

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

January 19, 2017

A meeting of the Board of Directors of the Kent County Water Authority was held on the 19th day of January 2017, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Boyer opened the meeting at 3:30 p.m. Board members Vice-Chairman Peter Masterson, and Treasurer Joseph Gallucci were all present together, along with the General Manager/Chief Engineer Timothy J. Brown, Legal Counsel Patrick J. Sullivan, Esq., Treatment Manager/Water Project Engineer Dave Simmons and Director of Technical Services John Duchesneau. Mr. Gallucci led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of December 15, 2016 were presented for approval as were the minutes of the special meetings of January 4 and 12, 2017. Mr. Masterson moved passage of the minutes, seconded by Mr. Gallucci and all sets of minutes were unanimously approved.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported on the Center of New England ongoing receivership. He advised the board that there was nothing current affecting KCWA and he would continue to monitor the situation.

He then reported on the KCWA v. Cardi lawsuit. He indicated he received a response to his discovery requests and he is preparing further discovery and a deposition.

He then spoke of the KCWA v. Colbea matter. He advised that all the briefs and replies were now in and the arguments were heard on January 18, 2017. He summarized the case and the court's ruling on the summary judgment cross motions. He is awaiting a transcript. Mr. Sullivan described the lack of a paper trail of the easement in the deeds as a problem. He said the old mill water lines clouded the issue of the easement. He outlined the claims in the case and discussed which one survived and which ones were dismissed. He said the judge still wanted the case to settle, and Mr. Brown added that the attempts were made to resolve the case; Colbea's

position was to point accusations at KCWA and the attorney. Mr. Sullivan said the case was scheduled for status and in March 2017.

Director of Finance Report:

Mr. Brown reported that there was no cash report this month.

Point of Personal Privilege and Communication

Chairman Boyer discussed the recent article in the Kent County Times regarding the hydrant issue. He said it was filled with misinformation, to which Mr. Brown agreed.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

PUC Docket #4618 KCWA Intervention of Rate Case Status

Mr. Brown updated the board on the intervention case. He said that hearings were scheduled to begin the Tuesday after the meeting. He said there was a telephone conference scheduled tomorrow with the attorneys. He said KCWA must protect its customers, and that he brought up issues affecting KCWA customers with the filed testimony. He said the KCWA rates may change again.

Forge Road Meter Pit

Mr. Brown updated the board on this matter. He said he hasn't heard anything on this matter from Warwick.

Staffing Critical Needs

Mr. Brown described the vacancy in the finance office as critical. He said he had previously sent an advertisement proposed to the board, including the description of duties. He said the position needs to be filled as soon as possible.

Mr. Masterson moved, seconded by Mr. Gallucci, to proceed with advertising for the job.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the board authorizes Mr. Brown to place the proposed advertisement in the appropriate locations to seek interest in the position.

Corporate Organizational Structure

Mr. Brown opened the discussion of the lack of a succession plan and of the limited resources to plan one. He said he needs direction from the board regarding the firm's management. He passed out an executive succession plan and an organizational chart. He said the organizational chart reflects 37 employees with the actual number being 34 staffed positions. He suggested there could be separate divisions, such as customer service, field and operational, technical, and financial. He suggested a deputy general manager's position. He said the possibilities were wide open, and these positions were only suggestions.

Legal Bill Approval

Mr. Brown explained that the invoice submitted by Sullivan and Sullivan had to be approved by the board, as Mr. Brown was uninvolved, but the board was, in the specific billing entries. He went onto explain that this is not usual, but since the activity wasn't able to be confirmed by Mr. Brown, he sent it to the board. The board deferred action.

Centerville Bank Service Issue Requirements

Mr. Brown informed the board of what the water related issue was with the bank. He said there is one single issue that needs to go to the Division. He said he met with Mr. McGuinness from the bank on several occasions. He said the building in question was originally two buildings that were joined into one. Therefore, there were two services that according to a Division ruling, were required to be reduced to one. He said Centerville has objected, and as such, they can file a complaint with the Division. He added that he gave them the instructions to do so.

Mr. Brown said that KCWA requires one service per building, as does Division, but only they have the power to adjust that ruling.

Mr. Masterson compared the case to the Sandy Bottom Road matter, and Mr. Sullivan compared it to the two West Greenwich hotels. Mr. Brown described the Sandy Bottom Road matter as limited to fire protection only.

Chairman Boyer said he too spoke to Mr. McGuinness several times. He described the history of the building. He said he agreed with Mr. Brown that they should go through Division. The Chairman predicted problems with fire code matters if the bank was successful.

INFRASTRUCTURE PROJECTS

Apponaug Circulator Water Main Replacement

Mr. Brown informed the board that work is ongoing and that it is being monitored by KCWA personnel.

East Greenwich Well Refurbishment

Mr. Brown reported that the project began as an emergency and the building construction is ongoing with hopes to continue work weather permitting.

IFR 2014A

Mr. Brown informed the board that this construction is complete with paving next year.

IFR 2014B

Mr. Brown informed the board that construction is ongoing. He said that the services that are above ground will finish and the project will move to completion for winter shutdown. He said all but three streets are complete.

IFR 2015A

Mr. Brown informed the board that this is 50% complete and is proposed to go up over Wakefield hill to Commonwealth Ave. Mr. Gallucci asked about any bridge work for 2017. Mr. Brown said KCWA proposes no bridge work, but the state may.

IFR 2015B

Mr. Brown said the construction was shutdown for winter. He added that this work was near the high school in West Warwick. He said they replaced pipes and added hydrants, improving fire protection.

IFR 2016 Design (Project Status)

Mr. Brown updated the board that the design services are ongoing but the bid would be on hold for funding reasons.

FINANCIAL UPDATE IFR PROGRAMS

Mr. Brown updated the board on the short term borrowing. He said he had finished the testimony and the engagement letter with bond counsel. He expected the matter to be filed by the end of the month for the approval of the short-term financing. He expected action by the middle of March.

Chairman Boyer added that the infrastructure work is the busiest KCWA has been in the last 15 years. Mr. Brown agreed. Mr. Brown discussed the improvements that have been, and will be, completed updating the system and improving fire protection and water quality. He said some of the old pipes are 90-100 years old and had far exceeded its life expectancy.

Mr. Brown had previously presented the engagement letter from Locke Lord to have Karen Grande perform bond counsel work. He said she had done most of the KCWA work for previous firms she worked for.

Mr. Masterson moved, seconded by Mr. Gallucci, to authorize the Chairman to sign the engagement letter hiring Locke and Lord.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Chairman is authorized to sign the engagement letter from Locke and Lord to perform bond counsel services.

CAPITAL PROJECTS

Mishnock Area Transmission Main, Design Revision (Current Project Status)

Mr. Brown indicated that construction will begin Spring 2017.

Water Main North/South Interconnection High Service

Mr. Brown advised the design services ongoing.

Corporate Organizational and Succession Plan Structure Discussion

Mr. Brown said these decisions are up to the board, having discussed this topic at previous meetings. He said they may opt for a more corporate structure. He said any succession plan was limited to staff availability. The size of the authority limited its ability to offer replacements in succession. He said KCWA can look at pairing of positions and bringing people up the ladder with advancement from within.

There was a discussion of the total complement of positions available and authorized by the PUC. There was no action on this matter.

Chairman Boyer acknowledged a visitor to the meeting. His name was Steve Calabrese.

Mr. Brown then gave a synopsis of the new rate case, saying upcoming critical dates are coming. He said he is paying attention to the conversion into the new rates, including gradually building in the new rate based upon the sale date of the water.

There being no further business before the board, Mr. Masterson moved, seconded by Mr. Gallucci to adjourn the meeting.

Dated: February ____, 2017

Patrick J. Sullivan
Legal Counsel