

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

November 20, 2014

A meeting of the Board of Directors of the Kent County Water Authority was held on the 20th day of November 2014, 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, Mr. Masterson, Mr. Gallucci, Mr. Inman, and Mr. Giorgio were present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq., as well as Finance Director Jo-Ann Gershkoff and Mr. Simmons. Mr. Giorgio led the group in the pledge of allegiance. Rate Counsel Robert Watson arrived later during the meeting.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of October 16, 2014 were presented for approval. Mr. Giorgio moved passage, seconded by Mr. Masterson and the minutes were unanimously approved.

GUESTS

High Service Requests

Shoreline Properties – 5 St. Onge Drive, West Warwick

Mr. Richard Cascella appears on behalf of Shoreline Properties with his request for high service. Mr. Brown reported that there was no problem with granting the applicant's request if the board saw fit.

After discussion it was moved by Mr. Giorgio, seconded by Mr. Gallucci, to conditionally approve the request for water supply to a single-family home with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third-party commitments made by an applicant/customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.

2. A deficient condition associated with accelerated commercial and residential

development exists in the area serviced by the KCWA; KCWA is in the process of planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.

3. Ventures, commitments or agreements are at the applicant's sole risk if supply for existing infrastructure is found to be insufficient to support service. The applicant may afford the authority with system improvements to facilitate adequate service.
4. The applicant shall file a formal single-family home application. The applicant/customer understands that any undetected error in the application or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.
5. Only conservation-wise plumbing fixtures are to be installed including, but not limited to, low flow shower heads, low flow toilets and low flow guarantors on faucets.
6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping techniques and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That based upon health and safety concerns to conditionally approve the request for water supply to service a single family home with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third-party commitments made by an applicant/customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.
2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA; KCWA is in the process of planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.
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4. The applicant shall file a formal single-family home application. The applicant/customer understands that any undetected error in the application or an increase

or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.

5. Only conservation-wise plumbing fixtures are to be installed including, but not limited to, low flow shower heads, low flow toilets and low flow guarantors on faucets.

6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping techniques and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

150 Shippeetown Rd., East Greenwich – Jason & Gina D’Aguanno

Mr. & Mrs. D’Aguanno appeared for their request for high service. Mr. Brown explained to the board that there exists a problem with radon in the applicants’ existing water supply. He added that there is a suspend service in the area. Mr. Masterson added that he had spoken at length with the applicants and he considers it as a health and safety issue for their family.

After discussion it was moved by Mr. Masterson, seconded by Mr. Gallucci, to conditionally approve the request for water supply to a single-family home with the following conditions in lieu of a moratorium:

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landscaping techniques and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

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Wright Pierce Request to Appear

Mr. Brown introduced representatives from Wright Pierce who requested to appear on the agenda and request board reconsideration of the recent denial of a recent task order for additional work.

Thomas Simbro and Jeff Musich appeared on behalf of the company. Mr. Simbro gave a historical discussion about construction of the treatment plant and indicated that the contractor, Hart Construction, went way beyond the deadlines in the contract. He added that substantial

completion was to be in 2012, as was final completion. He continued that the contractor didn't get substantial completion until December 2013. Final completion was to occur in May 2014. Final completion remains outstanding.

They indicated that their work was to end in 2012, however Wright Pierce remained on the job, and will remain on the job until final completion. Mr. Musich indicated that he thought there was a miscommunication, as they thought the board was agreeable for additional compensation for the extra work they were doing.

Chairman Boyer asked about their letter, which stated that they removed the engineer from the job to minimize costs. Mr. Simbro explained that there was no real work for the engineer that couldn't be handled by on site personnel. He explained that the work that remained was electrical, painting and instrumentation. Mr. Simbro added that the plant was producing water, up and running, and benefiting the KCWA. Mr. Brown agreed.

Mr. Musich added that the additional charges for which they seek compensation do not include the warranty work that they are doing. He said they are not entitled to compensation for the warranty work nor are they looking for it.

Chairman Boyer thought that under the circumstances, wherein the final completion is still yet to be had, the matter should be tabled until next month.

Mr. Masterson asked if there was retainage in the contract to which Mr. Brown agreed. He asked whether or not Wright Pierce was responsible to ensure the timelines were adhered to. Mr. Musich agreed it was Wright Pierce, but qualified his response in that he cannot put the wrench in the contractor's hand and turn it.

It was moved by Mr. Gallucci, seconded by Mr. Giorgio, to table the Wright Pierce matter until the next monthly meeting of the board.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That the Wright Pierce matter was tabled until the next monthly meeting of the board.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported on the Central Coventry Fire District. He advised that there was a report in the media that the receiver had engaged bankruptcy counsel to prepare the district for chapter 9 bankruptcy. Mr. Brown reported that he received input from the Department of Revenue in that they requested to see if the KCWA would entertain a payment plan over time. Mr. Brown reiterated the substance of the conversation in a letter to the board members. He thought it was a good idea.

Mr. Sullivan then updated the board regarding the suit involving the Super 8 and Best Western. He added that the recalcitrant party had shifted, indicating that the required non-profit

entity had not been filed with the secretary of state. Mr. Sullivan added that the KCWA was not precluded from initiating shut off proceedings, to which Mr. Brown agreed. The board agreed. Mr. Sullivan and Mr. Brown agreed to meet to set a date for a service shutoff.

Mr. Sullivan also reported on the problems on David Drive in Coventry. He advised the board that he is contacted each week by the attorney for the buyer of 11 David Drive, who seems pleased with the quick progress. Mr. Brown added that there is quite a bit of ledge in the area and that they are doing some line drilling. Mr. Brown added that many of the people who initially did not want to upgrade their service are not electing to do so.

Mr. Sullivan then reported that although the CONE receivership is ongoing, the KCWA involvement has subsided substantially since the management company has consistently paid their bill when presented. He added that he saw the receiver who indicated that KCWA might be brought back into the fold as the receiver was looking to expand the water service to other areas of the development.

Mr. Sullivan then updated the board on the lawsuit involving the contaminated soil at 642 Washington St., Coventry. He informed the board that he had received answers to the suit from all three defendants in the suit. He added that he served extensive discovery in the case on opposing counsel and thereafter was contacted by the attorney for the three defendants. He asked for a figure that would represent the cost of rerouting the water line around the contaminated soil in an effort to settle the matter. In doing so, Mr. Sullivan asked opposing counsel for permission to access the site as well as copies of as builts, so the re route could be designed. Mr. Sullivan reported that he telephoned opposing counsel just prior to the meeting and the response remains outstanding.

Mr. Sullivan also reported on the D'Ambra Construction matter. He informed the board that he filed a lawsuit to collect the amounts due KCWA and that the suit remains outstanding. The defendant hadn't answered the case and that efforts will be undertaken to default the construction company and collect the amounts due and owing.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Cash Receipts and Disbursements FY 2014-2015 as of October 31, 2014, and statement of cash location 2014-2015, attached as exhibit "A", were submitted and a thorough discussion ensued with regard to the sales and revenue.

Mr. Gallucci moved and seconded by Mr. Giorgio 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 Statement of Cash Location and Cash Receipts and Disbursements FY 2014-2015 as of October 31, 2014 attached as exhibit "A", be approved as presented and be

incorporated herein and are made a part hereof.

Mr. Brown added that there was no July closing report, as the audit remains outstanding. He commented that the audit firm made an additional request for information from KCWA and he expressed his deep dissatisfaction with the audit firm Marcum LLP. He added that as a result of the late audit of the financial statements, KCWA was in violation of its bond covenants. It also has held up the rate filing.

Mr. Brown added that he had made daily calls over the course of a week to no avail to the partner. He added that he called the cell phone of the partner as well, again to no avail. Mr. Brown recommended that legal counsel send a letter regarding a breach of contract.

There was discussion among the board members, who eventually authorized an attorney's letter, to which Mr. Sullivan replied it would be sent out the next day.

Point of Personal Privilege and Communication

Chairman Boyer took the opportunity to commend Mr. Brown with his tenure with KCWA. The chairman referenced a recent water line break on Deerfield Dr. The chairman described KCWA under the former general manager as much less effective than under the tutelage of Mr. Brown. Prior to Mr. Brown, there were no as build drawings required by an owner or contractor after installation of infrastructure. Mr. Brown changed that policy so now, if there is a break, one could saw cut right over the valve and repair it. Deerfield Drive was installed under the former general manager and there was great difficulty at the site of the break.

Chairman Boyer added that the upgrade in the quality of the pipe materials required to carry the water was accomplished under Mr. Brown as well.

Mr. Brown then summarized some trouble he has been having with the insurance company covering some breaks.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

IFR 2015A – Warwick “Rights of Way”

Mr. Brown began a discussion regarding the east natick section of Warwick. He said that the engineer came across some existing water lines that might be on private property, as well as some streets in the area that KCWA had no authority to lay new lines or replace some existing lines. He said he had Mr. Sullivan to examine the land evidence records to determine the rights of KCWA to the water lines in the area. Mr. Sullivan reported that although some of the roadways in the area were city roads, others, although paved, were simply rights of way from the old mill village back in the early 1920's.

Mr. Gallucci discussed some of the history in the area of the mill village. He added that

the City of Warwick paved the roads in the area, even though they were private, since the residents paid the same taxes as the homes located on the city owned portions of the same road. Mr. Boyer provided Mr. Sullivan with several maps to assist his research. Mr. Brown queried the board for guidance. The board discussed the matter then asked Mr. Sullivan to attempt to get easements from those affected. Mr. Gallucci also indicated he may attempt to have the city accept the roadways as official roads.

Bid Awards

Mr. Brown discussed three bid awards, for an air compressor, a van purchase and a truck purchase.

Mr. Brown indicated that there was only one bid for the air compressor. That bidder didn't want to take the old one in trade. He added that the bid received was for a very high price and he recommends that the board reject it.

Next, Mr. Brown discussed the van purchase. He added that this purchase was to replace an existing vehicle. He said there was one bidder, Altieri Bros., and he thought that price was a good one. He recommended approval.

Finally, Mr. Brown indicated the bid for purchase of a truck generated two responses, one from Liberty Chevrolet and one from Hurd Auto Mall. He said the Hurd bid was lower, and he recommended approval of the Hurd bid.

Mr. Masterson moved and seconded by Mr. Inman to reject the bid for the air compressor, to award the bid for the van purchase to Altieri Brothers in the amount of \$61,361.00, and award the bid for the truck purchase to Hurd Auto Mall in the amount of \$18,657.00.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That KCWA rejects the bid for the air compressor, awards the bid for the van purchase to Altieri Brothers in the amount of \$61,361.00, and awards the bid for the truck purchase to Hurd Auto Mall in the amount of \$18,657.00.

Rate Case Status

Mr. Brown reported that the rate case is sitting dormant as a result of the audit being incomplete. He added that most of the testimony was complete, however.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant

The general manager reported that the damaged membrane containments are being repaired on an ongoing basis. He added that the contractor doesn't want KCWA to collect the

liquidated damages and has elected to pursue arbitration. Mr. Brown added that he would discuss this in greater detail at an upcoming meeting with the board.

INFRASTRUCTURE PROJECTS

IFR 2010B Prospect Hill (Ratify CO # 5 relating to David Drive)

Mr. Brown asked the board to ratify the signature of the chairman on change order #3. He added that the contractor held his prices, and the change order, in the amount of \$175,040.00 to Boyle and Fogarty should be ratified.

Mr. Inman moved, and seconded by Mr. Giorgio, to ratify task order #3 to Boyle and Fogarty in the amount of \$174,040.00 for the work on David Drive.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That task order #3 to Boyle and Fogarty in the amount of \$174,040.00 for the work on David Drive is ratified.

Quaker Lane Pump Station Upgrade (Status)

Mr. Brown informed the board that the project is technically still under construction due to the serious concerns with the corrosion of the impellers and pumps.

INFRASTRUCTURE PROJECTS CONTINUED

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown reported the KCWA work is continuing and going along quite well. He informed the board of a death of a gas company contractor at the site. He added that KCWA received a notice of probable violation, however he indicated that KCWA properly marked the area, and there was a witness to that. The gas company contractor has been terminated and removed from the job.

System Chlorinators, Addition to Clinton and Quaker PS

Mr. Brown reported that the work would be done this winter.

Hydraulic Model Upgrade

Mr. Brown reports that the calibration is good.

East Greenwich Refurbishment (Emergency Replacement)

Mr. Brown reported that the first test well was to be installed the first week of December.

IFR 2014A (Contract Signed)

Mr. Brown informed the board that the contract was signed and awarded and major construction will begin in spring 2015.

IFR 2014B Design (Bidding Status)

Mr. Brown reported that this is ready to be bid sometime late fall or early winter. He expects very good bidding, as some of the contractors are hungry for work.

IFR 2015A/B Design Status (Ratification of Task Order No. 4 Geremia and Associates David Dr.)

Mr. Brown informed the board that both contracts are under design. He expects a late winter bid for 2015A and an early spring bid for 2015B.

Mr. Brown asked the board to ratify the signature of the chairman on task order #4. He added this was for engineering and survey for the David Drive project, in the amount of \$8,350.00 to Geremia and Associates should be ratified.

Mr. Inman moved, and seconded by Mr. Gallucci, to ratify task order #4 to Geremia and Associates in the amount \$8,350.00 for the work on David Drive.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That task order #4 to Geremia and Associates in the amount \$8,350.00 for the work on David Drive is hereby ratified.

Rules and Regulations 3.18.3

Chairman Boyer opened the discussion on this rule of the KCWA. It deals with installation of a new water main across the entire frontage of the property irrespective of the length or location of the entryway. The roadway that the regulation addresses, beneath which the main is to be installed, is the actual physical address of the property assigned by the municipality. This is regardless if the lot has frontage on more than one roadway. Mr. Boyer indicated that there was 1000' of water line that traverses the roadway to the rear of the project, Division Road that proposes 81 condominiums along the West Greenwich/East Greenwich line in West Greenwich. The regulation requires a new main to be installed along New London Turnpike. Chairman Boyer added, that according to the rule, since the address assigned by the town is Division Road, it seems unfair that the developer cannot access the water line to the rear of his property.

Mr. Masterson indicated that he had some experience with a similar issue where the address to the property was simply changed by the town. Mr. Gallucci suggested that the board amend the regulation to render it fairer in situations similar to these. Mr. Brown indicated that the board could indeed amend the regulation, but reminded the board that this regulation was

responsible for the significant expansion of the system.

Chairman Boyer asked that the board think about this regulation and reconsider this at the next meeting of the board.

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

Dated: December ____, 2014

Legal Counsel