOARD OF DIRECTORS

PUBLIC SESSION

August 15, 2016

A meeting of the Board of Directors of the Rhode Island Infrastructure Bank (“RIIB”) in public session was held on Monday, August 15, 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 3:00 p.m.

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

Joshua Celeste arrived at approximately 3:20 p.m.

Directors absent were: None.

Also present were Jeffrey Diehl, Executive Director; Helen Terra, Road and Bridge Program/Compliance Manager; Anna Coelho Cortes, Drinking Water SRF Program Manager; Robin Hedges, Clean Water SRF Program Manager, Michael Baer, Senior Advisor; Ryan Mulcahey, Program Analyst; Marcelina Jackson, Administrative Assistant; Chris Vitale and Stephanie Federico, RIIB Legal Counsel; Neal Pandozzi, Nixon Peabody, RIIB Bond Counsel; and Maureen Gurghigian and Adam Krea, First Southwest Company, RIIB Financial Advisor.

Chair Sherman opened the meeting declaring a quorum. The Chair addressed the first item on the Agenda: Review and consideration of the July 18, 2016 Board Meeting Minutes.

Voted: A motion was made by Lisa Ferrara, seconded by Scott Lajoie that the meeting minutes from the July 18, 2016 Board meeting be approved.

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

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

Chair Sherman opened by stating that she is pleased with the activities of RIIB and highlighted the Efficient Buildings Fund press event that was held last week at Pawtucket City Hall. She noted that the publicity for such events helps to highlight the work of RIIB and the programs available to communities around the State.

No vote was necessary for this agenda item.

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

Executive Director Diehl began his report by highlighting the new signage that has been placed on RIIB's entrance and indicated that more interior signage will be installed soon. Mr. Diehl thanked Treasurer Magaziner for his participation in the Efficient Buildings Fund press event in Pawtucket and provided the board with press clippings for the event.

Mr. Diehl provided the board with an update on Round 1 and Round 2 of the Efficient Buildings Fund program, highlighting the resolution that was before the Board to hire an energy consultant to assist RIIB with the administration of the program. He noted that RIIB is waiting on final approval from the US Department of Energy to utilize ARRA funds to finance the work of the energy consultant. Specifically, Mr. Diehl noted that the energy consultant would assist with commissioning reports and verifying completion of work for Round 1 EBF projects as well as assisting both RIIB and the RI Office of Energy Resources with assessments and audits for Round 2 of the program. Other updates related to the Efficient Buildings Fund program included meeting with communities, follow up with applicants, and long term financing for the program.

Next, Mr. Diehl addressed the application from the City of Cranston to refund the \$28,495,000 Rhode Island Clean Water Finance Agency Wastewater Treatment System Revenue Bonds (City of Cranston/Triton Ocean State LLC Project) Series 1997. He discussed the details of the request and noted that the refunding is expected to yield approximately \$3,000,000 in savings for the City of Cranston. The transaction is anticipated to close before the end of the year.

Mr. Diehl addressed the loan application from the Abbey Lane Community Association that was before the board. He explained the previous approval by the Board for the project was to award \$50,000 as a grant. Subsequent to that approval, DOH and EPA advised of additional requirements for Abbey Lane should the funds be awarded as a grant. RIIB has the ability to award the funds as a loan and forgive the entire amount, which is the recommendation at this point. The matter before the Board today is to approve the \$50,000 to Abbey Lane as a loan to be forgiven rather than a grant. Mr. Diehl stated that making the change would assist RIIB in meeting the goals of servicing small water providers and discussed the mechanics of the loan to Abbey Lane Community Association.

Mr. Diehl also provided the Board with updates on the Commercial Property Assessed Clean Energy Program, the Brownfields Program as well as the Clean Water and Drinking Water Programs. Next, Mr. Diehl discussed the progress of RIIB's financial audit, the technology upgrades and the website development. Finally, Mr. Diehl noted that RIIB has published the RFP for an Executive Search Firm for the Chief Operating Officer.

No vote was necessary for this agenda item.

The Chair moved on to **Item #4** of the Agenda: Review and consideration of an application from the City of Cranston to refund the \$28,495,000 Rhode Island Clean Water Finance Agency Wastewater Treatment System Revenue Bonds (City of Cranston/Triton Ocean State LLC Project) Series 1997.

Maureen Gurghigian from First Southwest Company provided a summary for the Cranston application. She discussed the history of the loan and reviewed the borrower's financial summary with the Board. Ms. Gurghigian noted that in 1997, the City of Cranston commenced leasing its wastewater treatment system for a base term of 25 years to Triton Ocean State LLC ("Triton") pursuant to a Lease and Service Agreement. The 1997 transaction included tax-exempt financing of system upgrades. Ms. Gurghigian reviewed other specific facts and details regarding the system and operations associated with the loan. Ms. Gurghigian noted that the projected savings are almost \$3.3 million on a present basis.

Ms. Gurghigian recommended approval of the loan application subject to completion of all legal requirements by the City and with the understanding that the Bank will review the request in connection with the loan structure and other financial considerations.

Voted: A motion was made by Scott Lajoie, seconded by Lisa Ferrara to approve the application from the City of Cranston to refund the \$28,495,000 Rhode Island Clean Water Finance Agency Wastewater Treatment System Revenue Bonds (City of Cranston/Triton Ocean State LLC Project) Series 1997.

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

The Chair moved on to **Item #5** of the Agenda: Review and consideration of an Issuance Resolution for not to exceed \$29,500,000 Rhode Island Infrastructure Bank Wastewater Treatment System Refunding Revenue Bonds (City of Cranston/Triton Ocean State LLC Project) Series 2016.

Neal Pandozzi from Nixon Peabody reviewed the terms of the Issuance Resolution with the Board and explained that approval of the Issuance Resolution authorizes up to \$29,500,000 in refunding bonds and addresses the authorization, establishment of accounts and application, form of the issuance and other miscellaneous sections of the Resolution.

Voted: A motion was made by Treasurer Magaziner, seconded by Lisa Ferrara to approve the Issuance Resolution for not to exceed \$29,500,000 Rhode Island Infrastructure Bank Wastewater Treatment System Refunding Revenue Bonds (City of Cranston/Triton Ocean State LLC Project) Series 2016.

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

The Chair moved on to **Item #6** of the Agenda: Review and consideration of a loan application from the Abbey Lane Community Association for not to exceed \$50,000 from the Drinking Water State Revolving Fund.

Executive Director Diehl explained that the Board previously approved a \$50,000 grant to the Abbey Lane Community Association, however, after review of grant requirements from the EPA

it was determined that the most effective action would be to provide the Association with a loan and principal forgiveness. Mr. Diehl further noted that the work for this project has already been completed and that the goal for RIIB is to make documentation less burdensome for small borrowers/recipients.

Voted: A motion was made by Joshua Celeste, seconded by Scott Lajoie to approve the loan application from the Abbey Lane Community Association for not to exceed \$50,000 from the Drinking Water State Revolving Fund.

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

The Chair moved on to **Item #7** of the Agenda: Review and consideration of a Board Resolution for the selection of an energy consultant for EBF program.

Mr. Diehl discussed the RFP process and indicated that RIIB had selected CHA based upon their presentation, references and experience working in the public energy sector. Mr. Diehl reviewed the work that CHA would be performing as it related to both Round 1 and Round 2 of the EBF program. Additionally, Mr. Diehl reviewed the fee structure and stated that the charges would be consistent with the state MPA.

Treasurer Magaziner inquired into the process of selecting CHA and Executive Director Diehl assured the Treasurer that the selection and scoring process had been documented by the Bank and was in compliance with RIIB's procurement regulations.

Voted: A motion was made by Treasurer Magaziner, seconded by Scott Lajoie to approve the Board Resolution for the selection of an energy consultant for EBF program.

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

The Chair moved on to **Item #8** of the Agenda: Review and consideration of adoption of RIIB Accounting Policies and Procedures Manual.

Executive Director Diehl explained to the Board that the Accounting Policies and Procedures have been discussed with the Board in the past but never formally adopted. He wanted to ensure that the auditors were working under policies and procedures that were formally approved. Mr. Diehl further stated that he would be coming back to the Board within a few months with updated policies and procedures based upon the new software system that is currently being implemented. The document before the board was drafted over the last 6-9 months and would be retroactive back to the beginning of fiscal year 2016.

Voted: A motion was made by Lisa Ferrara, seconded by Joshua Celeste to approve the adoption of RIIB Accounting Policies and Procedures Manual.

The Chair moved on to **Item #9** of the Agenda: Legislative update.

Legal Counsel Chris Vitale discussed the amendments to the Administrative Procedure Act that were adopted by the General Assembly in the 2016 Session. He stated that the Office of Regulatory Reform was still working to provide guidance on the legislative changes and the timeline for implementation. He explained that prior to the adoption of the legislation the state has never had a structured code of state regulations. With the new legislation the Governor, the Office of Regulatory Reform and the Secretary of State's Office will be creating a new code of regulations that will take approximately 2 years to implement. The legislation requires that the code of regulations be completed by August 2018. All of the Bank's regulations will need to be resubmitted in a new format and any regulations that do not go through the new adoption process by will be nullified.

Chair Sherman requested that legal counsel put together a "manual" with all current regulations and internal policies and procedures.

No vote was necessary for this agenda item.

The Chair moved on to **Item #10** of the Agenda: Review of the Bank's Guaranteed Investment Contract Provider Ratings by FSW.

Maureen Gurghigian from First Southwest noted that there were no changes from the prior Board meeting.

No vote was necessary for this agenda item.

The Chair moved on to **Item #11** of the Agenda: Expenses

Chair Sherman asked if any of the Board Members had questions relating to the expenses as presented. There were none.

Voted: A motion was made by Treasurer Magaziner, seconded by Scott Lajoie to approve the expenses as presented.

The Chair moved on to **Item #12** of the Agenda: Next regularly scheduled meeting date, September 19, 2016.

No vote was necessary for this Agenda item.

Voted: a motion was made by Lisa Ferrara, seconded by Joshua Celeste to adjourn the meeting

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

The meeting adjourned at approximately 4:00 pm