

**RHODE ISLAND CLEAN WATER FINANCE AGENCY**

**MEETING OF THE BOARD OF DIRECTORS**

**PUBLIC SESSION**

**FEBRUARY 24, 2014**

A meeting of the Board of Directors of the Rhode Island Clean Water Finance Agency in Public Session was held on Monday, February 24, 2014 in Conference Room of the Rhode Island Clean Water Finance Agency, 235 Promenade Street, Suite 119, Providence, Rhode Island pursuant to duly posted public notice of the meeting and notice given to all the Directors. The meeting was called to order by the Chairman of the Board James M. Hagerty at approximately 3:35 p.m.

Directors present were: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie and Lisa Ferrara.

Also present were: William Sequino, Jr., Executive Director; Michael P. Larocque, Deputy Director; Anna Coelho Cortes, Drink Water SRF Program Manager; Helen Terra, Road and Bridge Program/Compliance Manager; Michael Pagliaro, Agency Accountant; Marcelina Jackson, Administrative Assistant; Christopher Vitale, Agency Legal Counsel; Maureen Gurghigian, First Southwest; Neal Pandozzi and Mark Berman, Agency Bond Counsel; Kimberly Welsh, Janney Montgomery; Karen Beard, U.S. Bank; Donna Caccia and Geri Bennett, Cayer Caccia, LLP.

Chairman Hagerty opened the meeting by declaring a quorum. The Chairman addressed the first item on the Agenda. The first item on the Agenda was the review and approval of the January 13, 2014 Board Meeting Minutes. After review and discussion, a motion was made and seconded and the following vote taken:

Voted: That the Board of Directors approve the January 13, 2014 Board Meeting Minutes.

Voting in favor of the foregoing: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie and Lisa Ferrara.

Voting against the foregoing were: None.

Item #2 on the agenda was review of the Agency's 2013 Single Audit by Cayer Caccia. The Agency's 2013 Single Audit was reviewed by Donna Caccia, who explained that there were two identical findings in the Clean Water and Drinking Water programs. One finding was related to the Agency's borrower's compliance with performing and submitting to the Agency copies of their Single Audits (to the extent they were required), and the Agency's oversight of ensuring the Borrower's compliance with this requirement. This compliance related finding was attributable to the vacancy in the compliance manager position at the Agency, which has since been addressed by the hiring of a compliance manager. The second finding was related to the proportionality of drawing federal and other dollars to fund Borrower project costs. The proportionality of drawing funds finding was

discussed by the Executive and Deputy Directors who indicated that this issue was raised by EPA in FY12 and has since been resolved with the Agency instituting procedures to draw funds in accordance with the proportionality requirements from EPA. In response to a question from the Board, Ms. Caccia stated that these findings are not material.

Voted: that the Board of Directors approve the Agency's 2013 Single Audit with the additional language to be added regarding materiality of the findings.

Voting in favor of the foregoing: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie and Lisa Ferrara.

Voting against the foregoing were none.

Item #3 on the agenda was Agency's First Quarter Review by Donna Caccia, Cayer Caccia, who reviewed the First Quarterly review for the Board of Directors and allowed for questions and comments. After discussion, a motion was made and seconded and the following vote taken:

Voted: that the Board of Directors approve the First Quarterly review.

Voting in favor of the foregoing: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie and Lisa Ferrara.

Voting against the foregoing were none.

Item #4 on the agenda was review and consideration of the Agency's November 2013 and December 2013, Financial Statements. Michael Larocque, Deputy Director, summarized the Revenue and Expense Report and Balance Sheet for the month of November 2013 and December 2013 financial statements. After a brief discussion, a motion was made and seconded and the following vote was taken:

Voted: That the Board of Directors approve the Agency financial statements for the months of November, 2013 and December, 2013 as reported by the Deputy Director.

Voting in favor of the foregoing: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie and Lisa Ferrara.

Voting against the foregoing were: None

Item #5 on the agenda was review and consideration of a loan to the City of East Providence in an amount up to \$18,300,000 out of the Drinking Water SRF. This item was deferred until the next meeting.

Item #6 review and consideration of a loan to the Town of South Kingstown in an amount up to \$1,000,000 out of the Drinking Water SRF. Maureen Gurchigian summarized the Town of South Kingstown's credit review for the Board of Directors. After discussion, Ms. Gurchigian recommends

the Agency's Board of Directors accept the loan application from the Town of South Kingstown in an amount up to \$1,000,000 out of the Drinking Water SRF with the following caveats:

- 1) that the project appear on Department of Health's Project Priority List;
- 2) that the project receive a DOH Certificate of Approval;
- 3) that loan security be in a form acceptable to the Agency as determined by;
- 4) that the borrower comply with all federal, state, and Agency laws, rules and regulations;  
and
- 5) that a loan agreement be signed by all principal parties authorized to sign.

After discussion, a motion was made and seconded and the following vote was taken:

Voted: that the Board of Directors accept the loan application for the Town of South Kingstown in an amount up to \$1,000,000 out of the Drinking Water SRF with the following caveats:

- 1) that the project appear on Department of Health's Project Priority List ;
- 2) that the project receive a DOH Certificate of Approval;
- 3) that loan security be in a form acceptable to the Agency as determined by;
- 4) that the borrower comply with all federal, state, and Agency laws, rules and regulations;
- 5) that a loan agreement be signed by all parties authorized to sign.

Voting in favor of the foregoing were: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie and Lisa Ferrara.

Voting against the foregoing were: None

Item #7 on the agenda was review and consideration of a loan to the Town of North Kingstown in an amount up to \$6,000,000 from the Administrative Loan Program. Maureen Gurghigian summarized the Town of North Kingstown's credit review for the Board of Directors. After discussion, Ms. Gurghigian recommends the Agency's Board of Directors accept the loan application from the Town of North Kingstown in an amount up to \$6,000,000 out of the Administrative Loan Program with the following caveats:

- 1) that all projects to be funded appear on Department of Environmental Management's (DEM's) Project Priority List and have Certificates of Approval issued;
- 2) that the borrower comply with Federal, State, and Agency laws, rules and regulations;

- 3) that a satisfactory loan agreement be signed by all parties to the transaction;
- 4) that the loan be made subject to availability of funds; and
- 5) that loan will be made subject to ranking on DEM's Project Priority List.

Voted: that the Board of Directors accept the loan application for the Town of North Kingstown in an amount up to \$6,000,000 from the Administrative Loan Program with the following caveats:

- 1) that all projects to be funded appear on Department of Environmental Management's (DEM's) Project Priority List and have Certificates of Approval issued;
- 2) that the borrower comply with Federal, State, and Agency laws, rules and regulations;
- 3) that a satisfactory loan agreement be signed by all parties to the transaction;
- 4) that the loan be made subject to availability of funds; and
- 5) that loan will be made subject to ranking on DEM's Project Priority List.

Lisa Ferrara abstained from voting on the loan to the Town of North Kingstown loan, specifying that her husband represents the Town of North Kingstown.

Voting in favor of the foregoing were: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie.

Voting against the foregoing were: None

Item #8 on the agenda was review and consideration of the 2014A Drinking Water Resolution in an amount up to \$30,000,000. The Chairman turned the meeting over to Neal Pandozzi, Agency Bond Counsel. Mr. Pandozzi reviewed the Drinking Water Resolution for the 2014A Drinking Water Bond Issue authorizing the issuance of up to \$30,000,000 Safe Drinking Water Revenue Bonds for the Board of Directors and stated that the Resolution authorized the Executive Director, the Chairman and any other Agency authorized signers to sign the necessary documents to close the Bond Issue. After discussion, a motion was made and the following vote taken.

Voted: that the Board of Directors approve the Bond Resolution for the 2014A Safe Drinking Water Revenue Bonds in an amount up to \$30,000,000, and authorizes the Board Chairman and/or Executive Director and any other Agency authorized signers to sign and execute all required documents related to the Bond Issue.

Voting in favor of the foregoing: Chairman James M. Hagerty, Joshua Celeste, Lisa Ferrara, Scott Lajoie, and Joshua Brumberger.

Voting against the foregoing were: None

Item #9 on the agenda was a presentation by Mark Berman, Esq. of Nixon Peabody regarding an article he authored relative to municipal bankruptcies and special revenue bonds. Mr. Berman provided an overview of the article for the Board, including a discussion of municipal bankruptcy proceedings around the country and how general obligation and special revenue bonds have been treated in those proceedings.

Item #10 on the agenda was legislative update. The Legislative update was provided by Christopher Vitale, who reviewed several pieces of legislation introduced at the General Assembly including the FY15 state budget and allowed for questions and comments. After discussion, the next item on the agenda was discussed.

Item #11 on the agenda was expenses. Invoices from US Bank, American Express, Computer Management, Starkweather & Shepley, Pitney Bowes, Staples, Nixon Peabody, LLP, and Cayer Caccia were presented in the amount of \$39,504.63. After discussion, a motion was made and seconded and the following vote taken:

Voted: that the Board of Directors approve the invoices from the expenses listed above in the amount of \$39,504.63.

Voting in favor of the foregoing were: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie and Lisa Ferrara.

Being that there was no further business, a motion was made and seconded to adjourn the meeting @ 4:55 p.m.

Voted: that the Board of Directors adjourn the meeting at 4:55 p.m.

Voting in favor of the foregoing: Chairman James M. Hagerty, Joshua Celeste, Joshua Brumberger, Scott Lajoie and Lisa Ferrara.

Voting against the foregoing were: None.

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**Secretary**

**MINUTES: 109**