

The Narragansett Bay Commission
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Vincent J. Mesoella
Chairman

Raymond J. Marshall, P.E.
Executive Director



OFFICIAL MINUTES OF:

Meeting of:	Joint LRP-Finance Committee Meeting
Date:	November 3, 2010
Time:	10:30 a.m.

MEMBERS PRESENT:

Robert Andrade, Committee Chairman
Jonathan Farnum
Leslie Gray, III
Joseph Kimball
Vincent Mesoella
Joan Milas
Alan Nathan
Michael Salvadore
Harold Gadon, CAC

MEMBERS ABSENT:

Richard Brown
Richard Burroughs
Mario G. Carlino
Michael DiChiro
Ronald Leone
John MacQueen
Leo Thompson

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Thomas Uva, NBC
Karen Musumeci, NBC
Leah Foster, NBC
Joe Pratt, Louis Berger Group
Linda George, Senate Fiscal Office
Jennifer Harrington, NBC
Meg Goulet, NBC

Tom Brueckner, NBC
Rich Bernier, NBC
Laurie Horridge, NBC
Deborah Samson, NBC
Cecille Antonelli, NBC
Paul Nordstrom, NBC
Jamie Samons, NBC

1. Call to Order

Finance Committee Chairman Robert Andrade called the November 3, 2010 Finance Committee Meeting to order at 10:35 a.m.

**2. Approval of Minutes – May 27, 2010 Finance Committee
September 22, 2010 Finance Committee**

Chairman Andrade asked for a motion to approve the May 27, 2010 Finance Committee meeting minutes as written. Commissioner Farnum moved to approve the minutes of the May 27, 2010 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.

Chairman Andrade asked for a motion to approve the September 22, 2010 Finance Committee meeting minutes as written. Commissioner Farnum moved to approve the minutes of the September 22, 2010 Finance Committee Meeting minutes as written. Commissioner Gray 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 September 2010 monthly financial report. With respect to the Budget vs. Actual she noted that NBC is spending under budget. NBC is approximately 25% of the way through the fiscal year and is spending at 21.4% with respect to O&M. NBC has 260 budgeted positions with 253 of those positions currently filled.

She noted that Page 2 of the report under Item A, user fee billings, the actual billings have been very good. NBC is billing over what was projected for the fiscal year to date largely due to increased consumption based billings, however, the projections were conservative. With respect to the receivables under Item B, she stated that the total receivables outstanding as of September 30 is, \$11.9 million.

Ms. Giebink stated on Page 3 of the report, cash and investments, total \$42.2 million and that the investments are detailed under Item B. She said that Page 4 of the report, with respect to long-term debt, the NBC's VRDB's are pricing very well through SIFMA and the most recent remarketing was at 0.27%. Outstanding debt is \$396.6 million.

She stated that Page 5 shows that the available balance for Capital Funds is \$80.1 million. Page 6, the capital payments by month and source are shown. She noted that in September we did spend a significant amount of money and that is primarily on Contract 109.01 the Nitrogen Removal at Field's Point.

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.

This concluded Ms. Giebink's report.

B. Consideration of Purchase Requisition

Mr. Marshall stated that there are no purchase requisitions that require the Committee's 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 September.

C. Consideration of Personnel Actions

None.

D. Review and Approval of Resolution 2010:34; Authorization to File A Compliance Filing For Rate Relief Related To Debt Service With The Rhode Island Public Utilities (RIPUC)

Karen Giebink stated that this Resolution would authorize NBC to file a compliance filing for rate relief related to debt service with the PUC. She noted that last month a Resolution was presented to the Board authorizing NBC to file for a rate base adjustment, operation and maintenance expense as well as debt service. She added that the Resolution set forth that the filing would result in a rate increase not to exceed 15%.

Ms. Giebink said that NBC has since filed with the PUC and decided to remove the debt service piece from that particular filing. The resulting rate increase that was filed on October 8 was for 8.86%.

She explained that Resolution 2010:34 will authorize NBC to file for the rate relief required to support the \$30 million dollar borrowing from the RI Clean Water Finance Agency which was also approved by the Board at last month's meeting. She said that the resulting rated increase is estimated as a 3.2% across the board rate increase over Docket 4151 which were the rates that went into effect in July 2010.

Commissioner Andrade asked when it would become effective.

Ms. Giebink stated July of 2011.

Ms. Giebink also advised that once the rate relief is granted related to this particular filing we would then modify the other rate filing that is currently pending before the PUC. NBC needs the rate relief prior to execution of the next loan and this filing would allow us to have rate relief within 60 days.

Commissioner Farnum made a motion to approve Resolution 2010:34; Authorization to File A Compliance Filing For Rate Relief Related To Debt Service With The Rhode Island Public Utilities (RIPUC). Commissioners Gary and Nathan seconded the motion and the vote taken by the Joint LRP-Finance Committee was unanimous. The motion carries.

E. Review and Approval of Resolution 2010:35; Recommendation for Use of Environmental Enforcement Funds

Jamie Samons stated that NBC has received one request for grant funding with Environmental Enforcement Funds from the NBC Public Affairs Department. This request is to fund a \$2,500 grant to sponsor an environmental education art exhibit which will be held at Firehouse 13 Gallery in Providence, RI to celebrate World Toilet Day 2010. World Toilet Day 2010 will be observed on November 19th and to celebrate, NBC is asking local students (K-12) to illustrate the importance of wastewater sanitation and clean water infrastructure on toilet seats. The artwork created by the students will be presented at the Firehouse 13 Gallery from November 16th – 22nd, with a Gallery Night reception planned for November 18th.

World Toilet Day philosophies echo the educational messages taught by the NBC's elementary and secondary school water quality and environmental education programs. This is also an opportunity to

generate positive press and provide a “teachable moment” for the NBC community. The NBC Public Affairs Department recommends funding \$2,500 to support the toilet seat artwork project to promote World Toilet Day and to recognize the vital importance of wastewater sanitation and clean water infrastructure.

There are adequate funds available in the Environmental Enforcement Fund to sponsor this environmental education project.

Commissioner Salvadore made a motion to approve Resolution 2010:35, Recommendation for Use of Environmental Enforcement Funds. Commissioner Farnum seconded the motion and the vote taken by the Joint LRP-Finance Committee was unanimous. The motion carries.

4. Other Business

Ms. Giebink advised the Committee that as part of the June 23, 2010 Board meeting the Board was informed that the LOC supporting the Variable Rate Demand Bonds was set to expire on July 16, 2010 and that would require either an extension or replacement of the credit facility. The Board passed a Resolution at that time authorizing the Chairman and the Executive Director to extend the LOC and/or obtain a substitute credit facility on such terms as the authorized officers determined to be in the best interest of NBC and to execute all required documents associated with that transaction. She said that based upon a review of a number of factors, it was decided to replace the LOC. She said that in accordance with the Resolution, she is reporting to the Committee that the LOC was replaced with US National Bank and has a three year term with an annual facility fee of 65 basis points. She added that there was considerable interest from banks for the provision of the LOC and noted that the Chairman and Executive Director were involved in the selection of the replacement LOC. She also noted that since the LOC was replaced the VRDB’s have been pricing much closer to SIFMA and that is largely due to the strength of US Bank.

5. Adjournment

A motion to adjourn was made by Commissioner Salvadore, seconded by Commissioner Farnum and the Joint LRP-Finance Committee meeting adjourned at 10:55 a.m.

Respectfully submitted,



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