

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

December 19, 2013

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 19th day of December, 2013, 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. Chairman Boyer, Board Members Vice-Chairman 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., Rate Counsel Robert Watson, as well as Finance Director Jo-Ann Gershkoff, Mr. Duscheneau and Mr. Simmons. Mr. Gallucci led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of November 21, 2013 were presented for approval. Mr. Giorgio moved passage, seconded by Mr. Inman and the minutes were unanimously approved as amended.

High Service Requests

Alexander Dowlatshahi, 2250 Division Street, East Greenwich.

The applicant appears and advises the board that the existing home is tied to a well. There is service at the end of the driveway, but it is high service.

Mr. Brown indicates that there are no problems with approving the connection with all the required conditions.

It was moved by Mr. Masterson, seconded by Mr. Giorgio, to conditionally approve the request for water supply to the single family dwelling 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 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 technique 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 the single family residence at 2250 Division Road, East Greenwich 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 technique and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

360 Hopkins Hill Rd, Alan Valliere

Mr. Brown introduced the applicant, who advised the board that he resided at the single family dwelling for ten years. He said they dug a second well, and like the first dug well, the second went dry. He indicated that there exists a curb stop at the house.

Mr. Brown reported that there were no issues with the application, and if granted, it should be with all the stipulations and conditions.

It was moved by Mr. Inman, seconded by Mr. Giorgio, to conditionally approve the request for water supply to the single family dwelling 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 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 technique 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 the single family residence at 360 Hopkins Hill Road, Coventry, 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 technique and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported that 642 Washington Street is continuing as an issue and both parties are looking for a resolution. Now that winter has set in, the replacement of the main will have to wait until the weather breaks Mr. Brown continues to work with the engineer and the developer to present an accurate price for replacement to the board.

Centre of New England continues in the Superior Court receivership. Peregrine Property Management has taken over the management of the CONE and they had recently made a payment of \$24,000.00 on December 27th. The balance remains at \$61,000.00.

The Central Coventry Fire District special master had informed Mr. Sullivan that there should be enough funds collected to pay the KCWA, the Town of Coventry, and most of the remaining bills. The Judge had ordered the special master to require attendance of all taxpayers who have not paid their taxes for last year at a show cause hearing to explain why they did not pay. That is being scheduled.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Statement of Cash Location FY 2012-2013 and Cash Receipts and Disbursements FY 2012-2013 as of November 30, 2013 attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Brown indicated that it was a tough month for payments, as is January, historically.

Mr. Gallucci moved and seconded by Mr. Masterson 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 financial report and Statement of Cash Location FY 2012-2013 and Cash Receipts and Disbursements FY 2012-2013 as of November 30, 2013 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Mr. Boyer addressed the board and indicated he was happy that the Finance Director Ms. Gershkoff had returned.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

RFP Approval, IFR 2014/2015 Design Service, Negotiations

Chairman Boyer led off with the fact that in his experience, he thought there was an issue with the submission.

General Manager Brown advised that he negotiated with both parties on their submissions, keeping in mind the Chairman's thoughts that the price quoted is too low and that they cannot do the work for that low of a bid. Mr. Brown advised that the proposer indicated that they could. As a result, Mr. Brown requested the board allow him to reject all proposals, modify it so that it is different, since the bids have been made public. Mr. Brown requested that he be allowed to add some streets to the proposal.

Chairman Boyer agreed, indicating that the RFP was for 9.2 miles, and the submission was for 5.3 miles.

Mr. Masterson added that the two highest bids couldn't even match the time constraints in the RFP.

Mr. Brown advised the board that he was looking for spring construction and to lock in IFR money prior to filing a rate case. Mr. Masterson queried whether Mr. Brown thought that was the best way, to which Mr. Brown agreed that a repackage would be best.

Mr. Gallucci moved, seconded by Mr. Inman, to reject all bids and proposals, and to redo the RFP for the design service.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA shall reject all bids and proposals, and to redo the RFP for the design service.

New Facility

Mr. Brown reported that he had met with the bankruptcy attorney and the attorney for the developer, with Chairman Boyer and legal counsel Patrick J. Sullivan. He added that the next step is to schedule a meeting with the Receiver of CONE, as the two are inter-connected. Then, Mr. Brown reported that Rockland Trust is the next stop, as they are in bankruptcy and Rockland Trust is the only lender/claimant. At issue are the CAM agreements, and KCWA needs to be relieved of that obligation. Mr. Masterson asked if these discussions were premature. Mr. Brown indicated that he thought they were necessary at this level. Mr. Brown added that something has to be prepared to show the PUC, as it may be a rate filing, or to get some capital funds released. A rate case takes at least 9 months with no guarantee. He reminded the board that PWSB had just been refused.

Chairman Boyer added that he told the attorneys in no uncertain terms that this was a long process, but he added he thought the building to be a perfect fit. Mr. Brown added that even if we got through all the hoops, a thorough inspection of the building was still required. He thought it was a good prospect, but there were a lot of unknowns.

Mr. Masterson requested to be allowed to sit in the meetings. Chairman Boyer requested that the General Manager attempt to get the Commission down to the run down offices of the

authority.

New Hire – Customer Service/Secretary Approval

General Manager Brown discussed the new hire. He requested that the matter be tabled until the next meeting. He advised he would like to re-advertise; he needs to present more than one person to the board. Chairman Boyer added that he thought it was a good idea, since most applicants who applied were not qualified.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant and CIP 1B Mishnock Transmission

The General Manager reported the punch list completed. The production of water is occurring daily. He reported that he is getting warranty issues completed and thought the authority would have the certification of substantial completion by the beginning of January 2014.

INFRASTRUCTURE PROJECTS

IFR 2010A O’Donnel St. West Warwick Business Park

Mr. Brown reported the paving is complete. He requests the board approve the change order no. 2 for a price adjustment to asphalt, which is based upon oil prices.

IFR 2010B Prospect Hill (Construction Status)

The General Manager informs the board that construction in winter shut down. He added that paving issues have to be repaired and redone, as he had rejected some streets. Mr. Gallucci asks if they had done it curb to curb. Mr. Brown added that potholes were our responsibility and that Cardi took their employees off the job to go to higher paying jobs. Chairman Boyer added that there were not enough paving companies in this state.

Quaker Lane Pump Station Upgrade

The General Manager reports that this is also being worked on, and that there was a punch list to be prepared. Damages will be reviewed at completion.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown indicates that he is attempting to offer option to alleviate the escrow agreement requirement. He spoke to DOT and the funds are already restricted by state law.

System Chlorinators, Addition to Clinton and Quaker Pump Station

Mr. Brown indicated again that this was sent to the RIDOH for emergency chlorination to each site. He added that chlorine is difficult to deal with, as KCWA doesn't like putting chlorine into our tanks as it upsets the equilibrium. He added that chlorine reacts more to the taste in the winter and more to the smell in the summer.

There being no further business before this meeting, on motion duly made by Mr. Inman, seconded by Mr. Giorgio and carried, the meeting was adjourned at 4:45 p.m.

Dated: January ____, 2014

Legal Counsel