

1 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

2 NARRAGANSETT BAY COMMISSION

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6 IN RE: BOARD OF COMMISSIONERS MEETING

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DATE: September 29, 2015

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TIME: 11:00 A.M.

PLACE: Narragansett Bay Commission

12

Corporate Office Building

13

One Service Road

14

Providence, RI 02905

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COMMISSIONERS:

17

Vincent Meselella, NBC Chairman

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Robert Andrade

Bruce Campbell

19

Dr. Richard Burroughs

Michelle DeRoche

20

Michael DiChiro, Esquire

Jonathan Farnum

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Seth Handy, Esquire

Joseph Kimball

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John MacQueen

Richard Worrell

23

Paul Lemont, Esquire

Joan Milas

24

Al Montanari

1 ALSO ATTENDING:

2 Raymond Marshall, NBC Executive Director
3 Joseph DeAngelis, Esquire-Legal Counsel for the
4 Board

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OTHER ATTENDEES:

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Karen Giebink, NBC

7 Joanne Maceroni, NBC

Laurie Horridge, Esquire, NBC

8 Jennifer Harrington, Esquire, NBC

Thomas Uva, NBC

9 Harold Gadon, CAC

Leah Foster, NBC

10 Cecille Antonelli, NBC

Katherine Kohm, Esquire, Pierce Atwood LLP

11 John E. Bulman, Esquire, Pierce Atwood LLP

Diane Buerger, NBC

12 Paul Nordstrom, NBC

Kyle J. Connors, Hague, Sahady & Co., P.C.

13 David Pratt Ward, The Angell Pension Group, Inc.

Gail Degnan, NBC

14 Sherri Arnold, NBC

Talia Girard, NBC

15 Leo Blais, CAC

Linda George, Senate Policy

16 Jean Lynch, CAC

Mike Stuard, NBC

17 Tom Brueckner, NBC

Kerry Britt, NBC

18 Deborah Samson, NBC

Rich Bernier, NBC

19 Karen Musumeci, NBC

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1 (MEETING COMMENCED AT 11:08 A.M.)

2 CHAIRMAN MESOLELLA: Recognizing
3 the quorum. We'll call to order the Board of
4 Narragansett Bay Commission Board of
5 Commissioners, September 29, 2015 at 11:08 a.m.

6 I hope everyone had a great summer,
7 enjoyable summer. Now we're back to work. So,
8 first order of business today is the Approval of
9 the Previous Minutes of June 23, 2015. Have all
10 of our members had an opportunity to review the
11 minutes, and if so, are there any comments or
12 corrections regarding the previous minutes,
13 anyone?

14 COMMISSIONER LEMONT: Move
15 approval.

16 COMMISSIONER HANDY: Second.

17 CHAIRMAN MESOLELLA: We had a
18 motion from Commissioner Lemont to approve the
19 previous minutes, seconded by Commissioner
20 Handy. Discussion? Hearing none. All of those
21 that are in favor will say aye. Any opposed?
22 None opposed, and that motion carries.

23 (UNANIMOUS VOTE)

24 The next order of business, as I
25 understand, is a lengthy Executive Directors

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1 Report. Mr. Secretary, do you have a report?

2 MR. MARSHALL: I have a lengthy
3 one.

4 CHAIRMAN MESOLELLA: Okay, proceed,
5 proceed.

6 MR. MARSHALL: We've been away from
7 each other for a long time, so I want to make
8 sure I bring you up to date with all that's been
9 happening.

10 CHAIRMAN MESOLELLA: All right.

11 MR. MARSHALL: With plant
12 operations which you're following along on your
13 iPad or whatever. I can give you the page
14 references. This happens to start on page 2.
15 The flows to the plant, of course, have been
16 very low because of all of the dry weather we've
17 had. I'll probably regret saying at that as of
18 tomorrow about this time.

19 In any event, flows have been down
20 significantly, but the plant performance has
21 been exceptional. We're getting low single
22 digits for suspended solids and BODs which are

23 our traditional parameters that they know that
24 we've monitored. And our numbers for nitrogen
25 have been really good. So .3 for Nitrogen at

6

1 Field's Point. It needs to be at 5, 4.6 at
2 Bucklin Point. So things have gone really well
3 at the plants, overall throughout the course of
4 the summer. Those are August numbers, by the
5 way. We have had two significant weather events
6 that caused problems for us. So one on August
7 4th. That's the one that blew through Cranston
8 and Warwick and wreaked havoc down there.

9 I have a friend who still has holes
10 in his roof that lives in Governor Francis Farms
11 that they haven't been able to get around to
12 repair it yet. They have so much work to do
13 down in that neck of the woods. Also on August
14 15th there was a big lightening storm. But what
15 happened, I'll just give you a few quick items.

16 On August 15th at Field's Point,
17 there was some significant lightening strikes
18 around the plant which caused several pieces of
19 equipment to fail. But we were able to restart
20 all the equipment, and it was just one of those
21 momentary things where trips things out and
22 Operations had to go around and restart

23 everything in order to get the process back in
24 operation. We only had one damaged unit. It
25 was the circuit board which we've already

7

1 replaced. But Field's Point, other than that,
2 made out pretty well. I'll get to what happened
3 with the turbines in a few minutes. But on
4 August 4th down at Bucklin Point, National
5 Grid's power went down. Our emergency generator
6 turned on, and it was about 6:25 in the morning
7 -- at 7:44, excuse me. The emergency generator
8 shut down due to a field voltage regulator, and
9 as a result without power either from the grid
10 or from our emergency generator.

11 We did have an overflow through the
12 north diversion structure of 1.67 MGD. And
13 within a period of time, about an hour,
14 Operation's staff was able to get the generator
15 restarted by working around the voltage
16 regulator and normal operations resumed.

17 However, as a result of that
18 incident on August 4th, we did receive a letter
19 from DEM which is a Notice of Intent, and
20 they're referring that situation to their
21 Compliance Office for formal action. We'll see

22 what happens with that. We are preparing a
23 response. Certainly, the circumstances
24 surrounding that weather event was significant
25 and dramatic and we'll make it as part of our

8

1 appeal. Our emergency generator was ready and
2 able to start and it did run, but you can't
3 account for everything and then the voltage
4 regulator just quit seemingly out of nowhere.
5 There's no way we can predict that. That's when
6 we encountered the problem.

7 In addition, in that letter
8 received from DEM they also referenced the event
9 that happened last October, October 6th and 7th
10 there was a backup, there was a blockage in a
11 Pawtucket sewer City of Pawtucket sewer. That
12 backed up within their system. It relieved
13 itself through our CSO Overflow Number 203 and
14 about 1.5 million gallons of overflow went into
15 the Blackstone River at that point. Even though
16 the problem occurred in Pawtucket, in the
17 Pawtucket system, they've also been sited, by
18 the way.

19 Its point of relief was our
20 overflow point. So they also included that in
21 the letter. So we're preparing our explanation,

22 our defense and we'll keep you posted on how all
23 that plays out. I think that it's important to
24 know how all these things sort of work in
25 conjunction. And when you look, that is

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1 everything we do across the Board, when you look
2 at the August 4th situation where the Bucklin
3 Point generator failed after running for a
4 period of time, we had that overflow through our
5 sampling program what we were able to do is
6 we're able to accumulate data which we sent to
7 DEM that allowed them to open the shellfish beds
8 four and a half days earlier than they would
9 have normally.

10 So when the event occurred they
11 said, okay, the shellfish beds are shut down for
12 seven days based on the data that EMDA collects
13 and the lab analyzes and we'll report that to
14 DEM. As soon as we get it, they were able to
15 open up the shellfishing beds four and a half
16 days early.

17 So there's the silver lining in
18 that very unfortunate event. Also on August 4th
19 we had, because of the power tripping out and
20 being able to get around to turn all the pumps

21 back on, we also had an overflow of sewage in
22 Ernest Street, a very small amount. But the
23 Interceptor Maintenance Crew was out there and
24 had it cleaned up by noontime. So we had a lot
25 of activity on August 4th and 15th. Other than

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1 that it was a fairly quiet summer. The turbines
2 were also impacted by the August 4th storm but
3 they worked as designed and as expected. The
4 winds were virtually nonexistent around 5:30
5 a.m. because the turbines weren't even spinning
6 it's been reported to me.

7 And then, of course within a very
8 short period of time the winds picked up
9 significantly and they picked up in such a
10 manner that the turbines sensed that there was
11 something wrong, so they immediately shut
12 themselves down. They started spinning. They
13 detected a high increase in the wind velocity in
14 a very short period of time and they turned
15 themselves off to protect, you know, all their
16 workings.

17 And once the storm moved through,
18 which it did very quickly as you might recall,
19 within 15 minutes of that happening, the
20 turbines were up and spinning again, you know,

21 and generating power. So the turbines made out
22 well during the storm. Everything that is
23 designed into that system worked as expected and
24 as hoped for. Summer winds have been light.
25 And so in August we only produced 29 percent of

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1 the power we need at the Field's Point Treatment
2 Plant, and in July it was only 24 percent. But
3 we're still running around 46 percent for the
4 year. So as we move into the fall and the
5 winter we expect that production will pick back
6 up as it has in each year that we've been
7 running the turbines.

8 Also, as it relates to the
9 turbines, we passed out some pictures which you
10 might find interesting here. There are drain
11 poles in the very tip of the blades and the
12 turbine A is the one that just behind the tip of
13 the blades and that drain hole was plugged, so
14 we're getting like a whistling sound. So
15 there's a crew that comes in and will do any
16 maintenance on your blades that's needed. So
17 what they did they showed up with their crew.
18 The chairman volunteered to don the proper
19 equipment and get up there on the blade. He did

20 a great job.

21 The other thing that was done is on
22 turbine C, they inspected all the blades on the
23 ground and on turbine C which is the one
24 furthest to the north as you come down the
25 street, there was some wear on the leading edge

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1 of the blade, so they also did some work on that
2 to repair the fiberglass epoxy coating, you
3 know, was starting to wear from all the
4 different weather that it sees so they also
5 repaired that. They were in here for about two
6 days as I recall, and even though some people
7 might choose to do this for a living, you
8 couldn't pay me enough.

9 CHAIRMAN MESOLELLA: There's only a
10 select few of us that you know.

11 MR. MARSHALL: I'll go into a
12 tunnel, but I'm not going up on a --

13 CHAIRMAN MESOLELLA: I have the
14 intestinal fortitude to actually do that.

15 COMMISSIONER ANDRADE: Was it
16 turning when you were up there still?

17 CHAIRMAN MESOLELLA: For a while
18 they were.

19 MR. MARSHALL: But I thought you

20 might find those pictures interesting. They'll
21 probably be the highlight of my report, by the
22 way. As far as the blowers at Field's Point
23 goes, I want to keep you up to date on what's
24 happening across the street. We have one month
25 to go in the nitrogen season, and all nine turbo

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1 blowers are running at this point in time.

2 We've had a few problems over the
3 summer for various reasons, but the suppliers
4 Top Coat or Nuros have stepped up and provided
5 spare parts and even pair units to make sure
6 that we had everything we need to keep meeting
7 permit. It does speak to the uncertainty or the
8 unreliability of this technology and the reason
9 why we're changing over to the more traditional
10 technology. And on the short term, those two
11 new traditional blowers have arrived on site and
12 are being installed by a contractor. We're
13 doing all of this under the Emergency
14 procurement processes, of course.

15 Once those are in place, it'll
16 probably be November before we start them up,
17 but the existing system has to last for probably
18 another three and a half years before we get the

19 new long-term solution in place, which will be
20 the more traditional blower technologies which
21 we'll be able to use the turbo blowers as a
22 supplement as opposed to our baseline airflow.

23 But so far so good this year. You
24 know, I do focus on the nitrogen season which is
25 May 1 to October 31st, but in fact, we have to

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1 worry about this all year-round, because the
2 other six months of the year we still also have
3 to meet our BOD and suspended solids removal and
4 we couldn't afford to be without many of the
5 turbo blowers in order to do that. Right now
6 we're in much better shape than we were a year
7 ago, so that is the update on that and the good
8 news. In the engineering section which starts
9 on page 18 if you're following along. Phase III
10 of the CSO program the revised plan that you
11 approved is into DEM for review.

12 We haven't really had any
13 significant response from DEM. Up to this point
14 a few minor questions, but they're nothing more
15 than that. Even our engineering group is still
16 working on the biogas project at Bucklin Point,
17 working with National Grid to make sure that
18 they're all set with what we proposed. They

19 have neither confirmed nor denied that they want
20 more information or more equipment, and it's all
21 part of the impact study that has to be done.
22 And we're also working with Rhode Island DEM on
23 an air permit, and that is in the expedited
24 permit process. And they say it might be ready
25 by next spring, that is the permit. They've

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1 also, in engineering Tom Brueckner along with
2 Commissioner MacQueen went out and met with the
3 mayor of Cumberland and discussed the work that
4 we need to do in the Abbott Valley Interceptor
5 easements, and then we will follow up with the
6 Blackstone Valley Interceptor easements making
7 those accessible to our crews. Just in case
8 there's a problem that occurs, we have to be
9 able to access those manholes that are located
10 in the easements and they've been overgrown for
11 several years.

12 So before we go out there and start
13 cutting brush, or whatever, we want to make sure
14 that we have all the proper easements. All of
15 these we inherited from the Blackstone Valley
16 District Commission, by the way. And I guess it
17 was a good meeting. The mayor was very

18 receptive to what we're proposing. On the
19 Moshassuck Valley Interceptor replacement work,
20 there's an action item for you today.

21 We have to do a little bit of
22 rerouting of the pipe. The city's planning on
23 building a new high school in the Higginson
24 Field area which would impact the routing of the
25 existing interceptor, so seeing as we're going

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1 to be replacing it anyway, we just found out
2 about this, by the way, we will route it around
3 where they're intending to locate the building
4 and avoid that conflict. Construction has been
5 relatively quiet compared to the past decade.
6 The new lab building is now moving along nicely.
7 You probably noticed as you drove in a lot of
8 the masonry work is done, and they started to do
9 a lot of the site work, city curbs, et cetera.

10 And they still is plenty to do internally on the
11 building, as well as some exterior finishes.

12 The painted surfaces you see up
13 there, that is not the final color so don't
14 worry. The Chairman has picked out some nice
15 finishes that will go on the building in the
16 next few months. And Phase II, we're working on
17 the punch list items on several of the

18 construction contracts, that includes paving and
19 landscaping and addressing any other issues that
20 are lingering from that work.

21 In A & F which starts on page 26 in
22 my report, the FY 16 Budget is running slightly
23 lower than projected, about 80 percent. And
24 we're spending less capital than we have
25 projected. The lab buildings are a little bit

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1 behind because of that initial concrete problem
2 and the ending of Phase II is coming a little
3 slower than we expected, but we got the
4 necessary backing, all the money is there.
5 We've undergone several very large audits, two
6 on our Defined Benefit Plan, one for 2014, one
7 for 2015. And then the annual financial audit
8 for 2015 will be before you today at the Finance
9 Committee meeting. The billings are going well.
10 We billed 8.4 million in August, 8.5 million in
11 July. And in the first two months this year, we
12 collected 16.74 million dollars.

13 Policy Planning & Regulation which
14 starts on page 35. The staff has been involved
15 in some interesting undertakings. On August
16 3rd, there was a workshop on hurricane

17 resilience the Long Range Planning for the Port
18 of Providence it was based on a research project
19 that's being done by two URI professors, one
20 Austin Becker and one Richard Burroughs.

21 And there was some excellent
22 graphics during that presentation. And as part
23 of that workshop, most notably, the effects of a
24 21-foot tidal surge hitting the port area are
25 not pretty. Fortunately, many of our facilities

18

1 are above that tidal surge, but it does
2 demonstrate the fact that we need to start
3 paying attention to a few other areas at the
4 plant that need to be bolstered in order to
5 avoid being inundated by bay water, should that
6 type of a situation ever occur. But the
7 bio-reactors for all the nitrogen removal tanks
8 placed are above the flood elevation, so very
9 important and very helpful information to us.

10 And over the next several months to a year we
11 really need to start a study which will look at
12 both treatment plants to see what we need to do
13 to deal with this what many people think are an
14 eventuality.

15 On August 5th we had the workshop
16 just another day on the upper bay. Several of

17 the commissioners attended. It went over very,
18 very well. People were impressed with both the
19 content of the information, as well as the, you
20 know, the nature of the presentations. I want
21 to thank the staff and the EMDA, the lab and
22 engineering for putting on a great program. And
23 then the other thing that we made a lot of
24 progress on this summer is the bay model that
25 was developed that has been developed by Chris

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1 Kincaid of the URI GSO Program. And he has some
2 new information that you might be interested in.
3 We'll try to schedule that for one of the next
4 two meetings. Then we'll give you an update on
5 exactly what new information he has uncovered.
6 Water quality monitoring was robust during the
7 summer months and continues to be, and it allows
8 us to assist the public in having better access
9 to shellfishing and the beaches because the
10 information that we generate usually allows the
11 DEM to open up both of those opportunities
12 earlier than what the standard shutdown period
13 calls for.

14 And in Executive, the NACWA
15 Conference which is held in July, many of you

16 attended that. It was well received. The folks
17 that came from throughout the country were very
18 impressed with the city and the state and the
19 events that we sponsored, including Water Fire.
20 And many of them have expressed an interest in
21 coming back. I encourage them to do so and to
22 let us know when they're going to be in town.
23 So that worked out really well. And as a result
24 of that, we had several very substantial
25 articles on how improved water quality in the

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1 day has been, and a good deal of that
2 improvement is a result of the work that we have
3 done here that you have all supported through
4 the CSO Program, as well as the nitrogen
5 removal. We have a lien sale planned for
6 October 22nd, and that sale is one that we
7 conduct twice a year. We started out with 183
8 accounts amounting to about \$350,000. There's
9 93 accounts left, so we cut that number in half
10 and the amount that remains to be collected is
11 just about \$180,000. So that process is well
12 underway. The Chairman might want to mention in
13 his report later on that we've begun a
14 succession planning initiative at his request,
15 and he can get into that a little more with you

16 when it's time for him to give his report or at
17 whatever point in the meeting he decides to give
18 it.

19 Finally, I want to let you know
20 that Rhode Island Clean Water Finance Agency,
21 their name has been changed to the Rhode Island
22 Infrastructure Bank. So if you hear us start
23 talking about that, that's what that's all
24 about. And you remember that Vin asked for a
25 meeting with those folks a couple of years ago.

21

1 And on January 1st, 2014, we signed an agreement
2 with them as to how we would work together and
3 what funding we would have available to us over
4 the next several years. And we received a
5 letter from the Rhode Island Infrastructure Bank
6 that gave us a five-year projection on how much
7 money they are going to borrow and how much of
8 that will be ours to spend on the many projects
9 that we still have to accomplish. So that was a
10 great result of that agreement, as well as there
11 was a refinancing clause in there that Vin
12 negotiated, and basically what it said was that
13 if they refinance debt we will receive a benefit
14 from that equal to our share of the debt that

15 was financed, so they just did some refinancing
16 and our savings is \$732,000.

17 So combined with the refinancing we
18 did ourselves over the last year we've saved
19 about \$10.8 million dollars through our
20 refinancing in last 12 months. So, finally I'm
21 done, and if you have any questions I'll be
22 happy to answer those.

23 CHAIRMAN MESOLELLA: I have a
24 question. Do you think I should get a raise for
25 negotiating that money?

22

1 MR. MARSHALL: I think the
2 Compensation Committee ought to meet.

3 COMMISSIONER ROTELLA: Mr.
4 Chairman, you did get a raise.

5 CHAIRMAN MESOLELLA: I did. That
6 was a good deal for us. We did really well with
7 that. And I thank Ray and Karen Giebink and Joe
8 DeAngelis, our counsel, played a role in
9 mitigating the what I will refer to as our
10 relationship with the Infrastructure Bank now.
11 It was great. It turned out to be a great thing
12 for NBC. All right. Moving on. Committee
13 Reports and Action Item -- oh, sorry. Comments,
14 questions regarding the Executive Director's

15 Report? Okay. By the way, I'm sorry, Laurie.
16 On that agreement, it was very, very helpful as
17 well. It was a great team effort. So,
18 Committee Reports. First Committee reporting is
19 the Construction Engineering & Operations
20 Committee. Commissioner MacQueen, do you have a
21 report?

22 COMMISSIONER MACQUEEN: We have
23 one, Mr. Chairman. Review and Approval of
24 Resolution 2015:19, Authorization to Increase
25 the Amount of the Agreement of Engineering

23

1 Design Services For Contract 12:304.44D,
2 Relocation/Repair of the Central Falls Branch of
3 the Moshassuck Valley Interceptor. Ray.

4 MR. MARSHALL: I'll just get right
5 to the bottom line here. As I mentioned in my
6 report where the Moshassuck Valley Interceptor
7 is located is near Higginson Field. The City of
8 Central Falls now has a plan to relocate their
9 high school to that parcel. If they do that as
10 shown on their preliminary plan, it will be
11 right over the top of this interceptor which
12 we're relocating and replacing anyway. So what
13 we want to do is relocate our pipe about, about

14 244 feet of our pipe to go around the edge of
15 this parcel so it will not be under their
16 building when and if they build it, and we think
17 it's a prudent thing to do in order to avoid a
18 big problem several years down the road. So we
19 ask your approval of 2015:19 in the amount of
20 \$35,701. That's for the design.

21 CHAIRMAN MESOLELLA: Motion by
22 Commissioner MacQueen, seconded by Commissioner
23 Montanari. Discussion on the motion? Further
24 discussion on the motion? Hearing none. All of
25 those that are in favor will say aye. Are there

24

1 any opposed? There are none opposed and the
2 motion carries. Commissioner MacQueen.

3 COMMISSIONER MACQUEEN: That's all
4 I have.

5 CHAIRMAN MESOLELLA: No further
6 report. The next committee reporting is Finance
7 Committee. Commissioner Andrade, do you have a
8 report?

9 COMMISSIONER ANDRADE: Yes,
10 Mr. Chairman.

11 CHAIRMAN MESOLELLA: Proceed.

12 COMMISSIONER ANDRADE: This morning
13 the Finance Committee took up two resolutions

14 jointly which would be Resolution 2015:20 and
15 2015:21; Authorization to Approve and Accept the
16 Narragansett Bay Commission Non-Union Defined
17 Benefit Plan Financial Report for Fiscal Year
18 June 30, 2014 and 2015 respectively. There was
19 excellent discussion, lots of questions and
20 great presentation, and I'll move approval.

21 CHAIRMAN MESOLELLA: Commissioner
22 Andrade moves approval of Resolution 2015:20;
23 Authorization to Approve and Accept the
24 Narragansett Bay Commission Non-Union Defined
25 Pension Plan Report, seconded by Commissioner

25

1 MacQueen and Commissioner Kimball. Discussion?
2 Questions regarding Resolution 2015:20?

3 COMMISSIONER ANDRADE: Just a
4 question. Do you want them both together?

5 CHAIRMAN MESOLELLA: Well, we have
6 a motion and a second. Let's proceed with this
7 motion. All in favor of approval say aye. Any
8 opposed? None opposed. The motion carries.
9 Proceed with item --

10 COMMISSIONER ANDRADE: Okay, I'd
11 like to make a motion to approve Resolution
12 2015:21 which is the Authorization to Approve

13 and Accept Narragansett Bay Commission Nonunion
14 Defined Benefit Plan Financial Report for Fiscal
15 Year Ending June 30, 2015.

16 COMMISSIONER KIMBALL: Second.

17 COMMISSIONER FARNUM: Second.

18 CHAIRMAN MESOLELLA: Motion made by

19 Commissioner Andrade, seconded by Commissioner

20 Farnum and Commissioner Kimball, I believe,

21 right? Discussion? Further discussion?

22 Hearing none. All of those that are in favor of

23 approval of Resolution 2015:21 will say aye.

24 Are there any opposed? There are none opposed

25 and the motion carries. On Item C, Commissioner

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1 Andrade.

2 COMMISSIONER ANDRADE: That did not

3 come before the Committee because of the time,

4 so I'd like to have whoever's going to present

5 that now, Ray or Karen.

6 MR. MARSHALL: Karen or Leah, do

7 you want to come up the table, please. Kyle

8 Connors the lead auditor with Hague and Shady

9 will be making the presentation.

10 CHAIRMAN MESOLELLA: Does the

11 Commission want to go through the document? Do

12 you want to hear the highlights? How would you

13 like to proceed on this? Do you want to go
14 through the document, do you want to go through
15 the document, highlights, highlights?

16 MR. CONNORS: Highlights sound
17 good. I won't bore you too much today. So this
18 is the Certified Annual Financial Report as of
19 June 30, 2015. And I want to point out a few
20 things. Page 13, we're going to skip ahead and
21 then come back a little bit. Page 13 is our
22 audit report just like we saw in the defined
23 benefit financial statement report. It shows
24 management responsibility hours and this also if
25 you read through will state that the financial

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1 statements and the notes are shown in accordance
2 with the GAP, so there's no issues with regard
3 to an unqualified report. It's a very clean
4 report. I also want to point out that generally
5 going into a client we'll provide them with a
6 management letter report which is a list of
7 recommendations, ways to improve internal
8 controls ways to improve segregation of duties.
9 We don't have anything to report available for
10 that today because the internal controls over
11 your financial reporting and accounting are very

12 strong. So that is the testament to the Finance
13 and Accounting Department. They take a lot of
14 pride in their internal control so we don't have
15 a report on that today.

16 Pages 1 through 8 are the
17 Transmittal Letter which is a required portion
18 of the CAFR it's going to show CAFR which is
19 what we have in front of us today, CAFR. It's
20 good information. It talks about the profile of
21 the Commission. It talks about the economy and
22 what lies ahead in the future. So this is put
23 together by management and is a very nice piece
24 of information if you want to read through. I
25 want to highlight page 9. This is a certificate

28

1 that the Commissioner received. I don't know
2 how many years in a row. I assume a lot because
3 the financial report here is excellent so it's a
4 nice pat on the back for the Commission.
5 Something you guys should be really proud of.
6 Not everybody receives that. After the auditors
7 report is the Management Discussion and Analysis
8 starting on page 16.

9 This is sort of similar to the
10 transmittal letter, but it really focuses on the
11 financial highlights. It's a financial

12 narrative of the financial statements and notes
13 that we'll talk about. This isn't something
14 that we give an opinion on, it's provided by
15 management. But I think they do a really nice
16 job of breaking down some of the important
17 aspects of the finances of the Commission. So
18 it's a good read for you if you're interested.

19 But skipping on to what we look at
20 as auditors, page 24, this is the balance sheet.
21 I think one of the biggest differences is we
22 already talked about in the Finance Subcommittee
23 is the new GASBY 67 and 68 which show the
24 long-term pension liability. And I think one of
25 the commissioners was wondering -- I think it

29

1 was the Chairman -- how that's going to be shown
2 on the balance sheet. And if you look on page
3 25 under noncurrent liabilities, you're going to
4 see that \$50 million dollar figure we talked
5 about which is the state pension liability as
6 well as the \$4.8 million dollars right
7 underneath it which is the nonunion defined
8 benefit liability.

9 So that's how these two amounts get
10 carried into the balance sheet. You'll also see

11 the deferred outclose and deferred inclose that
12 we spoke about and how they effect the financial
13 statements as well. On the bottom of page 25 is
14 the net position and as of June 30, 2015, the
15 Commission is showing an unrestricted net
16 position of 76 and a half million dollars, which
17 basically says that you're in a good financial
18 position, something to be happy about.

19 It's a strong financial position,
20 especially bringing the two liabilities onto the
21 books. You still have a good amount set aside
22 and your unrestricted is important. Page 26 is
23 the Income Statement, if you will. This shows
24 the net position restatement of the \$28 million
25 dollars for the -- that is the liability for the

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1 state and the nonunion pension as of June 30,
2 '14. So rather than stick it all on the books
3 this year as a 20 million expense, we restate
4 last year and we just show the current year
5 activity. You also had a nice turn back of
6 almost \$20 million dollars just based on
7 operations.

8 I'll try to give you some of the
9 more important highlights as we go through here.
10 Page 38 and 39, this is now the notes portion of

11 the Financial Statements. The Executive
12 Director was talking about a couple of bonds
13 that had been refunded and how that was going to
14 save, I think it saved just over \$10 million
15 dollars, just over \$10 million dollars.

16 So page 38 you'll see two of the
17 revenue bonds being refunded. The last two
18 bonds on that page, and there's a nice narrative
19 on page 39 that the accounting department put
20 together. It gives you some more information on
21 how they were refunded when they want financial
22 information kind at that issues some more
23 information on how they were refunded, when they
24 were, and the financial information associated
25 with that refunding. On page 40, the bottom of

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1 page 40 talks about the restatement that we've
2 gone over due to GASBY 68, but here you can see
3 we're actually adjusting the fund balance as of
4 July 1, 2014. On Page 41, this is almost the
5 same exact note as we saw in our Defined Benefit
6 Plan Financial Statement Report.

7 So I won't bore you too much on the
8 details of that other than to say page 44 has a
9 little bit more information on the State plan

10 because what we went over was the non union
11 defined benefit plan, this is the union State
12 plan which shows the discount rate of 7 and a
13 half percent which differs a little from the non
14 union which was 6 percent.

15 And, you know, the biggest
16 difference, I assume, is really just where the
17 assets are held with what financial institution
18 because the State is going to be different from
19 the Commission. So once again you can see the
20 impact that an increase or a decrease in the
21 discount rate would have on that \$15 million
22 dollar liability. If we move on, I'm going to
23 pass over some of the notes unless you want me
24 to go through them of what we talked about with
25 the non union defined benefit plan. I don't

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1 want to bore you twice with the same
2 information. Page 55, talks about the
3 subsequent events. And this is any changes that
4 occurred subsequent to 6/30/2015. So after what
5 we were reporting on but some items that we
6 still wanted to bring to your attention.

7 The two most notable changes.
8 Because the state is one year behind with their
9 pension plan, they actually provided some

10 information changes to their pension plan after
11 6/30/14 because next year is when they'll be
12 reporting their 63015 liability, so they had a
13 few changes to their plan in here. And also
14 important to note, I'm sure you're all well
15 aware. There was a pool loan that was closed on
16 July 30, 2015 in the amount of just under \$42
17 million, so we wanted to bring that to your
18 attention, too.

19 The next section is the same
20 required supplementary information that we saw
21 in our Nonunion Defined Benefit Plan. It talks
22 about the liability as of June 30, '15 and '14.
23 But if I could bring your attention to page 61
24 and page 62. This is going to provide you with
25 a little bit more in-depth information on the

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1 state plan. So you'll see the \$15 million
2 dollar liability as it relates to covered
3 payroll for the employees receiving those
4 benefits for that pension. And you'll also see
5 next year, well, as of June 30, 2014, the
6 required contribution was \$1.3 million.

7 The next section here is our Budget
8 vs. Actual starting on page 63. From a Board's

9 point of view, I find this to be probably one of
10 the most useful schedules you're going to see in
11 this report because it's comparing what your
12 actual expenditures where to what you all agreed
13 upon as a budget for fiscal year '15. So
14 there's three or four numbers that really jump
15 out at me here. Overall, there was a strong
16 savings on utilities so you saved about \$500,000
17 on utilities that you anticipated you'd pay out
18 mostly for electric and for gas, with gas prices
19 starting to decrease a little bit. And so that
20 was a big savings.

21 On page 64, you'll notice that for
22 bio-solids disposal it came in at about \$4.2
23 million as compared to the \$5.5 that was
24 budgeted. And this savings is mostly due to
25 lower biosolid disposal cost resulting from

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1 lower dry ton production at Field's Point. So
2 that was a nice chunk of savings there. And on
3 page 65, due to the refunding of the debt that
4 we talked about, there was a large savings in
5 interest expense, almost three, a little over
6 three and a half million dollars and that was a
7 portion of the savings the executive director
8 was talking about.

9 So overall, there was a nice turn
10 back of \$7.4 million dollars less spent than
11 what was budgeted for originally, so definitely
12 nice to be keeping costs down. Page 66 through
13 69, we show at the front of the set of financial
14 statements you're rolled up, all of these funds
15 represent a different aspect of the financial
16 reporting, and we show in the front of the
17 financial statements just the total number, but
18 if you wanted to get a better idea of how the
19 revenue stream works and operations and
20 maintenance and projects funds, this is a nice
21 place where it's all broken out by individual
22 fund for your review. The last part of this
23 report, well, almost last part is the
24 Statistical Section starting on page 70. This
25 is information that's required to be included in

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1 order to represent a CAFR. It's great
2 information. We don't give an opinion on this
3 information. It's provided by management, but
4 it's still really useful if you want to go
5 through it. A lot of the sources of the
6 information are provided in each graft. They're
7 either coming right from the financial

8 statements that are coming from, I think the
9 Providence Journal or some other list that Leah
10 wants to make sure you know where the
11 information's coming from.

12 So, I'm sure if you have any
13 questions on that, Leah will be happy to follow
14 up with you. Page 86 is the -- our report over
15 the internal controls which I had touched on
16 earlier today, earlier in this report. Internal
17 Controls are very strong here. We don't have
18 any material weaknesses or significant
19 deficiencies to let you know about at this
20 point. So we give an opinion on the internal
21 controls. And the last, pages 88 and 89 are a
22 summary of travel expenses that the state
23 requires to report on. So if you have any
24 questions, I'll be happy to answer or try my
25 best to answer.

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1 CHAIRMAN MESOLELLA: Commissioner
2 Kimball we look to you for guidance here.

3 COMMISSIONER KIMBALL: I'd like to
4 thank Kyle and his team for the fine job that
5 you've certainly done in conducting the audits,
6 and especially Karen and Leah and the entire
7 Finance and Accounting staff here does a

8 spectacular job and I've said this before, if
9 the State of Rhode Island was run the way Karen
10 and her team runs the finances here at the NBC,
11 we'd be in a hell of a lot better shape than
12 we're in today. So, thank you very much. Great
13 job.

14 CHAIRMAN MESOLELLA: Having said
15 that, Commissioner Kimball, do you have a
16 motion?

17 COMMISSIONER KIMBALL: I have a
18 motion to accept the Financial Statement as of
19 June 30, 2015.

20 COMMISSIONER MONTANARI: Second.

21 COMMISSIONER ANDRADE: Second.

22 CHAIRMAN MESOLELLA: We have a
23 motion. We have a second by Commissioner
24 Montanari, Commissioner Andrade. Of course,
25 Commissioner Andrade, our chairman of finance.

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1 Discussions, questions with regard to the
2 financial report? All right. All of those that
3 are in favor will say aye. Are there any
4 opposed? There are none opposed and the motion
5 carries. Great job. Thank you, Leah, thank you
6 Karen. Thank you the entire fiscal staff.

7 Thank you, very much. Okay. Commissioner

8 Andrade, further report?

9 COMMISSIONER ANDRADE: No further
10 report, Mr. Chairman.

11 CHAIRMAN MESOLELLA: All right,
12 moving right along. I know we have an executive
13 session. So, Personnel Committee.

14 COMMISSIONER CAMPBELL: The
15 Personnel Committee met and I don't believe
16 there's anything that needs Board approval; is
17 that correct?

18 MR. MARSHALL: That's correct.

19 CHAIRMAN MESOLELLA: Okay, long
20 range planning did not meet, nor did rules and
21 regs. Ad Hoc Committee and internal ethics did
22 not, no executive committee, compensation
23 committee meeting did not meet at all.
24 Legislative committee report, there's none,
25 right? Do have a legislative report, Joanne?

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1 MS. MACERONI: I'll make it very
2 brief because I know you have other things to
3 do. My legislative final report is on the NBC
4 Commissioner's website, which I'm happy to say
5 that all the bills that we opposed did not pass
6 and as you'll note when you go through the

7 report a lot of the bills that did pass we're
8 already in compliance with them, so there was
9 really nothing of a major impact for us.

10 CHAIRMAN MESOLELLA: Thank you
11 Joanne. Citizens Advisory Committee, Harold.

12 MR. GADON: A CAC met here for
13 lunch on Wednesday, September 16, with a quorum.
14 It was discussed that it was now time for a
15 rotation of leadership so a nominating committee
16 that was appointed. By the next Board meeting
17 it is most likely that Howard Schacter will
18 again assume the role of a CAC Chairman and with
19 Jane Sherman as secretary.

20 Howard has been a CAC member since
21 it started and was Chairman 10 years ago. Since
22 we rotate every 10 years, it's again his turn.
23 I will continue as a CAC member. Last week
24 there was an article in the paper by a real
25 estate manager promoting cesspools and blaming

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1 the wastewater agencies for the problems. There
2 was an answer in the paper by Save the Bay and
3 others. I wonder if Ray is intending to answer
4 that.

5 MR. MARSHALL: Is Jamie in the

6 room?

7 MS. HORRIDGE: Jamie's not here.

8 MR. MARSHALL: She's not here.

9 When that article was originally written,
10 Harold, Jamie contacted DEM and provided some of
11 the information that was in that response
12 yesterday. So that has been our participation.

13 MR. GADON: Will it be published in
14 the paper, or what?

15 MR. MARSHALL: There was a column
16 yesterday.

17 MR. GADON: Yesterday?

18 MR. MARSHALL: Yeah.

19 MR. GADON: Karen will present the
20 financial report on our next meeting on November
21 4th. Thank you.

22 CHAIRMAN MESOLELLA: Thank you,
23 Harold. Thank you. The Chairman's Report, very
24 briefly, a couple of things. You can see the
25 progress on the compliance building, I don't

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1 know if it was in Ray's report, but I guess they
2 anticipated the opening of that is in the
3 spring, and I'm very much looking forward to
4 that.

5 It's going to be a great addition

6 to our campus and it's going to look great. And
7 I'm very, very anxious to see this project
8 completed, as I know the Board is because it's
9 been a long time in coming. The other issue I'd
10 like to alert the members to is in legislative
11 year 2015, we supported legislation which
12 allowed for offsite net metering. I am told by
13 some legislative leaders that but for the
14 support and testimony offered by the
15 Narragansett Bay Commission with regard to the
16 success that we have experienced with our own
17 facilities.

18 It went a long way to convincing
19 the legislature to pass the Net Metering Bill.
20 As a result of that, passage of that bill, this
21 Board allowed our staff to solicit proposals for
22 power, green power. And we have received four
23 proposals offering us power, three, I believe
24 are solar and one is wind. I believe that once
25 we entertain these proposals, if we select one

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1 that it would service about how much of our
2 total energy capacity, almost a hundred percent,
3 right.

4 MR. UVA: Four bids came in, four

5 proposals came forward and we have to evaluate
6 them now and we are putting a lot of time into
7 them. You can net meter up to five megawatts
8 for each project. Two of the proposals have up
9 to ten megawatts, so we could essentially pick
10 one or more of the projects and probably net
11 zero.

12 CHAIRMAN MESOLELLA: Right,
13 exactly. So that's a huge accomplishment for
14 one of the largest users of energy in the state.
15 We will be net metering zero. I mean, that's a
16 pretty big accomplishment. All green energy
17 does a lot to reduce the carbon footprint. I'm
18 very excited about it. It's a major, I believe
19 it's a major accomplishment for NBC to be a
20 leader in this field, and I'm really excited
21 about it and I'm hoping that at our October
22 Board meeting to come back with a report and
23 perhaps even recommendation. I don't know if it
24 will be October, but --

25 MR. MARSHALL: Actually, it's

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1 November 10th is our next meeting.

2 CHAIRMAN MESOLELLA: I'm sorry, I'm
3 really sorry, November 10th. So hopefully we'll
4 come before the Board with a recommendation at

5 that time. Coincidentally, Commissioner
6 Campbell raised the issue of succession
7 planning. We have been on that issue for a long
8 -- Laurie, I don't know. We've been talking
9 about it for a long time. It has moved up to
10 the front burner.

11 We expect to be coming back to the
12 Board in November with some idea of what our
13 succession planning will look like in the next
14 couple of years. I want you to know that it's
15 been on the Chairman's mind for a very long
16 time. We have been in discussions pretty
17 continuously for the last couple of years, and
18 we'll have a report very shortly. So having
19 said that, that would conclude the Chairman's
20 Report. So then I look towards Commissioner
21 Rotella. Commissioner Rotella.

22 COMMISSIONER ROTELLA: Mr.
23 Chairman, I'd like to recommend the Board into
24 Executive Session pursuant to Chapter 42-46-5
25 (a)(2) to discuss litigation regarding

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1 construction issues related to the CSO Project.

2 CHAIRMAN MESOLELLA: Thank you. We
3 have a motion to go into Executive Session,

4 seconded by Commissioner DiRoche, Commissioner
5 Montanari. All in favor will say aye. Any
6 opposed? None opposed.

7 (UNANIMOUS VOTE)

8 I'll ask our guests to vacate the
9 premises until we finish executive session.

10 Members of the Board, why don't we grab some
11 lunch and we're going to hear a presentation
12 from John Bulman and I think --

13 MR. MARSHALL: Laurie Horridge --

14 CHAIRMAN MESOLELLA: So grab some
15 lunch and relax. You're going to hear some
16 interesting things.

17 (EXECUTIVE SESSION)

18 (EXECUTIVE SESSION CONCLUDED AT 1:09 P.M. AND
19 THE BOARD ENTERED BACK INTO OPEN SESSION)

20 COMMISSIONER DICHIRO: I make the
21 motion to seal the minutes.

22 CHAIRMAN MESOLELLA: Now we're back
23 in full session. Commissioner DiChiro moves
24 that the records -- the minutes be sealed,
25 seconded by Commissioner Montanari. All of

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1 those in favor of the motion will say aye. Are
2 there any opposed? None opposed. That motion
3 carries. I do believe there is no further

4 business, is there?

5 MR. MARSHALL: That is correct.

6 CHAIRMAN MESOLELLA: Other business

7 to come before the Commission? None. Then in

8 such case Commissioner Kimball moves that we

9 adjourn, seconded by Commissioner DiChiro and

10 Commissioner Handy. All in favor of adjournment

11 will say aye. Any opposed? None opposed. The

12 motion carries. Thank you, very much for your

13 patience.

14 MR. MARSHALL: Thank you, everyone.

15 (MONTHLY BOARD MEETING ADJOURNED AT 1:15 P.M.)

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

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

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6 IN WITNESS WHEREOF, I hereunto set my
hand this 23rd day of October, 2015.

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

21 MY COMMISSION EXPIRES: April 25, 2018

22
23 IN RE: NBC Board of Commissioners Meeting

24 DATE: September 29, 2015