

The Narragansett Bay Commission
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Vincent J. Mesolella
Chairman

Raymond J. Marshall, P.E.
Executive Director



OFFICIAL MINUTES OF:

Meeting of:	Joint LRP-Finance Committee Meeting
Date:	September 23, 2009
Time:	10:30 a.m.

MEMBERS PRESENT:

Vincent J. Mesolella, NBC Chairman
Robert Andrade, Committee Chairman
Jonathan Farnum
Leslie Gray, III
Joseph Kimball
John MacQueen
Alan Nathan
Michael Salvadore
Harold Gadon, CAC

MEMBERS ABSENT:

Richard Brown
Richard Burroughs
Michael DiChiro
Leo Thompson

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Thomas Uva, NBC
Tom Brueckner, NBC
Joanne Maceroni, NBC
Laurie Horridge, NBC
Jennifer Harrington, NBC
Maureen Gurhigian, First Southwest
Mark Thomas, NBC
Joe Pratt, Louis Berger Group
Jamie Samons, NBC
John Zuba, NBC
Deborah Samson, NBC
Anamaria Clarkin, NBC
Francie Brown, NBC

Sherri Arnold, NBC
Patricia Boucher, Bacon & Company, CPA's
Leah Foster, NBC
Richard Bernier, NBC
Rafael Cuello, NBC
Bill McConnell, CDM
Karen Musumeci, NBC

1. Call to Order

Noting that a quorum was present Finance Committee Chairman Robert Andrade called the September 23, 2009, Joint LRP- Finance Committee Meeting to order at 10:35 a.m.

2. Approval of Minutes – June 17, 2009 Joint LRP-Finance Committee

Chairman Andrade asked for a motion to approve the June 17, 2009 Joint LRP-Finance Committee meeting minutes as written. Commissioner MacQueen moved to approve the minutes of the June 17, 2009 Joint LRP-Finance Committee Meeting minutes as written. Commissioner Farnum 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 August 2009 monthly financial report. With respect to Budget vs. Actual we are spending under budget at approximately 9.4 percent and we are 17 percent of the way through the fiscal year. With respect to personnel, 96 percent of the budgeted positions are currently filled. Page 2 of the report reflects some changes due to the conversion to monthly billing in October. We have revised the projected billing to reflect the conversion and we should have a relatively large one time increase in cash flow. The cumulative projected billing for the year is \$81.5 million. With respect to receivables under Item B, the collection efforts have been successful and the amount outstanding as of August 31st is actually lower than it was last year at the same time. This is a result of the increased water shut-off process, collection efforts, as well as the lien sale.

Ms. Giebink noted that cash and investments total \$63.6 million and the investments are detailed under Item B. Page 4 of the report shows the Narragansett Bay Commission's VRDB's pricing vs. the SIFMA Index. The pricing has converged and Morgan Stanley has done an excellent job of remarketing our VRDB's despite the downgrade of Citizens.

She stated that outstanding debt is \$428.1 million. Page 5 of the report shows total Capital Funds available of \$19.1 million. Ms. Giebink stated that we did fully expend the last loan from RI Clean Water Finance Agency and we anticipate closing on the \$55 million dollar loan from the RI Clean Water Finance Agency next week with the formal closing taking place on October 6th. The subsidized yield on the loan will be less than 1 percent at 0.877 percent. We will be able to complete this borrowing without any rate increase to support this debt. She noted that S&P reaffirmed NBC's AA- credit rating. The entire proceeds from the next borrowing are anticipated to be spent on Contract 109 for nitrogen removal at Field's Point. She also noted that NBC anticipates a second borrowing from RI Clean Water Finance Agency later this year. Page 6 shows that the Capital Payments by month and source have declined over the last twelve months and that currently NBC is spending the proceeds from the 2007 Series A Revenue Bonds.

Ms. Giebink noted the attachments to the Monthly Financial Report include the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in 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 are no purchase requisitions that require approval. We have provided the Committee members with a list of those that we need to report that are greater than \$10,000 along with a list of budget transfers for the month of July and August.

C. Consideration of Personnel Actions

None.

D. **Review and Approval of Resolution 2009:31**, Recommendation for Qualification of Investment Banking Services Providers

Ms. Giebink advised that there have been a number of significant changes with respect to investment banking firms since the NBC last approved a pool of investment bankers in April of 2008. In addition, she noted that NBC currently has \$64.9 million outstanding in VRDB's along with significant borrowing needs in the near future.

Accordingly, NBC issued a request for Qualifications/Proposals for (RFQ/P) for Investment Banking Services to select a qualified pool of underwriters on August 3, 2009 with submittals due on August 17, 2009. NBC received eleven responses to the RFQ/P. The submittals were reviewed and evaluated. Based upon this initial review, six firms were asked to return for presentations and interviews.

All six firms had comprehensive submittals. Based upon the written submittals and the presentations, it is recommended that Morgan Stanley, Bank of America Merrill Lynch, and Janney Montgomery Scott LLC should be included in the qualified pool of Investment Banking Service Providers. In accordance with the Resolution, selection of the Investment Banker shall be made by the Executive Director and NBC's Chairman of the Board. The initial service period is two years, which may be renewed for up to two additional years at the NBC's request. NBC may select one or more senior managing underwriter from the qualified list to work with NBC. NBC may also select co-managers for each transaction.

Ms. Giebink also noted that each and every presenter mentioned how critical it was that NBC has the AA-credit rating otherwise NBC would not be able to access the municipal bond market.

Ms. Giebink requested the Committee's approval of Resolution 2009:31, Recommendation for Qualification of Investment Banking Services Providers.

Commissioner Farnum made a motion to approve Resolution 2009:31, Recommendation for Qualification of Investment Banking Services Providers. Commissioner Kimball seconded the motion and the vote taken by the joint LRP-Finance Committee was unanimous. The motion carries.

E. **Review and Approval of Resolution 2009:32**, Authorization to Approve and Accept

The Comprehensive Annual Financial Report for Fiscal Year 2009

Ms. Giebink introduced Pat Boucher of Bacon & Company, CPA's LLC who reviewed with the Committee the Annual Financial Report for Fiscal Year 2009.

Ms. Boucher advised that the independent auditor's opinion for NBC for Fiscal Year 2009 is an unqualified clean opinion and that all statements presented were in conformance with general accepted accounting principles.

She reviewed the management discussion and analysis, statement of net assets, revenue and expenses, statement of cash flows, footnotes to the financial statements, financial schedules, and internal controls and compliance.

Ms. Boucher advised that no management letter has been issued for Fiscal Year 2009 and also that the Auditor General has reviewed and approved this report for issuance as required since NBC is a component unit of the State of Rhode Island.

There were no questions from the Committee members and this completed Ms. Boucher's report.

Ms. Giebink requested approval of Resolution 2009:32, Authorization to Approve and Accept The Comprehensive Annual Financial Report for Fiscal Year 2009

Commissioner Salvadore made a motion to approve Resolution 2009:32, Authorization to Approve and Accept the Comprehensive Annual Financial Report for Fiscal Year 2009, Commissioner Farnum seconded the motion and the vote take was unanimous. The motion carries.

F. **Review and Approval of Resolution 2009:33, Recommendation for Use of Environmental Enforcement Funds**

Executive Director Raymond Marshall asked Laurie Horridge, Esquire, Director of Executive Affairs at NBC to review this request with the Committee. Ms Horridge advised that this is a request from the Greater Providence Board of Realtors to partially sponsor a luncheon/workshop to be held on September 25.

Partial sponsorship of this luncheon would provide NBC with the rare opportunity to address the realtors on a variety of NBC-related topics, including lien sale and water shut-off issues, real estate closing procedures, and the move from quarterly to monthly billing for NBC residential customers.

The real estate community serves an important role in educating the prospective homeowners about their responsibilities as NBC ratepayers and the benefits that the NBC offers as a steward of the environment and public health.

We respectfully request the Committee's approval of Resolution 2009:33, Recommendation for Use of Environmental Enforcement Funds for a grant of \$1,000 to the Greater Providence Board of Realtors.

Chairman Mesoella made a motion to approve Resolution 2009:33, Recommendation for Use of Environmental Enforcement Funds, Commissioner Farnum seconded the motion and the vote take was unanimous. The motion carries.

4. **Other Business**

None.

5. Adjournment

A motion to adjourn was made by Commissioner Salvadore, seconded by Commissioner Farnum and the Joint LRP/Finance Committee meeting adjourned at 10:59 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Raymond J. Marshall". The signature is fluid and cursive, with a long horizontal stroke at the end.

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