

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

October 20, 2016

A meeting of the Board of Directors of the Kent County Water Authority was held on the 20th day of October 2016, 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, Treasurer Joseph Gallucci, 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. Mr. Giorgio led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of September 15, 2016 were presented for approval. Mr. Giorgio moved passage of the minutes, seconded by Mr. Masterson and the minutes were unanimously approved.

Guests

Hague, Sahady & Co. PC – Audit Review.

Kyle Connors from the auditing firm was introduced to the board by Mr. Brown to discuss the audit findings. He presented the financial statements to the members of the board. He opined that there were no significant changes from last year's audit. He said the audit found no material weaknesses or material deficiencies. He added that the monthly data that the board receives from the staff is reliable.

He went on to discuss the long term debt, the capital assets, the net pension liability as well as the OPEB liability. He discussed the income statement showing the water revenue higher than last year as a result of the pass through case. He also discussed the decrease in pumping costs as a result of decreased energy costs.

He added that the pension was funded at 81.5%, which was described as "highly funded".

Mr. Connors then went over the fact that they reviewed the state water resources board compliance analysis, and found KCWA in full compliance.

The board thanked him for his presentation.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported on the Center of New England ongoing receivership. He advised the board that he had communications Mark Russo, Esq., who wanted to explore the possibility of a sub receivership at CONE to deal with the water infrastructure problem. Mr. Sullivan said Mr. Russo was to make a recommendation to Mr. Sullivan in the near future.

He then reported on the KCWA v. Cardi lawsuit. He indicated he received a response to his discovery requests earlier this week and he hadn't gone over the documents as of the time of the meeting. The results of the document delivery would drive the next direction in the case.

He then spoke of the KCWA v. Colbea matter. He advised there was a hearing before Judge Stern regarding the issues. The judge then issued a scheduling order for dispositive options which was relayed to the board.

Director of Finance Report:

Mr. Brown reported that there was no cash report resulting from staff sick leave/shortage.

Point of Personal Privilege and Communication

Chairman Boyer took the opportunity to offer his appreciation that the capital projects appear in great shape going forward. He then asked Mr. Brown about the receivables.

Mr. Brown indicated that there was over one million dollars in receivables, with recent bills going out of over three million dollars. He indicated that the cash flow was tight. The chairman then asked if the shut offs were working. Mr. Brown said they were working, and that the moratorium on shut offs goes into effect on November 1, 2016.

Mr. Gallucci then discussed Warwick's receivables as being high as well. Mr. Brown discussed a major leak of a thirty-inch main in Warwick that is currently being repaired.

Mr. Brown concluded this section by notifying the board that KCWA has changed labs effective November 1, 2016. He said he had issues with the existing lab.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

PUC Docket #4611 KCWA Rate Case Status

Mr. Brown updated the board on the case. He said KCWA put in rebuttal testimony with the sur-rebuttal testimony due on November 18, 2016. He said he was disappointed with the Division's witness. He said the hearings were to be on December 6 and 7, 2016, with a potential decision in January, 2017. He further reported that all was quiet with the fire districts input in the case.

PUC Docket #4618 PWSB Intervention of Rate Case - Status

Mr. Brown updated the board on this rate case. He said the KCWA data requests had been filed and they await the responses. He said that the rate increase in this case could eventually be in the negative and discussed that with the board.

Bid Award – Mishnock Transmission Main, Recommended Approval.

Mr. Brown provided the board with an overview of the bids received for this project. He said there were three bids, with the lowest going to Boyle & Fogarty Construction Co., Inc., for a total of \$2,322,514.00.

Mr. Masterson moved, seconded by Mr. Giorgio, to award the bid to Boyle & Fogarty Construction Co., Inc., for a total of \$2,322,514.00.

Upon motion made and duly seconded, it was unanimously

VOTED: That KCWA awards the bid for the Mishnock Transmission Main to Boyle & Fogarty Construction Co., Inc., for a total of \$2,322,514.00.

Accounting Services Needed for Authority – Board Discussion and Action

Mr. Brown explained that the KCWA is in dire need of accountant services due to an absence in the finance office. He said it is needed not only for the day to day operations, but also for the rate case to answer questions.

He added that the KCWA needs some succession planning for many positions in the authority, including his. He said he spoke with the Chairman and legal counsel and thought it be best to have a special meeting to discuss the strategic plan the board adopted. He added that the plan was a fluid one and the authority and board need to reallocate duties and resources and become more corporate in nature

There was a consensus to hold a special meeting on November 3, 2016 with legal counsel to notify an employee of their rights under the Open Meetings Law.

Approval- RFP Water Main Design North/South Interconnection High Service Gradient

Mr. Brown advised the board that KCWA needs the interconnection with the north and south high service gradient. He said funding was authorized by the PUC. He said two companies bid, James Geremia and Associates at not to exceed \$64,298.00 and C & E Engineers

at \$132,895.00. He said he called both bidders to discuss the disparity, and both defended their number. Mr. Brown recommended awarding the bid to James Geremia and Associates.

Mr. Gallucci moved, seconded by Mr. Giorgio, to award the design services for the north/south interconnection of the high service gradient to James Geremia and Associates for an amount not to exceed \$64,298.00.

Upon motion made and duly seconded, it was unanimously

VOTED: That KCWA awards the bid for the design services for the north/south interconnection of the high service gradient to James Geremia and Associates for an amount not to exceed \$64,298.00.

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 permits were submitted and that surveyors were onsite.

Chairman Boyer expressed his disappointment with the Warwick permitting request. He said but for the intervention of board member Mr. Gallucci, the time for acquiring the permits would be eight weeks out. He thanked Mr. Gallucci for his assistance.

IFR 2014A

Mr. Brown informed the board that this construction is ongoing and at its last stages of paving preparation.

IFR 2014B

Mr. Brown informed the board that construction is ongoing. He said he recommends a change order for the Rt. 2 bridge. He said he reviewed the c.o. as did the consultant. The figure came in at \$251,265.85. He said he anticipated the figure to come in around \$250,000.00. Mr. Brown recommended approval.

Mr. Masterson moved, seconded by Mr. Giorgio, to approve the change order for the Route 2 bridge construction in the amount of \$251,265.85.

Upon motion made and duly seconded, it was unanimously

VOTED: That KCWA approved the change order for the Route 2 bridge construction in the amount of \$251,265.85.

IFR 2015A

Mr. Brown informed the board that the construction is going very well.

IFR 2015B

Mr. Brown said the construction was ongoing and moving along well.

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.

CAPITAL PROJECTS

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

Mr. Brown indicated that the bid was awarded earlier in the meeting.

Water Main North/South Interconnection High Service

Mr. Brown advised the board that the contract should be executed after the meeting.

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

Dated: November ____, 2016

Patrick J. Sullivan
Legal Counsel