

The Narragansett Bay Commission
One Service Road
Providence, RI 02905

(401) 461-8848
(401) 461-6540 FAX

Vincent J. Mesolella
Chairman

Raymond J. Marshall, P.E.
Executive Director



OFFICIAL MINUTES OF:

Meeting of:	Finance Committee Meeting
Date:	January 20, 2010
Time:	10:30 a.m.

MEMBERS PRESENT:

Robert Andrade, Committee Chairman
Leslie Gray, III
Vincent Mesolella
John MacQueen

MEMBERS ABSENT:

Michael DiChiro
Jonathan Farnum
Joseph Kimball

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Thomas Uva, NBC
Richard Bernier, NBC
Karen Musumeci, NBC
Deborah Samson, NBC
Leah Foster, NBC
Karen Giebink, NBC
Joe Pratt, Louis Berger Group
John Zuba, NBC
Diane Buerger, NBC
Linda George, Senate Fiscal Office

Cecille Antonelli, NBC
Brenda Smith, NBC
Leo Thompson, NBC

1. Call to Order

Finance Committee Chairman Robert Andrade called the January 20, 2010 Finance Committee Meeting to order at 10:30 a.m.

2. Approval of Minutes – December 16, 2009 Finance Committee

Chairman Andrade asked for a motion to approve the December 16, 2009 Finance Committee meeting minutes as written. Commissioner MacQueen moved to approve the minutes of the December 16, 2009 Finance Committee Meeting minutes as written. Commissioner Gray seconded the motion. The vote taken by the Finance Committee was unanimous. The motion carries.

3. Items for Action

A. Review of Monthly Financial Statements and Expenditures

Ms. Giebink reviewed the December 2009 monthly financial report. With respect to the Budget vs. Actual we are spending under budget, the most notable line items are the union and non-union salary and wages, as well as health insurance with some of the savings resulting from changing our insurance carrier to United Health Care. We are also spending under budget with respect to electricity and bio-solids, and at Bucklin Point on soda ash. With respect to filled positions approximately 96% of the budgeted positions are currently filled. Page 2 of the report contains the detail of the billings. We have completed the conversion to monthly billing, billing monthly in November and December and have calculated the January billing which will be \$5.9 million. We are billing over what we have projected and this has had a very positive impact on cash flow. Also, with this most recent billing the number of phone calls to Customer Service has dropped drastically indicating that customers are becoming used to paying on a monthly basis. With respect to the receivables aging analysis, under Item B, there is approximately \$12 million outstanding as of December 31.

Ms. Giebink advised that cash and investments are on Page 3 of the report and she pointed out that the totals for Revenue and the O&M fund are almost twice what they were a year ago. This is the result of the conversion to monthly billing which has had a positive impact on our cash balances. The investments are detailed under Item B. On Page 4, a graph shows the NBC VRDB's vs. the SIFMA Index. It shows that the pricing has converged as investors have become more comfortable with the credit quality of RBS-Citizens.

Outstanding debt is \$411.2 million. Page 5 of the report shows total Capital Funds available of \$66.7 million. Page 6 shows the Capital Payments by month and source.

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 December.

C. Consideration of Personnel Actions

None.

- D. **Review and Approval of Resolution 2010:01;** Authorizing the Narragansett Bay Commission to Borrow an Amount Not to Exceed \$2,000,000 from the Rhode Island Clean Water Finance Agency for the Purpose of Financing the Acquisition, Design, Evaluation, Inspection, Construction, Improvement, Installation, Cleaning, Rehabilitation, Furnishing and Equipping of the Field's Point Wastewater Treatment Nitrogen Removal Facilities, and Authorizing the Commission to Issue an Amount Not to Exceed \$2,000,000 in Revenue Bonds

Ms. Giebink stated that Resolution 2010:01 will enable NBC to borrow an additional \$2,000,000 from the RICWFA through the ARRA subsidized program. The additional funds are available to NBC because the intended borrower can not comply with certain ARRA requirements and the RICWFA has reallocated the funds to NBC.

She noted that NBC will assume the debt service structure of the original borrower. She noted that there was a correction to her memo as NBC was recently informed that the loan would be priced for NBC prior to the closing and that the subsidized yield may be even lower than that of NBC's original \$55M ARRA loan. Ms. Giebink noted that the borrowing includes a "principal forgiveness" component of \$301,895.

She stated that the proceeds of this loan will be spent on the construction of the Field's Point Nitrogen Removal Facilities and that existing rates generate sufficient revenue for debt service and debt service coverage so no rate relief is required to support this borrowing.

Commissioner Gray made a motion to approve Resolution 2010:01, Authorizing the Narragansett Bay Commission to Borrow an Amount Not to Exceed \$2,000,000 from the Rhode Island Clean Water Finance Agency for the Purpose of Financing the Acquisition, Design, Evaluation, Inspection, Construction, Improvement, Installation, Cleaning, Rehabilitation, Furnishing and Equipping of the Field's Point Wastewater Treatment Nitrogen Removal Facilities, and Authorizing the Commission to Issue an Amount Not to Exceed \$2,000,000 in Revenue Bonds. Commissioner MacQueen seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

- E. **Review and Approval of Resolution 2010:02;** Authorizing the Narragansett Bay Commission to Borrow an Amount Not to Exceed \$25,000,000 from the Rhode Island Clean Water Finance Agency and Authorizing the Commission to Issue an Amount Not to Exceed \$25,000,000 in Revenue Bonds

Ms. Giebink stated that Resolution 2010:02 will enable NBC to borrow an amount not to exceed \$25,000,000 from the RICWFA through the traditional State Revolving Fund program. It is anticipated that this borrowing will be used to finance a number of NBC capital projects including a portion of the CSO Phase II Facilities.

RICWFA has indicated that the loan will be at the traditional subsidized rate of 1/3 of NBC's market rate which will be determined once the loan is priced prior to the closing. RICWFA anticipates closing the Loan in late April, 2010.

Ms. Giebink noted that existing rates do not generate sufficient revenue for debt service and debt service coverage. An increase in NBC's approved revenue requirement of less than 4% is required to support this borrowing and will be filed with the Rhode Island Public Utilities Commission no later than 60 days prior to the closing.

Commissioner Gray made a motion to approve Resolution 2010:02, Authorizing the Narragansett Bay Commission to Borrow an Amount Not to Exceed \$25,000,000 from the Rhode Island Clean Water

Finance Agency and Authorizing the Commission to Issue an Amount not to Exceed \$25,000,000 in Revenue Bonds. Commissioner MacQueen seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

F. Review and Approval of Resolution 2010:03; Authorization to File a Compliance Filing for Rate Relief Related to Debt Service with The Rhode Island Public Utilities Commission

Ms. Giebink advised that in the written Report and Order for Docket 3905, issued on August 20, 2008, the PUC authorized continued use of the debt service compliance filing mechanism first established under Docket 3483. This method enables expedited rate relief for debt service and debt service coverage through a compliance filing submitted no later than sixty days prior to the proposed effective date.

This resolution serves to authorize such a filing. The proposed effective date of the new tariffs is July 1, 2010 and is designed to generate revenues that will support the not-to-exceed \$25 million borrowing from the Rhode Island Clean Water Finance Agency planned for April, 2010. The NBC must receive rate relief prior to the execution of the loan in order to meet coverage requirements.

She noted that the NBC's last filing (Docket 4026) provided a total revenue requirement of \$76,937,679 effective July 1, 2009 and is requesting authority from the Board to file a compliance filing for rate relief related to debt service that will result in an increase of not more than 4% over the currently approved total revenue requirement effective July 1, 2010.

Commissioner Gray made a motion to approve Resolution 2010:03, Authorization to File A Compliance Filing for Rate Relief Related to Debt Service with The Rhode Island Public Utilities Commission. Commissioner MacQueen seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

4. Other Business

None.

5. Adjournment

A motion to adjourn was made by Commissioner MacQueen, seconded by Commissioner Farnum and the Finance Committee meeting adjourned at 10:52 a.m.

Respectfully submitted,



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