

1 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
2 NARRAGANSETT BAY COMMISSION

3 IN RE:

4 MONTHLY BOARD MEETING OF COMMISSION

5 DATE: September 26, 2007  
6 TIME: 11:00 A.M.  
7 PLACE: Narragansett Bay Commission  
Corporate Office Building  
Providence, RI 02905

8 PRESENT:

9 Vincent Mesolella, Chairman  
10 Raymond Marshall, Executive Director  
11 Joseph D'Angelis, Legal Counsel  
12 Patrick Caine  
13 Richard Worrell  
14 Kristin Sullivan  
15 Alan Nathan  
16 Richard Burroughs  
17 R. David Cruse  
18 Al Montanari  
19 Leslie Gray, III  
20 Leo Thompson  
21 Jonathan Farnum  
22 Michael DiChiro  
23 Michael Salvadore

24 ALSO PRESENT:

25 Jean-Marie Grossi  
Karen Giebink  
Patricia Boucher  
Paul Nordstrom  
Harold Gadon  
Jenn Harrington  
Dan Smith  
Thomas Uva

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1 (HEARING COMMENCED AT 11:16 A.M.)

2 MR. CHAIRMAN: Okay. The first thing I'd like to do  
3 this morning is introduce myself. I'm still Vin Mesolella.  
4 I'll call the meeting to order at 11:16 on September 26th.

5 I'd like to welcome everyone back. I hope everyone  
6 had a great, safe summer vacation and we're ready to go back  
7 to work. Over the next couple of months we have some very  
8 exciting things to be talking about.

9 The first order of business today is approval of the  
10 minutes from June the 20th. Have all members had an  
11 opportunity to review the minutes? And if so, are there any  
12 comments, questions or criticisms?

13 (NO RESPONSE.)

14 MR. CHAIRMAN: Hearing none.

15 MR. GRAY: Move to accept.

16 MR. CHAIRMAN: We have a motion to accept the  
17 previous minutes as presented. Seconded by Commissioner  
18 Caine and Salvadore. And all those that are in favor will  
19 say aye. Are there any opposed? There are none opposed.  
20 And the motion carries.

21 Next order of business is Item number 4 -- I'm  
22 sorry, number 3, which is old business. Is there any old  
23 business to come before the Commission, old business of any  
24 kind? old business?

25 okay. Moving right along, Item number 4, the

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1 Executive Director's report. Do you have a report for us,  
2 Secretary?

3 MR. MARSHALL: Yes, I do, Mr. Chairman.

4 MR. CHAIRMAN: Proceed.

5 MR. MARSHALL: Okay. I'll try to be brief. For the

6 months of June and July we mailed out your monthly reports.  
7 Hopefully you received them. If you did not, we will get  
8 you a copy. I hope you found them interesting or at least  
9 they helped you fall asleep a little easier every night  
10 during the summer.

11 For August we had excellent treatment results with  
12 the numbers in the teens at Field's Point and in the single  
13 digits at Bucklin Point.

14 We're experiencing some historic low flows at both  
15 of the plants. At Field's Point it's the lowest flows we've  
16 seen since late 2001, that's due to the lack of rainfall.  
17 And the same thing is happening at Bucklin Point, where it's  
18 the lowest flows in the last two or three years.

19 There's some fairly aggressive projects at Field's  
20 Point, where we had to operate with three sedimentation  
21 tanks. It was all planned, as opposed to the nine we  
22 normally have online. We still got very good removal  
23 numbers and that's a testament to all the planning and hard  
24 work of engineering, the contractor that we had working on  
25 it, our operations staff, our maintenance people, and of

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1 course, the weather, because it was all -- all had to be  
2 timed with a dry period, which as it turns out, the entire  
3 month was essentially.

4 We've been able to operate as a result of the lower  
5 flows with some savings in electricity. At the bottom of  
6 page 2 you'll see that for both July and August we've been  
7 able to save about 100,000 kilowatt hours per month for the  
8 first two months as compared to last year, where it was  
9 operating with fewer pumps, which will use up a lot of

10 electricity, so that is a good trend. We will see if that  
11 continues. But of course, again, we're at the mercy of the  
12 weather.

13 We had a number of training programs that operations  
14 staff underwent during the month for biological nutrient  
15 removal to get them ready at Field's Point for that new  
16 technology we will be bringing to them in the next couple  
17 years.

18 We've got Confined Space Field Training. We've  
19 instituted some new standard operating procedures for  
20 process control that we've had them work on.

21 The mechanics continue to work on several very large  
22 projects at the Ernest Street Pump Station and our  
23 Return/Pumping Station in our grid area.

24 We've been able to get more aggressive with the  
25 long-term improvement projects that the maintenance staff

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1 can do, because the asset management program has better  
2 allocated our resources.

3 At Bucklin Point with the single digit numbers,  
4 they're almost achieving 100 percent removal, which is  
5 really phenomenal, but they -- they've been very -INAUDIBLE-  
6 with the new facilities they've been able to place some  
7 techniques that we haven't been able to do before.

8 In terms of nitrogen removal, we are operating at  
9 less than the designed standard of 8. We are down around 7.  
10 Some days we get down to 5, which is what -- where DEM  
11 eventually wants us to go.

12 It doesn't look like we'll be able to get there with  
13 the current facility we have in place, which is not a

14 surprise. We're trying to determine just how close we can  
15 get. We have a study going on that's due to DEM in November  
16 to identify what our limits actually are.

17 Interceptor Maintenance on page 5 they continue to  
18 do their standard 200 to 300 inspections of regulators and  
19 catch basins, tidegate structures every month.

20 We were actively and have been actively involved in  
21 our summertime program of treating all the catch basins to  
22 reduce the areas where mosquitos can breed, that's something  
23 we worked with DEM on.

24 On page 6 we identify the Lincoln Septage Receiving  
25 Station. Even in the dry weather we received somewhere

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1 between 260 and 270 truck loads of material, which put us  
2 well over 700,000 gallons of septage that we received and  
3 then we feed into our system and eventually we treated it at  
4 Bucklin Point.

5 The item at the bottom of page 6 is listed under  
6 Interceptor Maintenance, but you'll probably also find it  
7 under Engineering and Construction Services.

8 We had a problem with one of our overflow structures  
9 out in the system, located on South Water Street, right next  
10 to The Hot Club. We have an overflow there.

11 We were having some work done by Rosciti  
12 Construction, who was our contractor on the last CSO  
13 contract that we bid. He was doing his work. He needed to  
14 block the outflow pipe, so that the tide would not come back  
15 in on him while he was doing his work.

16 So he plugged it on the land side and decided it  
17 would be a good idea if he also plugged it on the water side

18 and actually found out that he didn't have to do that,  
19 because a concrete wall had been poured in front of the end  
20 of the overflow pipe.

21 That created some real scrambling by staff. They  
22 did a great job coming up with a solution. We have a  
23 30-inch outflow at that point. When it was built in 1897 --  
24 we actually have a plans that show that -- they also built  
25 -- they, meaning the City built a 24-inch drain right above

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1 it, so they have dual purposes. They were not  
2 interconnected though.

3 So what we did is we met with the City. We were  
4 able to tie into their drain, which we'll now use as our  
5 outflow on a short-term basis.

6 The problem, in addition to the 4-foot thick wall  
7 that they poured in front of our pipe, they allowed the  
8 concrete to flow back into our 30-inch pipe about 15 feet,  
9 so it's a solid core of concrete.

10 We are looking at technologies to potentially remove  
11 that, but we have not taken the step to do it. All the  
12 hydraulic calculations have been done and seem to indicate  
13 that we can get by on the short term with just the 24-inch  
14 pipe that we're now tied into.

15 They did extend the 24-inch line through their wall.  
16 They didn't realize the 30-inch pipe was beneath the 24-inch  
17 line, because one is exposed at low tide. The other -- our  
18 overflow pipe is never exposed.

19 So that was an interesting four or five days,  
20 because we did have -- the one rainstorm, by the way, that  
21 occurred in August came in, like, two or three days after we

22 discovered that problem.

23 So we had people out there overnight with pumps and  
24 we were ready to do what we had to do to keep the flow from  
25 bubbling up into South Water Street, flooding the area and

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1 backing up into the basements of the buildings in that  
2 neighborhood. It happened to be a Friday night, too, by the  
3 way, which is one of the most active times down in that  
4 particular vicinity.

5 MR. WORRELL: Question, when was that wall built?

6 MR. MARSHALL: It was built in early July as I  
7 remember.

8 MR. WORRELL: Of this year? So it's brand new.  
9 It's not --

10 MR. MARSHALL: Brand new.

11 MR. WORRELL: Not something when The Hot Club went  
12 there or anything --

13 MR. MARSHALL: That's correct. Now, we do have a  
14 sign out there that says: NBC Overflow Pipe No. 16. It's  
15 green with white lettering. It's clearly labeled. They  
16 apparently thought that the drain was our pipe and there was  
17 no need to contact us, which we should have been contacted  
18 in any event.

19 MR. WORRELL: Is there any liability on their  
20 part as far as --

21 MR. MARSHALL: We think so. And in addition,  
22 activity of that type would require a CRMC permit. So we  
23 asked CRMC, how come we weren't notified, and they said  
24 because no permit was applied for.

25 So we are -- of course, our main goal was to make

1 sure that the system could have a relief point at that  
2 location. We've accomplished that short term. Now we're  
3 trying to figure out a long-term solution.

4 It's one of those items that fall into the category  
5 of you never know what's going to happen when you show up at  
6 work in the morning. The staff did a great job responding  
7 and I will keep you posted on the final resolution.

8 Also, on page 7 and 8 we indicate that there are a  
9 number of cleaning and inspection jobs that we are working  
10 on in our interceptor system, trying to create more capacity  
11 as we can remove grit, that allows more room for the flow,  
12 of course.

13 We had an interesting situation as we wrapped up a  
14 project in Johnston -- on the Johnston/Providence line,  
15 where Buttonhole Golf Course is located. We were having  
16 some trouble cleaning a portion of that pipe and what we  
17 found after several days of hard work was that there was 17  
18 cubic yards of material that we all probably recognize as  
19 riprap, large black stones that they use on the side of an  
20 embankment on a river.

21 No one's really sure how they got in there, 17 yards  
22 is a lot of material. It could have been kids, who just  
23 popped a cover and thought it would be a lot of fun to throw  
24 the rocks down into the pipe.

25 It was restricting flow, so things are operating

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1 better now. We have some pictures of that, if you're  
2 interested. There must have been a lot of kids that had a  
Page 8

3 lot of time on their hands.

4 So those are the types of things that by being  
5 proactive our interceptor maintenance crew is able to find  
6 and resolve before it becomes a much larger problem.

7 Engineering has been busy. They've begun several  
8 projects that you approved back in June, which would include  
9 the nutrient removal, design work at Field's Point. They  
10 had a kick-off meeting on that.

11 CSO Phase II work has begun mapping and survey  
12 continues. The two long interceptors we'll have along the  
13 Woonasquatucket and the Seekonk. In addition to having a  
14 kick-off meeting, we've also met with the DOT and the city  
15 to work with them coordinating our routing with some planned  
16 bike routes that the -- that those two organizations have on  
17 the drawing boards or in one case it's actually in place, so  
18 we might have to disrupt it, but we'll repair it when we're  
19 done.

20 So there's a good opportunity to work with sister  
21 agencies to accomplish some good overall. So that in  
22 addition to the environmental benefits there hopefully will  
23 be some recreational benefits, in addition.

24 We've begun the work on looking for the extraneous  
25 flow that we find in the Louisquisset and Branch-Douglas

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1 interceptor up in North Providence. The Louisquisset pipe  
2 interceptor replacement, the design has begun on that.

3 We're working with the owners of Twin Rivers/BLB to  
4 find out what their future plans include and what future  
5 flows they expect to generate, so that we can size the pipe  
6 appropriately in case that facility needs to expand in the

7 next several years.

8 That project will probably be designed by the end of  
9 the winter with -- hopefully we'll go out to bid some time  
10 in the spring and get your approval to go to construction  
11 before we adjourn for the next summer recess.

12 We are doing the evaluation at Bucklin Point right  
13 now, that's noted on the bottom of page 10, for nitrogen  
14 removal. We will probably have to have an additional  
15 contract there at some point, that is what we're trying to  
16 determine.

17 The construction group has been busy. We have a job  
18 out to bid right now, the Bucklin Point Operations Building  
19 rehab, where we're going to set up our backup servers and  
20 where we will send our employees if anything ever happens to  
21 this building, that will be our backup facility. So that is  
22 actually out to bid. We have five or six interested bidders  
23 at this time. The opening is October 3rd.

24 We've been doing a lot of planning work with the  
25 chairman on the future of our facilities down here at

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1 Field's Point. We are acquiring a lot of baseline  
2 information and I believe the Chairman is going to ask the  
3 Long-Range Planning Committee to get involved in that at  
4 some point and so we will have a lot of baseline data for  
5 them to work with.

6 We'll pass this around. This is the material that I  
7 was mentioning that was removed from that interceptor out by  
8 the Buttonhole Golf Course.

9 It's good work by the Rosciti Construction Company  
10 on the regulator modifications. They finished Promenade

11 Street, both at the intersections of Bath and Holden, so we  
12 think -- hopefully, we didn't annoy the Chairman too much,  
13 because that's where his office is located, and we didn't  
14 make him late for too many meetings with all the  
15 construction activity we had down in that neck of the woods.

16 The Tunnel Pump Station is about 60 percent complete  
17 and proceeding well. You probably saw the progress they've  
18 made on building the building over the -- that will be the  
19 entrance to that pump station.

20 The emergency contract off of Route 95 that I  
21 brought to your attention last spring is all completed. We  
22 managed to finish that within days of our last meeting.  
23 Everything seems to be fine. All the bypass pumping was  
24 removed. It was done in a matter of five or so days once  
25 they actually got out there and started working.

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1 Karen gave you a financial report that shows with  
2 16.7 percent of the year gone by, we've spent about 15  
3 percent of the budget, so we're running under budget.

4 On page 14, Policy, Planning and Regulation, they're  
5 working hard trying to resolve our siloxane problem, which  
6 we've been able to calculate that 90 percent of the load to  
7 the Bucklin Point plant is coming from one company. They  
8 are identified in the report.

9 We've issued an administrative order to them with a  
10 penalty of \$109,500, which they have appealed and asked for  
11 a hearing on. So we'll go forward with that as the schedule  
12 permits.

13 We continue to work on emergency planning procedures  
14 for hazardous materials and are working on a Memorandum of

15 Agreement with other water and wastewater agencies for  
16 mutual assistance.

17 Page 16 takes you to the pretreatment activity  
18 report, where they show that they've done 95 inspections  
19 just in the month of August, as well as issuing 35 discharge  
20 permits, that's indicated on page 17.

21 Permits and Planning on page 18. We had a large  
22 project that we worked on over the summer for a project that  
23 was proposed in Johnston, just west of Route 295. It's  
24 1,500 assisted living facility units by an Erickson  
25 Retirement Community Group.

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1 We worked with them in terms of making sure that our  
2 pipe was able to take the flows, which was substantial that  
3 they were going to generate, and that was going along well,  
4 and for non-sewer related issues they've decided to put the  
5 project on hold.

6 We were going to try to work out something along the  
7 lines that we did with the Twin River people, where they  
8 would make some contributions to some improvements that had  
9 to be made. BLB did that for Twin Rivers, where we lined  
10 that 12-inch pipe that's up there.

11 And in addition, they removed all of their  
12 infiltration inflow on their own site by putting in an  
13 entirely new system and lining various manholes.

14 So on page 19 we show that we continue to make  
15 progress with various applicants to remove storm water from  
16 our system whenever possible. So 100,000 gallons at each  
17 the Field's Point and the Bucklin Point districts, that will  
18 not come into our combined system any longer.

19           And the total for the year is now up to 657,000  
20 gallons of flow in a three-month storm, which is what the  
21 tunnel was sized for, just in the first part of 2007.  
22 That's equal to about 1 percent, by the way, of the volume  
23 of the tunnel. So we're pretty happy with that and we'll  
24 continue to work along those lines.

25           EMDA, they continue to sample like crazy with nearly

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1           2,000 samples taken in the month of August, and they're  
2 trying to calculate or get an idea of what the nitrogen  
3 loading is from the treatment plant as a percentage of the  
4 entire load that goes into the receiving waters.

5           They've been able to compare it to the rivers that  
6 come in, but there are so many other sources, that it isn't  
7 necessarily accurate to say that while if we have -- the  
8 total was three. The treatment plants contribute one and  
9 the rivers contribute two units. We'll just call them for  
10 now.

11           But there are so many other sources that are hard to  
12 quantify, including the atmosphere, deposition, ground  
13 water, storm drains and just overland flow from fertilizer  
14 on people's lawns.

15           In monitoring the fecal coliform levels of the  
16 rainstorms, so that we'll be able to compare what's  
17 happening now with the improvements that are realized  
18 through the tunnel coming online next October -- October of  
19 '08.

20           The lab, of course, then has to analyze all these  
21 samples. On page 23 you'll see that they analyzed 9,000  
22 samples in the month of August -- or they did analysis that

23 way, to, 9,000 separate activities on those 2,000 samples  
24 that were taken.

25 We are waiting to hear, on page 24, on some grant

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1 applications that the state organizations have approved and  
2 now we're waiting for some federal responses on those same  
3 applications.

4 One is a \$1 million grant for the wind turbines that  
5 we continue to collect data on, the feasibility of across  
6 the street. And the other grant is -- or we've asked for a  
7 \$100,000 from Homeland Security to install a new fence  
8 around Field's Point. That wouldn't cover the entire cost,  
9 but it would be a contribution toward that.

10 So I haven't heard anything on those in the past  
11 couple of months. But we're waiting to hopefully get a  
12 positive response in the next few months.

13 We signed up for the Demand Response Program, where  
14 ISO New England calls you up and asks you to come offline  
15 with your load and to go onto emergency power.

16 There was a test of that back in August -- back on  
17 August 15th, I believe it was -- 16th -- and Field's Point  
18 was able to respond right away and that went smoothly at  
19 Bucklin Point, because of the sophistication of the new  
20 control system, it's not quite as easy to just flip the  
21 switch and go on to emergency power. It all has to happen  
22 more or less automatically.

23 So we're working to install some new facilities, so  
24 we'll be able to make a quick switch over, which will make  
25 the ISO New England people a little happier.

17



3 MR. NORDSTROM: We started that probably about four  
4 years ago. We've addressed some major concerns. The  
5 project, which you've already approved a disaster recovery  
6 -INAUDIBLE- at Bucklin Point. So if anything should happen  
7 to the computers here, we can still conduct our business  
8 operations. Some of the features as far as checking  
9 procedures, badges, we have those in place.

10 Jim McCaughey who works in PP&R and Joe Laplante  
11 also worked with me on these things and periodically go  
12 through that program and add features that we have  
13 incorporated, so we can have the security. We look at it on  
14 a regular basis.

15 MR. CHAIRMAN: Are there any other questions? Now,  
16 do we have the F-16s recruited in? Should I have everyone  
17 licensed to carry firearms for security purposes --

18 MR. MARSHALL: Not yet.

19 MR. CHAIRMAN: All right. Do we need firearm  
20 training --

21 MR. NORDSTROM: I think part of the discussion,  
22 obviously, when we talk about the campus -- devising the  
23 campus, that's one of the big features that we're looking at  
24 is how we would make the whole area a little bit more secure  
25 and a little bit less passive.

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1 MR. CHAIRMAN: Are you -- when you made their  
2 application for that -- when you make your application, do  
3 you have to give them some concepts of what you're proposing  
4 or --

5 MR. NORDSTROM: Yeah, and we've always been kind of  
6 aware of all this stuff, because we were doing the security

7 stuff before the 9/11, just out of practicality. We're in  
8 an industrial area.

9 There was a time when we first took over and there  
10 were no fences, none of that. People were caught wandering  
11 through the plant and some pretty colorful stories about  
12 bookies coming in and collecting debts and stuff like that,  
13 bullet holes in the walls and stuff.

14 So I mean this has been ongoing since, like, '82,  
15 and especially as we go forward, some unmanned facilities --  
16 a big step that we did with the Ernest Street Pump Station,  
17 where we've got 15 people running that pump station. Now  
18 everything is done through the computer, so we have to pay  
19 an awful lot of attention to the security of that facility  
20 because it's only visited a couple times a shift. It's been  
21 an ongoing effort and I like to think we're improving on it.

22 MR. CHAIRMAN: Thank you. Any other questions?  
23 Okay. Moving right along. Employee recognition. This is  
24 always one of the most pleasant parts of serving on this  
25 Board and that's the opportunity to recognize our staff and

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1 employees for outstanding performance.

2 Three of our employees have been recognized for  
3 excellence in their various categories for education and for  
4 plant wastewater operation and they've been awarded these  
5 recognitions by NACWA and we'd like to take a moment today  
6 to recognize these individuals.

7 The first person we'd like to recognize is Cynthia  
8 Morissette for winning an award regarding Woonasquatucket  
9 Watershed Explorers Program. Would you like to expand on  
10 the essence of the program, Ray?

11 MR. MARSHALL: I believe that you've heard from  
12 Cynthia in the past about what her program involves, maybe  
13 she'd actually like to tell us --

14 MR. CHAIRMAN: Why don't you come up.

15 MR. MARSHALL: You can see she's thrilled to do  
16 this.

17 MR. CHAIRMAN: And I know that, you know, Mike  
18 Salvadore and I were -INAUDIBLE- part of your Explorers  
19 Program. Mike and I were there. Very interesting,  
20 educational program. I think we enjoyed it more than  
21 anybody else, but why don't you explain to the Board exactly  
22 what that program is all about.

23 MS. MORISSETTE: Sure. Basically, we focus on the  
24 Woonasquatucket River, because that's what Providence  
25 service is in, but we also go into the Blackstone, because I

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1 have some schools in Central Falls and Pawtucket.

2 There are 11 schools in the program this year and  
3 about 520 students. So it's a little overwhelming. We've  
4 reached out to some communities that we hadn't serviced in  
5 the past, including East Providence. We do service a small  
6 portion of East Providence.

7 North Providence was another one that we reached out  
8 to. So I sent letters to the principals asking and we got  
9 an overwhelming response, but with having, you know, little  
10 staff working on it I just have one school per service  
11 community. So right now we have 11 schools.

12 And basically, what they do is they go out to a  
13 water quality site that we choose, something close to the  
14 school, so the kids take some ownership over it and they do

15 some water quality testing. Two field trips, once in the  
16 fall in October and then once in April for some water  
17 quality testing. Then we have monthly lessons where they  
18 learn about different aspects of watersheds and -INAUDIBLE-  
19 systems.

20 what the Chairman went to was our overall conference  
21 that we have at the end, where the students get to come and  
22 they do some environmental activities, as well as share  
23 their ideas through a poster presentation that they do for  
24 everyone. So it's very exciting. It's fun.

25 MR. CHAIRMAN: And I'd like you to know that Mike

22

1 Salvadore is a whiz with crayons. Give him a box of crayons  
2 and he can go crazy. It's great. Congratulations.

3 Next, of course, we'd like to recognize Carmine  
4 Goneconte who's been with us -- he's done such a magnificent  
5 job through the years. Where is that guy. Come on up for  
6 comment. Carmine was -- won the Silver Operations Award for  
7 all of his efforts at the Field's Point Wastewater Treatment  
8 Facility and we want to express our congratulations and  
9 thanks to him today, as well.

10 MR. GONECONTE: Thank you very much. This is a  
11 plant award won by the people who work at Field's Point,  
12 basically for permit compliance.

13 NACWA has a certain amount -- has a requirement of  
14 how many permit violations you have or don't have and they  
15 give awards based on that.

16 So although I'm up here to receive it and thank you  
17 for the kind words, this award is basically for everyone at  
18 Field's Point in operations and maintenance, and in reality

19 it's a whole Bay Commission award, because everybody  
20 participates in what we do across the street, so for that  
21 thanks to everybody. Appreciate it.

22 MR. CHAIRMAN: And for his counterpart at Bucklin  
23 Point, Brent Herring is here, who also won an award.  
24 Congratulations.

25 MR. HERRING: Well, I can only -- I won't reiterate

23

1 what Carmine said, it's so true at Bucklin Point as it is at  
2 Field's Point. It's very much a team effort. Everybody in  
3 this building and our other operations, IM, that contribute  
4 to our success. It's truly about success and thank you.

5 MR. CHAIRMAN: Thank you. It's a real pleasure to  
6 be recognized nationally by your peers and Narragansett Bay  
7 with its commission of excellence and is always right on top  
8 of its game and we appreciate it so much.

9 Moving right along. Committee Reports and Action  
10 Items Resulting. The first committee reporting was the  
11 Finance Committee, which failed to meet a full quorum, so  
12 we're going to ask for full board consideration of Review  
13 and Approval of Resolution 2007:24, which is an  
14 authorization filed for compliance filing for rate relief  
15 related to debt service and debt service coverage with the  
16 Rhode Island Public Utilities Commission.

17 We heard from Karen with regard to this and it's  
18 primarily to protect our credit rating, as well as to meet  
19 the requirements of our trust indenture, which is a debt  
20 service covered ratio of 1.25. Am I correct?

21 So the Chair will move to approve Resolution  
22 2007:24. Can I have a second? Second, Commissioner Farnum.

23 Discussions on that resolution?

24 (NO RESPONSE.)

25 MR. CHAIRMAN: Hearing none. All those that are in

24

1 favor will say aye. Are there any opposed? There are none  
2 opposed and that motion carries.

3 Next order of business from the Finance Committee  
4 was review and approval of Resolution 2007:25, which is  
5 authorization for the Narragansett Bay Commission to amend  
6 the definition of permitted investments in the trust  
7 indenture of the Narragansett Bay Commission.

8 Basically, it is a housekeeping measure. It  
9 simplifies and clarifies the language. In addition to that,  
10 it should be noted that these are all in strict compliance  
11 with the Rhode Island Investment Commission, as well.

12 Is there anything I need to add with regard to that?  
13 Commissioner Worrell, do you have a question?

14 MR. WORRELL: What are we adding to that by -- if  
15 anything, by way of a permitted investment?

16 MR. CHAIRMAN: I don't think we're really adding  
17 anything, but it's a language clarification. Karen?

18 MS. GIEBINK: It clarifies some of the definitions  
19 and some of the thresholds for the types of investments that  
20 you can make. One of the concerns that the trustee had was  
21 with respect to money market funds. The clarification of  
22 the language says money market funds that we utilize would  
23 allow for repos within the money markets.

24 MR. WORRELL: I'm sorry? Money market funds would  
25 allow for --

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1 MS. GIEBINK: Would allow for repos in the money  
2 market.

3 MR. WORRELL: So now, we -- a little uncertainty  
4 about repos and now it clarifies that, is that basically --

5 MS. GIEBINK: Well, the repos are allowed, but it  
6 wasn't within the definition of the money market and then  
7 there's some other thresholds that are just clarified in the  
8 new -INAUDIBLE-

9 MR. CHAIRMAN: Okay. I think, again, it should be  
10 noted that these are all in very strict compliance with the  
11 Rhode Island State Investment Commission, as well.

12 So having said that, the Chair moves approval of  
13 Resolution 2007:25.

14 MR. SALVADORE: So moved, Mr. Chairman.

15 MR. CHAIRMAN: We have a second by Commissioner  
16 Salvadore.

17 MR. DICHIRO: Second.

18 MR. CHAIRMAN: Commissioner DiChiro and Commissioner  
19 Farnum?

20 MR. FARNUM: Yeah.

21 MR. CHAIRMAN: Further discussion on Resolution  
22 2007:25?

23 (NO RESPONSE.)

24 MR. CHAIRMAN: Hearing none. All of those that are  
25 in favor will say aye. Are there any opposed? There are

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1 none opposed and the motion carries.

2 Next order of business is review and now approval of  
3 Resolution 2007:26, which is authorization to approve and

4 accept the comprehensive annual financial report.

5 In your packet you have all received a draft of the  
6 annual report and you're going to hear from Pat from Bacon &  
7 Company in a moment. It's noteworthy that, again, this year  
8 that the annual report does not contain any management  
9 letters. There are no -- any substantive footnotes, that  
10 internal controls are in place and functioning well and that  
11 overall it's a great report. Pat, do you want to proceed  
12 with your report?

13 MS. BOUCHER: I hope everyone has their audit  
14 report. I'd like to refer to the actual report and  
15 highlight some information and then answer any questions you  
16 might have.

17 I mean, this is a pretty comprehensive report. It  
18 is a comprehensive annual financial report. It's a  
19 certificate report that you prepare, so it's quite  
20 comprehensive, a lot of good information in it.

21 First thing -- I mean, I think I'll just start right  
22 on page 1 and just kind of quickly go through and highlight  
23 some information. A lot of the information that is in this  
24 document is prepared by management, so I will, you know,  
25 identify that.

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1 Pages 1 through 5 is documents prepared by  
2 management, transmittal letter. It's a requirement for your  
3 certificate report. It has a lot of good information in it.  
4 We review it just to make sure there's no conflict with the  
5 audited financial statements -- you know, so as far as data  
6 and that's incorporated in as part of your audit report.

7 The next section that I'll draw your attention to --  
Page 23

8 there is a lot of separated pages in here -- in pages 10,  
9 11, which is our Independent Auditors' Report, which is a  
10 clean opinion. It's an unqualified opinion, which means  
11 that the statements as presented here are presented in  
12 conformance with Generally Accepted Accounting Principles.  
13 So that in final form will appear on our letterhead in the  
14 report and be signed off by us.

15 Pages 12 through 18 is your Management Discussion  
16 and Analysis, that again is prepared by management. It has  
17 -- it basically summarizes a lot of the data that's in the  
18 audited financial statement, which is a requirement under  
19 the Generally Accepted Accounting Principles under GASB 34.

20 And again, we review all the data in here to make  
21 sure that's in conformance with the audited financial  
22 statements. So that has a lot of good information in there.  
23 It's a lot of comparative analysis of the audits from  
24 current and prior year.

25 Okay. And actually, the financial statement begins

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1 on pages 19 -- 19 and 20 are your statement of net assets.  
2 Page 20 reflects your net assets at the bottom of the page,  
3 where you ended the year, it's your net assets -- your  
4 excess of your assets over your liabilities.

5 You can see it's approximately \$270 million, your  
6 end of the year assets over liabilities broken into three  
7 components. The biggest one being, obviously, your  
8 investment in capital assets, net related debt. And then  
9 your unrestricted net assets of approximately \$55 million.  
10 Your only small restriction is on the environmental  
11 enforcement money, which is required by law to be

12 restricted.

13 Just some other highlights on those pages. The  
14 capital assets on page 19 -- your net investments in capital  
15 assets, that's probably the biggest increase from prior year  
16 about \$53 million. Obviously, with all the activity going  
17 on in issuance of bonds, there's a big increase in your  
18 capital assets.

19 The overall increase in your net capital assets,  
20 which is your capital assets minus related debt items is  
21 approximately \$9.2 million. And your overall increase in  
22 your unrestricted net assets was approximately 3.7 from the  
23 prior year.

24 I just wanted to note on this page and I mentioned  
25 it at the Finance meeting that there was a reclassification

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1 from prior years in this net asset section. The total net  
2 assets didn't change, what changed was how we classified  
3 things in either unrestricted or invested in capital. It  
4 was just a clarification of what meets the definition of  
5 related debts.

6 So there was a couple items there to add back into  
7 this component, primarily upon related issuance, cost and  
8 remaining bond proceeds, so it kind of changed the  
9 components of net assets.

10 But if you look in the statistical sections of the  
11 report, all of those numbers are now received, so they're  
12 now comparable. But in total it did not change. So I don't  
13 know if there's any questions on pages 19 or 20?

14 Page 21 is your actual statement of revenues and  
15 expenses for the year, shows your operating revenues,