

The Narragansett Bay Commission
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Vincent J. Mesolella
Chairman

Raymond J. Marshall, P.E.
Executive Director



OFFICIAL MINUTES OF:

Meeting of:	Joint LRP-Finance Committee Meeting
Date:	June 17, 2009
Time:	10:00 a.m.

MEMBERS PRESENT:

Vincent J. Mesolella, NBC Chairman
Robert Andrade, Finance Committee Chairman
Richard Brown
Leslie Gray, III
Joseph Kimball
John MacQueen
Michael Salvadore
Leo Thompson
Harold Gadon, CAC

MEMBERS ABSENT:

Richard Burroughs
Michael DiChiro
Jonathan Farnum
Alan Nathan

STAFF AND GUESTS PRESENT:

John Zuba, NBC
Thomas Uva, NBC
Laurie Horridge, NBC
Cecille Antonelli, NBC
Leah Foster, NBC
Richard Bernier, NBC
Karen Musumeci, NBC
Joseph Pratt, Louis Berger Group
Anamaria Clarkin, NBC
Sherri Arnold, NBC
Deborah Samson, NBC
Jamie Samons, NBC
Joanne Maceroni, NBC

1. Call to Order

Noting that a quorum was present Finance Committee Chairman Robert Andrade called the June 17, 2009, Joint LRP- Finance Committee Meeting to order at 10:05 a.m.

2. Approval of Minutes – April 21, 2009 Long Range Planning Committee

Chairman Andrade asked for a motion to approve the April 21, 2009 Long Range Planning Committee Meeting Minutes, the May 13, and May 20, 2009 Finance Committee Meeting minutes as written. Commissioner MacQueen moved to approve the minutes of the April 21, 2009 Long Range Planning Committee Meeting minutes and the May 13 and 20, 2009 Finance Committee Meeting minutes as written. Commissioner Thompson 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

Ms. Giebink reviewed the May 2009 monthly financial report. With respect to Budget vs. Actual we are spending under budget most notably with respect to personnel costs and to bio-solids due to lower production. She noted that we are also seeing lower interest on our Variable Rate Demand Bonds. With respect to personnel, 96 percent of the budgeted positions are currently filled. Page 2 of the report shows the net actual billing is \$67.3 million which is less than what we had projected and is related to the lower consumption billings. With respect to receivables under Item B they are approximately the same as last year at this time. In May, Customer Service selected over 1,400 accounts for water shutoff and made over 4,000 collection calls. They collected \$10.7 million.

Ms. Giebink noted that cash and investments total \$60.3 million and the investments are detailed under Item B. Referring to Page 4 of the report with respect to long term debt the chart shows the NBC's Variable Rate Demand Bonds vs. the SIFMA Swap Index there was a significant divergence back in March and since then there has been a convergence of the rates. We most recently priced at 0.75%. She noted that there is still a spread between NBC pricing and the Index but, we are pricing significantly better.

She stated that outstanding debt is \$ 427.8 million. Page 5 of the report shows total Capital Funds available of \$21.6 million. Page 6 shows the 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.

With no questions from the Commissioners this concluded Ms. Giebink's report.

B. Consideration of Purchase Requisition

Mr. Marshall stated that there are no purchase requisitions that require approval. We have provided the Committee members with a list of those that we need to report that are greater than \$10,000 along with a list of budget transfers for the month of May.

C. Consideration of Personnel Actions

None.

D. **Review and Approval of Resolution 2009:16**, Narragansett Bay Commission's Fiscal Year 2010 Operating Budget

Committee Chairman Andrade advised that an abbreviated version of the budget will be presented at this meeting. A full budget presentation will be made during the Board of Commissioners meeting at 11:00 a.m.

Ms. Giebink introduced the members of her staff Francie Brown, Sherri Arnold and Anamaria Clarkin who were involved in the preparation of the FY 2010 budget.

Ms. Giebink gave the Committee a brief summary of the overall budget. She noted that FY 2010 Operating Budget represents a 6.9% increase over the prior year budget. This budget is based on two separate user fee rate increases the first, to address the declining consumption base and increased operating costs, and the second to enable the NBC to take advantage of additional low-interest loans for capital improvements as a result of the federal stimulus package.

Ms. Giebink then turned the presentation over to Francie Brown.

Ms. Brown briefly reviewed the NBC Organization and Facilities, Demographics, Budget Summary Information, Revenue and Expense by line item, Sources and Uses of Revenue, Strategic Plan and the Budget-Key Assumptions. She advised that two things have changed since the May meeting. The non-union merit increases are now based on 4.25 percent as directed by the Board, we have included an additional lab technician position and revenue is now based on two rate increases as opposed to one rate increase.

Both Ms. Giebink and Ms. Brown reviewed the Staffing Levels, Historical Overview, Revenue and Expense Profiles, Budget Philosophy and the Financial Policies. Ms. Giebink completed the presentation with a review of the Fund Definitions and Financial Data, Long-Term Debt Overview and Capital Improvement Program and Impact.

Commissioner Brown made a motion to approve Resolution 2009:16, Narragansett Bay Commission's Fiscal Year 2010 Operating Budget. Commissioner MacQueen seconded the motion and the vote taken by the Finance Committee was unanimous. The motion carries.

E. **Review and Approval of Resolution 2009:17**, Authorization to File a Compliance Filing for Rate Relief Related to Debt Service with the Rhode Island Public Utilities Commission

Ms. Giebink stated that NBC's long term financial plan had originally called for a borrowing of \$12,000,000 in FY 2009 from the Clean Water Finance Agency and an additional \$12,000,000 in FY 2010. As a result of the federal stimulus money the RI Clean Water Finance Agency determined that it would be in the best interest of all borrowers to roll the FY 2009 program into the funds available through the federal stimulus package and create a larger loan program. As a result we are now looking at borrowing a total of \$53,000,000 in FY 2010. She advised that previously the Board had passed an authorizing Resolution for this borrowing which was conditional on rate relief.

Ms. Giebink requested approval of Resolution 2009:17 authorizing the filing of a compliance filing for rate relief related to debt service that will result in an increase of not more than 5 percent over the projected total revenue requirement resulting from Docket 4026.

Commissioner MacQueen made a motion to approve Resolution 2009:17, Authorization to File a Compliance Filing for Rate Relief Related to Debt Service with the Rhode Island Public Utilities Commission, Commissioner Thompson seconded the motion and the vote take was unanimous. The motion carries.

F. Review and Approval of Resolution 2009:18, Recommendation for Use of Environmental Enforcement Funds

Mr. Marshall stated that there are two requests before the Committee today for grant funding with Environmental Enforcement Funds. The first is from the Woonasquatucket River Watershed Council for the River Rangers program. The program educates children on environmental stewardship and has cleaned 42 acres of parkland along the Woonasquatucket River. The funding would allow the summer program to operate year round and allow continuation of the maintenance work on the Woonasquatucket Greenway. The Council is seeking \$ 15,000 to support this program. The Environmental Enforcement Funds has funds dedicated for river restoration and river education activities. There are adequate funds available therefore we are making a recommendation for funding in the amount of \$5,000.

The second item is a request to contribute to the Leonard Walker Scholarship Fund established in memory of former Commission Leonard Walker at the Metropolitan Career and Technical Center (the Met School) in Providence. There are adequate funds available in the Environmental Enforcement Fund and the NBC is proposing \$2,500 in funding for the scholarship program to continue our support of the students from the MET School.

Commissioner MacQueen made a motion to approve Resolution 2009:18, Recommendation for Use of Environmental Enforcement Funds, Commissioner Thompson seconded the motion and the vote take was unanimous. The motion carries.

4. Other Business

None.

5. Adjournment

A motion to adjourn was made by Commissioner Thompson, seconded by Commissioner MacQueen and the Joint LRP/Finance Committee meeting adjourned at 10:45 a.m.

Respectfully submitted,



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