

The Narragansett Bay Commission  
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Vincent J. Mesoella  
Chairman

Raymond J. Marshall, P.E.  
Executive Director



## OFFICIAL MINUTES OF:

Meeting of:	Finance Committee Meeting
Date:	June 21, 2016
Time:	10:00 a.m.

### MEMBERS PRESENT:

Mario Carlino  
Michael DiChiro, Esquire  
Jonathan Farnum  
Paul Lemont, Esquire  
Joseph Kimball  
John MacQueen  
Vincent Mesoella  
Joan Milas

### MEMBERS ABSENT:

Robert Andrade, Committee Chairman

### STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director  
Thomas Uva, NBC  
Mark Thomas, NBC  
Paul Nordstrom, NBC  
Leah Foster, NBC  
Sherri Arnold, NBC  
Karen Musumeci, NBC  
Joanne Maceroni, NBC  
Jennifer Harrington, NBC

Jamie Samons, NBC  
Deborah Samson, NBC  
Rich Bernier, NBC  
Cecille Antonelli, NBC  
Gail Degnan, NBC  
Alice Marchessault, NBC  
Laurie Horridge, Esq., NBC

### 1. Call to Order

Recognizing a quorum NBC Chairman Mesoella in the absence of Committee Chairman Andrade called the June 21, 2016 Finance Committee Meeting to order at 10:10 a.m.

## **2. Approval of Minutes – May 24, 2016 – Finance Committee**

NBC Chairman Mesolella asked for a motion to approve the May 24, 2016 Finance Committee meeting minutes as written. Commissioner DiChiro moved to approve the May 24, 2016 Finance Committee meeting minutes as written. Commissioner MacQueen 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 May 2016 monthly financial report with the Committee. With respect to the budget, NBC is spending under budget at this point in the fiscal year and she noted that the year to date performance was reviewed in detail at the May Finance Committee meeting. The budgeted positions are shown under Item B and NBC currently has 260 filled positions or 90% of the budgeted positions are filled.

On page two of the report, the actual billings to date are approximately \$88.7 million so NBC is billing close to the projected level which is excellent news. The receivables are shown at the bottom of the page and show the amount outstanding as of May 31, 2016 is less than the amount outstanding last year and this is the result of effective collections as well as the collection of the large delinquent account that was discussed at prior meetings.

On page three of the report, cash and investments total \$97.7 million. The investments are shown at the bottom of the page under Item B.

Page four of the report, with respect to long-term debt, the VRDB's had been remarketing at around 0.4%, pricing very favorably. The amount of debt outstanding is \$624.7 million.

Page five of the report shows the fixed vs. variable rate debt and approximately 9% of NBC's debt outstanding is in variable rate mode. NBC is in the process of replacing the Letter of Credit which for the last six years has been with US Bank. As a result of a request for proposals process, NBC we will be replacing the LOC with a LOC from TD Bank. The total Capital Funds available are \$61.6 million.

At the top of page six shows the capital payments by month and source.

The Non-Union Defined Benefit Plan assets are \$12.1 million as of May 31, 2016.

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 March 31, 2016.

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 that are 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**

**D. Review and Approval of Resolution 2016:19;** Narragansett Bay Commission Fiscal Year 2017 Operating Budget

NBC Chairman Mesolella stated that at the May 24, 2016 Finance Committee meeting there was a significant review and discussion on the proposed NBC FY2017 Operating Budget and the Board has before them today the final document. Chairman Mesolella stated that all of the members have had an opportunity to review the budget document and that Ms. Giebink could answer any questions that the Commissioners may have.

He advised that Ms. Giebink would be giving the Board a quick overview of the significant issues.

Ms. Giebink acknowledged the Finance staff, Sherri Arnold, Gail Degnan and Alice Marchessault as well as Leah Foster for all her help putting together the budget document. She noted that the budget document has become a year round activity.

Ms. Giebink indicated that she would “walk” the Committee through the Budget document. She noted that the NBC proposed FY2017 Operating Budget is 2.5% higher than the prior year due to increased operations and maintenance expense, debt service coverage and operating capital. The FY 2017 Operating Budget also incorporates a number of significant revenue, savings, and expense impacts related to NBC’s Capital Improvement Program (CIP).

She referred to the summary on page 1 of the budget which shows that the FY 2017 budget reflects an increase in Operating Revenue of 2.0% due to a 1.53% increase in sewer user fee rates effective July 1, 2016 as well as higher consumption revenue. She noted that Non-Operating Revenue is 8.8% higher on a year to year basis primarily as a result of an increase in the transfer of Operating Capital funds. With respect to expenses, budgeted Operation and Maintenance Expense is 2.4% or \$956,593 greater than the prior year. Of this increase, 66.5% is related to personnel services. Budgeted Debt Service Coverage is 5.8% higher on a year to year basis. Operating Capital has the most significant increase at 18.1% over the prior year. The net effect of these changes is a 2.5% increase in total expense compared to FY 2016.

Ms. Giebink then reviewed the Executive Director’s Budget Message, updated information in the About NBC as well as the Budget Process and Policies Sections. Ms. Giebink presented highlights in the Budget Summary Section including a discussion the key budget assumptions, revenues and expenses. She explained in detail the impact that the CIP projects will have on the FY 2017 Operating Budget in terms of revenues, expenses and savings, primarily with respect to NBC’s budget for electricity. Ms. Giebink noted that the FY 2017 Operating Budget did not include any new debt issuance. She then reviewed the revised and expanded CIP Impact and Long-Term Plan Section of the budget. Ms. Giebink explained that as a result of the revised schedule for the CSO Phase III facilities, the long-term model projections show no new debt issuance until FY 2020. She also reviewed the long-term revenue and expense projections. Ms. Giebink noted that the CIP section had been reviewed in detail at a prior meeting and then directed attention to the Division Summary section. She went through the Executive Division as an example of the detail included in this section. Ms. Giebink concluded by reviewing Resolution 2016:19 in the Supporting Schedules section. She noted that item 8 in the Resolution is new and expressly authorizes the Executive Director to expend funds on capital projects for preliminary planning, staff time and other services prior to Board approval of the project. She referred to the other supporting schedules included in the document.

This concluded Ms. Giebink’s presentation.

NBC Chairman Mesolella motioned to approve Resolution 2016:19, Narragansett Bay Commission Fiscal Year 2017 Operating Budget. Commissioners Carlino, MacQueen and Lemont seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carried.

**E. Review and Approval of Resolution 2016:20; Recommendation for Use of Environmental Enforcement Funds**

Mr. Marshall stated 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, Sr., 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 honors Commissioner Walker's dedication to these two causes by annually making a contribution in his memory to this important scholarship program. The EEF was established for just this purpose; promoting the environment and education especially within our service area.

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 their education at the college level.

There are adequate funds available in the EEF and we recommend the approval of Resolution **2016:20** in the amount of \$2,500 for the Leonard Walker Memorial Scholarship Fund.

Commissioner Milas motioned to approve Resolution 2016:20, Recommendation for Use of Environmental Enforcement Funds. Commissioners MacQueen and Carlino 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 Commissioner Farnum and the Finance Committee meeting adjourned at 10:55 a.m.

Respectfully submitted,



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