

Prudence Island Water District
Minutes of meeting: November 1, 2008

Meeting was called to order at 1:00 p.m. Present were David Buffum, moderator; Patricia Richard, clerk; Robert Hanson and Phillip Brooks. Absent was Richard Brooks

Approval of minutes: Motion by Mr. Phillip Brooks, seconded by Mr. Hanson, approved unanimously.

Motion for appointment of William Capron as facilities manager by Phillip Brooks, seconded by Ms. Richard. Vote was 3-1 to approve, with Mr Buffum voting aye, and Mr. Hanson voting nay. The motion was carried.

RICWFA loan in the amount of \$435,000 to restructure acquisition financing and tank loan at 0% for 20 years. Mark Kimball asked if that amount would leave any working capital. Ms. Richard said that RICWFA funds could not be used for operations but should cover most of the costs of the acquisition. Ms. Richard mentioned that the terms and conditions letter from RICWFA mentioned getting permission from the PUC but that she had written to Mr. Simeone referencing the district charter's exclusion from PUC jurisdiction in this matter. She said that if approved the closing would take place on November 6 at 10 a.m. Motion to approve the terms and conditions of RICWFA loan by Ms. Richard, seconded by Mr. Buffum, approved unanimously. See attached resolution following these minutes.

Ms. Richard transferred the utility billing from PIUC to the district effective 10/31/01. Ms. Richard said that she wanted to consolidate the accounts but that it wasn't possible. Mark Kimball suggested automatic payment through the bank. Ms. Richard said that until she had a sense of just what monies were available that she would prefer to do the bill payments manually.

Ms. Richard reported that she had added voice mail to her office phone. Ms. Richard said that she would like to publish the new number in the Sakonnet Times.

Ms. Richard said that she still needed to transfer digsafe billing to the district and asked Gene Rinker if they were still being billed for digsafe notices of work being done that was not on the island. He said they were still being billed for irrelevant notices.

Ms. Richard asked Mr. Kimball and Mr. Rinker if any other utilities needed attention, and there were no further issues with regard to utilities.

RI Interlocal Risk Mgt Trust. Ms. Richard said that she would be forwarding information on the district's newly acquired assets and a new budget to the trust for review, and that an appraiser would probably visit the island to establish new premiums for liability/property insurance.

Technical: No technical issues.

Correspondence: none

Other: Meetings calendar. Ms. Richard said that because of acquisition, additional meetings should be held until everything was organized. Mr. Buffum suggested that for the month of November, the board should meet every week. Ms. Richard, Mr. Hanson and Mr. Brooks all agreed that meeting once a week would be best. Ms. Richard said that the board should revisit the issue at the end of the month for December and for the coming year.

Ms. Richard said that Sandra Mack, special counsel to the district, had suggested a meeting with the board to review the particulars of the closings.

Anna Levesque asked what effect the acquisition would have on water rates. Mr. Buffum said that it was not clear at this time, but he expected water rates to rise. Mrs. Levesque asked if the billing cycle would remain the same. Mr. Buffum said that he didn't expect any immediate changes to the billing cycle. Ms. Richard reminded Mrs. Levesque that now that the community water system was publicly administered, electors would have a say in many of the issues. Mrs. Levesque asked if the board was all volunteer. Mr. Buffum said that it was. He said that Ms. Richard had worked particularly hard in the final days of the closing and thanked her for her service.

Ken Lowe said that there was a rumor going around the island that meters were going to be installed in the spring. General laughter from the board. Mr. Brooks said that metering and backflow prevention would be required but that it would take years to accomplish. Ms. Richard said that she had recently had a conversation with Gary Chobanian at

RIDOH in which he indicated that financing was available for metering. She said that metering was necessary to apply for large federal construction grants.

Mrs. Levesque asked if the district was participating in the well monitoring being done on some dormant wells on the island and what the purpose of that monitoring was. Mr. Brooks explained that well and stream flow monitoring indicated groundwater availability and was essential for good water management.

Mr. Rinker asked if the district had transferred the licensing for the system. Ms. Richard said that she had been in contact with Clay Commons at RIDOH, had done the paperwork for the transfer and that there was a fee per connection for the transfer. She said that she would take care of that when in Providence for the RICWFA closing.

Mrs. Levesque asked how the waiting list for new connections would be handled. Mr. Buffum said that for the moment, no changes were anticipated.

William Capron asked if the board would be interested in touring the facilities after adjournment. Mr. Buffum and Mr. Brooks agreed to tour the facility.

Mr. Buffum thanked Mr. Rinker for agreeing to consult with the district facilities operator during the transition period.

Mrs. Levesque said that the pipes on Alice Ave. tended to freeze up during harsh winters. Ms. Richard said that several streets in the Homestead area were mentioned in the master plan as needing remediation.

Motion to adjourn by Mr. Buffum, seconded by Mr. Brooks, approved unanimously. Meeting adjourned at 1:45 p.m.

Patricia Richard, Clerk

PRUDENCE ISLAND WATER DISTRICT

RESOLUTION OF THE BOARD OF DIRECTORS OF PRUDENCE ISLAND WATER DISTRICT APPROVING THE ISSUANCE OF GENERAL OBLIGATION BONDS, 2008 SERIES A THEREFOR IN AN AMOUNT NOT TO EXCEED \$435,000

Dated: November 1, 2008

WHEREAS: The Prudence Island Water District (the "District") desires and intends to borrow up to Four Hundred Thirty-Five Thousand Dollars (\$435,000) from the Rhode Island Clean Water Finance Agency (the "Agency") for purposes of (i) refinancing that certain Term Loan from Bank of America, N.A. in the original principal amount of \$200,0000 (the "Term Loan"), (ii) the interest, fees and expenses associated with the Term Loan, (iii) refinancing the outstanding balance of the storage tank loan in the original principal amount of \$300,000 borrowed by Prudence Island Utility Corp. and assumed by the District, (iv) paying for capital improvements to the District's water distribution system (collectively, the "Project").

WHEREAS: The loan from the Agency to the Authority will be evidenced and secured by a Loan Agreement between the Authority and the Agency pursuant to which the Authority will issue to the Agency and the Agency will purchase from the Authority, the Authority's General Obligation Bonds, 2008 Series A (the "Bonds") in an amount not to exceed Four Hundred Thirty-Five Thousand Dollars (\$435,000).

WHEREAS: The Bonds will be issued pursuant to Section 10 of the Enabling Legislation of the District entitled “ An Act Creating The Prudence Island Water District”, Chapter 04/007 of the Public Laws of 2004 (the “Act”).

NOW, THEREFORE, be it resolved that:

SECTION 1. Pursuant to the Act and in order to finance the Project, the Authority is hereby authorized to borrow from the Agency an amount not exceeding Four Hundred Thirty-Five Thousand Dollars (\$435,000) and enter into the Loan Agreement upon such terms and conditions as any Authorized Officer, acting singly and in his 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 Moderator or Clerk of the District, signing singly.

SECTION 3. Any Authorized Officer is hereby authorized and instructed to (i) take all actions, on behalf of the District, 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 Loan Agreement, 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 any Authorized Officer, acting singly and in such officer’s sole discretion, shall deem necessary, desirable or advisable; and do and perform all such other acts and things deemed by such 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 District 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 expenditures 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 Four Hundred Thirty-Five Thousand Dollars (\$435,000) 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.