



OFFICIAL MINUTES OF:

Meeting of:	Joint LRP-Finance Committee Meeting
Date:	June 18, 2008
Time:	10:06 a.m.

MEMBERS PRESENT:

Vincent J. Mesoella, NBC Chairman
Richard Brown
Bruce Campbell
Joseph Kimball
Angelo Rotella
Michael Salvatore
Leo Thompson
Jonathan Farnum
Alan Nathan
John MacQueen
Harold Gadon, CAC

MEMBERS ABSENT:

Robert Andrade
Richard Burroughs
R. David Cruise
Alan Nathan
Richard Oster
Michael DiChiro

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Deborah Samson, NBC
Laurie Horridge Bissonette, NBC
Anamaria Clarkin, NBC
Sherri Arnold, NBC
Francie Brown, NBC
Diane Buerger, NBC
Paul Nordstrom, NBC
Jamie Samons, NBC
Joe Pratt, Louis Berger Group
Mark Thomas, NBC

Leah Foster, NBC
Cecille Antonelli, NBC
Rich Bernier, NBC
Karen Musumeci, NBC

1. Call to Order

Noting that a quorum was present Chairman Vincent Mesoella called the June 18, 2008 Joint Long Range Planning/Finance Committee Meeting to order at 10:06 a.m. in the absence of the Chairman of the Finance Committee Robert Andrade and the Chairman of the Joint Long Range Planning Committee, R. David Cruise.

2. **Approval of Minutes** – April 16, 2008 Finance Committee
May 14, 2008 Finance Committee
May 21, 2008 Joint LRP/Finance Committee

Chairman Mesolella asked for a motion to approve the minutes of the April 16, 2008 Finance Committee, May 14, 2008 Finance Committee and the May 21, 2008, Joint LRP/Finance Committee meetings as written. Commissioner Farnum moved to approve the minutes of the April 16, 2008 Finance Committee, May 14, 2008 Finance Committee and the May 21, 2008 Joint LRP/Finance Committee meetings as written. Commissioners Kimball and Thompson seconded the motion. The vote taken by the Joint LRP/Finance Committee was unanimous. The motion carries.

3. **Items for Action**

- A. Review of Monthly Financial Statements and Expenditures

Ms. Giebink reviewed the May 2008 monthly financial report. With respect to Budget vs. Actual, we are approximately 92 percent of the way through the fiscal year and currently spending below budget at 87.1 percent. With respect to filled positions 94 percent of the budgeted positions are currently filled. Page 2 the net billings are 92 percent of what was projected for the fiscal year. With respect to the receivables aging analysis under Item B there is a comparison between the amounts outstanding as of May 31st this year versus last year. It shows that collections appear to be better this year than last year due to a more aggressive water termination program. Page 3 cash and investments total \$ 63.7 million and the investments are detailed under Item B. On Page 4, with respect to long term debt, the spread between NBC and the SIFMA SWAP index continues. This has been discussed at a number of Finance Committee meetings. We are now in the process of swapping out the MBIA Bond Insurance and stand-by Bond Purchase Agreement with Dexia for a stand alone letter of credit at Citizens Bank and the closing is anticipated in the middle of July. Ms. Giebink stated that she filed with the Division on Monday for Division approval of the refunding. The various legal counsels have been very busy preparing all the required documents to execute this transaction.

Ms. Giebink advised that MBIA was downgraded to double A about 10 days ago and that this has adversely impacted NBC's pricing although not as much as we had thought it would. With respect to outstanding debt currently it is at \$ 425.1 million. On Page 5 the total Capital Funds available are at \$ 49.4 million and we are currently spending the proceeds of the most recent SRF loan. Page 6 the capital payments are shown 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.

With no questions from the Commissioners this concluded Ms. Giebink's report.

- B. Consideration of Purchase Requisition

Mr. Marshall stated that there were no purchase requisitions requiring approval of the Committee. The Commissioners have received a report on the number of purchase requisitions greater than \$ 10,000 in the month of May which have already been approved as part of a prior action. There is also a listing of the budget transfers from the month of May 08 none requiring the Finance Committee's approval and they are submitted for reporting purposes.

C. Consideration of Personnel Actions

A copy of the Memorandum from the Personnel Committee meeting was handed out to the members of the Joint LRP/Finance Committee for review.

Mr. Marshall stated the Personnel Committee this morning approved several grade changes for positions within the organization in the non-union area. He noted that the second page of the Memorandum shows about a dozen changes including one in the Executive Division, several in Administration & Finance, and one in Operations. The last paragraph details the changes in Operations last month. There were also two or three changes in Policy, Planning and Regulation.

These changes represent an outgrowth of the Non-Union Compensation Study that was accepted today. The study results showed that overall NBC is doing a good job administering our non-union personnel system. Our pay grades and the salary ranges are adequate with the exception of a few positions where NBC was lacking competitiveness with the marketplace. NBC Directors reviewed those positions outlined in the Memo and decided there was merit enough to warrant upgrade of these positions.

Mr. Marshall stated that in terms of the budget these changes would not impact FY 2008 because they do not go into effect until the next pay period and will come out of the FY 2009 budget. He noted that there are a few minor adjustments that will have to be made because of the grade changes but in combination with the merit increases that non-union people will receive, based on how they were evaluated, we will get everyone into the new pay range. There may be 4 to 6 employees that will require some small additional correction.

Mr. Marshall requested the Finance Committee's approval of these proposed changes. He stated they have no impact on the FY 2008 budget and any impacts on the FY 2009 budget have already been incorporated into that document which will be presented to the Committee in the next few minutes for approval.

Commissioner Farnum motioned to approve the proposed changes. Commissioners Kimball and Thompson seconded the motion. The vote taken by the Joint LRP/Finance Committee was unanimous. The motion carries.

D. **Review and Approval of Resolution 2008:20**, Fiscal Year 2009 Operating Budget

Ms. Giebink introduced her staff, Anamaria Clarkin, Financial Analyst , Sherri Arnold, Capital Budget Analyst and Francie Brown, Budget Manager and lead person on the development of the budget document.

The following is an outline of Ms. Giebink, Ms. Brown and Ms. Arnold's presentation on NBC's Proposed FY 2009 Operating Budget. Each Board member had a copy of the FY09 budget document during the presentation.

PROPOSED FY2009 OPERATING BUDGET

- I. Executive Director's Message
- II. About the Narragansett Bay Commission
- III. Budget Summary Information
- IV. Budget Philosophy, Process and Policies
- V. Long-term Debt and Capital Improvement Program
- VI. Division Summaries
- VII. Supporting Schedules
- VIII. Appendix

This concluded the FY 2009 FY Operating Budget Presentation.

Chairman Mesolella stated that he had one item he would like to add to this document. On page 49 of the budget there are references to historical budgeted electrical usage supply rates and historical energy costs. He noted that currently NBC is in discussions with Senjiva Energy who has a technology which essentially creates energy efficiency in electrical usage. They are asserting that they have a program that could reduce NBC's energy costs through the introduction of some specialized technology with a savings of about \$ 82,000 per year.

Chairman Mesolella stated he would like to inform the Committee and ultimately the Board that NBC would like to continue on with these discussions. Provided we could enter into a contract which would guarantee the additional energy savings of \$ 82,684 dollars per year. He noted NBC would realize those savings and earn back our investment back in about three to three and a half years and would further enhance our energy consumption efforts.

Commissioner Mesolella asked that as part of the Board's resolution he would like the Board's acquiescence to continue with negotiations with Senjiva Energy with regard to energy consumption.

Commissioner Farnum motioned to approve Resolution 2008:20, Fiscal Year 2009 Operating Budget including the authorization to continue negotiations with Senjiva

Energy. Commissioner Thompson seconded the motion, and the vote taken by the Joint LRP/Finance Committee was unanimous. The motion carries.

E. Review and Approval of Resolution 2008:21, Amendment of the Narragansett Bay Commission Deferred Compensation Plan.

Ms. Giebink stated that this item concerns a deferred compensation plan organized under Section 457(b) of the IRS code. It is not a deferred compensation plan for highly compensated employees. These assets consist of participant pre-tax contributions to the 457 Plan. This particular amendment would allow for a participant to take out a loan from their 457 plan. The participant's assets are held as collateral and the loan is made from the vender. The participant would make payments on the loan through payroll deduction and any interest payments that would be required under the loan provisions would go to the vender. There are no NBC funds involved in this process and no NBC administration other than setting up the policy and procedure for the loans as well as the setting up the payroll deduction method.

Ms. Giebink noted that if the participant terminates from service and does not make arrangements for continued payment of the loan it would be considered a distributable event. She stated that currently there is a hardship provision under the 457 plan but that it is very difficult to meet the criteria. There are special circumstances under which an employee or participant would like to be able to access their funds and are not able to do so because they cannot meet the high threshold. This Resolution would provide a mechanism for them to access their funds.

There were some minor comments and questions by the Commissioners which were answered by Ms. Giebink.

A motion was made by Commissioner Salvadore to approve Resolution 2008:21, Amendment of the Narragansett Bay Commission Deferred Compensation Plan. Commissioners Kimball and MacQueen seconded the motion and the vote taken Joint LRP/Finance Committee was unanimous. The motion carries.

F. Review and Approval of Resolution 2008:22, Recommendation for Use of Environmental Enforcement Funds

Chairman Mesolella stated that Commissioners have before them a recommendation for use of Environmental Enforcement Funds. There are three organizations who applied for Environmental Enforcement Funds. Two have been recipients in the past, The Met School has requested an appropriation of \$ 2,500 and The Providence Children's Museum has requested and appropriation of \$ 10,000, which has been reduced to \$ 7,500. Women & Infants Vulnerable Infants Program has requested an appropriation of \$ 7,500

and \$ 6,000 is being recommended. He stated there are adequate funds available to meet the Recommendations and asked for the Committee's approval.

Commissioner Farnum recused himself from the vote regarding the appropriation for Women & Infants Vulnerable Infants Program. He is the Chairman of Care New England which is the parent of Women & Infants Hospital.

Commissioner Kimball recused himself from the vote regarding the appropriation for The Providence Children's Museum. He is a member of the Board of The Providence Children's Museum.

Commissioner Brown motioned to approve Resolution 2008:22, Recommendation for Use of Environmental Enforcement Funds. Commissioner Salvatore seconded the motion, and the vote taken by the Joint LRP/Finance Committee was unanimous. The motion carries.

4. Other Business

Commissioner Gray had a question. He stated that he believed there was a matter before the Courts which restricted Non-Profit Corporations from making a donation to another Non-Profit Corporation.

Laurie Horridge Bissonette stated that the funds being appropriated are not Operating Funds. They are monies that are collected from the fines resulting from violations of NBC's Rules and Regulations and therefore the appropriations are an approved use for these funds.

5. Adjournment

A motion to adjourn was made by Commissioner Salvatore, seconded by Commissioner Thompson and the Joint Long Range Planning-Finance Committee meeting adjourned at 11: 10 a.m.

Respectfully submitted,



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