

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE BOARD

December 15, 2016

A meeting of the Board of Directors of the Kent County Water Authority was held on the 15th day of December 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 and Mr. Duckworth 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. Simmons led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of November 17, 2016 were presented for approval. Mr. Duckworth moved passage of the minutes, seconded by Mr. Giorgio and both sets of minutes were unanimously approved.

Guests

There were no guests this month.

BOARD REORGANIZATION

Selection of Board Secretary

Mr. Brown advised the board that the position of Secretary was currently vacant and the board needed to elect someone from their ranks or appoint a third party. There was discussion amongst the board. Mr. Duckworth indicated his assent to election to the position, and he was nominated by Mr. Masterson, seconded by Mr. Giorgio. The board unanimously elected Mr. Duckworth to the position of secretary.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported on the Center of New England ongoing receivership. He advised the board that there was nothing current affecting KCWA and he would continue to monitor the situation.

He then reported on the KCWA v. Cardi lawsuit. He indicated he received a response to

his discovery requests earlier this week and he continues in the process of sifting through the numerous documents in the disks.

He then spoke of the KCWA v. Colbea matter. He advised that all the briefs and replies were now in with argument scheduled for January 18, 2016.

Director of Finance Report:

Mr. Brown reported that there was no cash report resulting from staff sick leave/shortage. He reported that collections were very slow and there was a cash flow problem.

Point of Personal Privilege and Communication

Mr. Masterson took the opportunity to thank Mr. Brown and congratulate him and the staff for the settlement in the rate case 4611. He said Mr. Brown got the best deal for the rate payers, and said the settlement was best in light of the fact that there is continued absence in the finance office.

Chairman Boyer echoed Mr. Masterson's remarks.

Mr. Duckworth said that he CONE receiver approached the town of Coventry regarding the condos at the Highlands, He said the receiver wants KCWA to service the condos, and that the receiver thinks KCWA has the ability to provide that service. He said the receiver wanted a meeting with representatives from the Town of Coventry, KCWA, and Mr. Duckworth. Mr. Duckworth reiterated his position that KCWA will indeed sell water but it cannot build the infrastructure.

Chairman Boyer wished all the staff and board members a merry Christmas and a happy new year.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

PUC Docket #4611 KCWA Rate Case Status

Mr. Brown updated the board on the case. He said that KCWA signed onto the settlement. He said the new rates should go into effect on January 1, 2017. He said the Commission accepted the settlement with open arms. He said they did ask some questions, as did Commission staff. He went on to summarize the salient portions of the settled case. He said the public fire service charge and the demand service charge both failed to gain approval. He added that the fire departments didn't want the fire hydrant charges changed. He said the ruling will be made on December 20, 2016. He said there was a compliance filing that was needed and that the Commission could approve the settlement the same day.

Mr. Masterson asked about the cost per gallon delivered. Mr. Brown said it was .88

cents per gallon, adding that the article in the Warwick Beacon had errors in their numbers.

PUC Docket #4618 PWSB Intervention of Rate Case - Status

Mr. Brown updated the board on this rate case. He said that three days ago, he received rebuttal testimony. He said surrebuttal testimony is done now. He said hearings begin on January 24, 2017. He said if their increase is approved, then KCWA would receive a pass-through increase.

Corporate Organizational Structure

Mr. Brown opened the discussion of the lack of a succession plan and of the limited resources to plan one. He said he needs direction from the board regarding the firm's management. He passed out an executive succession plan and an organizational chart. He said the OC reflects 37 employees with the actual number being 34 staffed positions. He suggested there could be separate divisions, such as customer service, field and operational, technical, and financial. He suggested a deputy general manager's position. He said the possibilities were wide open, and these positions were only suggestions.

Warwick Water – Forge Rd. Meter Pit Testing

Mr. Brown explained that the KCWA is in need of Warwick to tests their meter. He said KCWA has been asking them to test their meter for some time now. He said Warwick is saying they cannot. Mr. Brown said all large meters are tested annually or every two years. He said this needs a test.

Mr. Gallucci said he asked Warwick to put something together as quickly as possible. He said they are concerned with a lack of pressure.

West Street Tank – Survey Required – Encroachment

Mr. Brown informed the board that a customer called and reported that a tree had fallen on their shed which was turned over to KCWA insurance carrier. He said that there was a lot of tree growth and he sought some prices from tree cutters. He said the prices ranged from \$5,200.00 to \$9,000.00. He said when they went out there, staff noticed encroachment on KCWA property. He said KCWA needs to survey the area and then turn it over their attorney. He said it cost approximately \$2,000.00 per day for survey work with \$250.00 per bound.

Revised Requirements Public Finance Management Board

Mr. Brown said when selling bonds in the past, KCWA would deal with the office of the General Treasurer. Now there is a new Office of Debt Management where reports are done on the KCWA debt.

INFRASTRUCTURE PROJECTS

Mr. Brown began the discussion advising the board that KCWA is spending an average of \$611,000.00 per month in infrastructure improvements this year to illustrate how busy KCWA is.

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 project was beginning and the building construction is ongoing with hopes to continue work weather permitting.

IFR 2014A

Mr. Brown informed the board that this construction is complete with paving next year.

IFR 2014B

Mr. Brown informed the board that construction is ongoing. He said that the services that are above ground will finish and the project will move to completion for winter shutdown.

IFR 2015A

Mr. Brown informed the board that the construction is going very well on River St. and Aster St. in West Warwick.

IFR 2015B

Mr. Brown said the construction was shut down for winter.

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 construction will begin Spring 2017.

Water Main North/South Interconnection High Service

Mr. Brown advised the design services ongoing.

EXECUTIVE SESSION – Pursuant to RIGL 42-26-5(a)(2), Anticipated Litigation

Chairman Boyer read the first agenda item and then asked for a motion to move into executive session for purposes of anticipated litigation.

Mr. Duckworth moved, seconded by Mr. Giorgio, that the board move into executive session for discussion of the aforementioned anticipated litigation.

Upon Motion duly made and seconded, it was unanimously, by roll call vote,

VOTED: That the board move into executive session for discussion of the aforementioned anticipated litigation.

The board moved into executive session at 4:30 p.m.

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The board reconvened in open session at 5:15 p.m.

Mr. Duckworth moved, seconded by Mr. Giorgio, that the minutes of the executive session be sealed.

Upon Motion duly made and seconded, it was unanimously, by roll call vote,

VOTED: That the minutes of the executive session shall be sealed.

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

Dated: January ____, 2017

Patrick J. Sullivan
Legal Counsel