

DRAFT 8/26/20

Quonochontaug Central Beach Fire District Finance & Budget Committee Minutes of August 22, 2020 Meeting

A meeting of the QCBFD Finance and Budget Committee was held via ZOOM (as permitted by Executive Order 20-25 from the Rhode Island Governor's office) on August 22, 2020. The meeting was called to order at 8:00 A.M. by Chairman Albert J. Bartosic. In attendance were members Jim Blair, Jim Furnivall, Jeff Matthews, Tom McConnell and Roberta Peet (ex-officio as Treasurer). Member Barry Okun was absent.

Minutes from the 8/8/20 meeting were approved.

The Committee heard a report from Jim Furnivall on his discussions with Washington Trust on financing the water system upgrade now expected to total \$900,000. Jim indicated that the Bank was willing to keep our current \$500,000 line of credit in place to fund working capital needs and other unexpected contingencies. Separately the Bank advised that we put in place a separate facility not to exceed \$900,000 to fund the water system upgrade. The facility would be available for periodic drawdowns during construction and upon completion convert to a 10-year amortizing term loan. During construction, the loan would be interest only. The rate would be fixed at Prime + 2 ½% with a floor of 3.75%. This pricing will be good for the first 7 years of the loan after which the loan would be subject to repricing. The Bank will charge a \$2,500 commitment fee with no prepayment penalty. At final drawdown, the QCBFD outstanding \$72,000 5.25% term loan facility will be added to and rolled into the new facility.

The committee discussed possibly going to a longer maturity with the bank, as well as alternative financing strategies including a special assessment or using a loan from the Rhode Island Infrastructure Bank which we understand may have advantageous interest rate and loan forgiveness features.

The committee concluded that there was no immediate need to finalize financing since the project was still in the early stages. It was decided to further investigate the Rhode Island Infrastructure Bank facility and consider our options. Our message to the voters will be that adequate sources to fund the project appear to be available and that the committee will weigh the various options as the timing and funding requirements become clearer. Documentation authorizing the Board of Governors to enter into financing arrangements up to \$900,000 in new money for the water system work as well as authorizations refinance the existing term loan with Washington Trust to access the line of credit with Washington Trust from time to time, as necessary will be prepared for submission to the voters.

The committee was pleased to note that Roberta has agreed to continue to serve as Treasurer for an additional year. As the Nominating Committee has been unable to find a successor willing to serve as Treasurer, after some preliminary research with neighboring fire districts, it was decided to authorize the engagement of a part time bookkeeper to assist the Treasurer. A line item of \$12,400 has been added to budget for this anticipated expense. After additional discussion, the committee voted to increase taxes by \$7,400 (2%) over the 2020 level to \$375,300. Financial exhibits and legal authorizations to reflect these recommendations were reviewed and the committee voted to forward them to the Board of Governors for its review and approval.

The meeting was adjourned at 9:00 A.M.

Respectfully submitted,

James Blair
Secretary
August 22, 2020