

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:	December 20, 2011
Time:	10:00 a.m.

MEMBERS PRESENT:

Robert Andrade, Committee Chairman
Richard Brown
Richard Burroughs
Mario Carlino
Michael DiChiro
Jonathan Farnum
Leslie Gray, III
Joseph Kimball
Ronald Leone
John MacQueen
Vincent Mesoella
Joan Milas
Alan Nathan
Michael Salvadore
Leo Thompson-LRP Chairman
Harold Gadon-CAC

MEMBERS ABSENT:

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Thomas Uva, NBC
Karen Musumeci, NBC
Jennifer Harrington, NBC
Joe Pratt, Louis Berger Group
Sherri Arnold, NBC
Pamela Duckworth, NBC

Linda George, Senate Fiscal Offices
Joanne Maceroni, NBC

Joseph Roberts, NBC
Leah Foster, NBC
Richard Bernier, NBC

Laurie Horridge, NBC
Dan Smith, NBC

1. Call to Order

Finance Committee Chairman Robert Andrade, called the December 20, 2011 Joint Long Range Planning- Finance Committee Meeting to order at 10:12 a.m.

2. Approval of Minutes – September 28, 2011 Joint LRP-Finance Committee

Chairman Andrade asked for a motion to approve the September 28, 2011 Joint LRP-Finance Committee meeting minutes as written. Commissioner MacQueen moved to approve the September 28, 2011 Joint LRP-Finance Committee meeting minutes as written. Commissioner Nathan seconded the motion. The vote taken by the Joint Long Range Planning- Finance Committee was unanimous. The motion carries.

3. Items for Action

A. Review of Monthly Financial Statements and Expenditures

Karen Giebink advised that the Committee members have before them the October and November 2011 monthly financial reports.

She stated that we are currently spending under budget with respect to all of the budgetary line items. With respect to Filled vs. Budgeted Positions currently 96% of the budgeted positions are filled.

Ms. Giebink noted that Page 2 of the report the cumulative billings are higher than we projected and this trend continued through November. The receivables outstanding as of the end of October were approximately \$11.3 million which is lower than where we were last year. This is based in large part on the lien sale as well as the water shutoff which had taken place over the summer months.

She stated on Page 3 of the report, cash and investments total \$53.6 million and the investments are detailed under Item B. Page 4 of the report you shows the NBC vs. SIFMA index for the Variable Rate Demand Bonds and we are currently pricing below index by 2 basis points. She added that the most recent pricing was at 0.10% on nearly \$60 million dollars. Outstanding debt is \$412.8 million.

Ms. Giebink stated that Page 5 shows the outstanding debt. Approximately 13% is in variable mode and 87% is in fixed mode. We currently have \$77.2 million in total Capital Funds. Page 6, of the report shows 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 the Committee members have before them a list of Purchase Requisitions for the months October and November that were included as part of the Budget and are in excess of \$10,000.

There are none that require the Committee's approval. The members also have a list of budget transfers for the months of October and November.

C. Consideration of Personnel Actions

None.

D. Review and Approval of Resolution 2011:41; 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

Karen Giebink stated that the purpose of this Resolution is to 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 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 and will also include a principal forgiveness portion for "green" projects. RICWFA anticipates closing the loan in January 2012.

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.

We ask the Committee's approval of Resolution 2011:41.

Commissioner Farnum made a motion to approve Resolution 2011:41; 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 Salvadore seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

E. Review and Approval of Resolution 2011:42; Authorization to File a Compliance Filing for Rate Relief Related to Debt Service With the Rhode Island Public Utilities Commission (RIPUC)

Ms. Giebink stated the Board was presented with a resolution authorizing a not-to-exceed \$25 million borrowing from the Rhode Island Clean Water Finance Agency with the understanding that rate relief must be received prior to the execution of the loan in order to meet coverage requirements. Accordingly, staff is requesting authorization to file for debt service and debt service coverage using the compliance filing method as established by the RIPUC which requires a filing no later than sixty days prior to the proposed effective date.

She stated that this resolution serves to authorize such a filing with a proposed effective date of the new tariffs is July 1, 2012. The NBC's last filing (Docket 4214) provided a total revenue requirement of

\$81,126,021 effective July 1, 2011. Using this figure as a base, she stated that she was requesting authority 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, 2012. She asked for the approval of Resolution 2011:42.

Commissioner Farnum made a motion to approve Resolution 2011:42; Authorization To File a Compliance Filing For Rate Relief Related to Debt Service With the Rhode Island Public Utilities Commission (RIPUC). Commissioner MacQueen seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

F. Review and Approval of Resolution 2011:43; Recommendation for Use of Environmental Enforcement Funds

Raymond Marshall stated that the Committee has a request for a \$2,800 grant from the Environmental Enforcement Fund to support the Narragansett Bay Commission's second annual celebration of World Toilet Day 2011 (November 19).

He advised that World Toilet Day is a global observance of the vital importance of sanitation and clean water infrastructure. Every day, over 6,000 on the planet die because of lack of access to proper sanitation; over 50% of the death are of children below the age of five. Here in Rhode Island, we are very lucky to have access to some of the nation's (and the world's) best clean water technologies, reliable infrastructure, and dedicated environmentalists. Therefore, we are asking local students (K-12) to illustrate these dual messages on toilet seats. The seats will make up an installation at the Firehouse 13 Gallery in Providence from November 15-21. A Gallery Night reception is planned for November 17, two days before World Toilet Day.

The philosophies of World Toilet Day echo the educational messages in both the NBC's elementary (Woon Watershed Explorers) and secondary (MET School) water quality and environmental education curricula.

Last year's remarkable success with World Toilet Day provided the NBC with a great "teachable moment" to our community. The press coverage we received for the exhibit exceeded our expectations. I project that this year's event will also generate positive press and ratepayer goodwill for the NBC.

We respectfully request the Committee's approval.

Commissioner Brown made a motion to approve Resolution 2011:43; Recommendation for Use of Environmental Enforcement Funds. Commissioner Thompson seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

G. Review and Approval of Resolution 2011:49; Authorization To Select A Qualified Pool of Investment Banking Service Providers

Ms. Giebink advised that the Narragansett Bay Commission (NBC) has an extensive capital improvement program over the next six years that, in the absence of additional federal funding, will require NBC to supplement the low interest loans (SRF) from the Rhode Island Clean Water

Finance Agency with the issuance of revenue bonds. NBC also has approximately \$59.9 million in Variable Rate Demand Bonds outstanding. In addition, 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 2009.

Accordingly, NBC issued a request for Qualifications/ Proposals (RFQ/P) for Investment Banking Services to select a qualified pool of underwriters on October 14, 2011 with submittals due on October 28, 2011. NBC received eight responses to the RFQ/P. The submittals were reviewed and evaluated by the Director of Administration and Finance and Maureen Gurghigian of First Southwest Company, NBC’s Financial Advisor. Based upon this initial review, five firms were asked to return for presentations and interviews.

All five firms had comprehensive submittals. Based upon the written submittals and the presentations, it is recommended that Morgan Stanley, USbancorp, TD Securities, 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.

Your approval of Resolution 2011:49 Authorization To Select A Qualified Pool Of Investment Banking Services Providers is hereby requested.

Commissioner Brown made a motion to approve Resolution 2011:49; Authorization To Select A Qualified Pool Of Investment Banking Service Providers. Commissioner Thompson 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 Carline, seconded by Commissioner Farnum and the Finance Committee meeting adjourned at 10:25 a.m.

Respectfully submitted,



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