STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

NARRAGANSETT BAY COMMISSION

IN RE: NBC MONTHLY BOARD MEETING
OF THE COMMISSION

DATE: May 28, 2014
TIME: 11:00 A.M.
PLACE: Narragansett Bay Commission
Corporate Office Building
One Service Road
Providence, RI 02905

COMMISSIONERS:

Vincent Mesolella, Chairman
Angelo Rotella, Vice Chairman
Raymond Marshall, Executive Director & Secretary
Dr. Richard Burroughs
Bruce Campbell
Mario Carlino
Michael DiChiro
Seth Handy
Paul E. Lemont
John MacQueen
Joan Milas
Al Montanari
Richard Worrell
Joseph Andrade
Robert Andrade
Ronald Leone
Mario Carlino
Joseph DeAngelis, Legal Counsel

1 OTHER ATTENDEES:

2 Jenna Poland, S.D. Barnes School
Sophia Ribezzo, S.D. Barnes School
3 Milana Melvin
Dnate DiGregorio
4 Adriana Sousa
Cassondra Perrotta
5 Maija Spence
Flo Ribezzo
6 Debra Tuckett Ramm
Sandra Perrotta
7 Melissa DiGregorio
Cheryl & Anthony Carnevale
8 Anne Andrade
Deborah Samson, NBC
9 Jamie Samons, NBC
Joe Pratt, Louis Berger Group
10 Walter Palm, NBC
Paul Nordstrom, NBC
11 Vincent Ragosta, Counsel, NBC
Tom Uva, NBC
12 Laurie Horridge, NBC
Jennifer Harrington, NBC
13 Joanne Maceroni, NBC
Art Sheridan, NBC
14 Diane Buerger, NBC
Terry Cote, NBC
15 Tom Brueckner, NBC
Joseph D'Amico, Capital City Insurance
16 Mark Thomas, NBC
Karen Giebink, NBC
17 Sherri Arnold, NBC
Gail Degnan, NBC
18 Shaylyn McCauley, NBC
Harold Gadon, NBC
19 Jacqueline Giroux, NBC
Cheryl A. Pescarino, NBC
20 Leah Foster, NBC
Stephen Lallo, NBC
21 Kerry Britt, NBC
Karen Musumeci, NBC
22

23

(BOARD OF COMMISSIONERS MEETING COMMENCED AT 11:03 A.M.)

CHAIRMAN MESOLELLA: Can I ask that all of our commissioners to take their appointed seats so we can begin the meeting. Good morning, everyone. We will call the Wednesday, May 28, 2014 Board of Commissioners meeting to o order at 11:03.

First order of business is the approval of previous minutes of April 29, 2014. Have all of our members had an opportunity to review the previous minutes, and if so are there any comments, questions or corrections with regard to the previous minutes, on the previous minutes? Comments, questions? In such case, Commissioner Rotella.

COMMISSIONER ROTELLA: Motion to accept the minutes.

CHAIRMAN MESOLELLA: We have a motion to approve the previous minutes.

COMMISIONER CARLINO: Second.

COMMISSIONER MONTANARI: Second.

CHAIRMAN MESOLELLA: Seconded by

Commissioner Carlino, Commissioner Montanari.
All of those that are in favor of approval will

say aye.
BOARD MEMBERS: Aye.
CHAIRMAN MESOLELLA: Are there any opposed?
(SILENCE)
CHAIRMAN MESOLELLA: There are none opposed, and that motion carries.
Okay, Item Number 3, WOON Watershed Student Presentation. Jamie, where are you.
MS. SAMONS: I am here, but I'm not the lady of the hour, that is Cynthia.
CHAIRMAN MESOLELLA: Okay, Cynthia. Cynthia, you have a presentation for us today. Come up, guys, come on up. Are we going to drop the screen?
MS. MORISSETTE: Yes, we're going to drop the screen.
MR. MARSHALL: This is a program that Cynthia runs every year.
CHAIRMAN MESOLELLA: Why don't you guys step over here a little bit so you can see the program, and then we'll call you up to take

23 photographs.

24 MS. MORISSETTE: While we wait for

25 the projector, I'm just going to introduce

1 myself, because I don't think everyone on the

2 board knows me. I'm Cynthia Morissette, I'm the

3 Environmental Education Coordinator here at

4 Narragansett Bay Commission, and the students

5 that are here today are from Sarah Dyer Barnes

6 School in Johnston, Rhode Island. The program

7 that we do with them is a full-year long

8 program, it's completely free of charge, all

9 hands-on activities. We start in September, we

10 end with our big conference which was last

11 Friday, May, and they do all different types of

12 activities from doing water quality testing in

13 their local rivers to see what the health of the

14 bay is, and then also doing some in class

15 lessons once a month that we work with them on.

16 So let me introduce of all of them.

17 This is Cassandra, Adrianna, Maia, Dante, Jenna,

18 Sophia, and Milana. I can't believe I got all

19 right.

20 (APPLAUSE)

21 MS. MORISSETTE: They're fourth

22 grade students. The program is for 2nd through

23 5th grade, and these are 4th grade students.

24 And the other thing I should mention is we try

25 to make sure that we have one school per service

1 area. So we try to service all the areas that

2 we have in our service district, so that at

3 least one school is represented, and they are

4 from Johnston. This is Ms. Ramm, their teacher,

5 and I have been actually working together since

6 the program started back in 2002, so it's been

7 about 12 years. And do you want to say

8 anything, or do you want them to just start?

9 MR. RAMM: I really want the

10 students to speak for themselves, because they

11 certainly learned so from this program, it's

12 definitely brought in so much more science than

13 we could ever have in a regular ed classroom, so

14 I hope that they can certainly speak for the

15 program.

16 CHAIRMAN MESOLELLA: Do you want to

17 bring them up?

18 MS. MORISSETTE: Yes.

19 CHAIRMAN MESOLELLA: Are we going

20 to be seeing a presentation, or just this one

21 slide?

MS. MORISSETTE: Those individual slides will be bigger.

CHAIRMAN MESOLELLA: Okay, who's speaking first, come right over here.

MS. MORISSETTE: Who's doing the first slide, Jenna.

MS. JENNA POLLAN: Dissolved oxygen test results. Dissolved oxygen tests the amounts of oxygen in the water. Dissolved oxygen: Fall results, 2 parts per million, winter results, 2 parts per million.

MR. SOPHIA RIBEZZO: Nitrate and Phosphate Results. Nitrate: This test tells us if there are any nutrients from fertilizer, food, or human/animal waste in the water. The fall results for nitrate were 0 parts per million, the winter results were 5 parts per million.

MS. MAJA SPENCE: Phosphate: This test tells us if there are any nutrients from items such as cleaning products in the water. The fall results for phosphate were 1 part per million, the winter results for phosphate were .5 five parts per million.

MR. DANTE DIGREGORIO: Turbidity

and Fecal Coliform Bacteria Test Results: Turbidity: This is a test of water clarity. Fall results, 0 are jtu, the winter results are also 0 jtu. Fecal Coliform Bacteria: This

tests for the bacteria in the water found from animal and human waste. The fall results are positive, winter results are also positive.

MS. ADRIANA SOUSA: PH Test Results. PH: This is a test for the acids and bases in the water. The fall were 6.5, and the winter results were 7. Analysis of the results of our test indicate that the overall health of the water is fair. Certain animals who could tolerate low levels of pollution could survive in this watershed.

MS. MILAN MELVIN: Macro-Invertebrates Found Pollution Tolerant Levels. Group 1: None. Group 2: Crayfish and scuds. Group 3: Waterstriders, aquatic earthworms, narrow-winged damselfly, leech, and skimmer, dragonfly, non-case making caddisfly larvae. Based on our findings, we find that the water is of a poor quality.

MS. MILAN MELVIN: Reflections of

our NBC work. The think I like best was finding macro-invertebrates at Esmond Park. This helped us see the quality of water. It's definitely going to make me not pollute our watershed. I liked how we learned about the amphibians and

how they help us to learn the quality of water where they are living. The water quality tests helped us to learn what was healthy and not healthy in a watershed. We can help others learn how to keep our watersheds healthy too. The Water Treatment Facility works hard to put healthy water in our bay.

MS. CASSANDRA PERROTTA: Thank you for this amazing experience. Check out our class web-site for NBC activities.

(APPLAUSE)

CHAIRMAN MESOLELLA: Follow me, come right up over here. Cynthia, come on. Ladies, can you get this, can you get it? Do you want to step in the center. Jamie, all set, one more?

(PICTURES BEING TAKEN)

MS. SAMONS: Okay, we're good.

MR. MORISSETTE: One thing I just wanted to mention is, they actually had two

testing sites this year, so we take two field trips; one's in the fall and then again in the springtime. So their fall is what they told you about their water quality testing data, and then in the springtime we go and we do

macro-invertebrate study, so they get to see not only the tests that we do here at NBC to test to see how clean the water is, but also what macro-invertebrates might live there based on the health of the water. And they actually had two different testing sites. One of their testing sites there were some improvements going on, so they tested at Esmond Park and then also Greystone Mill Pond near Johnston, so they actually did a fantastic job.

MR. MARSHALL: Those are our future NBC employees.

CHAIRMAN MESOLELLA: Item Number 4 is Acknowledgment of awards. Commissioner Rotella.

COMMISSIONER ROTELLA: I have the privilege of reading a Resolution of Appreciation:

Whereas Leo Thompson was appointed

by the Governor of the State of Rhode Island to the Board of the Narragansett Bay Commission on January 12, 2006, whereas, he has shown great support for the Narragansett Bay Commission in its mission to play a leadership role in the protection and enhancement of Narragansett Bay

and its tributaries by providing safe and reliable wastewater collection and treatment services to its customers at a reasonable cost, and whereas, he served on the Narragansett Bay Commissions's Long Range Planning, Ad Hoc Internal Ethics, and Construction, Engineering and Operations Committees and has advocated for clean water through a variety of initiatives.

Now therefore be it resolved that the Narragansett Bay Commission shall extend its sincere appreciation to Leo Thompson for his service on behalf of the State of Rhode Island and the ratepayers of the Narragansett Bay Commission.

Presented on this day, May 28, 2014.

(APPLAUSE)

COMMISIONER THOMPSON: There's nothing that I can say that would top that act.

I just wanted to thank my fellow board members for all the support and friendship they've given me, as well as all the employees at Narragansett Bay Commission for the great job they've done. It makes it so much easier for this board. And with that, I thank you all again.

(APPLAUSE)

CHAIRMAN MESOLELLA: I just want to share one story that I had with Leo. This was -- I didn't realize already, it was 2006. So Leo gets appointed by Governor Carcieri, and he calls me, and he said, you know, I've just been appointed to the the Bay Commission, you're the chair. I'd like to have a meeting with you. I said, that would be fine. When is convenient for you? He said, well, how about 3:00 today? I said, well, okay, if it's 3:00 today, it's 3:00, if that's what you want, 3:00 today. So we agreed to meet at the Marriott Hotel on Orms Street. And as usually, he was very punctual, 3:00 he's there, and I completely forget about the meeting, very important meeting. I completely forget about the meeting. So about 3:30 the phone rings. Ah, this is Leo Thomson.

19 I'm here at the Marriott. I'm wondering are you
20 intending to show up. Yes, of course, I'll be
21 right there. And my office is only right around
22 the corner. So I said I'll be there in just
23 five minutes. I said, you know, what a way to
24 start a relationship. I completely forget about
25 the meeting, you're a half hour late. And I

1 think I'm going to get a roost, and I said, oh,
2 man. So I put on my sorry face, walk in very
3 keep sheepishly, and he's sitting there, having
4 a cup of coffee. I sit down, introduce each
5 other, and we start to talk about the Bay
6 Commission, about Save the Bay, and some of the
7 public relations aspects of Narraganset Bay
8 Commission. The cell phone rings -- his. It's
9 your wife. Who else. And he's going, yes, yes,
10 yes, loaf of bread, one pound of salami, she
11 wants capicola, you want the provolone. And I
12 said, Leo Thompson, provolone, salami, capicola,
13 like he was brought up in Sicily. I said, I'm
14 sorry, I have to ask, sound like you've been
15 around this for a while. Well, I'm from Silver
16 Lake. And it's been a great relationship ever
17 since. And I want to thank you, Leo, for your
18 time and efforts on this board. I really

19 appreciate all you have done.

20 MR. THOMPSON: I thank you for the

21 privilege of working on this board.

22 CHAIRMAN MESOLELLA: Thank you,

23 thank you, thank you, very much.

24 (APPLAUSE)

25 (PICTURES BEING TAKEN)

1 (APPLAUSE)

2 CHAIRMAN MESOLELLA: Thank you,

3 very much. Okay. All right, next award is the

4 GFOA Budget Award. Okay, Ray.

5 MR. MARSHALL: Okay, the Government

6 Finance Office Association has an award program

7 for budget documents that organizations put

8 together. And for like 12 or 13 years running

9 we now have won that award, and you heard, for

10 those of you who were here a little earlier,

11 heard the preliminary budget presentation, the

12 full budget presentation will come in June that

13 we'll need your approval on, but I'd like Karen

14 Giebink, Sherri Arnold, Shaylyn McCauley and

15 Gail Degnan to come up and acknowledge this

16 award.

17 (APPLAUSE)

MR. MARSHALL: You probably heard this morning on the budget is the culmination of a lot of hard work which begins at the end of August and continues right through June, when it comes to you for approval. So it's a long, long process and requires a lot of very attentive work by the staff you just recognized. The next award also from the Government Finance Office

Association is the Excellent Financial Reporting. And this award is a reflection of all the great audits that we get every year, where we have no management letters and the auditors always praise our systems and our controls and the way we present all our financials to the outside world. And responsible for that, and I'd like them to come up here, Leah Foster, Cheryl Pescarino, Robin Simoes, Jackie Giroux and Patty Pinelli.

(APPLAUSE)

CHAIRMAN MESOLELLA: All right, how about that. Thank you for all your hard work, thank you, very much. Is that it?

MR. MARSHALL: That's it. Now, it's the chair. We need their approval on Resolution 2014:15, the Clean Water Finance

Agency Agreement.

MR. CHAIRMAN: Yeah, that's in my report. Okay. The next item is Item Number 5, which is the Chairman's Report which is Review and Approval of Resolution 2014:15. It's a Recommendation of Agreement between the Rhode Island Clean Water Finance Agency and the Narragansett Bay Commission. Joe, you may

recall that --

MR. MARSHALL: It was back, I think, at the December meeting.

CHAIRMAN MESOLELLA: At the December meeting I alerted the Board to the fact that we were in discussion with the Rhode Island Clean Water Finance Agency over several issues regarding the appropriate amount of dollars that would be appropriated for many grants to the Narragansett Bay Commission. We asserted that there were statutory requirement that were not being abided by, as well as the fact that it has cost Narragansett Bay Commission several millions of dollars by not having received funding for projects that we would otherwise would had been qualified for. So as a result of

17 that, and after many months of negotiations and
18 discussions with counsel Joe D'Angelis and Karen
19 Giebink and Lori Horridge, and myself, and the
20 Executive Director, we did reach an agreement
21 which we believe is fair and equitable, the
22 particulars of which the Executive Director
23 would like to share.
24 MR. MARSHALL: I would like Lori to
25 go over it because she's the one who labored so

1 hard over it.
2 MS. HORRIDGE: In short, with the
3 help of Joe and Karen and Vin taking a lead, we
4 have essentially secured rate Ray, actually,
5 this is Ray's idea -- we secured 50 percent for
6 the next eight years, 50 percent of all the
7 Clean Water SRS funding will come to NBC, and it
8 hadn't been that way for years prior.
9 We have agreed to disagree as to
10 whether or not the existing statute that we say
11 mandates that we get 50 percent, and they say
12 does not mandate that, we've agreed to disagree
13 about that, but for the next eight-year period
14 which will hopefully get us to the end of Phase
15 III, or not. I don't know where we'll really be
16 at that point, but at least for the next eight

17 years we've secured that 50 percent loan
18 capacity from Clean Water. In addition, one of
19 the other issues was future refunding. They've
20 agreed to a shared savings program where we'll
21 receive 25 percent of any refunding benefits
22 that they get. I mean, there's a lot of
23 administrative housekeeping things that they've
24 agreed to, as well, a lot of more transparency.
25 We want to see a lot more information that Karen

1 and her group needs to be able to go forward and
2 figure out how we budget ourselves, and we've
3 gotten a lot of those things in the agreement.
4 The agreement has not been signed by them or us
5 at this point, but it will be signed after this
6 meeting, after the Board approves it, hopefully,
7 and they will be looking for the approval from
8 their board on that agreement on June 16.
9 CHAIRMAN MESOLELLA: So one last
10 thing, and just so you know what it means in
11 dollars and cents for Narragansett Bay
12 Commission. Karen's here, right. I see her in
13 the back. Karen, what do you expect that this
14 would be saving the Narragansett Bay Commission
15 in interest cost savings?

16 MS. GIEBINK: I don't have it off
17 the top of my head.
18 MR. HORRIDGE: If I can, for
19 example, we were originally supposed to get our
20 last loan with them, we're supposed to get $25
21 million, and already, we've received $45
22 million. So, in other words, we almost doubled
23 what we had coming to us. And that actually is
24 before the agreement is even signed, but in good
25 faith since that was our agreement, they already

1 honored that, so that gives you an idea of the
2 type of money that we're talking about.
3 MR. HANDY: How does the interest
4 rate compare to the interest rate on the open
5 market?
6 MS. HORRIDGE: That Karen can
7 answer.
8 MS. GIEBINK: That's one-third off
9 the market rate.
10 CHAIRMAN MESOLELLA: It's one-third
11 off the market rate, but I think it's pretty
12 safe to say we're going to save several millions
13 of dollars in interest cost savings throughout
14 the course of the Phase III program. It's very,
15 very significant. So having said that, do any

16 of our commissioners have any questions with
17 regard to Resolution 2014-15?
18 (NO RESPONSE)
19 CHAIRMAN MESOLELLA: Okay, the
20 Chair makes a motion that we approve that
21 resolution, and a second, seconded by
22 Commissioner Milas, Commissioner Leone,
23 Commissioner Worrell and Commissioner Kimball,
24 and Commissioner Rotella. Further discussion?
25 Is there any further discussion on this matter?

1 Ray, anything you care to add?
2 MR. MARSHALL: No, Mr. Chairman.
3 CHAIRMAN MESOLELLA: In such case,
4 all of those that are in favor will say aye.
5 BOARD MEMBERS: Aye.
6 CHAIRMAN MESOLELLA: Are there any
7 opposed?
8 (SILENCE)
9 CHAIRMAN MESOLELLA: There are none
10 opposed, and the motion carries.
11 Moving right along to -- well,
12 there's no further committee report except,
13 hopefully, the next photograph we take as a
14 Board will be when this building across the

street is complete. For those of you who don't know, this has been about, I don't know, where's Tom Uva. He's been tracking me on this, about a 15-year program.

MR. UVA: At least 15 years.

CHAIRMAN MESOLELLA: Yeah, I think discussions began when Buddy Cianci was mayor about acquiring the former dog pound, and the drive right in front of our Administration Building. And you were around, Angelo, and this discussion's been ongoing for 15 years. I'm

proud and pleased that finally we got the show on the ground. What's the completion date, Ray?

MR. MARSHALL: The fall of 2015.

CHAIRMAN MESOLELLA: So we'll look forward to the, there's a ribbon cutting, and that's something I'm going to be very proud of, so we're looking forward to that day. Other than that, that completes the Chairman's Report. We can move on to other business.

Item Number 6 is Committee Reports and Action Items Resulting. The first committee reporting would then be the Construction/Engineering and Operations Committee. Commissioner Macqueen, you have a

report for us today?

MR. MACQUEEN: Yes, we have three, Mr. Chairman. The first one was review and approval of Resolution 2014:08; Approval of Fiscal Year 2016-2020 Capital Improvement Program. Ray?

MR. MARSHALL: The Capital Improvement plan that we develop every year comes to you at this time for approval. At the CEO Committee we did not have the presentation made. We figured we would do it once before the

full Board. So Karen, who are you having do that?

MS. GIEBINK: Shaylyn McCauley and Sherri Arnold.

MR. MARSHALL: Can you two come up and sit here. I imagine you want to drop the screen, or not? No. Everyone should have a copy of the CIP. Okay, ready?

MS. MCCAULEY: Yeah. Good morning, we'd like to present NBC's Capital Improvement Program, known as the CIP, for fiscal year 2016, through 2020, which I referred to as the window. On Page 1, it lists the project total that falls

14 within the window equaling $401.3 million. Page
15 3, the CIP identifies the program's capital
16 investment, primarily comply with current and
17 future regulatory requirements. The project's
18 schedules and costs in the CIP has been
19 developed by NBC's Engineering and Construction
20 staff. This year's CIP identifies a total of 71
21 projects that are either in progress, to be
22 initiated or to be completed during the window.
23 And you can see in the table below
24 FY 15 costs are estimated to be $66.2 million.
25 The window is estimated at $401.3, for a total

1 of $467.5 million. The following page explains
2 the development of the CIP. The CIP drives
3 NBC's long-term financing requirements.
4 Projects included in the CIP are analyzed to
5 assess major program changes, capital funding
6 needs, the connection to NBC's strategic plan,
7 and are given a priority ranking of either A, B
8 or C. A rankings are the most critical, and
9 either mandated or currently under construction.
10 These represent 89 percent of the projects in
11 the window, and total $315.3 million, 4 percent
12 or $17.8 million of the projects identified had
13 a B ranking, which includes projects that are

imperative to NCB's ongoing operations.

Finally, projects given a C ranking are important, but not critical to ongoing operations and represent approximately 6 percent or $25.3 million. Page 5, this goes over program assumptions and projects by strategic objective. The cost estimates in the CIP are based on a number of assumptions. Costs and cash flows are based on engineering estimates, and maybe modified upon receipt of bids. NBC does not include the expenses for the acquisition or replacement of long-term asset or

debt service. These are explained and identifies NBC's annual operating budget. The chart on the bottom of the page illustrates the percentage of capital projects by strategic objective. Of the 71 projects, 27 percent are related to the RIPDES Permit and the Consent Agreement with DEM, for example, the CSO facilities, while 26 percent are to minimize NBC's impact to the environment in a cost effective manner, like the solar energy at Bucklin Point. The graph on the following page, this shows capital expenditures by project

13 phase. Large construction projects are broken
14 down into three phases; planning, design and
15 construction. Construction handles facility
16 improvements and the actual construction of
17 infrastructure, and these represent 89.9 percent
18 or $360.5 million. Design makes up 9.3 percent
19 of costs or $37.4 million, and these include the
20 development of the plans, specification, and the
21 acquisition of easements and permits. Page 7,
22 you'll see a chart of NBC's eight functional
23 areas. Of the $403 million in the expenditures
24 during the window, $334.4 or 83 percent are
25 related to the design and construction of CSO

1 Phase III facilities. Twenty-eight point one
2 million or 7 percent is for treatment facility
3 improvements, and $13.6 million or 4 percent is
4 for the completion of the CSO Phase II
5 facilities. And the table on page 8, this
6 compares the functional area costs between this
7 year's CIP and the last. The most significant
8 change is due to the shift in the window. The
9 largest increase is 64.4 percent for the CSO
10 Phase III facilities. And the most significant
11 decrease is 78 percent due to the completion and
12 near completion of various years CSO Phase II

13 contract. Overall there's a 25.2 percent
14 increase in program expenditures for the current
15 CIP. And for planning purposes, expenditures
16 are classified into cost categories. The pie
17 graph shows that construction, it reflects
18 contractor and outside management costs, and
19 this makes up $265 million or 66 percent, and
20 any professional services includes costs for
21 architectural engineering related to planning or
22 design represent $68.1 million or 17 percent.
23 Page 9, there are five significant capital
24 improvement projects in this year' CIP. The
25 Phase II Facilities, the nitrogen removal at

1 Field's Point and Bucklin Point and reevaluation
2 design of Phase III, along with the regulatory
3 compliance building. Costs for these five
4 projects would total $356.5 million or 89
5 percent represented in the table and graph on
6 that page. Page 10 through 13 goes into more
7 detail about significant projects. Page 10
8 talks about the CSO Phase II facilities.
9 Construction is approximately 82 percent
10 complete and estimated $196.2 million. The
11 construction cost for the window are

12 approximately $13.6 million or 3 percent of
13 total costs. Page 11, this goes over Projects
14 308, Phase III facilities, and in January of
15 2014 NBC initiated the design with our
16 reevaluation program. This will determine the
17 level of improvement and water quality for the
18 first two phases and investigate the most
19 cost-effective approach going forward. It
20 represents approximately $34.4 million in the
21 window while predesign estimates for
22 construction costs represent approximately three
23 hundred million or 75 percent. The total
24 predesign estimate for Phase III is $604.7
25 million. And next we have the nitrogen removal

1 at Field's Point and Bucklin Point.
2 Construction at Field's Point has been declared
3 substantially complete while testing conducted
4 during the year. The facilities were
5 transferred to NBC for operation effective May
6 31st of 2013, and the construction cost estimate
7 for Bucklin Point is $43 million, and
8 approximately 91 percent complete. The plans
9 are required to meet RIDEM permit limit of five
10 milligrams per liter in July of 2014. Page 12,
11 the renewable energy project in the CIP are both

12 happening at Bucklin Point; first being the
13 solar energy projects. NBC's currently
14 investigating the feasibility of installing
15 solar energy cells. Solar energy is clean, it's
16 reliable and economical. If it's well
17 maintained, the panels could produce energy for
18 more than 25 years.
19 The proposed solar energy system
20 would cover approximately 8.8 acreage at Bucklin
21 point, and estimated to generate approximately
22 15.9 percent of electrical needs. Secondly, is
23 the Bucklin Point biogas reuse. At Bucklin
24 Point NBC will use a reciprocating engine to
25 generate both electricity and heat energy using

1 biogas for within the treatment facility.
2 Estimated construction is approximately $5.6
3 million, and the bottom half of page 13, we
4 begin going over the CIP program changes
5 starting with completed projects. Nine projects
6 were completed in
7 FY 14, totalling $25.8 million. Of the nine 28
8 percent were related to design phases of various
9 projects. The largest completed design was the
10 nitrogen removal at Bucklin Point at $3.4

11 million or 13 percent. The remaining 72 percent
12 was construction related with the largest
13 completed contract being the Field Point wind
14 turbine at $14.8 million or 57 percent. Page 14
15 talks about the new 13 capital projects in this
16 year's CIP at a cost of $13.8 million. A few
17 examples are project 128, solar energy project
18 at Bucklin Point, and project 129 which is the
19 planning design and construction modifications
20 to vacated lab building, sections the old
21 Operations Building for the new Regulatory
22 Compliance Building construction start. And
23 then page 15 covers the funding. NBC is
24 authorized to issue debt to finance its CIP and
25 maximizes borrowing needs from the Rhode Island

1 Clean Water Finance agency.
2 Page 16 this lists the project
3 locations by their functional area, and there's
4 a legend key that ties into the map on page 17,
5 and this highlights the 23 different project
6 locations throughout the service area. Pages 18
7 through 20 go over the impact of the CIP on the
8 operating budget. Although the CIP's primary
9 impact on the operating budget is debt service,
10 seven projects will directly impact operating

11 costs once in use. Page 19, the first graph
12 shows the percentage of CIP's impact by element
13 of operating expense for fiscal year 2015. The
14 majority or 60 percent is related to utilities
15 for the Nitrogen Removal Facilities and
16 Increased Chemical cost represent 36 percent of
17 the expense mainly from the Fields Point
18 Nitrogen Removal. In the second graph, this is
19 of the CIP impacts on operating budget during
20 the window. The majority of costs relate to the
21 Fields Point nitrogen removal, but are offset by
22 the Renewable Energy Project. And the final
23 chart on page 20 for fiscal year 2020, CIP
24 impacts that project. Costs for the completed
25 facility is $967,000 or 2.4 percent of the

1 operating budget. And now if you please, well
2 turn the page to the next tab. This goes over
3 the two-page summary. It's a total of the
4 capital project costs for all the projects
5 identified in the CIP, and also lists their
6 project's priority. And the tabs that follow,
7 these are all the CIP detail sheets broken into
8 their functional categories. And for an example
9 of the detailed sheet, if you please turn to the

Interceptor Cleaning and Repair tab, and go to page 74. Well, when you're there, this is the detail sheet for project 30459C, Improvements to Interceptors for Fiscal years 2016-2020. The top of the page lists the project manager, the contractor, if any, the location, project priority, as well as the project duration and costs. The mid page is the summary of the projects along with a photo, and the bottom breaks down costs by phase and fiscal year, as well as any operating impacts the project may have. And lastly, on pages 75 and 76, this is the overall design and construction schedule for the CIP colored coded by phases. And this concludes the CIP presentation for fiscal year 2015. Any questions?

MR. MARSHALL: One thing I'd like to point out is that this is a planning document, so any project you see in this document that Shay has just touched upon, all these projects will come back to you for additional approvals at planning or design or construction as appropriate. So we're asking for your approval of this document, but it is only a planning document. We're not asking you

for a specific approval of each and every project of each and every phase. Those will all come back to you over the next several years.

CHAIRMAN MESOLELLA: Commissioner Carlino?

MR. CARLINO: On page 3, the cost, is that all in today's dollars, or is it inflated like when you go out to fiscal year '16, '17 and '18, is it inflated by an inflation factor, or is that all in today's dollars?

MS. ARNOLD: These costs are provided by the engineers, so I guess depending on the specific projects, it would depend on the ENRI Index. On page --

MR. MARSHALL: Tom, do you have any --

MR. BRUECKNER: Generally, those are today's dollars, but there is some. We use the costs from previously projects to do the estimates, and then we estimate a little bit extra for going forward, but we don't use the ENRI. It's strictly an estimate before we get into the preplanning phase.

MR. CARLINO: Okay, it is done as

9 today. And just one last question just on the
10 priority. Is there a method that you use for
11 priority. And when I say a method, like at
12 National Grid we spend a billion dollars a year.
13 We have what is called a risk score methodology
14 where we look at the impact if we didn't do the
15 project, and the likelihood of something
16 occurring if we didn't do the project. So
17 there's a method that we use. Do we have one or
18 is it more based on what the needs we have or
19 past history?
20 MR. BRUECKNER: As Shay mentioned
21 the three priorities A and B and C, so most of
22 them will are the A, they're mandated projects
23 required by EPA or DEM --- for it is something
24 that is critical to the operation of the plant
25 that has to be done.

1 CHAIRMAN MESOLELLA: Commissioner
2 Handy.
3 MR. HANDY: I'm just interested if
4 as a result of our work on the Phase III
5 planning, we change the scope of that project.
6 Do we have to go back an amend this plan? I
7 mean, how binding is this in terms of changes to
8 projects go, or even new projects that come up?

MR. MARSHALL: That's an excellent point and a point I was going to make. Thank you for bringing it up. If you look at the very first page where there's a $401 million dollar line item there, the bottom line. Phase III is penciled in if you look along the column, about half way down, $334 million dollars. That's based upon what is approved today, not only the facilities, but also the timeline. So as Phase III reassessment unfolds, this could change dramatically. If you take that $334 million out, by the way, the CIP drops down to $67 million dollars. That's not to say that Phase III will ever be zero, but it could be much smaller in the first several years. This could look dramatically different next year.

MR. HANDY: So is this a moving

document where you come back every year to approve amendments?

MR. MARSHALL: Yes.

CHAIRMAN MESOLELLA: So as Ray said earlier, it really is a planning document, how we precede things to be moving over the next five years. And next year at about this time,

8 we'll have another document that will talk about
9 what we've done, what part, what portion we've
10 implemented this document. What priorities have
11 changed so it's as you would suggest a moving
12 target.
13 MR. HANDY: So it's a lot more firm
14 for this year than it is --
15 MS. ARNOLD: In Finance we put
16 these numbers into the long-term financing model
17 to be able to forecast what future debt service
18 may be and those impacts, so every year this
19 planning document gets updated.
20 CHAIRMAN MESOLELLA: Commissioner
21 Worrell.
22 MR. WORRELL: On the assumption
23 that we make changes with the Phase III, which
24 hopefully we're going to be making changes, how
25 responsive is the bonding process, how much lead

1 time to we need for changing our bonding
2 requirements? Does that factor in, or is that
3 just a none, don't worry about it?
4 MR. MARSHALL: No, I think it
5 factors in, but, you know, I mean the bonding
6 really, it becomes a much bigger issue when
7 we're talking about the construction portion of

these projects as opposed to planning and design which are much smaller. So I think we've always found that we've had enough lead time in order to put in place the proper financing through a Clean Water Finance or through the open market.

MR. WORRELL: So it's not an issue then?

MR. MARSHALL: No.

CHAIRMAN MESOLELLA: Commission Burroughs.

MR. BURROUGHS: As you know, I'm suffering from sticker shock over Phase III and trying to figure out procedurally how we as a board will come to the deliberations that might result in the change of what is here. And as I understand it, now there's a lot of work being done by the staff, by a stakeholders group, which I'm pleased to have listened in on. What

do you anticipate when the Board will be able to make its comments on Phase III?

CHAIRMAN MESOLELLA: Can you repeat that, commissioner?

MR. BURROUGHS: So we've got in the CIP an indication that the design stage, if I

7 heard correctly, started in January of 2013.
8 That we're spending around $39 million dollars
9 in design over the next five years if we proceed
10 with the tunnel; is that correct?
11 CHAIRMAN MESOLELLA: Yes.
12 MR. BURROUGHS: So now I'm trying
13 to figure out when we will have enough
14 information from the staff and the stakeholders
15 process so that if members of the board want to
16 weigh in, how do we do that?
17 CHAIRMAN MESOLELLA: Okay, well, I
18 have my answer, I don't know if the executive
19 director wants one. Okay, there's a couple of
20 things because that's a pretty broad question.
21 The first thing is we're going through the
22 stakeholder process, as you know. The other
23 thing is we're having through MWH is now doing a
24 reevaluation of the conceptual plan and that
25 report is due --

1 MR. MARSHALL: At the end of the
2 year.
3 CHAIRMAN MESOLELLA: At the end of
4 the year. So I think what we might do is take
5 under consideration everything that comes out of
6 the stakeholder process, take a look at any

7 comments with regard to the reevaluation of the
8 conceptual plan. And in addition to that, I
9 suppose I should go into the saga and leave it
10 for other business, but I notice several of the
11 commissioners might leave early, so I wanted to
12 get through the full action items. But the
13 Executive Director, myself, and Laurie Horridge
14 have had a meeting with the Department of
15 Environmental Management regarding the
16 implications of the stormwater program. And
17 we've been trying to figure out where we fit
18 into this process of stormwater and we know it's
19 going to be a very costly program. But you may
20 recall that MWH made a presentation to the board
21 when they were acquainting themselves with the
22 board and our process, and they mention this
23 program they're involved called integrated
24 planning. And to the extent that we could
25 involve the integrating process into some storm

1 water considerations within our own Phase III
2 program, we should do that. And as a result of
3 that, we met with DEM when we introduced DEM
4 into this integrated planning process to see how
5 we might mitigate some to stormwater issues

which are present today, and I think what we concluded from that was possibly we revisiting the scope of services provided by MWH and have them take into consideration first and foremost green solutions, the stormwater problem and other future stormwater problems additionally within our district, right?

MR. MARSHALL: Yes.

CHAIRMAN MESOLELLA: And then perhaps with discussions with DEM taking a much broader view of the stormwater program statewide. So that's a roundabout way of saying, I don't know what this is going to cost, but we will revisit it, and the board will have an opportunity at some point to weigh in on these recommendations.

MR. MARSHALL: I would say later in this calendar year, after you come back from summer break, October, November, December, that time period, we'll probably have MWH back in, so

we'll bring you up to date where they are in the process, they'll let you know what the stakeholders are saying, and then they'll start to develop a couple of recommendations for Phase III. The board will need to weigh in on that.

Of course, once we agree on a plan on how we want to move forward with Phase III because of integrated planning, affordability, whatever the issue is, then we would submit that to DEM and they would have to review it and approve the change in Phase III, which could be the same facility, it's just push them out 15 years. It could be completely different, but all we spent money on for Phase III, by the way, is the reevaluation. That's all we spent money on so far.

MR. BURROUGHS: So in the design phase, we're actually doing planning work, or not committed by that the way the CIP is written.

MR. MARSHALL: There is no design money shown in this CIP because it is intended to span the fiscal year all the way out to 20/20. So at that point '16, '17, '18 is when all this design would occur, and then we'd be

flipping over to construction assuming nothing changes, which I think we will see some changes, which we'll revise this document and it would look much different a year or two from now.

MR. BURROUGHS: So I guess the fork in the road we're at now is whether we do the planning for Phase III as a separate entity, or whether we do the planning for Phase III as a part of the integrated planning process, is that fair?

CHAIRMAN MESOLELLA: Well, if I understand your question, I think that's fair. And what came out of this meeting was that while we're planning Phase III, while we're looking at evaluating it. And we should also take into consideration what the impacts are on the stormwater where no consideration had been given because DEM was basically leading the parade on that, and I was a little concerned about getting involved because of the cost implications. But to the extent that we can resolve, we're hoping, we don't know that, to the extent that we can resolve within the confines of our own district some of the stormwater issues in a environmentally green -- that's the buzz word, I

guess, in a green fashion, that we should do that. It may mitigate some impacts to us in the long-term, so, yeah, I think that's pretty safe to say.

MR. WORRELL: Thank you. Speaking about the green solutions and the integrated planning, Tom, who at the last meeting gave a presentation where he talked about what a wonderful job we've done with Phases 1 and halfway through Phase II, but pointed out that we still had a very serious bacterial load coming into the bay as a result of stormwater, which we didn't pay much attention to anyway when we were designing Phase I and Phase II, but given the needs to design for stormwater that we now are aware of going forward, it seems to me that we should really be paying attention to this stormwater issue and the integrative planning issue, and hopefully DEM is going to be in the same mind. As you pointed out Mr. Chairman, that it's going to be the most costly thing we've ever laid our eyes on, but it's very real.

CHAIRMAN MESOLELLA: It is real. And you know, when we went to DEM, we gave the

presentation and presented this integrated planning process. During the course of the meeting, it becomes clear that there are many

agendas at the table, and even within the department there are several different agendas. Who's concerned about flooding, who's concerned about bacterial loading into the bay. What issue are we going to be addressing? Are we addressing flooding, are we addressing nonpoint source? It is a very, very broad category of issues that we need to deal with, so hopefully we'll get started on it, we stepped out, we stepped out front. And by the way, 10, 12 years ago, Narragansett Bay Commission, this board, lead the way by commissioning the first nonpoint source pollution study long before it was fashionable to be talking about, you know, what's happening with the stormwater and the bacteria loading. We were way ahead of the curb, and who did that study for us?

MR. MARSHALL: I actually don't remember.

CHAIRMAN MESOLELLA: It was 12 or 15 years ago we stepped out front of this issue. Commissioner Handy.

MR. HANDY: So as we talk about cost associated with Phase III and the stormwater issue, we're also, as I recall,

4 bumping up against rate issues, right? Our
5 rates are capped and we're having issues. So
6 some of this implementation of the capital
7 improvement program will depend on some rate
8 relief; isn't that correct?
9 MR. MARSHALL: Yes.
10 MR. HANDY: So that's another
11 overhanging issue?
12 CHAIRMAN MESOLELLA: It's always
13 the issue.
14 MR. HANDY: Is that something that
15 we are pursue the NBC in current proceeding, or
16 is that something that we need to pursued in the
17 future?
18 MR. MARSHALL: That will have to be
19 pursued in the future. We would have to first
20 convince DEM and EPA that we have hit the
21 affordability limits as they're currently
22 defined 2 percent of median household income.
23 MR. HANDY: So that needs to be
24 part of this conversation, as well?
25 CHAIRMAN MESOLELLA: Absolutely has

1 to be part of this. While I've been very
2 gingerly approaching this issue with DEM because

I don't think, and I don't mean this in any derogatory way, I don't think that they have any idea how much this is going to cost. I mean, they were talking three or four dollars per user?

MR. MARSHALL: Yes, per user, per month.

CHAIRMAN MESOLELLA: We don't think that will cover even administrative cost, never mind any physical alteration.

MR. HANDY: Even without those, we have a capital improvement program that we're looking at right now that's going to require rate relief without the stormwater.

CHAIRMAN MESOLELLA: Absolutely, so hopefully within this capital improvement program and I guess what I'm getting at is hopefully within this capital improvement program we're going to address at least some of the stormwater issues through new design and green technology. That's what I'm hoping.

MR. HANDY: Hopefully, that can help us reduce some of the capital cost that

we're looking at.

CHAIRMAN MESOLELLA: Right. So,

where was I?

MR. MARSHALL: We would like approval of Resolution 2014:08.

CHAIRMAN MESOLELLA: That's correct, that's correct. So we heard our explanation on the capital improvement planning program FY 2016 through 2020. Do any of our commissioners have any questions with regards to the Capital Improvement Program? I guess not. All of those -- we have a motion to approve by Commissioner Rotella, we have a second by Commissioner Carlino, Commisioner Worrell? Further discussion?

(SILENCE)

CHAIRMAN MESOLELLA: Hearing none. All of those that are in favor will say aye.

BOARD MEMBERS: Aye.

CHAIRMAN MESOLELLA: Are there any opposed?

(SILENCE).

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

MR. MARSHALL: I think Commissioner

MacQueen now will do the next two items for CEO

Committee.

COMMISSIONER MACQUEEN: Thank you.

MR. MARSHALL: This is a contract that we put out to bid back in April. We received the bids on May 7. There were two of them. The purpose of this contract is to clean out a very large interceptor that is 78 inches in diameter. It is just downstream of the Providence River siphon, so we had authorized the firm to inspect the siphon, as well as the downstream interceptor. We expected a normal amount of flushing and cleaning and TVing, but what they found when they went to go look at this 78 inch interceptor which connects to the siphon, is that it is really a chockfull of grit and rags, and other debris, and can't even be inspected because it's so laden with that material. So the only way to get in there is to have a specialty company to come in and clean that pipe out. This is above and beyond what we normally see in our interceptors. Of the two firms, National Water Main does a lot of the work for us, but it's more light duty type work. And this, we thought would require a large

national firm who's had a lot of experience, and

that is actually who was the low bidder, Pipe & Plant Solution, Incorporated. They're out of San Francisco, California. Their bid was $349,490. We have evaluated their bid. We think it's a fair bid, and it's under the engineer's estimate of $500,000. We've checked their resumé, we've called their prior clients, and all the recommendations are positive. And so, with that, we ask your approval of resolution 2014:13, Authority to award this contract to Pipe & Plant Solutions, Incorporated for an amount to not exceed $349,490 subject to approval of their NBC and EEO plans with the Department of Administration.

CHAIRMAN MESOLELLA: Okay, that concludes the Executive Director's explanation of Resolution 2014:13. Are there any questions? Are there any questions, comments?

(SILENCE)

CHAIRMAN MESOLELLA: Hearing none. All of those that are in approval of Resolution 2014:13 will say aye.

BOARD MEMBERS: Aye.

MR. DICHIRO: BLANK: I make a

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motion, Mr. Chairman, for approval of 2014:13.

CHAIRMAN MESOLELLA: We have a motion.

MR. ANDRADE: Second.

CHAIRMAN MESOLELLA: And a second from Commissioner Andrade. Further discussion?

(SILENCE)

CHAIRMAN MESOLELLA: Hearing none. All of those that are in favor of Resolution 2014:13 will say aye. Are there any opposed?

(SILENCE)

CHAIRMAN MESOLELLA: There are none opposed and the motion carries. Further report, Commissioner Macqueen.

MR. MACQUEEN: Review and Approval of Resolution 2014:14, Authorization to Amend Agreement 09.809-00IS with Optimation. Ray?

MR. MARSHALL: Yes, sir. Back in September of '09, we had reached the point where we used to take our two computer control systems which came from different sources, one at Bucklin Point, one at Fields Point, and to integrate them into one cohesive system, so they were similar in look, feel, and operating approaches, so that as we moved into the future

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with all our planned upgrades, we'd be a more efficient operation. We acquired some new software from this company Wonderware. That's the actual software package. Optimation is the company that was hired through an RFQP process to come in to install the Wonderware system and to take all of the feed, all the information from the plant, into the control system so that the operators sitting at the main control system at either plan can make the changes and adjustments that need to be made. Obviously, this has taken a quite awhile to pull together. As I mentioned, we started in about late 2009. And over the years, the project has expanded and become more complicated, or more complicated than what was originally envisioned. Optimation came in in 2012 and asked for a 306,000 dollar change order, which at that time staff didn't think was warranted, and Optimation continued the work, finished the project to our satisfaction, even though the delivery date has been very late. At this point we're very satisfied with the final product, and they approached us again, Optimation, they approached staff, about an adjustment to their fee. And

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after several months of negotiation, our staff has concluded that what would be reasonable is to increase their compensation by $173,140 to finalize this project. In the end, great results. It is late, but we are happy with the way it now functions and allows our operation staff to efficiently control the multimillion dollar treatment processes which went into place at both plants. So we request your approval of Resolution of 2014:14.

CHAIRMAN MESOLELLA: Commissioner Macqueen moves approval. Resolution 2014:14, seconded by Commissioner Montanari, Commissioner Worrell -- and Commissioner Worrell, as well. Is there further discussion on this resolution?

(SILENCE)

CHAIRMAN MESOLELLA: Further discussion?

(SILENCE)

CHAIRMAN MESOLELLA: Hearing none. All of those that are in favor of passage of Resolution 2014:14 will say aye.

BOARD MEMBERS: Aye.

CHAIRMAN MESOLELLA: Are there any opposed?

(SILENCE)

CHAIRMAN MESOLELLA: There are none opposed, and the motion carries. Further business, Commissioner Macqueen?

MR. MACQUEEN: No, that's all I have.

CHAIRMAN MESOLELLA: Thank you, very much. The next committee reporting is the Personal Committee. Commissioner Campbell, do you have a report for us today?

MR. CAMPBELL: Yes. I'd like to recommend that the board enter into executive session pursuant to 42.46.5 A2 to discuss the potential action regarding the proposed Collective Bargaining Agreement and contingent health care matters with NBC's respective unions.

CHAIRMAN MESOLELLA: Okay, I'll make the motion to move into executive session, seconded by Commissioner Kimball. Okay. All in favor of going into executive session will say aye.

BOARD MEMBERS: Aye.

CHAIRMAN MESOLELLA: Any opposed?

(SILENCE)

CHAIRMAN MESOLELLA: None opposed, the motion carries.

(OPEN SESSION COMMENCED AT 12:50 P.M.)

CHAIRMAN MESOLELLA: We are now back in open session.

Long Range Planning, there is no report, Rules and Regulations, there is not report. Citizens Advisory Group, there is no report today, is there.

MS. SAMONS: Harold had to leave, but he did leave his comments.

CHAIRMAN MESOLELLA: To be read or just for the record? Comments will be left for the record. Ad Hoc Compensation Committee, no report; Ad Hoc Committee Internal Ethics Committee, no report; Executive Committee did not meet, no report; Legislative Report there is none; New Business to come before the commission, no new business.

MS. HARRINGTON: Mr. Chairman, if you please vote to seal the minutes and the vote of the closed session now that you're outside the closed session, that would be great.

CHAIRMAN MESOLELLA: That would be on other business, I assume?

MS. MCCAULEY: That's perfect.

CHAIRMAN MESOLELLA: Under other business, we would now move to provide the minutes of the executive session be sealed.

MR. DICHIRO: I move.

CHAIRMAN MESOLELLA: So seconded by Commissioner Dichiro and Commissioner Kimball. All in favor of keeping the minutes of the executive session sealed will say aye.

BOARD MEMBERS: Aye.

CHAIRMAN MESOLELLA: Are there any opposed?

(SILENCE)

CHAIRMAN MESOLELLA: There are none opposed, the motion carries. Is there any other business?

(SILENCE)

CHAIRMAN MESOLELLA: We're going to adjourn before 1:00. Commissioner Rotella.

MR. ROTELLA: Motion to adjourn, please.

CHAIRMAN MESOLELLA: We have a motion to adjourn, seconded by Commissioner DiChiro, Commissioner Leone and Commissioner MacQueen. All in favor of adjournment will say

aye.

BOARD MEMBERS: Aye.

CHAIRMAN MESOLELLA: Any opposed?

(SILENCE)

CHAIRMAN MESOLELLA: None opposed and the motion carries. And we are adjourned. And for all of you who did not have lunch, please take a moment now and enjoy your lunch. Thank you coming today. It was such a long meeting today. We accomplished a lot today. Thank you, very much.

(HEARING CONCLUDED AT 1:00 P.M.)

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

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

IN WITNESS WHEREOF, I hereunto set my hand this 13th day of June, 2014.

_____

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

MY COMMISSION EXPIRES: April 25, 2018

IN RE: NBC Monthly Board Meeting of the Commission

DATE: May 28, 2014

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