Narragansett Bay Commission
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Vincent J. Mesolella
Chairman

Laurie A. Horridge
Executive Director

OFFICIAL MINUTES OF:

Meeting of:	Board of Commissioners
Date:	April 6, 2021
Time:	11:00 a.m.

MEMBERS PRESENT:

Vincent Mesolella, NBC Chairman
Ernest Almonte, CPA
Lisa Andoscia
Robert Andrade
Mario Carlino
Richard Delfino
Christine DiBiase, Esq.
Johnathan Farnum
Leonard Lopes, Esq.
John MacQueen
Michael Marcello, Esq.
Joan Milas
Al Montanari
Jina Petrarca, Esq.
Angelo Rotella, Esquire

MEMBERS ABSENT:

James Bennett
Michelle DeRoche
Ronald Leone
Charles Ruggerio, Esq.

STAFF AND GUESTS PRESENT:

Laurie A. Horridge, Executive Director
James McCaughey, NBC
Karen Musumeci, NBC
Karen Giebink, NBC
Jennifer Harrington, Esq., NBC
Rich Bernier, NBC
Brendon McLean, NBC
Jason Galego, NBC
Jamie Samons, NBC
Sophia Andrade, NBC
Tom Uva, NBC
Greg Waugh, NBC
Leah Foster, NBC
Diane Buerger, NBC

Ms. Horridge welcomed Commissioners to the Tuesday February 23rd, 2021 NBC Board Meeting and noted that we were conducting the meeting virtually in accordance with an executive order which has been extended by Governor McKee which allows for remote meetings during the COVID-19 pandemic. The meeting was being conducted remotely for the purpose of discussing, deliberating and/or voting on the items listed on the Agenda. Because this is not a hearing, the NBC will not be accepting public comments. She advised that the meeting was being streamed live on YouTube.

Ms. Horridge reminded all Commissioners that each and every vote must be a roll call vote to which they must respond Aye or Nay. If you wish to speak you must ID yourself first so that we can properly preserve the record. Please do not put your phone on "speaker" as it results in feedback and makes it difficult for everyone to hear. She asked that all please mute yourself when you are not speaking to minimize background noise.

Ms. Horridge asked Sophia Andrade to read the list of Commissioners and asked each Commissioner to respond "present" if on the line.

Commissioners
Almonte, present;
Andoscia, no response;
Andrade, present;
Bennett, no response;
Carlino, present;
Delfino, present;
DeRoche, present;
DiBiase, present;
Farnum, present;
Leone, no response;
Lopes, present;
MacQueen, present;
Marcello, no response;
Mesolella, present;
Milas, present;
Montanari, present;
Petrarca, present;
Rotella, present;
Ruggerio, no response;

The record reflected that fourteen (14) Commissioners were present.

1. Call to Order

Chairman Mesolella, recognizing a quorum, called the April 6, 2021 meeting of the Narragansett Bay Commission Board of Commissioners meeting to order at 11:08 a.m.

2. Approval of Minutes – February 23, 2021 – Board of Commissioners

Chairman Mesolella asked for a motion to approve the February 23, 2021 Board of Commissioners meeting minutes as written. Commissioner MacQueen made a motion to approve the February 23, 2021 Board of Commissioners meeting minutes as written. Commissioner Montanari seconded the motion.

Sophia Andrade recorded the following roll call vote to approve the February 23, 2021, Board of Commissioners Meeting minutes.

Almonte, Aye; Andoscia, no response; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, abstain; Mesolella, Aye; Milas, Aye; Montanari, Aye; Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected thirteen (13) votes in the Affirmative and one (1) abstention. The minutes passed.

3. Election of Officers

Chairman Mesolella advised that for the purpose of Election of Officers the Chairman would turn the gavel over to NBC's Executive Director Laurie Horridge.

Ms. Horridge stated that she would open the floor to nominations for the position of Chairman, Vice Chairman, and Treasurer.

Commissioner MacQueen made a motion that the secretary cast one vote for the position of officers for, Vincent Mesolella for Chairman, Angelo Rotella, Esquire for Vice Chairman, an Robert Andrade for Treasurer.

Commissioner Carlino seconded the motion.

Ms. Horridge stated that the motion had been made and seconded and asked for any other nominations or discussion. Hearing none, Sophia Andrade recorded the following roll call vote for Election of Officers:

Almonte, Aye; Andoscia, Aye; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, Aye; Mesolella, Aye; Milas, Aye; Montanari, Aye; Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected fifteen (15) votes in the Affirmative. It was unanimous. The motion carried.

Let the record reflect that Commissioner Andoscia joined the meeting.

Chairman Mesolella thanked everyone for their continuing support. He stated that he was honored to be a part of the Narragansett Bay Commission for now 30 years to the day!

4. Executive Director/Chairman's Report

Chairman Mesolella stated that the first order of business was the Executive Director's Report. He then turned the meeting over to Executive Director Laurie Horridge.

Ms. Horridge stated that everyone had her Monthly Report, and in the interest of time she was not going to give a long verbal report today, but she wanted to mention a few things that were not necessarily in the report:

She stated that she had the dubious distinction of being the first NBC employee who tested positive through our on-site testing program. After her, it was like a domino effect, pretty much everyone who was physically at our last Board meeting tested positive and there were only 7 of us in the room, and with the exception of the Chairmen and herself during the meeting, everyone else was masked. So, the good news is, that we've all made full recoveries and most of us will be immune until we can get vaccinated. To date, out of 255 employees, we've had 43 positives which is about a 17% positivity rate over the past year, and that's despite all the precautions we've taken.

We signed a Memorandum of Understanding with Springfield Water and Sewer and Upper Blackstone Clean Water to develop and fund a study to investigate the feasibility of constructing and operating a regional bio-solids management facility capable of servicing all three agencies bio-solids needs. This was approved last month but was just recently signed.

FP performed well in February, but BP had two exceedances, one in January and one in February regarding TSS removal during some significant rain events.

At the State House, they have been introducing 100s of bills every Friday and requiring testimony to be submitted by 11am on Mondays so there's really no chance to speak with the sponsors directly which is not ideal. Jenn and the legal staff have been diligently following all the bills that could impact NBC. But the major ones, as we pointed out at our February meeting involve our lien sale authority. There are also some new ones that mirror things like the Green New Deal, which if passed in their current form, would really gut all the activities down here in the port area. We'll continue to monitor and oppose those bills that could have a negative impact on NBC.

On a good note, there have been several grant opportunities made available over the last few weeks through Congressional funding. We received a solicitation for proposals from the RI DOA w/r/t funding made available through the American Rescue Plan Act. DOA will be administering this money and expects to receive 1.1 Billion. The deadline for submission was 3/31 and we sent in two proposals. One for $232 million for CSO and another for $17 million for our BP Res

projects. We have reached out to the Governor's office as well on this. On March 25th we were apprised of $4.3 billion in grant monies available through the EPA for Community Project

Funding. We have been in touch with Congressman Cicilline's office (who would need to submit it on our behalf). The submission is due to them by 4/9 so we are working on that as well.

Finally, on 3/31 we were apprised of the American Jobs Plan Act which sets aside about $66 billion in grants and low-cost loans specifically for water, wastewater, and stormwater infrastructure. That bill must make its way through Congress so there's no way to know if it will pass and in what form. It's a lot of work which Finance has taken the lead on with input from several other sections. Hopefully we'll get some free money out of one or more of these programs.

Lastly, just as a reminder your financial disclosure forms with the Ethics Commission are due by April 30. If you are new to the Commission and have never filed before or if you have any questions about the process, I encourage you to contact the Ethics Commission directly. The Ethics Commission will give you an extension as long as you contact them by 4/30. If you need more information you can contact our General Counsel, Jenn Harrington here at NBC.

This concluded Ms. Horridge's monthly report.

The Chairman then gave his report.

Chairman Mesolella proceeded with his report along with a Power Point presentation by Rich Bernier. Chairman Mesolella stated that when construction of the tunnel is complete, we would like to make the land available for public use, implementing walking trails, waterfront points, bird watching and more. The concept is also to keep it clean and to protect wildlife as well as having a beautiful place for residents to enjoy.

The Chairman also mentioned that we are working on coordinating a groundbreaking ceremony for the kick start of the tunnel project and once we have more details, the Commissioners will be notified.

This concluded the Chairman's report.

5. Committee Reports and Action Items Resulting:

A. CEO

i. Review and Approval of Resolution 2021:06; Increase of Authorization to Contract 909.00R Corporate Office Building Exterior Envelope Leak Repair

The Board awarded this contract in June 2020 to RD Preservation in the amount of $1,348,309 to perform roof replacements, new gutters, masonry repairs, etc. As part of that contract, the Exterior Insulation Finishing System (EIFS) was to be recoated and damaged areas replaced. Once work began it was revealed that there was more damage to the EIFS than originally anticipated. The cost associated with the additional replacement and refinishing is estimated to be approximately $250K. Therefore, we respectfully request the Chairman and Executive

Director be authorized to increase the COB authorization of contract 909.00R to RD Preservation by $250K.

Chairman Mesolella asked for questions regarding the Resolution. Hearing none, Commissioner MacQueen made the motion to approve Resolution 2021:06. Commissioners Farnum and Montanari seconded the motion.

Chairman Mesolella asked for any further comments or questions regarding the reports. Hearing none, Sophia Andrade recorded the following roll cate vote:

Almonte, Aye; Andoscia, Aye; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, Aye; Mesolella, Aye; Milas, Aye; Montanari, Aye; Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected fourteen (15) votes in the Affirmative. It was unanimous. Resolution 2021:06 passed.

ii. Review and Approval of Resolution 2021:07; Award of Contract 817.00DB – Bucklin Point WWTF Operations and Maintenance/Storage Buildings

Most of our current Board members are familiar with our Field's Point plant, which has several new buildings and generally looks good. Our Bucklin Point site has many old and antiqued buildings. We can't really accommodate a Board meeting at the current BP site as it is made up of numerous smaller buildings located throughout the site which are both inefficient and significantly deteriorated.

In Spring 2019 the Board approved award of a conceptual design to Vision 3 Architects. A RFQ based on their concept was issued in November 2020 and 3 design/build (DB) proposals were submitted in February 2021. NBC construction staff thoroughly reviewed the proposals, interviewed each team, and clarified issues raised by the teams. On page 2 of the memo you will see costs of each team as submitted and then revised because of those clarifications. All 3 DB cost proposals fell between $33-36 million. All 4 members of the review team were consistent in their evaluations and rated Daniel O'Connell's Sons (DOC) #1. It was unanimously agreed that DOC's proposal provided the best overall solution for NBC.

As with all contracts of this size and complexity there will be ancillary costs associated with this project. The contract will be funded through capital financing.

Therefore, it is respectfully requested that the Board approve Resolution 2021:07 authorizing the award of contract 817.00DB BP WWTF O+M/Storage buildings to DOC for an amount not to exceed $33,918,332 plus ancillary costs and contingent upon DOC obtaining EEO and MBE/DBE plan approvals from the DOA.

Rich Bernier gave a brief Power Point presentation showing the plans for this project.

Chairman Mesolella asked for questions regarding the Resolution. Hearing none, Commissioner MacQueen made the motion to approve Resolution 2021:07, Commissioners Milas and Montanari seconded the motion. There being no further discussion, Sophia Andrade recorded the following roll call vote:

Almonte, Aye; Andoscia, Aye; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, Aye; Mesolella, Aye; Milas, Aye; Montanari, Aye; Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected fifteen (15) votes in the Affirmative. It was unanimous. Resolution 2021:07 passes.

iii. Review and Approval of Resolution 2021:08; Award of Contract 202.00FA FY 2019 Fields Point WWTF Improvements Fire Alarm Upgrade

Our Field's Point WWTF has experienced ongoing problems with the fire alarm system that services 27 buildings and structures at our Providence location. The original system was installed in the 1980s. We put the construction contract out to bid and received four bids. The lowest of the bids was AM Electric in the amount of $429K. This contract will be funded through the capital financing. Therefore, we respectfully request that contract 202.00FA FY 2019 FP WWTF IMP. FA upgrades be awarded to AM Electric at a cost of $429K plus ancillary costs subject to approval of the contract's EEO and MBE plans by RIDOA.

Chairman Mesolella asked for questions regarding the Resolution. Hearing none, Commissioner MacQueen made the motion to approve Resolution 2021:08, Commissioners Farnum and Rotella seconded the motion. There being no further discussion, Sophia Andrade recorded the following roll call vote:

Almonte, Aye; Andoscia, Aye; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, Aye; Mesolella, Aye; Milas, Aye; Montanari, Aye Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected fifteen (15) votes in the Affirmative. It was unanimous. Resolution 2021:08 passes.

B. Finance

Karen Giebink reported on the February 2021 monthly financials. In terms of the overall budget, we have the total revenue and source of funds at 77.7% and expense at 80.5%. You notice a few of the revenue items are above budgeted levels. Those are the miscellaneous non-operating revenue due to a dividend from Beacon insurance. We have spent more in grants in project reimbursement account funds, SRF loan proceeds and the WIFIA loan proceeds due to the CIP activity and this is also related on the bottom in terms of expense and use of funds.

On page two of the report, user fee revenue is approximately 0.8% ahead of the YTD budget. This is being driven by the residential customer class. Looking at the table in the middle of the page, you can see residential consumption revenue is approximately 13.3% ahead of budget. Overall, the residential class is 7% above budget, which compensates for the commercial and industrial which are performing under budget and overall user fee revenue is 0.8% ahead. The receivables are $13.8 million as of February 28th, 2021, which is about the same as we were last year. You can see the number of days user fees are outstanding, has declined to 48.

On page three, with respect to operating expense, the Operations and Maintenance expense is under budget at 10.2% and the percent of budgeted FTE's filled is 92.5%. Biosolids production continues to be below budget. It is at $441,000 below the year to date budget. Electricity is also under budget by $193,000 YTD and the Net Metering Credits retained by NBC are slightly ahead of budget by approximately 12.9% due to the kilowatt hour production the PPA facilities as well as a higher average NMC rate.

Turning to page four of the report, total operating capital is behind the year-to-date budget at 44.3%. You can see that the CIP program is at 166.1% of the year-to-date budget and this is due to the fact that we paid a large invoice related to the CSO Phase III A facilities. last month. That was for the large tunnel design build project for insurance, bonds, mobilization, the tunnel boring machine deposit and other items with long lead times. Cash and investments total $76.6 million.

On page 5, total Capital Funds available are $435.7 million, long term debt is $1billion, the Non-Union Defined Benefit Plan assets total $28 million, the one-month money weighted performance is 1.04% and the one year is 19.9%. Attached to the report you can also find the statement of net position, statement of revenue expense, and changes in net position. The detailed budget vs. actual, the budget transfers, the OCP, and the purchase requisitions greater than $10,000. None of them require approval since they are all budgeted items.

This concludes Ms. Giebink's report.

iv. Review and Approval of Resolution 2021:09; Narragansett Bay Commission Fiscal Year 2022 Operating Budget

Ms. Giebink stated that in the interest of time, she would be briefly review the budget document.

The NBC received the Distinguished Budget Presentation Award last year and we also received special performance measures recognition and special capital recognition and we have made a number of adjustments to this year's budget presentation in anticipation of changes to the GFOA award program. Ms. Giebink also recognized the hard work of her team.

Continuing with the presentation, Ms. Giebink directed the Board to the Budget Message page where you can see the strategic plan goals really guide the allocation of resources. They are listed at the bottom of the first page of the Executive Director's Budget message and if you don't have enough time to look at the budget, Ms. Giebink recommends reading through the Budget message because it provides a brief overview of where NBC is this year. The Core Business goal drives the budget and you can see this year, that is the case again. The total budget is increasing by 77.7% or $124.9 million; this is evidence of the alignment of FY 2022 budget with the Core Business goal, the investments within the Capital Improvement program. Overall, the Capital Budget is projected to increase from 35% of the total budget to 63% of the total budget on a year over year basis and that is being driven by the increase in the CIP expense for the CSO Phase III A facilities. We are planning on spending $140.1 million on those facilities in the upcoming fiscal year and overall, there is a 222.3% increase in the Capital budget.

Turning to page three, the NBC's Core Business Goals, with respect to the Operations wastewater treatment facilities are shown. With respect to the RIPDES permit limits, we have allocated $295,000 from maintenance contracts, $347,000 for electrical testing at both treatment plants. We are also including 2.8 million Kilowatt hours as being generated from the Bucklin Point biogas co-generation facility this year, and we have also programmed $263,000 for supplemental natural gas at $296,000 for a variety of items needed to support the biogas facility. The Operating Capital Program also includes several assets that will be used to support operations.

On page four, with respect to the environmental performance goal, we anticipate that 29.8 million Kilowatt hours will be generated from the renewable portfolio of NBC which is 84.8% of the total budgeted electricity use. The budget also includes $60,000 for outside laboratory testing, PFAS, as well as $564,000 for the purchase of a new piece of equipment that will allow NBC to perform PFAS testing in house. With respect to the financial management goals, the operating budget is only $187,000 or 0.2% higher than the prior year. Overall, the budgeted revenue is $2.2 million or 3.7% below PUC approved levels. We are budgeting conservatively because we do not know what the long-term impacts from COVID will be on our revenue. We are also reducing the late fee revenue budget from $900,000 to $450,000. That is due to the PUC suspension of late fee charges that we are anticipating will continue through December 31st. We also programmed $375,000 for interest on Revenue Anticipation Notes should we need to issue those to meet cash flow needs. We had the same amount budgeted last year, and so far, we have not had to issue those. Overall, with respect to Operations and Maintenance expense increased from 45% to 47% of the total expense Debt Service on the other hand decreased from 42% to 39% of the total. The Operations and Maintenance expense are $1.5 million higher or 3.1% higher than the prior year and debt service is $2.4 million or 5.5% lower than the prior year.

With respect to staffing, we have budgeted a net increase of 4 FTE's and this reflects one position that was created this year, two new positions that are included in next year's budget, as well as a reduction to one FTE turnover for a net increase of 4.

On page eight, the summary begins on the fiscal year 2021 review and, despite COVID, NBC was still able to achieve 183 major accomplishments and they are in the table at the bottom of the page by the Strategic plan goal. All of the awards received by NBC as well as several staff members and the other accomplishments during the current fiscal year by the different programs are detailed on pages 9-13.

The next section is the "About NBC" section and has a lot of background information about NBC, and the organizational structure. We have expanded the governmental regulation discussion to expand on the environmental regulation environment, as well as the financial regulation environment and we have also expanded the user rate in charges explanation on how that process works, .Detailed information on NBC facilities and how effective operations have been in terms of containing CSO overflow, electricity production, demographics begin on page 25.

On page 26 you can see that unemployment spiked up 4.6% in 2020 in a result of COVID. The largest users of NBC are shown on page 28, the top 10 users with the number one being the Providence Housing Authority at $1.7 million in FY 2020.

The next section is the budget process and policies and that begins on page 31. There was a lot of work done on this section. There's a new schematic that outlines how one planning process dove tails onto the next and ultimately results in the preparation of the annual budget. The strategic goal, actions for achievement, and how the budget aligns with those strategic plan goals are outlined on the subsequent pages.

There’s a new budget calendar on page 36 where you can see that we have compressed the budget schedule so now we're finishing in April.

On page 39 there's some additional information regarding the Trust Indenture. This will give you an idea about the flow of funds, the fund description, and we have expandable a table on page 41 that details the monthly transfers from the Revenue fund to the Debt Service fund each month since that is such a large part of what we do.

The Financial policy section begins on page 42. This has been expanded quite a bit, we've included measures of compliance for each one of the financial policies to ensure that we comply with myriad of rules and regulations.

On page 44 you can see that this is the new debt policy that was approved by the Board last month and we have incorporated all the compliance measures into that document as well.

The next tab is the budget summary again a lot of work was devoted to the budget summary this section is pretty much revamped. It includes all of the pertinent budget schedules in a single location and you can see overall the budget is $124.9 million higher than the prior year.

The revenue source of funds, the single largest source of funds being the series one WIFIA funds at $140.1 million and they comprise the majority 49.1% of the total revenue.

User fee revenue is the second largest source of funds at $102.5 million or 35.9% of the total. With respect to expense and use of funds, the single largest programmed line item is $176.3 million or 61.7% for the CIP.

On page 51 this is a comparison of the revenue source of funds, expense and use of funds year over a year and you can see how much larger the fiscal year 2022 budget is than the prior years. The subsequent schedules that relate to the budget by fund on pages 52, 53, 54, and 55 are required by the GFOA. The budget key assumptions are on pages 56 and 57, and these, guide all of the operating expense line items as well as revenue items.

The Operating Capital Budget overview is on page 58 and all the schedules following are new. These are on pages 59 through 62, shows the detailed budget by general account number. The long-term debt section has also been expanded, and you can see our credit ratings on page 63. The overall budgeted Debt Service is $2.4 million lower due to the program defeasance as well as debt amortization. We have included an expanded budgeted principal and interest schedule, annual debt service schedule, outstanding debt maturity schedule and then on pages 67 through 75 you can see all of NBC's outstanding debt with the red figures representing the callable portions of that debt.

The Operating Budget begins on page 77, as previously mentioned it is 0.2% higher than the prior year.

On page 80, the Revenue Profile the changes that are most notable are the User Fee Revenue is 0.6% higher or $624,000, the Late Fee Revenue as mentioned is 50% lower, Renewable Energy Credit Revenue (REC's) is 20.4% higher due to the additional REC's that we generated from the biogas facility, Investment Income is 58.8% lower and that is due to the low interest rate environment.

A few highlights for the budgeted User Fee Revenue, it has been a really interesting shift in terms of revenue from the non-residential to the residential customer class and we imagine that is due to the COVID restrictions and working from home. As a result of that we are budgeting based on a, 12 month moving total through February and as a result of that the Residential revenue is 6.2% higher than last year and the commercial is 6.4% lower and Industrial is 14.9% lower. This is also a result of the shift in billed consumption. The residential versus non-residential billable consumption shown on the page, you can see it has shifted from 60% residential up to 66% of the revenue coming from the residential customer class. We are projecting a slight increase in the Flat Fee Revenue due to the average annual increases and flat fees from fiscal year 2019 to 2021. On an annual basis, NBC in terms of a single-family home the average annual user pays $516 compared to the statewide average $679.

Ms. Giebink states in the interest of time she is going to skip through the other revenue items. With respect to the expense profile Operations and Maintenance expense is $1.5 million above the prior-year and Debt Service is $2.4 million less, Personnel Expense is 2.6% higher than the prior-year or $701,000 and that is a result of the increase in FTE's as well as a number of other modifications. We have programed a projected COLA and step increases for union employees and merit increases for non-union employees. The two new positions are listed on page 93 and there is additional information about the related fringe benefits.

On page 94 at the bottom of the page you can see that the budgeted Operating Supplies an Expense is 2.4% higher than the prior-year, there's a lot of significant changes, Biosolids are $294,000 or 5.2% lower than the prior-year due to lower dry on production, Natural Gas is 75.2% or $275,000 higher than the prior-year due to supplemental gas needed for the biogas facility. Electricity is $595,000 or 14.8% less, this is due to lower trending usage as well as the new biogas facility which should be producing behind the meter power in the upcoming fiscal year. Net Metering Credits are budgeted approximately the same as last year at about $82,000 or

2.9% more than the prior year. Budgeted Biogas Expense is up $126,000 or 74.4% due to media changeouts, testing, permitting, and preventive maintenance. Chemicals are $8,000 or 0.6% higher, Contracting Service Agreements are 20.3% higher or $364,000 more. We've created a new account this year for Software Licenses and Subscriptions. Repairs accounts are $111,000 or 10.3% higher, Budgeted Supplies accounts are $82,000 or 8.4% higher, the majority of that is lab supplies. Insurance is also budgeted higher due to an increase in premiums for both liability policies, and workers compensation. Professional Services are $336,000 or 21.7% higher and that is primarily due to the absorption of the credit card convenience fees as ordered by the PUC.

Behind the next tab are the Division Summaries, and basically the same information, but it is presented from an organizational standpoint. The mouse print schedule is on pages 107 and 108. Each division has for each Cost Center information that is comparative in nature to the prior-year in terms of the total budget, FTE's etc., they also include the accomplishments, their priorities and their target measures and that goes on through page 218.

The next section is the Capital Budget and Ms. Giebink pointed out that there was one modification made subsequent to the Boards approval last month. We increased the cost of issuance by $200,000 to reflect projected third loan through the WIFIA program. Ms. Giebink stated that, unless there were any questions, she would not go through the Capital Program because it was reviewed in detail at the last Board meeting.

The last section is the Long-Term Financial Plan, and this is where we take all of the outputs and inputs from the model and we roll that into a pro-forma, we make certain assumptions about Revenue and Expenses as well as a model that is prepared by a municipal advisors. It optimizes debt issuance for the financing of the Capital Program and that is rolled up into debt service which gets rolled into the pro forma and we use that to make long-term projections. The projected Revenue is that 20.7% increase in user fees between fiscal 22 and fiscal 27 to support the Capital Program. Ms. Giebink noted that the model included a 5.5% rate increase in 2023 designed to smooth out rate increases that will be required to support NBC's significant program debt issuance if we are not fortunate enough to get grant money. The expense includes an inflation factor of 2% for Operations and Maintenance as well as it incorporates the CIP impact and that is reflected in the total expense.

Debt Service as a percentage of total revenue is shown on page 336, decreasing from 47.3% of total revenue in FY 2018 down to 36% in FY 2023. The sewer user fee rate projections, are also subject to change based on so many factors but based upon the model that was prepared we are looking at 5.5% rate increase in FY 2023, and then an additional 5.5% in FY 2025 to support the Capital Program as well as to support Operations and Maintenance since we did use some of the excess Debt Service capacity from debt management activities to fund Operations and Maintenance and to avoid interim rate increases.

The rate increases and projected average annual single-family home charge is shown on page 337. Even with the modifications that we've had so far to rates based on the MWRA survey the rate in Providence Rhode Island is $642 compared to the average of $805. There is a lot of discussion on the subsequent pages related to the financing of the Capital Budget if you have any questions, she would be happy to answer them. The bottom line is that we are looking to finance the majority of the Capital Program over the next few years through WIFIA. We anticipate applying for a third WIFIA loan for the Field Point resiliency improvements and maybe we will receive some grant money which would also modify the sources as well and reduce rate impacts. There's discussion about how pay go Capital works. There's also discussion about how deposits get made into the Grants and Project Reimbursement account. Discussion about how the RIIB loans, the WIFIA loans, Total Outstanding Debt, Uses of Funds, and in the pink portion of the chart you can see how the CSO Phase III Facilities are ramping up with a projected expenditure in FY 2023 of $235 million dollars. Long Term Debt projected as of June 30th, 2022 is $974.4 million and the two charts on pages 347 show existing and projected outstanding debt as well as payments through maturity. The last tab is the Resolution, Supporting Schedules, on pages 349 through 377.

Lastly, some supplemental information, Ms. Giebink wanted to reiterate that we have added $200,000 to the Capital Budget for Cost of Issuance, the Budget Resolution, there is one modification eliminating the Executive Director from reporting purchase requisitions greater than $10,000 for items included in the Budget to the Finance Committee and the presentation of purchase requisitions greater than $50,000 for items not included in the budget to the Finance Committee for approval. With respect to Personnel there is a grade change for the IT Manager from a grade 11 to a grade 12 and there are two new positions the Planning Manager Non-Union grade 10 and the IM Senior Inspector non-union grade 5A.

This concluded Ms. Giebink's presentation.

Chairman Mesolella asked for questions regarding the Resolution. Hearing none, Commissioner Andrade made the motion to approve Resolution 2021:09, Commissioners Farnum, MacQueen, Milas, and Petrarca seconded the motion. There being no further discussion, Sophia Andrade recorded the following roll call vote:

Almonte, Aye; Andoscia, Aye; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, Aye; Mesolella, Aye; Milas, Aye; Montanari, Aye; Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected fifteen (15) votes in the Affirmative. It was unanimous. Resolution 2021:09 passes.

v. Review and Approval of Resolution 2021:10; For the Purpose of Authorizing the Narragansett Bay Commission to Defease All or a Portion of the Outstanding Narragansett Bay Commission Clean Water Revenue Bonds, 2002 Series and Authorizing and Approving the Execution and Delivery of One or More Defeasance Escrow Agreements and Other Matters

Ms. Giebink stated Resolution 2021:10 authorizes the NBC to defease all or a portion of the NBC's 2002 Series Revenue Bonds issued through the Rhode Island Infrastructure Bank

Many of you will remember that last year NBC defeased two RIIB Revenue Bond Series to enhance debt service capacity and mitigate the potential impact of COVID-19 on NBC's financial condition.

Although the FY 2022 budgeted revenue is conservative, the defeasance will position NBC favorably should there be additional adverse revenue impacts in the upcoming budget year.

As the chart in the memo shows, the defeasance results in a $4.5 million reduction in the debt service coverage requirement in FY 2022 and FY 2023.

The defeasance is accomplished through an escrow agreement and the deposit of funds, which combined with yield restricted investment earnings are sufficient to meet the principal and interest payments.

The escrow deposit would be approximately $7.1 million with approximately $3.0 million in the debt service payment account previously deposited for principal and interest due on these bonds this September the balance of the funds to come from the grant and project reimbursement account.

This Resolution authorizes the Chairman and Executive Director to execute all required documents to effectuate this transaction.

Chairman Mesolella asked for questions regarding the Resolution. Hearing none, Commissioner Andrade made the motion to approve Resolution 2021:10, Commissioners MacQueen and Montanari seconded the motion. There being no further discussion, Sophia Andrade recorded the following roll call vote:

Almonte, Aye; Andoscia, Aye; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, Aye; Mesolella, Aye; Milas, Aye; Montanari, Aye; Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected fifteen (15) votes in the Affirmative. It was unanimous. Resolution 2021:10 passed.

vi. Review and Approval of Resolution 2021:11; Recommendation for Use of Environmental Enforcement Funds (EEF)

For our new Commissioners, NBC sponsors Earth Day cleanups out of our EEF. These funds are derived from fines issued against violators of NBC's rules and regulations and can be used for environmental education and outreach, among other things.

This year we received 21 grant applications for cleanups. On page two of the memo is our recommended funding level for each grant request. We recommend approval of Resolution 2021:11 to provide $10K in funding to assist w/ these community clean ups throughout our service district.

Chairman Mesolella asked for questions regarding the Resolution. Hearing none, Commissioner Montanari made the motion to approve Resolution 2021:11, Commissioner Andrade seconded the motion. There being no further discussion, Sophia Andrade recorded the following roll call vote:

Almonte, Aye; Andoscia, Aye; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, Aye; Mesolella, Aye; Milas, Aye; Montanari, Aye; Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected fifteen (15) votes in the Affirmative. It was unanimous. Resolution 2021:11 passed.

6. Adjournment

Chairman Mesolella ended the meeting thanking everyone for their continued attendance and support. He also mentioned how much he misses everyone and how he cannot wait to get back to in person meetings.

Commissioner Rotella made a motion to adjourn. Commissioners Montanari and MacQueen seconded. There being no further discussion Sophia Andrade recorded the following roll call vote to adjourn:

Almonte, Aye; Andoscia, Aye; Andrade, Aye; Bennett, no response; Carlino, Aye; Delfino, Aye; DeRoche, no response; DiBiase, Aye; Farnum, Aye; Leone, no response; Lopes, Aye; MacQueen, Aye; Marcello, Aye; Mesolella, Aye; Milas, Aye; Montanari, Aye; Petrarca, Aye; Rotella, Aye; Ruggerio, no response.

The record reflected fifteen (15) votes in the Affirmative. It was unanimous. The meeting is adjourned.

The meeting adjourned at 12:23 p.m.

Respectfully submitted,

Laurie A. Horridge
Executive Director/Secretary