

The Narragansett Bay Commission
One Service Road
Providence, RI 02905

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

Vincent J. Mesoella
Chairman

Raymond J. Marshall, P.E.
Executive Director



OFFICIAL MINUTES OF:

Meeting of:	Joint LRP-Finance Committee Meeting
Date:	May 21, 2013
Time:	10:15 a.m.

MEMBERS PRESENT:

Richard Burroughs
Mario Carlino
Jonathan Farnum
Ronald Leone
Vincent Mesoella
Joan Milas
Alan Nathan
Michael Salvatore
Leo Thompson, LRP Chairman

MEMBERS ABSENT:

Robert Andrade, Committee Chairman
Michael DiChiro
Joseph Kimball
John MacQueen

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Thomas Uva, NBC
Joanne Maceroni, NBC
Karen Musumeci, NBC
Joe Pratt, Louis Berger Group
Sherri Arnold, NBC
Angelo Rotella, NBC Commissioner
Leah Foster, NBC
Richard Bernier, NBC
Paul Nordstrom, NBC

Shaylyn McCauly, NBC
Mark Thomas, NBC
Deborah Samson, NBC
Karen Giebink, NBC
Jennifer Harrington, NBC
Cecille Antonelli, NBC
Laurie Horridge, NBC

1. Call to Order

In the absence of Finance Committee Chairman Robert Andrade, NBC Chairman Mesolella after recognizing a quorum, called the May 21, 2013 Joint Long Range Planning-Finance Committee Meeting to order at 10:15 a.m.

2. Approval of Minutes – April 2, 2013-Joint LRP- Finance Committee

NBC Chairman Mesolella asked for a motion to approve the April 2, 2013 Joint LRP- Finance Committee meeting minutes as written. Commissioner Salvatore moved to approve the April 2, 2013 Joint LRP- Finance Committee meeting minutes as written. Commissioner Milas 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

Karen Giebink advised the Committee members that she will be reviewing the April monthly financial report with them.

With respect to Budget vs. Actuals, we are approximately 83% of the way through the fiscal year and we are spending under budget. She noted that Personnel Services are spending pretty close to budget levels and that's a result of slightly higher overtime at the treatment plants. We are spending under budget on electricity and chemicals at the two treatment facilities we are at 77% of the year to date budgets. She noted that the positions are shown under item B and we currently have 253 positions filled.

Ms. Giebink stated that the billings are on Page 2 of the report. She added that unfortunately the billings have dropped off in the last few months so we are projecting that we will again fall short again this year on billings. She said that part of that shortfall will be addressed through the current rate filing pending with the PUC where the billing units will be adjusted, but noted that the billings do appear to be continuing to drop off. On the bottom of the page it shows receivables are \$10.6 million and that's lower than it was at this point last year. This is a result of a couple of different factors, and she noted that NBC has continued with the water shut-off of non-residential accounts even during the moratorium period.

Commissioner Nathan asked Ms. Giebink questions regarding the over 120 day balances and what happens with bankruptcy accounts.

Ms. Giebink and Ms. Horridge, NBC's General Legal Counsel answered all of Commissioner Nathan's questions.

On Page 3 of the report, cash and investment balances total \$105 million. Investments are shown under Item B. Page 4 of the report shows the long term debt and she pointed out that the Variable Rate Debt pricing has increased slightly but it is still at less than .25 percent. Outstanding debt is \$546.5 million.

Ms. Giebink stated that Page 5 shows Capital Funds available total \$58.3 million. She noted that Page 6 shows the information in a graph that shows the capital payments by month and source. You can see that we spent the all of the 2012 Series A SRF's we expended all those funds in December, 2012 and since then we have been spending the BAN's.

Ms. Giebink advised that 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 further questions 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 from March 26 through May 13, 2013 that were included as part of the Budget and are in excess of \$10,000. There are none that require the Committee's approval.

C. Consideration of Personnel Actions

None.

D. Review and Approval of Resolution 2013:17; Authorization to Issue Revenue Obligations in an Amount Not to Exceed \$75,000,000 and Approval to Execute a Supplemental Trust Indenture and Other Matters

Ms. Giebink advised that the proceeds of the issue will be used to pay for cost of issuance, finance the NBC's capital improvement program and fund an account in the debt service reserve fund if required.

This authorization represents the NBC's fifth revenue obligation outside of the Rhode Island Clean Water Finance Agency (RICWFA) as the RICWFA does not have sufficient capacity to meet NBC's needs. The exact size and structure of the bond issue will be determined over the next few months. Given that NBC's capital needs over FY 2014 and FY 2015 are more than \$170 million, it is NBC's best interest to maximize the size of the open market issue to reduce the cost of issuance and take advantage of attractive interest rates.

This Resolution provides authorization to issue revenue bonds in an amount not-to exceed \$75 million. Additional debt service capacity is projected to be achieved through the pending general rate case before the Public Utilities Commission for new rates effective July 1, 2013. The actual amount of the issue will be based upon updated cash flows, available capital funds, market conditions and the capacity and timing of the next loan from RICWFA. If it is determined that it is in NBC's best interest to increase the size of the open market above what can be supported through the pending rate case, additional rate relief will be requested.

Commissioner Salvadore made a motion to approve Resolution 2013:17 Commissioners Milas and Carlino seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

E. Review and Approval of Resolution 2013:19; Authorization to Enter into a Contract for Auditing Services

Mr. Marshall advised that Rhode Island General Laws (Sections 35-7-13 and 22-13-6) require the approval of the Auditor General and the Director of Administration (the "State") prior to the employment of private auditors. The NBC sent the draft audit specifications to the Auditor General and the Director of the State of Rhode Island's Department of Administration (the "State") prior to the issuance of the

Request for Proposals (RFP). The State approved NBC's audit specifications for a three-year engagement on February 11, 2013 and NBC issued the RFP on February 12, 2013.

NBC only received one submittal in response to the RFP. Bacon and Co. LLC was the only firm that responded and they are qualified. NBC presented the Auditor selection to the State for their approval on March 25, 2013. The State was concerned about approving Bacon because they have been NBC's auditors for the last six years. Good auditing practices and guidelines recently adopted by the State recommend a change in audit firms after six consecutive years of service.

After several discussions with the Auditor General's office and the Department of Administration a solution was found. The State determined that it will approve NBC's engagement of Bacon and Co., LLC for one additional year. NBC will need to issue another RFP next year in order to retain a new audit firm.

Commissioner Thompson made a motion to approve Resolution 2013:19; Authorization to Enter into a Contract for Auditing Services. Commissioner Leone seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

F. Review and Approval of Resolution 2013:20; Recommendation for Use of Environmental Enforcement Funds

Mr. Marshall advised that the NBC has received a request from the Blackstone Valley Tourism Council for grant funding with Environmental Enforcement Funds. This organization has requested a \$2,400 grant to fund 400 scholarships to students from the economically disadvantaged communities in the Blackstone Valley, providing the students an opportunity to participate in the Blackstone River "Explorer" Programs aboard the Blackstone Valley "Explorer" riverboat. The "Explorer" program teaches the history of the Blackstone River and river ecology, allowing students to observe the river wildlife and perform hand-on water quality testing while teaching the importance of keeping the river healthy.

The NBC staff recommends funding \$2,400 to the Blackstone Valley Tourism Council to support the scholarship program so that students can participate in this extraordinary and valuable activity. There are adequate funds available in the Environmental Enforcement Fund to sponsor this worthwhile project.

We respectfully request your approval of Resolution Number 2013:20 for funding in the amount of \$2,400 for the Blackstone Valley Tourism Council

Commissioner Milas recuses herself.

Commissioner Carlino made a motion to approve Resolution 2013:20, Recommendation for Use of Environmental Funds. Commissioner Salvatore 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 Salvadore seconded by Commissioner Thompson and the Finance Committee meeting adjourned at 10:47 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Raymond J. Marshall".

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