



**OFFICIAL MINUTES OF:**

Meeting of:	Finance Committee Meeting
Date:	January 26, 2016
Time:	9:30 a.m.

**MEMBERS PRESENT:**

Robert Andrade, Committee Chairman  
Mario Carlino  
Jonathan Farnum  
Paul Lemont, Esquire  
John MacQueen  
Vincent Mesolella

**MEMBERS ABSENT:**

Joseph Kimball  
Michael DiChiro, Esquire  
Joan Milas

**STAFF AND GUESTS PRESENT:**

Raymond J. Marshall, NBC Executive Director  
Thomas Uva, NBC  
Richard Bernier, NBC  
Joanne Maceroni, NBC  
Leah Foster, NBC  
John Zuba, NBC  
Sean Searles, MWH  
Alice Marchessault, NBC

Jennifer Harrington, NBC  
Christine Cooper, NBC  
Laurie Horridge, Esquire, NBC  
Paul Nordstrom, NBC  
Gail Degnan, NBC  
Sherri Arnold, NBC  
Karen Musumeci, NBC

**1. Call to Order**

Committee Chairman Andrade recognizing a quorum called the January 26, 2016 Finance Committee Meeting to order at 9:36 a.m.

**2. Approval of Minutes – December 15, 2015 – Finance Committee**

Commissioner Andrade asked for a motion to approve the December 15, 2015 Finance Committee meeting minutes as written. Commissioner MacQueen moved to approve the December 15, 2015 Finance

Committee meeting minutes as written. Commissioner Farnum seconded the motion. The vote taken by the Finance Committee was unanimous. The motion carried.

### **3. Items for Action**

#### **A. Review of Monthly Financial Statements and Expenditures**

Karen Giebink stated that she would be reviewing the December 2015 monthly financial report with the Committee. NBC is currently spending below budget at 94.4%. She noted that the Fields Point bio-solids expense is running 9% under budget and that electricity usage is down by about 7%.

With respect to Personnel 96% of the budgeted positions are currently filled.

She reviewed the User Fee Billings on page two and noted that December billings were approximately \$8 million and through December NBC is billing slightly ahead of projections. Item B shows the amount outstanding as of December 31, 2015 is \$13.5 million which is noticeably higher than this point last year. She added that this is primarily a result of a single large receivable that has been discussed at prior Committee meetings. She reported that NBC is coming close to resolution on this particular item.

On page 3 of the report, she noted that Cash and Investments total \$82 million and that the investments are shown under Item B. Ms. Giebink stated that there was a little bit of movement in terms of the Federal funds rate, and staff is analyzing cash balances to determine if funds can be invested a little bit longer term to achieve a slightly higher yield.

On page 4 of the report, with respect to long-term debt, the Variable Rate Demand Bonds are continuing to price well at .01%. The outstanding debt is \$624.7 million.

She referred to page 5, which shows available capital funds of \$37.5 million in bond and loan proceeds, \$32.8 million in restricted funds and \$659,000 in capital funds. She noted that staff is working with our financial advisor and the financial advisor for the Infrastructure Bank on the structure of the loan authorized by the Board last month. Ms. Giebink stated that page 6 shows the Capital Payments by Month and Source, and that it's been relatively quiet for the last eleven months or so.

She added that in response to some of the questions during the last Finance Committee meeting with respect to the Non-Union Defined Benefit Plan, she added more information in the monthly report. She noted that it is important to keep the long-term rate of return in mind and referred to the chart at the bottom of page 6 which shows the total plan returns vs. the benchmark with information through October 31, 2015. She noted that the plan slightly underperformed on the one month comparison with the benchmark and slightly overperformed on the one year comparison. She noted the chart shows that the rate of return since November 2011 is over 6% and that 6% is the discount rate that is used in the actuarial assumptions.

Ms. Giebink added that we work on with our investment advisor to achieve the right asset mix and that they prepare long term rate of return projections on those various asset classes. There was discussion about comparisons between the State of Rhode Island's pension plan and NBC's pension plan. Some differences were pointed out including the relative magnitude of the assets, total pension liabilities, net inflows/outflows, and discount rate assumptions.

Ms. Giebink stated that attached to the report is the Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, the detailed Budget vs. Actual Report and the monthly budget transfers for the period ending November 30, 2015. There is also one item that requires Finance Committee approval related to the Operating Capital Outlay budget.

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. All of these items were included in the FY 2016 Budget that was passed in June and therefore none require the Committee's approval.

**C. Consideration of Personnel Actions**

None.

**D. Review and Approval of Resolution 2016:02; Adoption of the Fiscal Sustainability Plan Policy**

Ms. Giebink advised that certain Amendments in the Water Resources Reform and Development Act to Titles I, II, V, and VI of the Federal Water Pollution Control Act (Regulations) require NBC to establish a Fiscal Sustainability Plan (FSP) as a condition for funding certain projects with State Revolving Fund (SRF) loans through the Rhode Island Infrastructure Bank (RIIB). She added it appears that NBC will be required to certify that it has a FSP or is developing a FSP for the next loan from the RIIB anticipated to close this spring.

The resolution sets forth the Board's adoption of a Fiscal Sustainability Plan Policy. NBC's Board of Commissioners has supported best practices as a means to protect NBC's capital investments including the Asset Management Program, the Capital Improvement Program and the Annual Operating Budget. This policy serves to formally integrate these best practices into a FSP as required by the new regulations. In accordance with the policy, it is the responsibility of the Executive Director to comply with the Policy and to develop and administer the Plan. The Executive Director's responsibilities include implementation and periodic revisions as needed to comply with regulatory requirements.

Commissioner Lemont motioned to approve Resolution 2016:02; Adoption of the Fiscal Sustainability Plan Policy. Commissioner MacQueen seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carried.

**4. Other Business**

None.

**5. Adjournment**

A motion to adjourn was made by Commissioner MacQueen seconded by NBC Chairman Mesolella and the Finance Committee meeting adjourned at 9:55 a.m.

Respectfully submitted,



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