



State of Rhode Island and Providence Plantations

Water Resources Board

Foundry Office Building, 3rd Floor, Suite 394

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Providence, RI 02908

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FINANCE COMMITTEE MINUTES

Monday, July 20, 2009

Members Present:

William Penn, Chairman
Jon Schock
Michael Walker*
Jesse M. Rodrigues, Jr.

Members Absent:

Guests

David Bebyn, B&E Consulting

Staff Present:

Kenneth Burke, General Manager
Kathleen Crawley, Staff Director
Emily Cousineau, Implementation Aide

*Member Designee

1. CALL TO ORDER

Mr. Penn called the meeting to order at 11:04a.m.

2. APPROVAL OF MINUTES

Motion by Mr. Shock, second by Mr. Penn to approve the minutes for the Finance Committee Meeting of June 15, 2009. The vote in favor was unanimous. The motion carried.

3. REPORTS:

A. Chief Business Officer Report – June 2009

Motion by Mr. Schock, second by Mr. Walker to accept the June 2009 Chief Business Officer's Report. The vote in favor was unanimous. The motion carried.

Discussion:

Mr. Penn noted that \$138,000 appeared to have been "left on the table" and questioned which balances were due to restrictions placed on WRB and which were due to other reasons. Staff indicated that some balances such as the water allocation pilot were a combination and some such as RICAP fund balances were due entirely to fund restrictions. Staff stated that the report is not completely reconciled to reflect a fiscal year end closing. Some encumbrances will not become expenditures and some expenditures are pending. Mr. Penn instructed the staff to report on the amount of funds that the state asked the Board not to spend. He also requested a report on the total amount of encumbered funds.

Mr. Penn noted that the \$4.8 million surcharge revenue represented a decline in usage overall. However, the projected budget had anticipated \$4.5 million in revenue, so the balance is positive.

B. Chief Financial Officer's Report – June 2009

Motion by Mr. Schock, second by Mr. Walker to accept the June 2009 Chief Financial Officer's Report. The vote in favor was unanimous. The motion carried.

Discussion:

Mr. Penn mentioned that Clean Water Finance had been approved to take over WRBC functions in 2014. He would like to present legislation that preserves the WRBC for programmatic purposes.

Budget Article 5 transfers the functions of the Board Corporate to the Clean Water Finance Agency on or about 2014. Mr. Penn stated that he and the General manager are working to separate the programmatic and financial responsibilities of the Board Corporate, develop an MOU with Clean Water Finance and possibly legislation to clarify the roles and responsibilities of the two agencies. Until then the Board is responsible for the financial management of the Board Corporate. In September the Providence Project will be paid. The Drinking Water bonds will remain outstanding. (11:15p.m. – Mr. Rodrigues enters)

When the bonds mature, the reserve funds of \$2 million will be released, and the SLGs will prepay the bonds. The question remains as to what happens to the surcharge funds. Members suggested that, in 2014, the funds could pay for another phase of the Drinking Water Quality Protection Program.

Members also reviewed the year end financial statement prepared by B&E Consulting. The \$295,000 debt service reserve will be freed up from the Providence Project when the bond matures in September. Mr. Penn recommended using this amount towards the project's final payment. He also recommended revisiting whether Board Corporate can fund certain Board activities.

4. ITEMS FOR ACTION:

A. Budget Update (FY 2009 – FY 2010)

Motion by Mr. Rodrigues, second by Mr. Schock to accept the updated budget. The vote in favor was unanimous. The motion carried.

Discussion:

Ms. Crawley distributed an updated handout, as information from the Budget Office is changing daily. Mr. Burke noted that a \$106,000 reduction is still needed in the operating budget. It was noted that the budget does not include full funding of the Big River Well Development contract and that communication is underway with the Governor's Office and the budget office. USGS has increased its federal match to 50%, so the Board could reduce its request for 2010-2015. Ms. Crawley stated that the stream gauge program was not included in the handout, but that the program is in place for \$10,000 less than budgeted. She also reported that necessary reductions have been met, except for personnel costs which are projected to be higher than the enacted budget. Mr. Penn recommended speaking to Norm Benoit, of Partridge, Snow & Hahn, about the use of Phase III bond proceeds for the BRMA well development project.

B. PAYMENT & CONTRACT APPROVAL REQUESTS

i. Public Drinking Water Protection Revenue Bonds, Series 2002 – Administrative Expenses

- a) B & E Consulting, LLC, Invoice # 679 – January Report Preparations and February CFO Assistance - Requested Amount \$281.25; Recommended Payment: \$281.25. - Request for Approval

Motion by Mr. Rodrigues second by Mr. Walker to make the payment of \$281.25. The vote in favor was unanimous. The motion carried.

- b) B & E Consulting, LLC, Invoice # 739 – June CFO Assistance - Requested Amount \$281.25; Recommended Payment: \$281.25. - Request for Approval

Motion by Mr. Rodrigues second by Mr. Walker to make the payment of \$281.25. The vote in favor was unanimous. The motion carried.

- c) Bank of New York Mellon Escrow Agent Fee, Annual fee for services to be rendered from July 1, 2009 through June 30, 2010 - Requested Payment: \$750.00; Recommended Payment: \$750.00. - Request for Approval

Motion by Mr. Rodrigues second by Mr. Walker to make the payment of \$750.00. The vote in favor was unanimous. The motion carried.

5. OTHER BUSINESS

A. Audit FY 2009 – 2011 Contract - Update

Motion by Mr. Schock, second by Mr. Rodrigues to approve Casale, Caliri & Jaroma LLP as auditor for the Board.

Discussion:

Mr. Penn noted that the auditor had been approved by the Auditor General and state controller. He suggested changing auditors in 2012 to provide a fresh perspective.

6. ADJOURNMENT

Motion by Mr. Rodrigues, second by Mr. Walker to adjourn the meeting. The vote in favor was unanimous. The meeting adjourned at 11:48a.m.

Respectfully Submitted,



Emily Cousineau, Implementation Aide

The meeting place is accessible to the handicapped in conformance with RIGL 42-46-2. Individuals requesting interpreter services for the hearing impaired must notify the Board office at tel. 401-222-1450, at least 72 hours in advance of the meeting date. If requested, tapes of the meeting will be made available.