

KENT COUNTY WATER AUTHORITY  
MINUTES OF THE SPECIAL MEETING  
OF THE BOARD

January 12, 2017

A special meeting of the Board of Directors of the Kent County Water Authority was held on the 12<sup>th</sup> 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 and Mr. Giorgio 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. Also, Rate Counsel Mary Shekarchi was also present. Secretary Scott Duckworth was excused due to illness in his family. Mr. Gallucci led the group in the pledge of allegiance.

Mr. Brown began the discussion with notifying the board of an incident where emergency tree work was required as a result of a tree falling on a shed on property owned by KCWA.

**INFRASTRUCTURE PROJECTS:**

Review KCWA Infrastructure Projects Both Ongoing Projects and Potential Projects/Review Funding Including Balance of Fund and Monthly Deposit

Mr. Brown went into a detailed discussion of the infrastructure projects using visual aids in the form of maps to assist in his discussion. He went over four major programs underway 2014 A and B, and 2015 A and B. He said 2014A was plagued with poor services. There were complaints of rusty water in the area of Toll Gate Rd, He said the infrastructure replacement matters were essentially complete. He also discussed 2014B, and described multiple dead ends and breaks. He said the cast iron pipes were in poor shape. He said many dead ends were now looped and infrastructure was replaced.

He then discussed 2015A and 2015B and the improvements KCWA had completed in connection with those two projects, including moving more water over the Wakefield St. hill over to customers in the Warwick area. In addition, Factory St. and Earl St. were re-serviced. In addition, he said two additional hydrants near the high school were installed for improved fire flows.

He said KCWA was undergoing a very aggressive program of infrastructure replacement. The improvements were built a lot quicker than was anticipated. He discussed the East Greenwich Well was a high priority and maintained that it remained an emergency.

He went on to discuss the recent break on route 2 that was described as a mini catastrophe if it wasn't repaired. He cited the limited secondary access to water in that area of the state. Mr. Brown also discussed the vulnerability assessment that requires an update since 9/11/2001.

He went on to describe the 2016 design and advised the board that this wasn't going out to construction yet.

Mr. Brown also said all invoices are paid except one. He didn't expect any additional invoices except for the EG Well. He then went into a discussion of the IFR work and the ensuing cost of the projects. He said \$13,546,156.00 will be needed by the end of 2017.

Approval to Borrow Short Term to Increase Project Balance in Fund/ Approval to Engage Consultants and Legal Services to Assist in Financing

Mr. Brown then went into a detailed discussion of a short term bond that he thought was prudent to deal with these infrastructure projects and some short term cash flow problems. He said a \$10,000,000.00 bond with financing at 2.5% to 3.5% would be proposed to the board. He said there is no interest until there was a draw down on the funds. He said there were four banks interested, and this transaction would need bond counsel. He suggested an initial term of seven years, but could go shorter. He added that a rate filing would be needed to be filed with the Division, with no need to go to the Commission. He said he had arranged a meeting with Division this Thursday. He indicated that board approval would be necessary to begin the process.

Mr. Gallucci moved, seconded by Mr. Masterson, to:

1. Engage the services of Karen Grande Esq., of Locke and Lord as bond counsel; and
2. Engage Financial Advisors Hilltop Securities/First Southwest; and
3. Authorize Rate Counsel to file a petition with Division for the bond.

Upon motion made and duly seconded, it was

VOTED: That the KCWA approves the following:

1. Engage the services of Karen Grande Esq., of Locke and Lord as bond counsel; and
2. Engage Financial Advisors Hilltop Securities/First Southwest; and
3. Authorize Rate Counsel to file a petition with Division for the bond

There was a discussion of the payment of the bond by Mr. Giorgio. He asked how it was proposed to be paid. Mr. Brown said it is paid in two installments per year, January and July. He said KCWA makes monthly deposits with a trustee.

The Chairman asked Mr. Brown about the restricted accounts. Mr. Brown said there were many restricted accounts, including debt service, operation and maintenance, renew and replacement, operating reserve, cash capital, etc... He said there was plenty of funding on paper,

but the funds were mostly restricted on how KCWA could use it.

## **GENERAL**

### Review Staffing Needs and Staffing Allocations from Rate Order

Mr. Brown then discussed the critical point in the staffing needs. He said an accounting position is in a critical need right now. He said he was down another staff member now, albeit temporarily. He said he has authorized overtime right now in order to have staff be able to catch up. He said he might have financial reports at the next meeting. He said there were 3 new positions from the rate case that he will not fill right away as a result of the cash shortage.

Mr. Brown said the authority needed someone with experience in municipal finance and accounting and thought it might be hard to find someone with the relevant experience. There was a brief discussion of the needs of the position and the board asked Mr. Brown to develop an ad for the position.

Finally Mr. Brown advised the board that he was tendering his notice of retirement from KCWA. He said there was no date set yet, and that it wasn't tomorrow, but he did say there were things he needed to finish up. He said he thought it was his time. He said there is a lot of work and training that needs to be done and that the board should be aware of that in relation to his retirement. He said he was two years post retirement, and somewhere down the road there will be a more serious discussion about the timing of his departure. Mr. Giorgio asked how long he worked there, and he replied it was 28 years.

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

Dated: February \_\_\_\_, 2017

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Patrick J. Sullivan  
Legal Counsel