The Narragansett Bay Commission
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Vincent J. Mesolella
Chairman

Raymond J. Marshall, P.E.
Executive Director

OFFICIAL MINUTES OF:

Meeting of:	Finance Committee Meeting
Date:	April 16, 2008
Time:	10:30 a.m.

MEMBERS PRESENT:

Vincent J. Mesolella, NBC Chairman
John MacQueen
Jonathan Farnum
Leslie Gray, III
T. David Cruise
Leo Thompson
Michael Salvadore

MEMBERS ABSENT:

Robert Andrade, Treasurer
Michael DiChiro
Richard Oster

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, Executive Director
Thomas Brueckner, NBC
Kathryn Kelly, NBC
Karen Giebink, NBC
Richard Bernier, NBC
Deborah Samson, NBC
Joanne Maceroni, NBC
Jamie Samons, NBC
Laurie Horridge Bissonette, NBC
Sherri Arnold, NBC
Steve Whitney, State Senate
Karen Musumeci, NBC
Thomas Uva, NBC
Joseph Pratt, Louis Berger Group
Harold Gadon, CAC
Steve Maceroni, First Southwest
Joseph DeAngelis, NBC
Jennifer Harrington, NBC
Paul Nordstrom, NBC

1. Call to Order

Recognizing that a quorum was present Chairman Mesolella called the Finance Committee to order at 10:41 a.m. in the absence of Chairman of the Finance Committee Robert Andrade.

2. Approval of the Minutes – *March 5, 2008 Finance Committee*

Commissioner Cruise moved that the minutes of the March 5, 2008 Finance Committee be approved. Commissioner Farnum seconded the motion. The vote taken by the Committee was unanimous. The motion carries.

3. Items for Action

A. Review of Monthly Financial Statements and Expenditures

Ms. Giebink reviewed the March 2008 monthly financial report. With respect to Budget vs. Actual, we are approximately 75 percent of the way through the fiscal year and currently spending is under budget at 70.8 percent. We currently have 246 filled positions out of 254 budgeted positions, or 97%. On the second page is the user fee billing report. We have billed thorough March 26 $51.8 million, and we are still in the process of inputting our billing for the Providence Water Supply Board area. We do anticipate that our overall billing will be slightly below what we had projected. Right now in Customer Service there is an issue with the transfer of the meter readings over from Providence Water so they're in the process of investigating approximately 10,000 manual readings and that will be calculated this week. The receivables aging analysis outstanding as of March 31 is $ 11.5 million.

On Page 3 cash and investment balances total $ 57.5 million, investments are detailed under item B. On page 4, with respect to Long Term Debt, the NBC vs. SIFMA swap index chart, which details how our paper is trading vs. the index, shows that there has been a significant spread. This was discussed at last month's committee meeting. The gap has narrowed somewhat it. NBC peaked at 6 percent for two trades and yesterday we traded at 3.5 percent. Outstanding debt totals $420.2 million. Page 5 of the report, available capital funds are $ 55.1 million and NBC is starting to spend down the SRF proceeds from the Series B issue. Page 6 shows the capital payments by month and source.

Ms. Giebink noted the attachments to the Monthly Financial Report include the Statement of Revenues, Expenses and Changes in Net Assets, Statement of Net Assets as well as the detailed Budget vs. Actual.

Commissioner Gray had a question regarding the difference between projected and actual billing and what the final amount of the April billings would be.

Ms. Giebink stated the difference was attributable to the fact that only a partial billing was done for the fourth quarter. She explained that NBC has new billing software that allows for partial billing as opposed to waiting for all readings to be received from the entire service area before billing in order to improve cash flow. She noted that the fourth quarter billings to date represented readings from the Pawtucket Water Supply Board area and that the bulk of NBC's readings come from the Providence Water Supply Board area. She indicated that the PWSB readings will be calculated within the next few days and once this is completed the gap between projected and actual billings will be reduced.

Commissioner Salvadore asked how NBC's collections this year compared to the prior year and the date of the next lien sale.

Ms. Giebink stated that there has been a slight increase this year in the outstanding receivables therefore the Customer Service Department has increased their collection efforts by making collection calls after hours in addition to active water shutoffs. The lien sale is scheduled for May 1. Also noted by Ms. Giebink is the increased amount of home foreclosures which impacts NBC's ability to collect.

B. Consideration of Purchase Requisition

Mr. Marshall noted four reports for the Commissioners, Budget Transfers for the months of February and March and Purchase Requisitions for February and March greater than 10,000 which have already been approved by the Commissioners as part of the budget. There is no additional action required and they are submitted for reporting purposes.

C. Consideration of Personnel Actions

None.

D. Review and Approval of Resolution 2008:13, Authorization To Select A Qualified Pool Of Investment Banking Services Providers

Chairman Mesolella in the absence of Finance Chairman Robert Andrade stated that Resolution 2008:13, Authorization To Select A Qualified Pool of Investment Banking Services Providers that is before the Commission today recommends that the preferred vendor be Morgan Stanley. He did note that 4 (four) investment banking providers were interviewed extensively and that it was the consensus of Karen Giebink and Maureen Gurhigian who were involved in the interview process that given the present volatile financial markets it would be prudent to not only name a preferred vendor but to include a recommendation to keep as alternate the other 3 (three) respondents. Chairman Mesolella stated that the aforementioned is contained in the Resolution that is before the Commissioners.

Ms. Giebink stated that a correction needs to be made to the Resolution. The last paragraph of the Resolution states Be it further resolved, that the Executive Director and the Chairman " is hereby authorized" should read "are hereby authorized".

With there being no questions or discussion Commissioner Cruise moved to approve Resolution 2008:13, Authorization To Select A Qualified Pool Of Investment Banking Services Providers. This motion was seconded by Commissioner Farnum and the vote taken by the Finance Committee was unanimous. The motion carries.

E. Review and Approval of Resolution 2008:14; Amended and Restated Resolution of the Narragansett Bay Commission Authorizing the Substitution of the Credit Facility for, the Conversion of, and the Refunding

of All or a Portion of the Outstanding Narragansett Bay Commission Wastewater System Revenue Bond, 2004 Series A

Chairman Mesolella stated that Resolution 2008:14 is an amended and restated Resolution that clarifies a previous Resolution passed by this Board that authorizes the Chairman and Executive Director to react to market conditions on refinancing existing debt.

Ms. Giebink stated one additional option that was explored as a result of the volatility in the financial market was a bridge loan from Citizens Bank. The original Resolution was not worded broadly enough to enter into a bridge loan. Bond Counsel redrafted the Resolution such that the Chairman and the Executive Director would be authorized to execute the appropriate paperwork should it be determined to be in the best interest of NBC to enter into a bridge loan until a long term resolution to the variable debt is achieved.

Review and approval of Resolution 2008:14 was requested.

Commissioner Cruise moved to approve Resolution 2008:14, Amended and Restated Resolution of the Narragansett Bay Commission Authorizing the Substitution of the Credit Facility, for the Conversion of, and the Refunding of all or a Portion of the Outstanding Narragansett Bay Commission Wastewater System Revenue Bonds, 2004 Series A

This motion was seconded by Commissioners Farnum and Mesolella and the vote taken by the Finance Committee was unanimous. The motion carries.

4. Other Business

There was no other business to report.

5. Adjournment

A motion to adjourn was made by Commissioner Farnum seconded by Commissioners Cruise and MacQueen and the Finance Committee meeting adjourned at 10:55 a.m.

Respectfully submitted,

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