



## State of Rhode Island and Providence Plantations

### Water Resources Board Corporate

Justice William E. Powers Building, Third Floor  
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Providence, RI 02908  
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#### MINUTES OF BOARD CORPORATE MEETING # 302

October 9, 2007

(Meetings of the Board Corporate convene immediately after the Board meetings.)

#### Members Present:

Daniel W. Varin, Chairman  
William Parsons  
Ian Morrison  
Jesse Rodrigues, Jr.  
June Swallow\*  
Harold Ward  
Frank Perry, P.E.  
Robert Griffith\*  
Richard Mignanelli  
Michael Sullivan  
William Stamp, III

#### Members Absent:

William Penn  
Pamela Marchand, P.E.

#### Guests

Elizabeth Scott-RIDEM  
John Paul Verducci-House Finance  
Heidi Green-Quonset Development Corporation  
David Lamb-URI Water  
Carissa Richard-Prov Water  
Alicia Good-RIDEM  
Rob Breault-USGS  
Henry Meyer-KWD, RIWWA  
Anthony Caliri-CCJ,CPA's  
Eugenia Marks-Audubon Society

#### Staff Present:

Juan Mariscal, P.E.  
Kathleen Crawley  
Romeo Mendes, P.E.  
Beverly O'Keefe  
William Rivero  
Elaine Maguire

\*Member designee

### 1. CALL TO ORDER:

Chairman Varin called meeting # 302 of the Water Resources Board Corporate to order at 1:45 pm noting that a quorum was present.

### 2. APPROVAL OF MINUTES:

With a **Motion** by Mr. Perry, second by Dr. Sullivan, the following minutes were approved:

- a) July 17, 2007 Board Corporate Meeting #299
- b) August 15, 2007 Board Corporate Meeting #300
- c) September 11, 2007 Board Corporate Meeting #301

The vote in favor was unanimous and the motion carried.

### 3. REPORTS:

A. Chief Financial Officer's Report – September 2007

**Motion** by Mr. Sullivan second by Mr. Stamp to approve the Chief Financial Officer's Report for September 2007 as prepared by B&E Consulting and reviewed by the Finance Committee with two notes:

1. Sweeping the interest from the accounts continues to be an issue with Bank of New York

2. That the request to change the Phase III project account name from RIEDC to QDC is in process

The vote in favor was unanimous and the motion carried.

Discussion

Ms. Crawley reported staff is following up with the bank on getting the reference to RIEDC on the project account (Schedule C of the Report) changed to Quonset Development Corporation (QDC).

**4. COMMITTEE REPORTS AND ACTION ITEMS RESULTING:**

**A. WATER RESOURCES PROTECTION & USE COMMITTEE**

(Formerly Public Drinking Water Protection Committee)

1. RI Public Drinking Water Protection Program - Phase III:
  - a) Quonset Development Corporation – Wellhead Protection Land Acquisition Project - Request for Eligibility Approval

**Motion** by Mr. Griffith second by Mr. Sullivan to approve project eligibility with five conditions of approval and advisory guidance:

**Conditions of Approval**

1. That the WRP&R Committee approve this water supply well protection project as an eligible project for Phase III funding and recommend eligibility approval by the committee;
2. That the QDC shall submit to the WRB a signed purchase and sales agreement for this property and associated conservation easements no later than January 31, 2008. No extensions of this deadline will be allowed;
3. That the QDC close on the property by March 31, 2008 and submit all bills for reimbursement to the WRB by March 31, 2008. No extensions of this deadline will be allowed;
4. That failure to meet the deadlines defined by the WRB-C will disqualify the project from any reimbursement for costs incurred;
5. That all other program requirements for water quality protection projects also apply (examples include but are not limited to: an acceptable appraisal of the value of the property and easements to be acquired, a Class I survey, etc.)

**Advisory Guidance to QDC**

6. That the WRP&R Committee advise the QDC to approach the acquisition of this property as noted in this memo as they move forward in their negotiations (i.e. our primary interest is acquisition of the land as a conservation easement with a buffer along the Hunt River and behind the existing homes of the Association. If this is not possible, then acquisition of the property via fee simple purchase with a conservation easement placed on the property)
7. That, regardless of the proposed acquisition, the QDC should review the title to the former federal property (north and west of the Hunt River that is now owned by QDC) to determine if a

conservation easement should be placed on that property as well. The QDC should report back to the WRB on its review of this title.

**Amended Motion:** The preceding motion was corrected and amended by Mr. Ward to add, as discussed and approved at the Water Resources Protection and Use Committee meeting, a condition that the WRB be named and included as an additional holder of the conservation easement in perpetuity, seconded by Mr. Sullivan. The vote in favor was unanimous. The motion carried.

Discussion

Mr. Griffith reported the project for eligibility approval to be a land acquisition that may be an outright acquisition or a conservation easement over properties in North Kingstown and East Greenwich within a housing development known as Davis Mill Estates, which includes common land that borders wellhead protection property serving a QDC Well. He reviewed the recommendations of approval and advisory guidance for the project as follows and included them in his motion for eligibility approval:

**B. FINANCE COMMITTEE**

FY 2007 Water Resources Board Corporate Annual Audit Report from Casale, Caliri & Jaroma - Request for Acceptance

There was an initial motion by Mr. Sullivan second by Mr. Ward to accept the audit which was withdrawn after discussion and replaced with the following motion:

**Motion** by Dr. Sullivan second by Mr. Morrison to accept the annual audit report. The vote in favor was unanimous and the motion carried.

Discussion

Mr. Caliri reviewed the management letter (see attached) he has provided in his report, which indicates deficiencies within the Board Corporate financial department in assembling financial information for the audit. This is due to new standards and disclosure requirements that were issued by the State of Rhode Island Accounting Board. He stated the deficiencies have always existed but prior to the new standards had not been a problem or hindered their [the auditors] preparations for their reports but now need to be disclosed. He stated the letter will be forwarded to the State Auditor General, which will probably cause some future contact between the two agencies and force the state to allocate funds to hire accounting staff for the Water Resources Board. The state requires the Board Corporate to be audited. In order to be audited, the financial information needs to be prepared in a certain fashion. Hopefully by disclosing the weaknesses they [Auditor General] will find a way to get the necessary staff to put the statements together. It is no fault of the current WRB staff. It is just that the WRB has no accounting staff at present. Without an accountant it is very difficult to meet the standards that are in place today. Staff is needed to perform the accounting on a day to day basis and get the statements to the required level.

Ms. Swallow questioned whether the issue is the lack of staff or the new standards or both. Mr. Calieri responded that it is both. There has always been a lack of staffing from the standpoint of assembling the financial statements. As of January, 2007 the deficiencies related to the ability to prepare the financial statements must be disclosed and addressed. In past years the auditor assisted in getting the statements together in order to comply with the deadlines. Dr. Sullivan asked if it would be appropriate for the Board, prior to being contacted by the Auditor General, that next month and in subsequent months we attempt to address the inadequacies and shortfalls at least by a specific plan of action. Mr. Caliri responded that this would be desirable.

Mr. Morrison stated his frustration with this letter, one that he would not wish to receive in private business. He added the letter is clear that there is no reflection on current staff and that he is amazed at what staff has been able to accomplish and should be congratulated on their effort. He stated this was discussed at considerable length in the Finance Committee meeting and they decided actions should be taken. He stated as a recommendation to the Board, that a letter be prepared based on notes prepared at the Finance Committee meeting, which would make it clear to the legislators, who were appointed to get into the water business, to point out why we are not going to be able to do the things you are asking us to do because we haven't got the staff to do it and it is getting worse. He proposed that an aggressive letter be prepared to the Auditor General and copied to the Governor and leaders of the House and Senate.

**Motion** by Mr. Morrison to approve preparation of a letter outlining concerns in the management letter to be distributed to appropriate persons, seconded by Dr. Sullivan. The vote in favor was unanimous and the motion carried.

1. Payment & Contract Approval Requests

**Motion** by Dr. Sullivan second by Mr. Morrison to approve all the payments listed on the agenda:

- a) Public Drinking Water Protection Revenue Bonds, Series 2002 – Administrative Expenses (Chief Financial Officer Assistance and Bond Counsel):
- \$2,375.00 (Invoice # 427) to B & E Consulting, LLC
  - \$375.00 (Invoice # 441) to B & E Consulting, LLC
  
  - \$315.00 to Partridge, Snow & Hahn - for legal services rendered through August 31, 2007.
- b) RI Public Drinking Water Protection Program – Phase III
- \$328.40 to DEM for legal and appraisal review services rendered to the WRB, Watershed Protection Bond Fund Program from 04/29/07 – 06/23/07.

The vote in favor was unanimous and the motion carried.

There was no new business or other business to discuss.

**ADJOURNMENT**

**Motion** by Dr. Sullivan second by Mr. Perry to adjourn the Board Corporate meeting and return to the Board meeting.

The vote in favor was unanimous, the motion carried, the Board Corporate adjourned at 2:10 p.m.

Respectfully Submitted,

Will Riverson  
Program Services Officer