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:	October 29, 2013
Time:	10:30 a.m.

MEMBERS PRESENT:

Mario Carlino
Michael DiChiro
Jonathan Farnum
Joseph Kimball
John MacQueen
Vincent Mesolella
Joan Milas

MEMBERS ABSENT:

Robert Andrade, Committee Chairman

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Jennifer Harrington, NBC
Karen Musumeci, NBC
Tom Uva, NBC
Karen Giebink, NBC
Leah Foster, NBC
Paul Nordstrom, NBC
Joanne Maceroni, NBC
Paul Nordstrom, NBC
Laurie Horridge, NBC
Jamie Samons, NBC
Karen Musumeci, NBC
Shaylyn McCauley, NBC
Sherri Arnold, NBC
Richard Bernier, NBC

1. Call to Order

Recognizing a quorum and in the absence of Committee Chairman Robert Andrade, NBC Chairman Mesolella called the October 29, 2013 Finance Committee Meeting to order at 10:33 a.m.

2. Approval of Minutes – September 24, 2013 – Joint LRP-Finance Committee

NBC Chairman Mesolella asked for a motion to approve the minutes of the September 24, 2013 Joint LRP-Finance Committee meeting as written. Commissioner MacQueen moved to approve the minutes. Commissioner Farnum 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

Karen Giebink advised that the Committee members have before them the September 2013 monthly financial report.

With respect to Budget vs. Actual NBC is currently spending under budget on the year to date budget basis we are at 92.5 % with respect to Operations and Maintenance costs.

In terms of Personnel, 97% of the budgeted positions are currently filled. With respect to the User Fee billing, NBC is still billing slightly under our projections. She noted that there were strong billings in August and September, however, even though we had an adjustment on the rate base effective July 1, 2013, it pulled through on the flat fees but not pulled through 100% on the consumption fees. She added that NBC is still seeing a slight decline in the rate base at 98 percent, prior to any adjustments. The receivables are shown at the bottom of the page the amount outstanding as of September 30th was $12.5 million. The lien sale was in October and that should have reduced the receivables substantially and she added that NBC has also been conducting water shut-offs.

On page 3 of the report, cash and investments total $52.4 million. Investments are shown under Item B. Page 4 of the report shows that the VRDB's are still pricing very attractively. Ms. Giebink noted that she had a handout prepared by NBC's financial advisor that shows the savings that have been realized as a result of the variable rate program. Based upon their calculations NBC has saved $16.4 million dollars as a result of the variable rate program.

Total debt outstanding under Item C is $569.6 million.

Ms. Giebink stated that Page 5 shows Capital Funds available of $49.8 million and added that NBC is spending capital at a fairly substantial pace. On page 6 of the report it shows that NBC spent over $12 million on capital in September. She added that also attached to the report are the Statement of Net Position, the Statement of Revenue, Expenses and Changes in Net Position as well as the Detailed Budget vs. Actual Report.

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 greater than $10,000 which will be coming up for some type of bidding process. All of those items were included in the Budget that was passed in June and therefore none require the Committee's approval.

The members also have a list of budget transfers for the month September, 2013.

C. Consideration of Personnel Actions

None.

Commissioner Kimball and Commissioner DiChiro arrive at 10:40 a.m.

D. Review and Approval of Resolution 2013:43; Authorizing the Narragansett Bay Commission to Borrow an Amount Not to Exceed $25,000,000 from the Rhode Island Clean Water Finance Agency

Karen Giebink stated that Resolution 2013:43 will enable NBC to borrow an amount not to exceed $25,000,000 from the Rhode Island Clean Water Finance Agency (RICWFA) through the State Revolving Fund program. This is the standard annual board authorization and the proceeds will be used to finance a number of NBC capital projects including the CSO Phase II Facilities.

She added that existing rates generate sufficient revenue for the debt service and debt service coverage associated with this borrowing. With respect to this authorization, the RICWFA has indicated that the loan will be at the traditional subsidized rate of 1/3 of NBC's market rate of borrowing which is determined prior to the closing.

Commissioner MacQueen made a motion to approve Resolution 2013:43; Authorizing the Narragansett Bay Commission to Borrow an Amount Not to Exceed $25,000,000 from the Rhode Island Clean Water Finance Agency. Commissioner DiChiro seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

E. Review and Approval of Resolution 2014:44; Authorization to File a General Filing for Rate Relief Related to a Rate Base Adjustment and Operations and Maintenance Expense with the Rhode Island Public Utilities Commission (RIPUC)

Sherri Arnold advised that staff is in the process of evaluating the need to file for General Rate Relief with the RIPUC for new rates effective July 1, 2014 or as soon as practicable. In particular, staff is projecting the operating cost impact of new facilities as well as other anticipated operating expense increases. In addition, although NBC's most recent rate increase included an adjustment for a decline in the billable rate base, consumption in FY 2013 was below those levels. It is not anticipated that this application would include any additional revenue for debt service or debt service coverage.

Preliminary projections show a rate increase of not more than 8% with the consumption adjustment accounting for approximately 60% of the total rate increase required. Although rate relief is not required until FY 2015, the PUC has a nine month review and approval process rate relief will be received in a timely manner. Therefore, the Board's review and approval of this resolution is hereby respectfully requested.

Commissioner MacQueen made a motion to approve Resolution 2013:44; Authorization to File a General Filing for Rate Relief Related to a Rate Base Adjustment and Operations and Maintenance Expense with the Rhode Island Public Utilities Commission (RIPUC). Commissioners DiChiro and Carlino seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

4. Other Business

There was no other business to report.

5. Adjournment

A motion to adjourn was made by Commissioner MacQueen, seconded by Commissioner Milas and the Finance Committee meeting adjourned at 10:46 a.m.

Respectfully submitted,

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