



# Sayer Regan & Thayer, LLP

ATTORNEYS AND COUNSELLORS AT LAW

August 7, 2019

Via regular mail and email [Luly.massaro@puc.ri.gov](mailto:Luly.massaro@puc.ri.gov)

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

Re: *City of Newport, Utilities Department, Water Division; PUC Docket No. 4933*

Dear Ms. Massaro:

Please find enclosed for filing in the above-referenced case, (1) original and (9) copies the following:

1. Town of Middletown's Responses to Newport Water's 2<sup>nd</sup> Set of Data Request;

Should you have any questions, or need further information, please do not hesitate to contact this office. Thank you for your attention to this correspondence.

Sincerely,

Andrea Richardson, Paralegal

/ar  
Service List via Email  
Enclosures

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

**IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION  
APPLICATION TO CHANGE RATE SCHEDULES DOCKET NO. 4933**

**THE TOWN OF MIDDLETOWN'S RESPONSES TO THE CITY OF NEWPORT,  
UTILITIES DEPARTMENT, WATER DIVISION'S SECOND SET OF DATA  
REQUESTS**

**NW 2-1:**

On Page 19-22, Mr. Russell suggests an “alternative funding plan” using Bond Anticipation Notes (BANs) and full borrowings for the Reservoir Road Tank Improvements and the Forest Avenue Pump Station Retrofit Improvements, which consists of the following:

- FY2020 - BANS for \$700,000 with “cost at 4% - \$28,000”;
- FY2021 - Debt Issue of \$1.7 million “with annual Debt Service payments of about \$131,000 starting in 2023”;
- FY2022 - BANs for \$200,000 with “Cost at 4% - \$8,000”;
- FY2023 - BANs for \$700,000 with “Cost at 4% - \$28,000”; and,
- FY2024 – Debt Issue of \$1.3 million “with annual Debt Service payments of about \$101,000 starting in FY2025”

With regard to this plan:

- a. Please provide a worksheet that shows Mr. Russell’s calculation for each of the “Annual costs of Alt. Funding Plan” for each of the fiscal years in the table on page 21 and include, and describe in detail, all assumptions made in making each calculation.
- b. Please explain in detail why no payments will have to be made in FY2021 and FY2024 as shown in the table on page 21.

**Response:**

- a. First, as noted in response to NW 1-19, in preparing that response, a couple of errors were noticed with respect to the timing of the first debt issue (for the Reservoir Road Tank) and the amount of the second debt issue (for the Forest Ave. Pump Station Retrofit). These errors will be corrected and revised estimates will be provided to all parties in a separate amended response. For this line, the only number that needs to be

corrected is for the year FY2024 – the correct number is \$131,000, not \$0.0. The calculations used to compute the interest associated with the three BANs are specified on page 21 of the testimony. The first debt issue (\$1.7 Mil. – see response to NW 1-17. a.) to be issued in FY2020 has debt service payments of \$131,000 starting in FY2022 (not FY2023 as stated on page 21, line 17). The calculations used to estimate this debt service payment amount was described in response to NW 1-19. a. Thus, the amount in FY2020 is the interest associated with the first BAN; the amount in FY2021 is \$0.0 because the first bond is issued that year, but debt service payments don't start until the following year. The amount in FY2022 is the sum of the interest on the second BAN plus the debt service on the first debt issue. The amount in FY2023 is the sum of the interest on the third BAN plus the debt service on the first debt issue. The amount in FY2024 is the debt service on the first debt issue (corrected to \$131,000).

b. For the same reason, NW will not make any payments on its two proposed bond issues until the year following the year of issue.

**NW 2-2:**

Please provide all documentation that evidences, documents or memorializes any and all water use efficiency assessments and/or audits conducted by, for, or on behalf of the Town of Middletown regarding water usage by the Town of Middletown in the past five years.

**Response:**

The Town of Middletown has not conducted a water use efficiency assessments and/or audits in the past five years.

**NW 2-3:**

Please provide all documentation that evidences, documents or memorializes the amount of water used by the Town of Middletown for operations (e.g. sewer flushing, storm cleaning, road sweeping) for FY17, FY 18 and FY19.

**Response:**

The Town does not maintain documentation that evidences, documents or memorializes the amount of water used for operations.

**NW 2-4:**

Please confirm that the Town of Middletown and its contractors obtain water for operations (e.g. sewer flushing, storm drain cleaning, road sweeping, irrigation systems, etc.) only through metered connections. If not, please explain why the Town of Middletown and its contractors do not obtain water for operations only through metered connections.

**Response:**

Confirmed - the Town of Middletown and its contractors obtain water for operations only through metered connections.

**NW 2-5:**

Please confirm that the Town of Middletown Fire Department obtains water for purposes other than active firefighting only through metered connections. If not, please explain why the Town of Middletown Fire Department does not obtain water for purposes other than active firefighting only through metered connections.

**Response:**

Confirmed - the Middletown Fire Department obtains water for purposes other than active firefighting only through metered connections.

**NW 2-6:**

Please state whether the Town of Middletown has used Bond Anticipation Notes (BANs) to fund any capital projects in the past ten years. If so, please identify:

- a. The project(s) funded.
- b. The date(s) of the BANs.
- c. The principal and interest amount of each BAN.
- d. The associated costs including loan origination fees, cost of issuance, attorneys' fees and financial advisor fees for each BAN.

**Response:**

- a. The Town has used Bond Anticipation Notes in connection with a Stormwater project related to a consent decree in the matter of *Environment Rhode Island, et. als, v. The Town of Middletown*, C.A. No. 08-3235. See documentation (5 pages) attached.
- b. May 23, 2013.
- c. \$3,000,000 principal and \$19,944.17 interest
- d. \$7,200.00.



**OFFICIAL STATEMENT**  
of the  
**TOWN OF MIDDLETOWN, RHODE ISLAND**  
Relating to  
**\$9,515,000 GENERAL OBLIGATION BONDS, SERIES 2014A (Tax-Exempt)**  
**\$605,000 GENERAL OBLIGATION BONDS, SERIES 2014B (Federally Taxable)**

This Official Statement provides certain information concerning the Town of Middletown, Rhode Island (the "Town" or "Middletown") in connection with the issuance by the Town of its \$9,515,000 General Obligation Bonds, Series 2014A (Tax-Exempt) (the "Series A Bonds") and \$605,000 General Obligation Bonds, Series 2014B (Federally Taxable) (the "Series B Bonds" and together with the Series A Bonds, collectively the "Bonds").

**THE BONDS**

**Description of the Bonds**

The Bonds will be issued only as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of delivery and will bear interest at the rates shown on the inside front cover page hereof.

Interest on the Bonds will be payable on August 1, 2014 and semi-annually thereafter on February 1 and August 1 of each year at the rates shown in the maturity schedule on the inside front cover page hereof. Principal of the Bonds will be payable on February 1 of each year, beginning in 2015, as set forth on the inside front cover page hereof.

The Bonds are issuable only as fully registered Bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS- Book-Entry Only System" below.

Principal of and interest are payable to DTC by U.S. Bank National Association, as Paying Agent to DTC. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. Interest on the Bonds is computed on the basis of a 30-day month and a 360-day year.

For every transfer and exchange of the Bonds, whether in certificated form or otherwise, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Adequate indemnification may be required to replace any lost, stolen or destroyed Bonds, whether in certificated form or otherwise.

**Record Date**

The Record Date for each payment of interest on the Bonds is the close of business on the fifteenth day preceding the interest payment date or, if such day is not a regular business day of the Paying Agent, the next preceding day which is a regular business day of the Paying Agent.

**Authorization and Purpose of the Bonds**

Bonds in the amount of \$7,245,000 are authorized pursuant to Chapters 425/463 of the Public Laws of 2012 for the purpose of financing renovations and improvements to the Town's fire department and public works facility. Bonds in the amount of \$2,875,000 are authorized pursuant to Section 45-12-4.4, as amended by Chapter 2 of the

Public Laws of 2013, for the purpose of permanently financing the Town's \$3,000,000 General Obligation Bond Anticipation Note dated May 21, 2013, due February 14, 2014 issued for the costs of a storm water project and associated costs relating to a consent decree in the matter of Environment Rhode Island, Burton Hoffman, Henry Rosemond, Jr., David Wixted and Henry T. Wrobel v. The Town of Middletown, CA 08-3235. See "LITIGATION" herein.

GA

### **Book-Entry Only System**

The information under this heading has been furnished by DTC, New York, New York. Neither the Town nor the Underwriters make any representations as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of each Series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may

SIGNATURE AND NO LITIGATION CERTIFICATE  
AND CERTIFICATE OF DELIVERY AND PAYMENT

We, the President of the Town Council and the Director of Finance of the Town of Middletown, Rhode Island (the "Town"), do hereby certify that we have signed as such officers the \$3,000,000 General Obligation Bond Anticipation Notes of the Town of Middletown, dated May 21, 2013 (the "Notes") payable by the Town, as paying agent to the registered owner on February 14, 2014 with interest (calculated on the basis of a 30-day month and a 360-day year), at the interest rates per annum as follows: 6 B

\$3,000,000 Bond Anticipation Notes

<u>No.</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
R-1	February 14, 2014	\$3,000,000	0.91%

We, the President of the Town Council and the Finance Director further certify that as such officers we have fixed the denomination, maturity, interest rate, and other terms of the Notes as above, pursuant to a Resolution of the Town Council duly passed on April 15, 2013. The Notes are in the form attached hereto as Exhibit A.

We, the President of the Town Council and the Finance Director further certify that we have approved the sale of the Notes to Bank of America, N.A., at a purchase price of \$3,000,000, equal to the par amount of the Notes, on the terms set forth above.

I, the Finance Director, certify that the Notes were delivered on the date hereof, that the full purchase price was received from the purchaser on or before the date hereof.

We, the said officers and the Town Clerk, also certify:

- (1) That we are the duly chosen, qualified and acting officers as undersigned;

*First Southwest*      2500  
*Edwards*                4700  


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7,200      (6 D)

PROOF OF ARBITRAGE YIELD

Town of Middletown, Rhode Island  
General Obligation Judgement Bond Anticipation Note, Series 2013  
\*\*FINAL NUMBERS\*\*

Date	Debt Service	PV Factor	Present Value to 05/21/2013 @ 0.9090483%
02/14/2014	3,019,944.17 <sup>60</sup>	0.993395848	3,000,000.00 <sup>60</sup>
	3,019,944.17		3,000,000.00

Proceeds Summary

Delivery date	05/21/2013
Par Value	3,000,000.00
Target for yield calculation	3,000,000.00

8/1/2019

TOWN OF MIDDLETOWN  
\$3,000,000 BAN  
BAN: 4633011 Bank of America

INVOICE DATE	Payment DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT
06/28/12	06/28/12	7870	First Southwest	2,500.00
07/09/13		300108/0008	Edwards Wildman Palmer LLP	4,700.00
				<u>7,200.00</u>
PERCENTAGE OF LOAN				0.24%

**CERTIFICATION**

I hereby certify that on August 7, 2019, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

*Andrea Richardson*  
Andrea Richardson, Paralegal

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