

The Narragansett Bay Commission
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Vincent J. Mesoella
Chairman

Raymond J. Marshall, P.E.
Executive Director



OFFICIAL MINUTES OF:

Meeting of:	Joint LRP-Finance Committee Meeting
Date:	May 19, 2010
Time:	9:45 a.m.

MEMBERS PRESENT:

Robert Andrade, Committee Chairman
Richard Brown
Richard Burroughs
Mario G. Carlino
Joseph Kimball
John MacQueen
Vincent Mesoella
Joan Milas
Alan Nathan
Michael Salvatore
Harold Gadon, CAC

MEMBERS ABSENT:

Michael DiChiro
Jonathan Farnum
Leslie Gray, III
Ronald Leone
Leo Thompson

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Thomas Uva, NBC
Karen Musumeci, NBC
Leah Foster, NBC
Karen Giebink, NBC
Joe Pratt, Louis Berger Group
Linda George, Senate Fiscal Office
Cecille Antonelli, NBC
Jennifer Harrington, NBC
Francie Brown, NBC
Sherri Arnold, NBC

Anamaria Clarkin, NBC
Kathryn Kelly, NBC
Deborah Samson, NBC
Lori Vernon, NBC
Richard Worrell, NBC

1. Call to Order

Finance Committee Chairman Robert Andrade called the May 19, 2010 Finance Committee Meeting to order at 9:50 a.m.

2. Approval of Minutes – April 14, 2010 Joint LRP- Finance Committee

Chairman Andrade asked for a motion to approve the April 14, 2010 Joint LRP- Finance Committee meeting minutes as written. Commissioner MacQueen moved to approve the minutes of the April 14, 2010 Joint LRP-Finance Committee Meeting minutes as written. Commissioner Salvadore 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 April 2010 monthly financial report. With respect to the Budget vs. Actual she noted that NBC is spending considerably under budget. NBC is approximately 83% of the way through the fiscal year and is spending at 75.9%. She noted that one of the major line items that NBC is spending under budget is personnel services, and that this is due to turnover as well as the lower health insurance premiums that were negotiated. With respect to debt service, she stated that the Variable Rate Demand Bonds are right now pricing at about 0.25% so NBC is saving almost \$200,000 per month in interest on the VRDB's and has not incurred any of the debt service expense associated with the new programmed debt. With respect to Budget vs. Filled Positions, she stated that approximately 95% of the budgeted positions are currently filled. She noted that Page 2 of the report shows the user fee billings under Item A and added that the projected billings were revised based upon what has been seen so far this fiscal year. She noted that NBC converted to monthly billing in October 2009 and that there has been a bit of a learning curve associated with that conversion. As a result, the projections were adjusted and are slightly higher. In terms of the actual billings it shows that the cumulative actual billings vs. cumulative projected billing are fairly close and added that the billing figure shown is the gross billing and subsequent to the gross billing. She explained that with the new software that was developed to implement the monthly billing, adjustments take place automatically. As a result, if an estimated read is higher and the actual read comes in is lower, the system will make an automatic adjustment. The billing figures in the report do not represent the net billings. She added that it is anticipated that approximately \$1.6 million of billings will be adjusted out through June 30. See also noted that as part of the Budget presentation meeting next week unbilled adjustments will be discussed in detail.

With respect to the receivables under Item B, she stated that the total receivables outstanding are \$11 million dollars higher than at this time last year as the result of converting from quarterly to monthly billing.

Ms. Giebink stated on Page 3 of the report, cash and investments, total \$52.7 million and that the investments are detailed under Item B. She said that Page 4 of the report shows the NBC's VRDB's are pricing very well versus SIFMA, we are pricing under the index most likely the result of NBC's strong AA- credit rating.

Outstanding debt is \$409.9 million. Ms. Giebink noted that the SRF figure is net of the principal forgiveness piece. She added that NBC received a bench decision from the PUC for a docket pending for rate relief associated with the currently pending \$20 million dollar loan from the RI Clean Water Finance Agency and that the PUC approve a rate increase of 2.25%. Page 5 shows that the available balance for Capital Funds is \$64.4 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.

This concluded Ms. Giebink's report.

B. Consideration of Purchase Requisition

Mr. Marshall stated that there are no purchase requisitions that require the Committee's 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 months of April.

C. Consideration of Personnel Actions

None.

D. Review and Approval of Resolution 2010:14; Resolution Authorizing the Narragansett Bay Commission to Extend or Substitute the Credit Facility Supporting the Commission's Wastewater System Revenue Refunding bonds, 2008 Series A ("The 2008 Series A Bonds")

Karen Giebink advised the Committee that we \$63,280,000 in outstanding variable rate demand bonds that are priced in weekly mode. These bonds are supported by a Credit Facility consisting of a letter of credit issued by RBS Citizens, National Association (Citizens). The Citizens letter of credit is due to expire on July 16, 2010 and we need to either extend the letter of credit or replace it.

We have been working with our Financial Advisor, the NBC's Chairman and the Executive Director to evaluate options as to whether we want to continue in variable rate mode or fix the debt out along with a few other options. It has been determined that at this point the best option for NBC is to continue with the VRDB's in weekly mode. To that extent we are pursuing either an extension of the LLC with Citizens and/or the replacement with another bank. We have received proposals from four different banks including Citizens and we are in the process of evaluating those proposals and the term sheets and a decision should be made shortly.

The Resolution authorizes the Chairman and the Executive Director, in consultation with the NBC's Financial Advisor, to determine the advisability of extending the Citizens' Letter of Credit and/or obtaining a new substitute Credit Facility for the 2008 Series A Bonds. It further authorizes the Chairman and the Executive Director to extend the Citizens' Letter of Credit and/or to obtain a substitute Credit Facility on such terms as the Authorized Officers determine to be in the best interest of NBC and to execute all required documents associated with the transaction.

The Resolution also sets forth that the Chairman and the Executive Director shall report to the Board the course of action chosen and the details of the extension and/or substitution of Credit Facility at the next regular meeting of the Board subsequent to the extension and/or substitution.

Commissioner Salvadore made a motion to approve Resolution 2010:14 Authorizing the Narragansett Bay Commission to Extend to Substitute the Credit Facility Supporting the Commission's Wastewater System Revenue Refunding Bonds, 2008 Series A ("The 2008 Series A Bonds"). Commissioner MacQueen seconded the motion and the vote taken by the Joint LRP-Finance Committee was unanimous. The motion carries.

E. Review and Approval of Resolution 2010:15; Recommendation for Use of Environmental Enforcement Funds

Executive Director Raymond Marshall advised that NBC has received a letter from the RI Shellfisherman's Association requesting the release of \$3,875 from the Environmental Enforcement Fund for a Shellfish Seeding Project that will be conducted in conjunction with Roger Williams University. The NBC Board has previously awarded EEF grants for several shellfish transplant projects, awarding \$25,000 in 2000 and \$25,000 in 2001. There is \$3,875 in unused funds from these transplants events that the RI Shellfisherman's Association would like to use to help finance their public Shellfish Seeding Project. These funds would be combined with \$3,000 donated from a private source, for a total of \$6,875 to cover the costs of this project. Reallocation of these funds from the transplant project to the seeding project has been approved by the RIDEM.

The funds will buy over 680,000 quahog "seeds" that will be grown in "upwellers" by Roger Williams University until they are large enough to be released in Narragansett Bay. Once released, the shellfish will grow in the Bay until they reach a size large enough for legal harvesting by shellfishermen and the public.

We respectfully request approval of Resolution 2010:15 for Use of Environmental Enforcement Funds for the reallocation of \$3,875 from the previously approved shellfish transplant program to the RI Shellfisherman's Association/Roger Williams University shellfish seeding project.

Commissioner Salvadore made a motion to approve Resolution 2010:15, Recommendation for Use of Environmental Enforcement Funds. Commissioner MacQueen seconded the motion and the vote taken by the Joint LRP-Finance Committee was unanimous. The motion carries.

F. Review and Approval of Resolution 2010:16; Recommendation for Use of Environmental Enforcement Funds

Executive Director Raymond Marshall advised that the Narragansett Bay Commission has received a request for Environmental Enforcement Funds to be used toward scholarships that will be awarded by the Leonard Walker Memorial Scholarship Program. The scholarship program was established at the Metropolitan Regional Career and Technical Center (MET School) in Providence in memory of Leonard Walker, a former NBC Commissioner.

Len Walker was both a dedicated NBC Commissioner with a keen interest in protecting Narragansett Bay and a strong proponent of providing educational opportunities to students in our urban center. The NBC honored Commissioner Walker's dedication to these two causes by annually making a contribution in his memory to the scholarship program. The EEF was established for just this purpose; promoting the environment and education.

There are adequate funds available in the Environmental Enforcement Fund and we recommend contributing \$2,500 to the Leonard Walker Memorial Scholarship Fund to support the awarding of scholarships to MET School graduates who are continuing the education at the college level.

Commissioner Salvadore made a motion to approve Resolution 2010:16, Recommendation for Use of Environmental Enforcement Funds. Commissioner MacQueen seconded the motion and the vote taken by the Joint LRP-Finance Committee was unanimous. The motion carries.

4. Other Business

Commissioner Burroughs stated that as a result of the recent rainfall this Spring which resulted in record flooding in the State and affected some of the sewer facility plants in RI he would like to introduce a thought in regard to the short and long range planning realm. He asked if staff could look into this phenomena as it might affect the Narragansett Bay Commission's facilities with two challenges in mind, one what would happen if there is a hurricane and second as today we are going to be building a new Operations building over the time life of our facilities is the projected sea level rise likely to cause any problems to the NBC. He asked that some long term planning of the nature would be in order.

Mr. Marshall advised that we do have a hurricane preparedness plan in place for your "typical" hurricane, but Commissioner Burroughs did mention to him earlier was the unique situation where the hurricane positions itself such that it pushes a big storm surge up into the Bay which is quite different than any hurricane we have seen in many decades. We have factored in some of these concerns in regard to setting the elevation of our tanks but in light of the recent weather events in RI it would be prudent to go back and take another look at it from the worst case scenario and not just a 100 year flood.

Commissioner Brown mentioned that RIEMA is having their hurricane conference on June 9 and that he would forward that information to the Mr. Marshall.

5. Adjournment

A motion to adjourn was made by Commissioner MacQueen, seconded by Commissioner Carlino and the Joint LRP-Finance Committee meeting adjourned at 10:25 a.m.

Respectfully submitted,



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