



OFFICIAL MINUTES OF:

Meeting of:	Ad Hoc Internal Ethics Committee
Date:	August 30, 2007
Time:	12:00 p.m.

MEMBERS PRESENT

Vincent Mesoella, Chairman
Raymond J. Marshall, Executive Director/Secretary
Michael DiChiro, Ad Hoc Internal Ethics Committee Chair
Al Montanari
Richard Burroughs
Richard Worrell
Michael Salvatore
Leo Thompson
Les Gray

MEMBERS ABSENT

Angelo Rotella, Vice Chairman
Robert Andrade, Treasurer
John MacQueen

STAFF AND GUESTS PRESENT

Jean-Marie Grossi, NBC
Joseph De'Angelis, Esq.
Joseph Roberts, NBC

Jenn Harrington, NBC
Jason Galego, NBC

1. Call to Order

Noting that a quorum was present, Committee Chair DiChiro called the NBC's August 30, 2007 Ad Hoc Internal Ethics Committee meeting to order at 12:27 p.m. Committee Chair DiChiro stated that before this Committee meeting begins, NBC Chairman would like to make some brief comments.

Chairman Mesoella stated for the record that as most of the NBC Board Members may remember, at the May 16, 2007 Board of Commissioners meeting, Commissioner Les Gray noted his concerns regarding ethics reporting pertaining to the issues surrounding the RI Department of Transportation, where it had been disclosed that contracts were awarded to companies where employees or former employees had large financial interests.

Chairman Mesoella noted the formation of an NBC Ad Hoc Ethics Committee was created as a result of comments that were made at the May 16, 2007 NBC Board meeting by Commissioner Gray, to discuss in further detail the issue of ethics, ethics reporting, and financial

disclosure. He further noted that Commissioner Michael DiChiro was appointed to Chair this Committee.

2. Item for Discussion

A. Code of Ethics

Committee Chair DiChiro stated that we do have a Code of Ethics under which we are governed, both at the NBC as well as through the Ethics Commission for the State of Rhode Island. He noted that a copy of the Rhode Island Code of Ethics is in each Committee members' packet. Committee Chair DiChiro acknowledged the fact that NBC Attorney Jennifer Harrington put together the Ethics packet for this Committee meeting, and it contains a full explanation on ethics reporting for the State of Rhode Island. He further stated that due to the recent issue of ethics reporting at the RI Department of Transportation, he felt that there were legitimate concerns here, and, therefore, he recommended that the NBC's Ad Hoc Internal Ethics Committee begin discussions on the matter of ethics reporting by the NBC. Committee Chair DiChiro noted that he felt the NBC is one of the best run Quasi-State Agencies in the State and pointed out that NBC adheres to the highest form of ethics reporting.

Committee Chair DiChiro questioned whether NBC was at all in need of oversight on this matter. He noted that while it is good practice to have an Ethics Committee to discuss this matter and any other issues that may arise, he personally does not feel it is necessary for the NBC to hire an outside to review the NBC's ethics reporting. However, he did note that this matter was up for discussion. Committee Chair DiChiro stated that the most financial impact that NBC has is with regard to the contracts it awards. He then asked NBC Executive Director Raymond Marshall for clarification with respect to the NBC's bidding process, etc. He also questioned how the NBC ensures that there is no conflict on a contract award.

Mr. Marshall began by referencing the twelve page handout, entitled "The Narragansett Bay Commission Non-Union Employee Handbook, a copy of which was included in all Committee members packets. He noted that pages nine to eleven address conflicts of interest and the ethics statements, and that NBC's employees are made aware of what the responsibilities are and agree to and sign-off on said statements upon their employment with NBC.. He further stated that it is our higher-level employees that are involved in the majority of the evaluations and recommendations that are made to NBC's Subcommittees and to the Board, and they are definitely aware of these statements.

Mr. Marshall then stated that most of those same key staff members file ethics statements with the Ethics Commission and other employees file financial statements simply because of their participation and activities in their own communities. He noted that NBC has one individual who, for example, is not involved in our decision-making process but due to the fact that he is on the Planning Board in his Town, he files.

In response to Committee Chair DiChiro's question regarding the bidding process, Mr. Marshall went on to state that when the NBC has an engineering contract, the project is advertised at the beginning of the planning phase, and firms that are interested will respond with proposals and/or qualifications statements. These proposals and qualifications statements are evaluated by a team of individuals (3 to 5 people) from NBC staff depending on what the project involves. NBC staff prepares their recommendation for the Board and Subcommittee meetings in the form of memos, backup information and resolutions.

Mr. Marshall further noted that any contracts over \$20,000 are all publicly advertised. He stated that all the chemicals, vehicles and parts that we purchase, unless there is only one sole source supplier. This sometimes occurs because equipment might be so old that only one company carries the parts for those equipment purchases. NBC advertises these proposed purchases and/or they are also listed on NBC's web site. He noted that NBC's Purchasing Section compiles all of the information on a spreadsheet, and then it is presented before an internal review committee, which consists of the three Directors and himself. The committee reviews staff's recommendation and usually accepts the recommendation of the Procurement Section. Once in a while, if a company qualifies or puts a little twist on their bid, NBC's review committee may recommend the staff reissue the specifications with a clarification and re-bid the work. That way everyone knows they are bidding on the same thing.

Mr. Marshall stated NBC does not have a process whereby all staff involved is asked if they know anyone with an interest in the bids. There is no policy in-place at this time, other than the ethics statements they have already accepted and signed.

Chairman Mesolella stated that construction contracts are put out to bid, and provided a contractor bidding the job is the lowest, qualified contractor, he is awarded the bid. The Chairman questioned that if any of our Board members has a relationship with the low bid contractor, would they have to recuse themselves? Attorney DeAngelis stated that it all depends on what the relationship is on whether it would be characterized as a business associate. Committee Chair DiChiro agreed that it depends on the relationship of the low bidders and our Board members. He noted that the safest thing to do would be is to recuse your self from the vote.

Commissioner Gray stated that in the past he worked for an automotive company., He noted that one of the steps they undertook prior to awarding any large contracts, was to go through the process and find out where the points were that any one could potentially influence and/or had the potential for inside information. For example if you were a Board member and you knew when the bids were coming in, you may be able to whisper what the low bid is to someone you have a relationship with. He noted that we need to make sure that all of these instances needed to be thought out and some type of policy in place.

Mr. Marshall stated that most of our specifications for at least our construction projects and the contents of any of the construction contracts are all done by the consultants, and not NBC employees. He noted that the consultants always interface with us in terms of what type of equipment that they propose in our specifications. He stated that in almost every case, the specifications contain the "or equal" clause after it, so in terms of vehicles for example, we have some pretty elaborate specifications for vehicles be it a Ford, Chevrolet or Chrysler company bidding on it. Therefore, specs are usually modeled around a particular item, but there is the latitude for competitors to also submit a price, so that it is not an absolute given who will get the work.

Committee Chair DiChiro noted that on top of that there is the RI Ethics Commission, and stated that they are very active and not afraid to go after anyone regardless of that person's authority or position.

Commissioner Gray stated that we need to have a procedure in-place for the entire organization, not just a few individuals, for the disclosure of any financial interests or any conflicts with any suppliers.

Commissioner Salvadore asked how this would work out when every contract that is bid by an outside contractor would come into this organization, and before it is presented to the Board of Commissioners, a group would examine the Board members resumes, if you will, to see

if any Commissioner has any interest in that group before it goes before the Construction/Engineering/Operations Committee? He asked if that how it would work.

Commissioner Gray stated that on the Ethics form, it states to please disclose this information whether it be a financial interest or a matter of conflicts with the suppliers. He stated that we need a procedure in-place for the entire organization, not just individuals and Board members, to disclose any financial or other interest in the suppliers.

Chairman Mesolella stated that on the matters that come before our CEO Committee, the practical matter is that there is a request for proposals or a bid. The construction bids come in and are opened, and the review committee reviews all bids submitted and a firm is selected to perform the work. He also noted that in the matter of professional services, there is a request for qualifications which staff evaluates them and they make a final recommendation. The Chairman stated that the Board receives the meeting agendas in advance of the meetings, so by looking at the action items, the Board will know who and what the staff is recommending, and noted that at that particular time, if any Board member recognizes a potential conflict of interest, that it be noted at that time. The Chairman stated that the other issue is we do not know who our suppliers are. He noted that he knows who some of the suppliers are, but certainly does not know every supplier the NBC does business with.

Mr. Marshall stated that if any Commissioner said that they wanted to see a list of every firm or vendor who has won a bid or work for the NBC last year, our staff could generate that information very easily. He noted that as individuals, the Board members could look at the list and see who all the bidders that were awarded contracts were, and then from that you could determine whether or not you have any association with those people.

Attorney DeAngelis stated that if you are present at the meeting and you have an obvious conflict because your brother is getting an award, you are required to fill out a Statement of Conflict of Interest form with the RI Ethics Commission.

Chairman Mesolella again noted that if the Board receives the agendas four to five days prior to the meeting and they recognize a vendor who has been identified for an award, the Board members will have the information beforehand and can make that determination prior to the NBC's Board and Subcommittee meetings.

Commissioner Worrell commented that it is very clear if he was a major stockholder or director of a particular company who is bidding on an NBC project, that would be a conflict of interest for him, and he would have to disclose that information to the Board. Committee Chair DiChiro agreed that in such an instance, Commissioner Worrell is correct in stating that he would have to recuse him self from the vote. He further stated that the current rules of ethics state such, so the current rules are therefore in-place, and we have to make sure that we all abide by them.

Chairman Mesolella stated that in an effort to ensure that we are all in compliance, he agreed with Attorney DeAngelis to invite someone from the Ethics Commission to one of our future Board meetings to speak to our Board regarding ethics practices. Committee Chair DiChiro agreed with the Chairman to have a representative from the Ethics Committee meet with the Board on this matter.

Chairman Mesolella then suggested that instead of having a representative of the Ethics Commission speak at a Board Meeting, maybe we could invite them to speak at NBC's Board of Commissioners retreat and in the interim look over NBC's procedures as part of their educational process.

Attorney D'Angelis and Harrington suggested NBC contact Jason Grammitt of the RI Ethics Commission to review NBC procedures, as he routinely conducts educational seminars related to ethics. The Committee agreed.

Committee Chair DiChiro agreed with Attorney Harrington's suggestion and requested that NBC Legal staff contact the Ethics Commission to see if Mr. Grammitt or another representative is available to attend the October 24, 2007 NBC Board Meeting.

This ended the discussion of the Ad Hoc Internal Ethics Committee.

B. Financial Disclosure

Note: Any discussion on this topic took place in Item A. above.

Chairman Mesolella motioned to move on to Other Business for the purposes of having NBC's Information Technology (IT) Section informally report on the status of a paperless Board, due to the fact that the first meeting of the Ad Hoc Paperless Board Committee scheduled for August 23, 2007 was cancelled. Commissioners' Salvatore and Montanari seconded the motion, and the vote was unanimous. The motion carries.

3. Other Business

A. Ad Hoc Paperless Board Committee

Chairman Mesolella stated that due to the fact that there are seven Board members present today, he thought it would be a good idea to have staff from NBC's IT Section give an informal report on the status of the Paperless Board effort.

NBC staff, Jason Galego and Joseph Roberts of our IT Section, set up two lap top computers which are available for purchase for NBC Commissioners' future use. One lap top had a 17" screen, and the other a 15" screen. They gave a short review of the web site from which our Board members will be working with. IT staff showed that NBC meeting agendas, minutes, action items, resolutions, etc., will be setup on the site for easy access by our Board. The Commissioners were also made aware that the proposed web site can be edited and tweaked in an effort to meet our Board's needs. Chairman Mesolella stated that all Board members will be provided training on this matter, and noted that we would probably put this issue on the October 2007 Board agenda.

Chairman Mesolella asked the Board members for a consensus regarding which size screen they would prefer. The consensus of the Board members present was the 15" screen size.

This ended the NBC's IT Section informal presentation.

Committee Chair DiChiro motioned to adjourn. Commissioners' Montanari, Gray and Burroughs seconded the motion, and the vote taken by the Board members present was unanimous. The meeting adjourned at

4. Adjournment

With no further business to come before the Committee, Commissioner Salvatore motioned to adjourn. Commissioners' Thompson, Montanari and Worrell seconded the motion, and the vote taken was unanimous. The meeting adjourned at 1:15 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Raymond J. Marshall".

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