



OFFICIAL MINUTES OF:

Meeting of:	Finance Committee
Date:	January 24, 2007
Time:	10:45 AM

MEMBERS PRESENT

Vincent Mesoella, Chairman
Robert Andrade, Finance Chair
Raymond Marshall, Executive Director
Michael DiChiro

MEMBERS ABSENT

Richard Oster
Leslie Gray, III
R. David Cruise
Joseph Kimball

STAFF AND GUESTS PRESENT

Karen Giebink, NBC
Jamie Samons, NBC
Paul Nordstrom, NBC
Richard Bernier, NBC
Leah Foster, NBC
Dan Smith, NBC
Sherri Arnold, NBC
Brenda Smith, NBC
Anamaria Clarkin, NBC
Harold Gadon, CAC
Mark Thomas, NBC
Thomas Lazieh, Commissioner

Jean-Marie Grossi, NBC
Thomas Uva, NBC
Joanne Maceroni, NBC
Francie Brown, NBC
Jennifer Harrington, NBC
Tom Brueckner, NBC
Jason Galego, NBC
Cecille Antonelli, NBC
Sherri Arnold, NBC
Joseph Pratt, LBG
Bruce Campbell, Commissioner

1. Call to Order

Noting that a quorum was not present, Finance Chair Andrade called the Finance Committee meeting to order at 10:54 a.m.

**2. Approval of Minutes - *October 18, 2006 Finance Committee (REVISED)*
*December 13, 2006 Finance Committee***

Finance Chair Andrade stated that due to the fact we do not have a quorum at this time, the Finance Committee will table the October 18 and December 13, 2006 meeting minutes until we have a quorum present.

Since a quorum was not present at the conclusion of the Finance Committee meeting, the minutes of the October 18, 2006 (Revised) and December 13, 2006 Finance Committee meetings will be tabled until the next Finance Committee meeting.

3. Items for Action

A. Review of Monthly Financial Statements

Ms. Karen Giebink referred to the December 2006 Monthly Financial Report. With respect to Budget versus Actual, she noted that we are spending at 45.6% of budgeted levels which is under the budgeted level of 50%. She noted that 95% of the budgeted positions are currently filled. On page two of the Report, Ms. Giebink referred to the User Fee Billing Report and stated that we have calculated the January billing, and it is estimated to be \$14.8 Million, which is close to the projection, so we are pleased with that. The Receiving Aging Analysis Summary is reflected under Item B on page two. On page 3, Cash and Investments total \$35.6 Million and the investments are detailed under Item B. She noted that on Page 4, Item C Outstanding Debt, the most recent borrowing from the RI Clean Water Finance Agency is reflected in the amount of \$30 Million. Ms. Giebink noted that NBC closed on that loan on December 21, 2006, at a blended subsidized and zero rate of 1.77%. In addition, she noted that we are planning to close on the \$42.5 Million Revenue Bond Issue on February 8, 2007. The pricing took place on January 17, 2007, and the issue has an All-in-True Interest Cost of 4.65%. She noted that for a 30-year revenue bond this is exceptional. She noted that we now have additional resources needed to finance our capital improvement projects.

Ms. Giebink stated that on Page 5, the available capital funds are \$40.25 million, and Page 6 summarizes Capital Payments by Month and Source. Also attached to the December 2006 Financial Report is the Statement of Revenues, Expenses and Changes in Net Assets, the Statement of Net Assets and the Detailed Budget versus Actual for the Period Ending December 31, 2006.

Ms. Giebink noted that at the last Finance Committee meeting, Commissioner Gray had requested information regarding rate projections given the magnitude of our Capital Improvement Program. She stated she prepared some projections and emailed the information directly to him. However, she noted that if anyone was interested in obtaining a copy of the projections, we have copies available at this time. She said that these figures are only projections and are in a form similar to those presented in the NBC's Budget Document. The projections reflect revised cash flows for the Capital Improvement Program, which are ultimately rolled into borrowing needs and projected debt service. The projections also include a simple assumption for increased operating costs of 3.5% per year. Ms. Giebink further stated that the operating cost figures will be revised as we move forward to reflect the costs on the Phase I CSO facilities coming on-line, and the additional electricity demand associated with that project, as well as chemical and electricity costs that would be associated with additional nitrogen removal. Therefore, she stated that this summary is a rough idea of where we can expect to be in terms of rate increases and will be readjusted as changes in cash flows occur as well as when other variables become known.

Ms. Giebink passed out a copy of the credit rating report for the 2007 Series A issue from Standard & Poor's. The NBC received an A+ rating from Standard & Poor's and stated that given all the outstanding debt the NBC has, this is an excellent rating. She noted that NBC's A+ Rating was also re-affirmed for the RI Clean Water Finance Agency loan and that a lot of information is included in the Standard & Poor's Report.

This concluded Ms. Giebink's report.

Commissioner Lazieh asked if NBC has a rating from Moody's. Ms. Giebink answered, no. She stated that NBC requested an indicator rating from both Fitch and Moody's when going through the process of borrowing from the RI Clean Water Finance Agency and issuing the open market revenue bonds; however, NBC did not request a published rating.

B. Consideration of Purchase Requisitions

Mr. Marshall stated that there are no purchase requisitions requiring Finance Committee approval; however, he noted that there are four requisitions and they are listed on the green sheet included in all Committee members' packets.

C. Consideration of Personnel Actions

Personnel Chair Campbell stated there is one personnel action item that requires approval, but due to the fact a quorum is not present, no action was taken on that matter. The Personnel action item will be tabled until the next Finance Committee meeting.

4. Other Business:

None to report.

5. Adjournment

Commissioner DiChiro motioned to adjourn. Commissioner Andrade seconded the motion and the Finance Committee meeting adjourned at 11:07 a.m.

Respectfully submitted,



Raymond J. Marshall, P.E.
Secretary/Executive Director