

1 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

2 NARRAGANSETT BAY COMMISSION

3

4

5

IN RE: Monthly Board Meeting of the Commission

6

7

8

9

DATE: February 7, 2013

10 TIME: 8:30 a.m.

PLACE: Narragansett Bay Commission

11 Corporate Office Building

One Service Road

12 Providence , RI 02905

13

14

15

PRESENT:

16

Vincent Mesolessa, Chairman

17 Raymond Marshall, Secretary-Executive Director

Robert Andrade, Treasurer

18 Joseph DeAngelis, Esquire

Joseph Kimball

19 Bruce Campbell

Dr. Richard Burroughs

20 Richard Worrell

Joan P. Milas

21 John MacQueen

Ronald Leone

22 Alan Nathan

Michael DiChiro

23 Leo Thompson

24

1

Also Present:

2

Karen Giebink, NBC

3

Karen Grande, NBC

Karen Musumeci, NBC

4

Jennifer Harrington, Esquire, NBC

Joanne Maceroni, NBC

5

Steven Maceroni, PFM Investment Firm

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

3

1

2 (MONTHLY BOARD MEETING COMMENCED AT 8:45 A.M.)

3 CHAIRMAN MESOLELLA: Okay. Good

4 morning. We'll call to order the monthly board

5 meeting of the Narragansett Bay Commission,

6 Thursday, February 7, at 8:43, after recognizing

7 a quorum.

8 The first order of business is the

9 approval of the previous minutes of December

10 3rd, 2012. Have all our members had an

11 opportunity to review the previous minutes, and,

12 if so, are there any comments, questions, or

13 corrections on the previous minutes?

14 COMMISSIONER SALVADORE: I move

15 approval, Mr. Chairman.

16 COMMISSIONER MILAS: Second.

17 COMMISSIONER MACQUEEN: Second.

18 CHAIRMAN MESOLELLA: We have a

19 motion for approval by Commissioner Salvatore,

20 second by Commissioner Milas, and somebody else,

21 Commissioner MacQueen. Discussion on the

22 minutes? Any discussion on the minutes?

23 Hearing none. All those in favor of approval of

24 the minutes will say aye.

25 THE COMMISSION: Aye.

4

1 CHAIRMAN MESOLELLA: Are there any
2 opposed?

3 THE COMMISSION: (No response)

4 CHAIRMAN MESOLELLA: There are none
5 opposed, and the motion carries.

6 (MOTION PASSED UNANIMOUSLY)

7 CHAIRMAN MESOLELLA: The next order
8 of business is old business. Any old business
9 to come before the Commission this morning, old
10 business of any nature? Hearing none. Moving
11 along to Item No. 4, which is the Executive
12 Director's Report. Mr. Secretary, did you give
13 us a report?

14 RAY MARSHALL: I gave you an
15 abbreviated required report on January 29. -

16 CHAIRMAN MESOLELLA: Do you have a
17 further report?

18 RAY MARSHALL: I have nothing else
19 for you today, unless there are any questions.

20 CHAIRMAN MESOLELLA: Are there any
21 members that have any questions regarding the
22 Executive Director's previous Report?

23 THE COMMISSION: (No response)

24 CHAIRMAN MESOLELLA: Hearing none.

25 Moving right along to Item No. 5, which is

5

1 Committee Reports and Action Items Resulting.

2 The first committee reporting would be the CEO

3 Committee. I do believe the CEO Committee did

4 meet last week. Commissioner Salvadore, do you

5 have a report?

6 COMMISSIONER SALVADORE: We did

7 meet on January 29. We have one item for the

8 Board of Commissioners this morning, and there's

9 an adjustment to this resolution. Please make

10 the correction against amendment not to exceed

11 \$450,000. It should read \$400,000.

12 CHAIRMAN MESOLELLA: Okay. Have

13 all of our members taken note of the amendment

14 resolution? Commissioner Salvadore may have

15 saved you \$50,000. You don't know how much we

16 appreciate that. So Commissioner Salvadore

17 makes the motion that we amend the resolution to

18 change the amount from \$450,000 to \$400,000, not

19 to exceed \$400,000, Commissioner Salvadore.

20 COMMISSIONER WORRELL: I'll second

21 that motion.

22 CHAIRMAN MESOLELLA: Seconded by

23 Commission Worrell. Discussion on the

24 amendment?

25 THE COMMISSION: (No response)

6

1 CHAIRMAN MESOLELLA: Hearing none.

2 All of those that are in favor of the amendment

3 will say eye.

4 THE COMMISSION: Aye.

5 CHAIRMAN MESOLELLA: Anybody

6 opposed?

7 THE COMMISSION: (No response)

8 CHAIRMAN MESOLELLA: None opposed.

9 The next action of course is Approval, I assume,

10 by Commissioner, of Resolution 2013:01.

11 COMMISSIONER SALVADORE: Review and

12 approval of Resolution 2013:01, Authority to

13 Amend the Agreement with National Grid for

14 Replacement of Gas Piping for Combined Sewer

15 Overflow Phase II OF 027 Sewer Separation

16 Contract 303.05C, and, of course, the amendment

17 stands, and CEO recommends approval, Mr. Chair.

18 CHAIRMAN MESOLELLA: We have a

19 motion to approve Resolution 2013:01.

20 COMMISSIONER NATHAN: Second.

21 COMMISSIONER MACQUEEN: Second.

22 CHAIRMAN MESOLELLA: Seconded by
23 Commissioner Nathan and Commissioner MacQueen.
24 Discussion on the matter. We had a long
25 discussion about this at the previous meeting.

7

1 In such case, all of those that are in favor
2 will say aye.

3 THE COMMISSION: Aye.

4 CHAIRMAN MESOLELLA: Are there any
5 opposed?

6 THE COMMISSION: (No response)

7 CHAIRMAN MESOLELLA: There are none
8 opposed, and the motion carries.

9 (MOTION PASSED UNANIMOUSLY)

10 MR. SALVADORE: That's our report
11 today.

12 CHAIRMAN MESOLELLA: And that
13 concludes the report of the CEO Committee. The
14 next Committee reporting is the Finance
15 Committee. Chairman Andrade, do you have the
16 report?

17 CHAIRMAN ANDRADE: Yes, I do, Mr.
18 Chairman.

19 CHAIRMAN MESOLELLA: Proceed.

20 CHAIRMAN ANDRADE: The Committee
21 also met on 29th, and approved a number of

22 resolutions. The first one is Resolution
23 2013:02, Authorization to Award Contract for the
24 Provision of Banking Services to Citizens Bank,
25 and I move approval of that resolution.

8

1 CHAIRMAN MESOLELLA: Okay. We have
2 a motion to approve Resolution 2013:02. Is
3 there a second?

4 COMMISSIONER MACQUEEN: Second.

5 COMMISSIONER CAMPBELL: Second.

6 CHAIRMAN MESOLELLA: Commissioner
7 MacQueen seconds the motion, Commissioner
8 Campbell seconds the motion. As you know, at a
9 previous meeting, we went out for solicitation
10 for banking services. TD Bank North was
11 actually selected in that process. After
12 numerous meetings and negotiations, the
13 Commission was unable to reach an agreement for
14 banking services. So Citizens Bank is our
15 current banker, so we're just going to stay with
16 Citizens until the Board decides, otherwise. Do
17 we have a motion. Commissioner Worrell?

18 COMMISSIONER WORRELL: Could you
19 please explain to me the main stumbling block
20 between NBC and TD Bank North?

21 CHAIRMAN MESOLELLA: Well, there
22 wasn't a block, there was several. Karen, do
23 you want to get into the discussion?

24 MS. GIEBINK: I think that the
25 straw that broke the camel's back had to do with

9

1 the collateralization of deposit. And that's
2 something that FDIC after what happened in 2008,
3 they had agreed to insure municipal deposits up
4 to -- there was no cap on that insurance. That
5 was due to expire at the end of the last
6 calendar year, and when we entered into
7 discussion with TD Bank as to whether or not
8 they would collateralize our deposit with a
9 similar type arrangement that we currently had
10 with Citizens Bank, they were going to charge us
11 a significant fee for that. So that was pretty
12 much it.

13 COMMISSIONER WORRELL: And Citizens
14 been providing that as part of the package with
15 our charge?

16 MS. GIEBINK: Right. And they
17 would continue to do so.

18 COMMISSIONER WORRELL: What would
19 be the normal level of those deposits?

20 MS. GIEBINK: Well, probably around

21 \$14 or \$15 million dollars worth of securities

22 that have to be posted.

23 COMMISSIONER WORRELL: Thank you.

24 CHAIRMAN MESOLELLA: We have a

25 motion. We have a second. All of those in

10

1 favor of Resolution 2013:02 will say aye.

2 THE COMMISSION: Aye.

3 CHAIRMAN MESOLELLA: Are there any

4 opposed?

5 THE COMMISSION: (No response)

6 CHAIRMAN MESOLELLA: There are none

7 opposed, and that motion carries.

8 (MOTION PASSED UNANIMOUSLY)

9 CHAIRMAN MESOLELLA: Further

10 Report. Commissioner Andrade.

11 COMMISSIONER ANDRADE: Mr.

12 Chairman, now the Finance Committee is going to

13 save some money. Resolution 2013:03,

14 Authorization Authorizing the Refunding of All

15 or a Portion of the Following Outstanding Rhode

16 Island Clean Water Finance Agency Bonds: Pool

17 Loan 1 - 1993 Series, Pool Loan 2 - 1994 Series,

18 Pool Loan 3 - 1997 Series, Pool Loan 4 - 1999

19 Series, and Pool Loan - 2001 Series. And I move

20 approval of the resolution.

21 CHAIRMAN MESOLELLA: We have a
22 motion to approve Resolution 2013:03, which is
23 authorizing the refunding of several bonds which
24 were alluded to on the agenda.

25 COMMISSIONER DICHIRO: Second.

11

1 CHAIRMAN MESOLELLA: We have a
2 second by Commissioner DiChiro.

3 CHAIRMAN MESOLELLA: This, of
4 course, is all subject to approval of Clean
5 Water Finance. Clean Water Finance has to
6 authorize the -- is that all of them, or just
7 some of them, Karen, do you know?

8 MS. GIEBINK: They indicated in
9 their letter that it was all of them, but our
10 Bond Counsel has a different opinion.

11 MS. GRANDE: Well, they have to
12 consent to the refinancing of each of those
13 issues. The distinction is that some of them,
14 the documentation provided for just consent, and
15 others provided for consent and a breakage fee.

16 CHAIRMAN MESOLELLA: Okay. So, in
17 any event, the Chairman sent a letter to the
18 Clean Water Finance Agency requesting their
19 consent to refinance, we are in discussions, as

20 to, what I like to refer to as the recapture,
21 because we're going to have to pay some fees
22 that they feel that they're entitled to, and
23 they probably are. That hasn't been decided
24 yet, but we still haven't really achieved the
25 consent. We haven't received the consent that

12

1 we actually need yet, but it's in the process.
2 So if this Board is in agreement, it will
3 authorize to go forward with the refunding,
4 subject to all of the necessary approvals, an
5 agreement with the RI Clean Water Finance
6 Agency. Okay. We have a motion. Commissioner
7 Worrell?

8 COMMISSIONER WORRELL: Certainly
9 I'm going to vote in favor of this.

10 CHAIRMAN MESOLELLA: Well, thank
11 you.

12 COMMISSIONER WORRELL: However, I
13 wonder, are we going to have some prepayment
14 penalties or breakage fees?

15 CHAIRMAN MESOLELLA: That's what
16 they're suggesting.

17 COMMISSIONER WORRELL: Well, if I
18 were in Clean Water Finance's shoes, I would

19 want that prepayment penalty to come
20 pretty close to what the value of the
21 refinancing still allows you, if I was on the
22 other side of the table. Do we have any sense
23 that we are going to be clear, we're going to
24 net out ahead of the game after this?

25 CHAIRMAN MESOLELLA: Well, we're

13

1 doing the economics now. Quite frankly, we
2 haven't been comfortable with how they
3 delineated their costs, and what I refer to as a
4 recapture. I don't even know what you would
5 call that. What are they referring it to, it's
6 not a penalty, really.

7 MS. GRANDE: Recapture is the
8 appropriate term.

9 CHAIRMAN MESOLELLA: Okay. It's a
10 recapture. So, you know, they basically suggest
11 -- I'm just giving you the philosophy of it.
12 They basically suggest that through the years,
13 that we have recognized significant savings
14 through being able to borrow at below market
15 rate. And they have their own internal
16 functions, which has a cost to them, and they
17 need to recover their costs.

18 We haven't been clear exactly how

19 they're making that determination, which is the
20 subject of the next discussion that we will
21 have. Once we get consent from the Board to
22 refinance, then we have to come to agreement on
23 what it is that they're looking for, and how
24 much money we have to pay them. And we would
25 like to weigh that, be a standard of how that's

14

1 determined, but we don't know that yet. Is that
2 accurate? That's pretty accurate, right?

3 MS. GIEBINK: Right. And this
4 resolution authorizes the Chairman and the
5 Executive Director to execute the documents
6 needed for the refunding if it's determined to
7 be in the best interest of NBC, so everything
8 would be evaluated before this.

9 MR. WORRELL: Well, I certainly
10 wish to see it. I hope we're going to effect
11 some of that savings.

12 CHAIRMAN MESOLELLA: Yes. The
13 first thing is, let's get the consents done, and
14 then we'll get into discussion as to, you know,
15 how much money they want, and then we'll have to
16 look at how does NBC benefit pursuant to our
17 next refinancing. And that's a number's game,

18 that's a calculation, that's a black-and-white
19 calculation. It either makes sense for us to do
20 it, or it doesn't. Okay. We have a motion and
21 a second. So, having said that, all of those in
22 favor of Resolution 2013:03 will say aye?

23 THE COMMISSION: Aye.

24 CHAIRMAN MESOLELLA: Are there any
25 opposed?

15

1 THE COMMISSION: (No response)

2 CHAIRMAN MESOLELLA: There are none
3 opposed, and that motion carries.

4 (MOTION PASSED UNANIMOUSLY)

5 CHAIRMAN MESOLELLA: Next order,
6 Commissioner Andrade.

7 COMMISSIONER ANDRADE: Yes.
8 Resolution 2013:04, Authorization for the
9 Refunding of All or a Portion of the Outstanding
10 Narragansett Bay Commission Wastewater System
11 Revenue Bonds, 2005 Series A. I move approval.

12 CHAIRMAN MESOLELLA: I have a
13 motion to approve Resolution 2013:04,
14 Authorization for Refunding. Is there a second?

15 COMMISSIONER MILAS: Second.

16 COMMISSIONER MACQUEEN: Second.

17 CHAIRMAN MESOLELLA: Commissioner

18 Milas, Commissioner MacQueen. Is there a
19 discussion on this matter? This is basically
20 the same issue that we just previously
21 Commissioner.

22 COMMISSIONER BURROUGHS: After the
23 refinancing, will the level of variable debt
24 change, or is that not determinable at this
25 point?

16

1 MS. GIEBINK: Actually, it's a
2 fixed-rate issue, the 2005 Series A, that is a
3 fixed-rate issue. This resolution is to be
4 heard in tandem with 2013:05, which is the 2008
5 Series, which is a variable rate mode, and
6 basically, our investment banker, Amit Mahajan,
7 he's the one that came up with this scenario
8 which allows NBC to take advantage of the low
9 interest rate market. It's very creative.
10 We're in the process of evaluating it right now.

11 And because the 2005 Series A bonds
12 are not callable until August 1st, 2015, we
13 would be basically issuing some sort of -- we
14 would be refunding those in a variable rate
15 mode, so we could fix them out past the call
16 date, and at that point we would be able to turn

17 them into a variable rate mode, and we would be
18 fixing out the 2008 A Series.

19 So all of that would be done
20 together if it's determined to be feasible by
21 Bond Counsel and Tax Counsel. So, hopefully, we
22 would end up with a similar mix.

23 COMMISSIONER BURROUGHS: So the
24 overall risk related to changes in the
25 marketplace would not increase?

17

1 MS. GIEBINK: I don't believe so.

2 COMMISSIONER BURROUGHS: In other
3 words, you could end up with a short-term gain
4 but carrying a big risk to make that short-term
5 gain?

6 MR. MACERONI: Basically, if you
7 look at the '05s and the '08s, I think the
8 simplest way to look at it is you're paying 5
9 percent on the '05s. You're going to make that
10 variable at say 1.5 percent interest rate. And
11 then on the '08s, with a variable of 1.5, you're
12 going to make those fixed at 3.5. So instead of
13 going with a fixed rate of 5, you'll now have a
14 fixed rate of 3.5, so that's sort of how it
15 works. But to answer your question, the
16 variable rate exposure actually goes down a few

17 million dollars, or 2 percent, or something to
18 that effect. So, as Karen said, the mix is
19 right where you are now. You're not adding any
20 variable rate.

21 COMMISSIONER ANDRADE: Are there
22 any caps on the variable rates?

23 MR. MACERONI: No. The legal
24 documents do put a cap. It's like 10 percent.
25 Historically, the rates right now are 1 percent.

18

1 Actually, it's like 15 basis points. It's
2 averaged 2 percent over the past 10 years,
3 probably 3 percent over the past 20 years. So
4 there have been, obviously, ups and downs, but
5 there is a cap in your documents that they can't
6 exceed 10 percent.

7 CHAIRMAN MESOLELLA: Anybody else?

8 So we had a motion and second. Further
9 discussion? Hearing none. All of those that
10 are in favor will say aye.

11 THE COMMISSION: Aye.

12 CHAIRMAN MESOLELLA: Are there any
13 opposed?

14 THE COMMISSION: (No response)

15 CHAIRMAN MESOLELLA: There are none

16 opposed, and that motion carries.

17 (MOTION PASSED UNANIMOUSLY)

18 CHAIRMAN MESOLELLA: Commissioner

19 Andrade, does that conclude your report.

20 COMMISSIONER ANDRADE: One more

21 resolution, Mr. Chairman, that is related to the

22 2013:04, that's 2013:05, Authorization to

23 Substitute the Credit Facility For the

24 Conversion of, and the Refunding of All or

25 Portion of the Outstanding Narragansett Bay

19

1 Commission Wastewater System Revenue Bonds, 2008

2 Series A. I move approval.

3 CHAIRMAN MESOLELLA: We have a

4 motion to approve Resolution 2013:05,

5 Authorization to Substitute the Credit Facility.

6 Is there a second?

7 COMMISSIONER MILAS: Second.

8 COMMISSIONER NATHAN: Second.

9 COMMISSIONER MACQUEEN: Second.

10 COMMISSIONER DICHIRO: Second.

11 CHAIRMAN MESOLELLA: Commissioner

12 Nathan, Commissioner Milas, Commissioner

13 MacQueen, Commissioner DiChiro. So this is all

14 part of the same discussion we just had. So is

15 there any further discussion on the matter?

16 Commissioner Worrell?

17 COMMISSIONER WORRELL: How much
18 longer on those '08s?

19 MR. MACERONI: I think the '08s
20 goes to like 2034.

21 COMMISSIONER WORRELL: So they're a
22 lot longer. They're right now, variables?

23 MR. MACERONI: The '08s are
24 variable, correct.

25 CHAIRMAN MESOLELLA: Okay. Are

20

1 there any other comments or questions regarding
2 Resolution 2013:05? Okay. Hearing none. All
3 of those that are in favor will say aye?

4 THE COMMISSION: (No response)

5 CHAIRMAN MESOLELLA: Are there any
6 opposed? There are none opposed, and that
7 motion carries.

8 (MOTION PASSED UNANIMOUSLY)

9 COMMISSION ANDRADE: That concludes
10 the report, Mr. Chairman.

11 CHAIRMAN MESOLELLA: And that
12 concludes the Report of the Finance Committee.
13 The next committees reporting, I don't believe
14 are any personnel? No report. Long-range

15 Planning, there's no report. Rules and Regs,
16 none. We have the report of the Citizens
17 Advisory Committee last week. The Executive
18 Committee did not meet, neither did Ad Hoc
19 Compensation Committee for Internal Ethics.
20 Committee. Legislative Report. Joanne.
21 MS. MACERONI: No formal report,
22 Mr. Chairman, but just to let the Board know
23 that a bill to reduce the quorum was introduced
24 yesterday in the House by Representative Ucci,
25 and it's been assigned to the House Environment

21

1 Committee.

2 CHAIRMAN MESOLELLA: Okay.
3 Counsel, what was the language, did it call for
4 a number or a simple majority?

5 MR. DEANGELIS: Simple majority of
6 the members.

7 CHAIRMAN MESOLELLA: So that would
8 be 10?

9 MR. DEANGELIS: Right.

10 CHAIRMAN MESOLELLA: No further
11 report, Joanne?

12 MS. MACERONI: No, not at this
13 time.

14 CHAIRMAN MESOLELLA: Okay. Thank

15 you, Joanne. The Chairman's Report. No report
16 to speak of. The Projects are moving along very
17 nicely. The labor community is ecstatic about
18 the fact that we seem to be the only agency
19 putting any work on the street for their
20 members. We got a lot of compliments for that,
21 very complimentary comments by everyone
22 regarding our wind turbines and how nice they
23 look, and how well they're performing. You
24 heard the Executive Director talk a little bit
25 about the fact that last month we generated 55

22

1 percent of our internal power and energy
2 requirement with the turbine, which is
3 excellent.

4 So having said that, and the
5 Chairman really doesn't have any report, the
6 next meeting scheduled for the Narragansett Bay
7 Commission Board is March the 12th. If you'd
8 kindly make a note of that. Going back to the
9 Legislative Report. Are we going to get any
10 consideration on that, do you know?

11 MR. DEANGELIS: We asked for
12 immediate consideration, but it went to
13 Committee. It's already assigned to the

14 Committee.

15 CHAIRMAN MESOLELLA: And, that's
16 it. Is there any new business to come before
17 the Commission? Commissioner Burroughs?

18 COMMISSIONER BURROUGHS: Maybe some
19 new old business.

20 CHAIRMAN MESOLELLA: Okay. New old
21 business. A new category.

22 COMMISSIONER BURROUGHS: This
23 Commission has made a major investment in
24 improving the water quality of the bay with the
25 combined sewer overflow project. And I think it

23

1 would be helpful to have an update on where we
2 stand in terms of the overflows that we're now
3 directing to the tunnel, sort of a
4 recapitulation of how much capture we've had in
5 the tunnel, and how that's affected the water
6 quality in the upper bay. That might be a way
7 to take credit for a lot of the work of the
8 Commission.

9 CHAIRMAN MESOLELLA: Do you want to
10 do something among the members of the Board? Do
11 you want a complete report on it on the March
12 meeting?

13 COMMISSIONER BURROUGHS: Well,

14 depending on what the staff advises on, when
15 they, you know, I'd leave it up to the staff.

16 CHAIRMAN MESOLELLA: Well, what
17 time is it now?

18 (Laughter)

19 COMMISSIONER BURROUGHS: Some time
20 before the summer, to answer your question.

21 CHAIRMAN MESOLELLA: All right.
22 Commissioner Nathan?

23 COMMISSIONER NATHAN: Could we, at
24 the next meeting, get an update on Phase II?

25 CHAIRMAN MESOLELLA: Sure. Maybe

24

1 we should be able to have something together for
2 the March meeting.

3 RAY MARSHALL: I think we can.

4 COMMISSIONER BURROUGHS: Well, you
5 can confer with them, privately.

6 RAY MARSHALL: We'll try in March,
7 or even if we -- depending on the length of it,
8 even if we split it between March and April, do
9 one and then the other, whatever, and then
10 you'll be up to date by the end of the year.

11 CHAIRMAN MESOLELLA: Other
12 business. Commissioner Worrell.

13 MR. WORRELL: Another item along
14 those same lines is the Storm Water Utility
15 District Legislation and discussion that's
16 beginning now to go on publicly, I think has,
17 could have a real impact on us, or perhaps
18 better stated, we could have a real impact upon
19 all of those discussions. And I think we ought
20 to be looking pretty carefully at that, and the
21 possibility of doing that on a statewide level.
22 I know that's a huge bite to take, but I think
23 it's a natural bite for us to be looking at.

24 And I think it's something that
25 could preclude, or could short circuit a lot of

25

1 discussion that seems to me to be starting now
2 about the Storm Water Utility District concept,
3 which I'm sure that most of the cities and towns
4 that are looking at it, have absolutely no idea
5 what they're getting into. And it seems to me
6 we ought to have some sort of position, and we
7 ought to be able to give some guidance to the
8 possibility, if that's going to go forward, we
9 ought to have some input on a role, some sort of
10 role that we might play, and I have no idea what
11 that role might be. But, anyway, that's just
12 food for thought, and that's a very real issue,

13 and I'd just like to get people thinking about
14 it.

15 RAY MARSHALL: We have been
16 actively involved in all those discussions,
17 either individually. I had a meeting last
18 spring with the DEM director, and Tom Uva, Tom
19 Brueckner, Paul Nordstrom, Joanne Maceroni, have
20 all been at meetings when that issue is being
21 discussed. And at first it seemed they were
22 going to move a little more aggressively than
23 they appeared to right now. They certainly want
24 to go down that road, the Storm Water Utility
25 District route, but they're not exactly sure

26

1 what that means, and how it would all come
2 together, and whether there would be one, or
3 many. And so we've been there to lend our
4 advice and our experience based upon running
5 this utility, and I think they're beginning to
6 understand that it's not as easy as it sounds.

7 I mean, you can read a couple of
8 papers on it and say, sure, we can do this, but
9 it's a lot more complicated than that,
10 especially considering where everyone is in the
11 process right now. You're right, the cities and

12 towns don't really know what they're getting
13 themselves into, with maybe with a few
14 exceptions. And so we're there to just offer
15 advice and guidance, and to make sure that we're
16 protecting our interest, and that no one
17 volunteers us for anything that this Board isn't
18 ready to have us undertake.

19 So, we are keeping our eye on this.
20 That's a great observation on your part. So
21 we'll keep our ear to the ground. Joanne was at
22 a meeting, I think, it was Monday night. Do you
23 have anything else to add?

24 MS. MACERONI: No. I think that's
25 basically it. There was legislation that was

27

1 passed in 2002 that allows cities and town
2 municipalities to create their own storm water
3 district. So on Monday night Sheila Dormody,
4 who is the Director of the Office of
5 Sustainability was saying that this is something
6 that Mayor Taveras is looking deeply into, and
7 he's going to be contacting mayors in his area,
8 vicinity, rather, to talk about or look at a
9 regional storm water district, but I think
10 that's basically it. Commissioner Nathan, I
11 don't know if you have anything to add to that?

12 COMMISSIONER NATHAN: It's going
13 along slowly. They get inundated with water,
14 and there's some real problems, as far as some
15 of these sewer systems.

16 CHAIRMAN MESOLELLA: After all it's
17 said and done, there will be a lot more said and
18 less done.

19 COMMISSIONER NATHAN: Until after
20 the fact.

21 COMMISSIONER BURROUGHS: Can I
22 quote you on that?

23 CHAIRMAN MESOLELLA: Please. I
24 had, again, not any substantive discussion with
25 the director of the Department of Environmental

28

1 Management on the matter, and except to say that
2 we're happy to lend our advice and counsel to
3 comments. But, when you embark on a process
4 like this, clearly there has to be leadership,
5 someone has to lead the way. Because if you get
6 two people at a table, you're going to get three
7 opinions. Someone has to clearly define what
8 the issues are, and lay out a probable solution.

9 And if NBC would be designated to
10 do that, then we're going to do that. I don't

11 think we want to be a participant among 32
12 others, if you understand my role. We'll either
13 help to take on responsibility, or just lend our
14 -- make comment on somebody's else's program.
15 So the long and short of it, in my opinion is,
16 if we're involved on the periphery, and there's
17 a controversy, you know who's going to get be
18 the butt of the controversy, the Narragansett
19 Bay Commission, especially when it comes to the
20 cost involved in mitigating this problem. It's
21 going to be enormous costs involved in
22 mitigating this problem. We already have our
23 own rate issues right now.

24 So, I think, and this is only the
25 Chairman's opinion, we need to tread very

29

1 lightly on the level of our involvement until
2 it's clear what the program is. I mean, you
3 could ask those questions to Tom Uva, or Tom
4 Brueckner, or any of our staff are happy to say,
5 you know, this is what we think. But if we're
6 going to get involved in some official capacity,
7 I think we need to be very careful. That's the
8 Chairman's opinion. I don't know how other
9 Members of the Board feel. It's going to be a
10 huge economic impact to this in the end.

11 RAY MARSHALL: One thing I'll point
12 out, and it dovetails nicely with what the
13 Chairman just said, is that there are many
14 members of NACWA, the group that we belong to,
15 National Association of Clean Water Agencies,
16 that are responsible for storm water, or have
17 recently taken on that responsibility. I don't
18 think it's an understatement to say that that is
19 universally unpopular with the general public
20 when you start taxing them on storm water on
21 their driveways. That's the way they look at
22 it. I'm not supposed to use the term rain tax,
23 but that's what it's called in a lot of areas in
24 the country, and it's very controversial. I'm
25 not saying that it isn't necessary, I'm just

30

1 saying it is very unpopular for NBC.

2 CHAIRMAN MESOLELLA: I want to make
3 certain that the public at large understands
4 this is not the NBC initiative to create this
5 district and start charging people for rain,
6 taxing them for rain. We should be involved in
7 some way, but I don't think we should be living
8 in the glass house everybody's throwing stones
9 at.

10 I just want to be very careful
11 about that. I just want the Board to understand
12 my attitude on it, and, plus, any decisions that
13 are made are going to be made collectively by
14 this board, but they need to understand what's
15 going on. I don't know if anyone agrees or
16 disagrees with me, but that matter's on the
17 table. What else? There was something I wanted
18 to mention, and I forgot. Oh, if we can take
19 just another minute, I'd like to just mention
20 one thing. Maybe the Members of the Board are
21 aware that the Governor's office was putting a
22 commission together to look at ways to benefit
23 small business. It was like a regulatory
24 review.

25 MS. MACERONI: The governor has

31

1 created the office of regulatory -- I don't know
2 the exact name. I think it's the Office of
3 Regulatory Review. Right now it's staffed by
4 two people. The legislation was passed last
5 year, what the governor has done is contacted
6 all state agencies, boards, and commissions that
7 have regulatory authority.

8 They've asked us to begin looking
9 at our rules and regs to see what we still need,

10 what maybe is outdated, because they're trying
11 to streamline the processes the businesses had
12 to go to, and make Rhode Island a more business
13 friendly state.

14 So that has begun, and, in fact, we
15 were in a chamber luncheon yesterday, and the
16 Chamber of Commerce is going to be sending out
17 questionnaires to all their members to get some
18 feedback from small businesses to see what
19 impact, you know, who's impacting them, and what
20 they would like changed. So there's a big push
21 for that now.

22 CHAIRMAN MESOLELLA: So pursuant to
23 that, actually, prior to that, we had been
24 talking about the ways we can mitigate, impact
25 small business, and maybe Ray can go through a

32

1 little more detail on the surcharges.

2 RAY MARSHALL: Within our rules and
3 regulations, we had one field, it's called BOD
4 and suspended solids, biological oxygen demand,
5 and it was a surcharge that was put on certain
6 discharges it's almost all industrial, of
7 course, or commercial, that had high-strength
8 wastes that were being added to our system.

9 Now, if you go back 30 years ago
10 when the Bay Commission was first formed, that
11 was a problem based upon the state of the
12 facilities here. And over the years we continue
13 to improve our facilities, and now we're adding
14 the biological nutrient removal, as well, many
15 companies, large companies that use the
16 discharge high-strength waste, no longer reside
17 within our district, but there are a number of
18 smaller businesses that do, and we're being hit
19 by this surcharge. So, in our regulatory review
20 process, we had already started looking at
21 whether we really needed the BOD and suspended
22 solids surcharge, because the strength of the
23 waste coming in isn't a problem for us, and as a
24 matter of fact, a little stronger waste would
25 actually help in the biological nutrient removal

33

1 process, adding additional carbon.

2 Dr. Burroughs understands better
3 than I do how that works. And so after
4 consultation with the Chairman, and all of our
5 pretreatment, and our operations people, we
6 decided that we really no longer needed to
7 impose that surcharge, and actually we would
8 encourage it up to a certain point. So we have

9 technically suspended the charge, and then if it
10 becomes a problem down the road, some large
11 users come in, a candy factory, for example,
12 would discharge very high-strength waste, then
13 we could reinstitute it, but right now we've
14 been able to --

15 CHAIRMAN MESOLELLA: And so the
16 long and short of it is, there are a number of
17 small businesses that are in our district, who,
18 believe it or not, the suspension of this
19 surcharge will actually make a difference
20 between them surviving and actually making a
21 profit, and not having to lay people off. It's
22 made an enormous difference for some of the
23 operating businesses in our district, and I'm
24 pretty pleased that we can do our part to
25 mitigate the cost of operations. We have a

34

1 list, right, we generate a list? I know if
2 there's a list of how many businesses. Do you
3 have that? I mean, how many?

4 MS. HARRINGTON: I can get the
5 list. I think there's between 20 and 30.

6 CHAIRMAN MESOLELLA: So there are
7 about 20 to 30 small businesses, and

8 medium-sized businesses in our service area,
9 which are going to have a direct, realize a
10 benefit to the regulatory review process that
11 the staff -- and it's going to hopefully really
12 have a significant impact on their bottom line
13 and employment.

14 COMMISSIONER CAMPBELL: What was
15 the total revenue that came in from this
16 surcharge, any idea?

17 RAY MARSHALL: On an annual basis,
18 I think it was probably just over \$100,000, but
19 I can check that for you. Each of the users
20 were a couple of thousand dollars a year, up to,
21 say, 10 or \$20,000.

22 CHAIRMAN MESOLELLA: We had
23 significant user. It was about 20 or \$30,000 a
24 year, wasn't it, one guy?

25 MS. HARRINGTON: Yes. He was very

35

1 high. He would range anywhere on his quarterly
2 bills between 11,000 and 20,000.

3 CHAIRMAN MESOLELLA: Quarterly?

4 MS. HARRINGTON: Quarterly.

5 CHAIRMAN MESOLELLA: For just that
6 surcharge?

7 MS. HARRINGTON: Right. And he was

8 the only one that was that high, and he was one
9 of the ones in danger of going out of business,
10 leaving the state, and he works with a lot of
11 the Rhode Island small businesses.

12 COMMISSIONER ROTELLA: Is this
13 something we should have Jamie take a look at
14 and give us some publicizing and getting some
15 positive --

16 CHAIRMAN MESOLELLA: Yes, you know
17 that draft for a press release is sitting on my
18 desk. I'm going to get to it today. Yes, thank
19 you. She's already on it. There's a draft
20 that's sitting on my desk, and I'll get it out
21 today. There was somebody else?

22 COMMISSIONER WORRELL: I was
23 curious about the one business that saved itself
24 \$10,000 a quarter. Do we know who that is?

25 CHAIRMAN MESOLELLA: I don't know.

36

1 Can we talk about that or not?

2 RAY MARSHALL: They're a cheese
3 manufacturer.

4 COMMISSIONER WORRELL: Okay. The
5 other ones, generally, what kinds of business
6 are they, do we know?

7 RAY MARSHALL: A lot of it's food
8 products.

9 CHAIRMAN MESOLELLA: All right.
10 That's it. Any other business?

11 COMMISSIONER SALVADORE: I have one
12 item, Mr. Chairman. Are we doing anything, or
13 can we do something about reducing the quorum
14 requirements for this Commission?

15 CHAIRMAN MESOLELLA: The bill is
16 pending in the General Assembly right now. To
17 reduce the quorum to a simple majority, would be
18 ten. It's pending in the General Assembly right
19 now.

20 COMMISSIONER SALVADORE: Thank you.

21 CHAIRMAN MESOLELLA: Further
22 business to come before the Commission?
23 Commissioner Rotella.

24 COMMISSIONER ROTELLA: Move to
25 adjourn.

37

1 COMMISSIONER SALVADORE: We have a
2 motion to adjourn by Commissioner Rotella.

3 MR. MACQUEEN: Second.

4 CHAIRMAN MESOLELLA: Seconded by
5 Commissioner MacQueen. All in favor of
6 adjournment will say aye.

7 THE COMMISSION: Aye.

8 CHAIRMAN MESOLELLA: All of those

9 opposed will say nay. There are none opposed.

10 The motion carries.

11 (MOTION PASSED UNANIMOUSLY)

12 CHAIRMAN MESOLELLA: We are

13 adjourned. Thank you, so much, for coming in

14 today. I really appreciate it.

15 (HEARING CONCLUDED AT 9:24 A.M.)

16

17

18

19

20

21

22

23

24

25

38

1 C-E-R-T-I-F-I-C-A-T-E

2

3 I, PAULA J. CAMPAGNA, CSR, a Notary
4 Public, do hereby certify that the foregoing is a
5 true, accurate, and complete transcript of my
notes taken at the above-entitled hearing.

5

IN WITNESS WHEREOF, I hereunto set my

6 hand this 13th day of February, 2013.

7

8

9

10

11

12

13

14

15

16

17

18

19

20 PAULA J. CAMPAGNA, CSR, NOTARY PUBLIC/CERTIFIED
21 COURT REPORTER

21

MY COMMISSION EXPIRES: April 19, 2014

22

23 IN RE: Narragansett Bay Commission

24 DATE: February 7, 2013

25