

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

January 18, 2018

A meeting of the Board of Directors of the Kent County Water Authority was held on the 18th day of January, 2018, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Robert Boyer opened the meeting at 3:30 p.m. Board members, Vice-Chairman Peter Masterson, Treasurer Joseph Gallucci, Secretary Scott Duckworth and Frank Giorgio were all present together, along with the General Manager/Chief Engineer Timothy J. Brown, Legal Counsel Patrick J. Sullivan, Esq., Director of Technical Services John Duchesneau and Director of Finance and Administration Michael Lanfredi. Also, in attendance was Treatment Manager/Water Project Engineer Dave Simmons. The Chairman led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting held on December 21, 2017 were presented for approval. Mr. Duckworth moved, seconded by Mr. Masterson, to approve the minutes. The minutes were unanimously approved.

Legal Matters

Mr. Sullivan discussed the matter of a potential resolution of the KCWA v. Cardi v. RIDOT KC-2016-0473. He said he forwarded an informally proposed offer of settlement from Cardi and RIDOT to Mr. Brown. He said neither defendant had the authority to even offer the settlement, but Mr. Sullivan said he would firm up the proposal with the Defendants and present it at a later meeting.

Mr. Sullivan discussed the litigation entitled Conservation Law Foundation v. KCWA and Burrillville v. KCWA PC-2017-1039. He discussed the progress of the case and the developments since the last meeting. He said the case is on a fast track and the most recent dispute of the taking of a deposition of a trucking company by the Town of Johnston. Mr. Brown asked if the KCWA could simply get out of the litigation. Mr. Sullivan responded that some other water districts tried to extricate themselves from the litigation and the motions were denied by the Court.

The matter of Valley CC was discussed. Mr. Sullivan had sent Mr. Brown an informal proposal from their attorney to resolve the arrearage, short of which was owed and over a period over 5 years, which Mr. Brown said had been forwarded to the board. The board had rejected the offer at the last meeting. Mr. Sullivan said that counsel for Valley CC had indicated his intent to file an appeal with DPUC to dispute the meter calculations billed by KCWA for water used. Mr. Sullivan said that Valley had their meter tested and it was found to be somewhat defective. Mr. Brown had adjusted the amount due based upon the appropriate regulations that deal with meters.

Mr. Gallucci said he reviewed the file prior to the meeting and said he had issues with the Valley CC bill. He said KCWA did not send a bill for four years. He said the meter was running too fast. He said he thought it was unfair to add interest to a bill that was never sent. He said the KCWA needed to be consistent with other similar matters in the past. He added that he thought the KCWA should settle for a reasonable amount so as to save the costs of the appeal and legal fees. He said the 5-year offer from Valley was not acceptable.

Mr. Brown advised Mr. Gallucci that the meter was put on the "X" list, and that designation resulted in the meter not being billed. This meant that it wasn't being used. Mr. Brown also said that the interest was not assessed for the first time until March 2017.

There was a general discussion of the principal and interest, and the group opined that although there was no appeal filed yet with DPUC, and that Mr. Sullivan said he expected it soon, it should be revisited next month.

The Chairman asked about Bradford Soap, as the bills for this entity were similar to those of Valley CC. Mr. Brown said KCWA attorney, Ms. Shekarchi, hasn't heard from their attorney, notwithstanding her attempts to contact him. Mr. Brown said the current amount due is growing and is now \$89,511.72. He reminded the board that they offered \$50,000.00 to settle the debt. He added that the matter is currently before the DPUC and that any settlement negotiations should take place within that realm. Mr. Brown said KCWA is pushing for a hearing. He added that KCWA historically has enjoyed a great deal of success at DPUC.

Mr. Duckworth asked Mr. Sullivan about the possibility of some of the outstanding debt being discharged in their bankruptcy. Mr. Sullivan said he researched their bankruptcy case and found that KCWA was paid in full for all charges during and after the bankruptcy.

There was discussion of informal offers of settlement among the board members and Mr. Brown again reminded the board that if it were to be settled, it should be in front of the commission. Mr. Duckworth asked if the fact that no bill was received could negatively impact the case. Mr. Brown thought it would not.

The Chairman ended the discussion saying the matter should remain at DPUC.

Director of Finance Report:

Mr. Lanfredi, Finance Director, explained and submitted the financial report. He reported on the Cash Receipts and Disbursements and Statement of Cash Location FY 2017-2018 as of December 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of December 2017, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Gallucci moved, seconded by Mr. Duckworth, to accept the reports and attach the same as an exhibit and that the same be incorporated by reference and be made a part of these minutes.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Cash Receipts and Disbursements and Statement of Cash Location FY 2017-2018 as of December 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of December 2017, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Mr. Duckworth commented again that he has heard nothing from the group who had previously contacted him and requested to appear before the KCWA board.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

Mr. Brown asked to add the following two matters to the agenda for discussion only:

1. Review IFR and CIP funding
2. CONE Occurrence

Mr. Duckworth moved, seconded by Mr. Gallucci, to add the two matters to the agenda for discussion only.

GENERAL:

Utility Conflict King Fisher & Osprey Drive, Coventry – Awaiting Coventry Excavation Result

Mr. Brown updated the Board on this matter. He said there had been no progress noting the rough winter so far. He said with the weather, the matter should be put off until after the winter.

Valley Country Club - Legal Action Needed

Mr. Brown said this was handled in legal matters.

Bradford Soap – Recommend Parties Move Forward with Hearing

Mr. Brown explained that this matter was discussed in legal matters.

Staffing Issues KCWA

Mr. Brown discussed this item. He said that KCWA had been conducting interviews. He said there were four people granted second interviews, which were scheduled for the day after the meeting. He said there were three employees who were currently out for a variety of reasons, but he said although the four current vacancies were unlikely to be completely filled.

Bid Approval – Consumer Confidence Report Printing Services

Mr. Brown said two bids were received for the printing services of the report. One was Graphic Image for \$8,810.00 and one was from Colonial Printing for \$10,345.00. The board discussed the bids.

Mr. Gallucci moved, seconded by Mr. Giorgio, to award the bid to Graphic Image for \$8,810.00

Upon motion duly made and seconded, it was unanimously

VOTED: That the bid in the amount of \$8,810.00 was approved and awarded to Graphic Image.

The Chairman then discussed shutoffs. He asked if KCWA did shutoffs on the weekends. Mr. Brown said there were no shutoffs on weekends nor were there shutoffs on Fridays or just before holidays. He said they turn services back on around the clock.

INFRASTRUCTURE PROJECTS

East Greenwich Well Refurbishment

Mr. Brown reported that most of the punch list was completed. He said there were only a few items left and said a temperature probe in the well wasn't working. He said they need to pull the well and replace the probe. There was some driveway sealing and fence repair that needs attention.

IFR 2015A

Mr. Brown reports that construction was in winter shutdown

IFR 2015B

Mr. Brown reported that this was in winter shutdown as well.

IFR 2016 Design (Project Status)

Mr. Brown updated the Board that this was on hold for funding.

IFR 2018 Design – RFP

Mr. Brown reported that this request for proposals is out.

CAPITAL PROJECTS

Water Main North/South Interconnection High Service

Mr. Brown reported that the design was done and the project awaited funding.

ADDED AGENDA ITEMS:

Review IFR CIP funding

Mr. Brown discussed a review of IFR funding for 2018. He said KCWA has more than sufficient funding to complete all work. He said the Series A bonds mature in January 2024. He said after April 20, 2020, KCWA can pre-pay the bond without penalty. He asked the board to think about the early payment in light of the fact that the interest is very low. The board may not want to pay for that reason.

He went on to discuss CIP funding. He said KCWA was very solvent and discussed the bond obligations and payment from restricted accounts.

CONE Occurrence

Mr. Brown then discussed the boil water order at the Center of New England. He presented a timeline of events that culminated in the presence of coliform in the supply there. He said KCWA water was never affected. He said there were numerous samples that tested negative including on 12/26, 12/27 and 12/28. He said the receiver would not open up buildings to let sampler get other

samples. He said the sampler got another sample from the same dirty sink. He said the event was a comedy of errors that resulted from samples from a dirty sink and turned into a boil water order. Mr. Brown said the police were upset that KCWA didn't notify them of the boil water order from the DOH.

Mr. Duckworth said that the Colonel of the Coventry PD was the acting EMA director and spoke with the town manager indicating that he had just seen the order on the news. He went on to say that although KCWA didn't want to get dragged into the contamination, he wanted to reassure our customers that it wasn't KCWA that was the subject of the boil water order, but rather the CONE water company.

The board discussed the water systems, operators, licenses and related matters that separate the CONE water system from that of KCWA.

There being no further business before the board, Mr. Duckworth moved, seconded by Mr. Giorgio, to adjourn the meeting. The vote was unanimous in the affirmative.

Dated: February ____, 2018

Patrick J. Sullivan
Legal Counsel