



OFFICIAL MINUTES OF:

Meeting of:	Joint Long Range Planning/Finance Committee
Date:	June 20, 2007
Time:	10:15 AM

MEMBERS PRESENT

Vincent J. Mesoella, Chairman
Angelo S. Rotella, Vice Chairman
Raymond Marshall, Executive Director
Robert Andrade, Finance Chair
Michael Salvatore
John MacQueen
Michael DiChiro
Joseph Kimball
Leo Thompson
Richard Burroughs
R. David Cruise
Harold Gadon, CAC

MEMBERS ABSENT

George Redman, CAC

STAFF AND GUESTS PRESENT

Karen Giebink, NBC
Francie Brown, NBC
Paul Nordstrom, NBC
Sam Celone, NBC
Kathryn Kelly, NBC
Thomas Brueckner, NBC
Leah Foster, NBC
Anamaria Clarkin, NBC
Mark Thomas, NBC
Deborah Sampson, NBC
Joseph Pratt, LBG
Al Montanari, NBC Commissioner
Daniel Dair, AnoxKaldnes

Jean-Marie Grossi, NBC
Thomas Uva, NBC
Richard Bernier, NBC
Jamies McCaughey, NBC
Daniel Smith, NBC
Jamie Samons, NBC
Sherri Arnold, NBC
Joanne Maceroni, NBC
Cecille Antonelli, NBC
Joseph Rodgers, House Fiscal Office
Leslie Gray, III, NBC Commissioner
Jim DeLuca, Aqua Solutions, Inc.
Joanne D'Acchioli, AnoxKaldnes

1. Call to Order

Noting that a quorum was present, Finance Chair Andrade called the June 20, 2007 Joint Long Range Planning/Finance Committee meeting to order at 10:33 a.m.

2. **Approval of Minutes** - *April 4, 2007 Finance Committee Meeting*
May 3, 2007 Finance Committee Meeting (Draft FY08 Operating Budget Presentation)
May 16, 2007 Joint LRP/Finance Committee Meeting (FYI Only)

Finance Chair Andrade asked the members of the Joint Long Range Planning/Finance Committee if they have had a chance to review the minutes of the April 4, 2007 Finance Committee meeting. Commissioner MacQueen motioned to approve the minutes of the April 4, 2007 Finance Committee meeting as written. Commissioner DiChiro seconded the motion, and the vote taken by the Joint Long Range Planning/Finance Committee was unanimous. The motion carries.

Finance Chair Andrade asked the members of the Joint Long Range Planning/Finance Committee if they have had a chance to review the minutes of the May 3, 2007 Finance Committee meeting. Commissioner DiChiro motioned to approve the minutes of the May 3, 2007 Finance Committee meeting as written. Commissioner Salvadore seconded the motion, and the vote taken by the Joint Long Range Planning/Finance Committee was unanimous. The motion carries.

Mr. Marshall noted that the May 16, 2007 Joint Long Range Planning/Finance Committee meeting minutes of May 16, 2007 are for informational purposes only. He noted that since the May 16, 2007 Joint LRP/Finance Committee meeting was not properly noticed with the Secretary of State's Office, we still prepared the minutes of said we did this in case anyone wanted to know what we discussed on that day.

3. **Items for Action**

A. *Review of Monthly Financial Statements*

Ms. Karen Giebink referred to the May 2007 Monthly Financial Report. With respect to Budget versus Actual, she noted that we are approximately 92% of the way through the fiscal year and we are spending at 85.7%; therefore, we are spending below budget. She stated that the most significant expenditures are in the areas of Personnel Services, Operations & Maintenance, as well as Capital Outlays. She noted that 94% of the budgeted positions are currently filled. Ms. Giebink noted that on Page 2 of the report, you will see that the actual billing was 94% of what we had projected. Mr. Giebink noted that staff went into some detail with respect to the fall-off in revenues at the May 3, 2007 Finance Committee meeting. She also stated that with respect to the Receivables Aging Analysis Summary, the amount outstanding is \$12.2 Million. On Page Three, Cash and Investment balances total approximately \$80.9 Million, and the investments are detailed under Item B.

Ms. Giebink noted that on Page Four, with respect to Notes, Bonds and Loans, you can see the chart showing NBC's variable rate debt versus the BMA Swap Index and, therefore, we are pricing competitively. She noted that under Item C, the Total Outstanding Debt is at \$423.7 Million. On Page Five, she noted that the total Capital Funds that are available is \$65.6 Million. Page 6 summarizes Capital Payments by Month and Source. Also attached to the May 2007 Financial Report is the Statement of Revenues, Expenses and Changes in Net Assets, the Statement of Net Assets and the Detailed Budget versus Actual.

This concluded Ms. Giebink's report.

B. *Consideration of Purchase Requisitions*

Mr. Marshall stated that included in all Committee member's packets is a list of year-to-date budget transfers by month. He noted that they do not require any action on the Committee's part, but we are required to report those to you, as well as the information on the green sheets which show the purchase requisitions that are greater than \$10,000 which also do not require Committee approval, but are required to report this information to the Finance Committee.

Mr. Marshall then referred to the pink sheet included in all Committee members packets, which includes one purchase requisition that requires Finance Committee approval. This requisition is for Three-C Electrical Co., Inc. to conduct annual inspections of NBC critical equipment in the amount of \$381,950.

Commissioner Gray asked if this is a renewal of an existing contract or is it new contract. Mr. Marshall stated that this is a new contract that was put out to bid.

With no further comments or questions, Commissioner Gray motioned to approve said requisition as reported by Mr. Marshall. Commissioner Salvadore seconded the motion, and the vote taken by the Committee was unanimous. The motion carries.

C. Consideration of Personnel Actions

Mr. Marshall stated that there is one personnel action which included some changes in the Planning, Polity & Regulation Division, and is included in the Committee members packet's; however, this personnel action does not impact the budget and does not require Finance Committee approval. He noted that we only wanted to make the Finance Committee aware of the change.

D. Review and Approval of Resolution 2007:13, Authority to Sell Eco Depot Parcel

Finance Chair Andrade stated that this Action Item was discussed in detail at the last informal meeting of the Finance Committee on May 16, 2007. He noted that a motion is in order for the approval of Resolution 2007:13, Authority to Sell Eco Depot Parcel.

With no comments or questions, Commissioner Thompson motioned to approve Resolution 2007:13, Authority to Sell Eco Depot Parcel. Commissioner Salvadore seconded the motion, and the vote taken by the Joint Long Range Planning/Finance Committee was unanimous. The motion carries.

E. Review and Approval of Resolution 2007:14, Approval of NBC FY2007 Operating Budget.

Finance Chair Andrade stated that Ms. Karen Giebink, Director of Administration & Finance, gave a detailed presentation to the Finance Committee on the NBC's FY2008 Draft Operating Budget to the May 3, 2007 Finance Committee meeting.

Ms. Giebink stated that she would first like to thank her staff Sherri Arnold, Annamaria Clarkin and Francie Brown for their hard work with the preparation of the NBC's Proposed FY2008 Operating Budget.

The following is an outline of Ms. Giebink and Ms. Brown's presentation on NBC's Proposed FY2008 Operating Budget.

PROPOSED FY2008 OPERATING BUDGET

- I. Chairman's Message & Executive Director's Message*
- II. About the Narragansett Bay Commission*
- III. Budget Summary Information*
- IV. Budget Philosophy, Process & Policies*
- V. Long-Term Debt, CIP Impact, and Capital Improvement Program*
- VI. NBC Division Summaries*

VII. Supporting Schedules

VIII. Appendix

This concluded the FY2008 Operating Budget presentation.

After some minor comments and questions, Commissioner Salvadore motioned to approve Resolution 2007:14, Approval of NBC FY2008 Operating Budget. Commissioner DiChiro seconded the motion, and the vote taken by the Joint LRP/Finance Committee was unanimous. The motion carries.

F. Review and Approval of Resolution 2007:15, Authority to Borrow an Amount Not to Exceed \$25,000,000 and Issue an Amount Not to Exceed \$25,000,000 in Revenue Bonds (State Revolving Fund [SRF] Pool Loan 11)

Ms. Giebink stated that this is the standard resolution that will authorize the NBC to execute its next borrowing from the RI Clean Water Finance Agency (RICWFA). She noted that typically, this resolution would come before the Finance Committee and Board in the month of September, but to allow more time to prepare all the documents she is presenting said Resolution for review and approval now. She noted that the resolution is for an amount not to exceed \$25,000,000, and the RICWFA is still in the process of finalizing their capacity. However, she noted that the NBC has been told for many years that the amount available to NBC would be \$12,000,000 this fiscal year, and accordingly, all of our modeling and borrowing plans, including the sizing of our February 2007 Revenue Bond Issue were based on that assumption. She continued to state that staff will be evaluating and fine-tuning our cash flows and our Capital Improvement Program over the next few months to determine what would be the optimum amount to borrow through the RICWFA, because we do not want to over-borrow.

Ms. Giebink noted that it is projected that the loan will be at the traditional subsidized rate which we project to be in the 3.5% range, and this is due to the fact that all of the zero money has been exhausted. It was noted that rate relief will be required from the Public Utilities Commission prior to the execution of the loan. She then respectfully requested approval of Resolution 2007:15, Authority to Borrow an Amount Not to Exceed \$25,000,000 and Issue an Amount Not to Exceed \$25,000,000 in Revenue Bonds (State Revolving Fund [SRF] Pool Loan 11).

With no comments or questions, Commissioner DiChiro motioned to approve Resolution 2007:15, Authority to Borrow an Amount Not to Exceed \$25,000,000 and Issue an Amount Not to Exceed \$25,000,000 in Revenue Bonds (State Revolving Fund [SRF] Pool Loan 11). Commissioner Salvadore seconded the motion, and the vote taken by the Joint Long Range Planning/Finance Committee was unanimous. The motion carries.

G. Review and Approval of Resolution 2007:16, Use of Environmental Enforcement Funds

Mr. Marshall stated that included in all Committee members packets' is a memo from Thomas Uva, Director of Policy, Planning & Regulation to the Joint LRP/Finance Committee and Board of Commissioners regarding a recommendation for the use of Environmental Enforcement Funds. He noted that the NBC received a request for a contribution of \$2,500.00 to the Leonard Walker Scholarship Fund. He noted that as many of our Commissioners know, Mr. Leonard Walker was a former long-time NBC Commissioner who passed away a few years ago, and at the MET School in Providence, a scholarship program was established in Mr. Walker's memory. Mr. Marshall stated that the NBC supports this request for Environmental Enforcement Funding to help continue the support of students attending the MET School. He further noted that this request is in conformance with our guidelines for the use of environmental enforcement funding. He, therefore, recommended passage of Resolution 2007:16, Use of Environmental Enforcement Funds.

With no comments or questions, Commissioner Salvatore motioned to approve Resolution 2007:16, Use of Environmental Enforcement Funds as explained by the Executive Director. Commissioner Thompson seconded the motion, and the vote taken by the Joint LRP/Finance Committee was unanimous. The motion carries.

H. Review and Approval of Resolution 2007:17, Authorization to Enter Into a Contract for Demand Response Administration Services

Ms. Giebink stated that she would like to acknowledge James McCaughey of the PP&R Division and Sam Celone, our Purchasing Manager for their work on this Project. She noted that the NBC issued an RFQ/P for the provision of administrative support services that will enable the NBC to participate in the ISO New England Demand Response Program. This Program compensates large users of electricity that have the ability to reduce their demand during peak usage periods. She stated that the reason the NBC is able to proceed with this particular Program is that the RIDEM recently modified its regulations which will now allow NBC to participate in the program. She noted that the Program compensates larger users that have the ability to reduce demand during brown-out periods. She stated there are two forms of compensation. The first is an ICAP or Installed Capacity Response Payment, which NBC will receive for having the ability to reduce demand. She noted that the second type of compensation is DRP or Demand Response Payment, and that would be paid to the NBC in the event we actually had to use its emergency generators to reduce demand on the grid.

Ms. Giebink noted that over the last three years, there has been only one incident where users were asked to reduce demand during a brown-out. Therefore, she stated that NBC will be compensated just for signing up for the Program. She stated that the NBC issued the RFQ/P to qualified firms with authorization from ISO New England to participate in the Program. We received five timely proposals, and based on the criteria set forth in the RFQ/P, the recommended firm is Demand Direct. She noted that it is estimated that NBC will receive \$244,000 over a three-year term for ICAP payments alone. She noted that we would receive additional compensation if we actually needed to use our emergency generators. Ms. Giebink, therefore, respectfully requested approval of Resolution 2007:17, Authorization to Negotiate and Enter Into a Contract for Demand Response Administration Services for a three-year term with an option to renew for three additional years with Demand Direct.

After some minor comments and questions, Commissioner Salvatore motioned to approve Resolution 2007:17, Authorization to Negotiate and Enter into a Contract for Demand Response Administration Services. Commissioner DiChiro seconded the motion, and the vote taken by the Joint LRP/Finance Committee was unanimous. The motion carries.

4. Other Business:

None to report.

5. Adjournment

With no further business to come before the Committee, Commissioner Salvadore motioned to adjourn. Commissioner DiChiro seconded the motion, and meeting adjourned at 11:06 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Raymond J. Marshall". The signature is fluid and cursive, with the first name being the most prominent.

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