

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

March 21, 2013

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 21st day of March, 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. as well as Mr. Duscheneau and Jo-Anne Gershkoff and Mr. Simmons. Chairman Boyer led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

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

LEGAL MATTERS

Legal counsel Patrick J. Sullivan updated the Board on the Central Coventry Fire District receivership. He reports that the District remains in receivership. There was a new meeting of the taxpayers scheduled for March 26, 2013 with a proposed new budget. The receiver had negotiated additional cuts within the budget, and there was extensive press coverage of the receivership. Mr. Sullivan reports that if the budget is not passed, then most certainly the receiver will collect the assets and liquidate the fire district. The claim is a priority claim and should be paid with the proceeds of the sale of the assets if that occurs.

Mr. Sullivan also reports that he had met with the receiver of Commerce Park Properties at the Centre of New England. At the request of the receiver, Mr. Sullivan reports that he, Mr. Cambio and Mr. McGowan met at the property. Mr. Sullivan reports that he and Mr. McGowan believe that the receivership will enable the CONE properties to begin a regular payment of their bills, as the properties were unable to sell any real estate, as much as they tried. They had problems with one lender that had a blanket mortgage over all the real estate, and that lender would not partially discharge any part of the mortgage to enable the sale of any real estate. They report that there is at least one property already in a purchase and sale agreement. Mr. Sullivan reports that Mr. Cambio has all the property up for sale, and with the receiver's ability to convey parcels free and clear of all liens, the sale of more property is certain.

Mr. McGowan reports that he will endeavor to pay the ongoing amounts pursuant to the consent judgment of \$10,000.00 every other week, notwithstanding the receivership. He will also seek to add the most recent bill of approximately \$47,000.00 to the arrearage; he will need court approval to do so. Mr. Brown reports that they have paid their \$10,000.00 every other week, and that they are current in doing so.

Mr. McGowan also reports that they will be requesting to extend water service in and to the properties in the park, including some condominiums, as they report problems with the wells. Mr. Brown indicates that he welcomes a meeting with the receiver and asks Mr. Sullivan to arrange it.

Mr. Sullivan informs the board that the escrow agreement that was approved between the Town of West Warwick and the Authority was forwarded to the town solicitor for his consideration. He reports he followed up with a third letter to the solicitor, and further reports that he hasn't heard any response.

Finally, Mr. Sullivan reports on the problem at 642 Washington St. in Coventry. He says he sent a strongly worded letter to the principal, Mr. Breckel, of COLBEA Enterprises, LLC. Mr. Breckel had responded that his company may be interested in a cost share arrangement, perhaps up to fifty (50%) percent, to remedy the problem with the water main. The board discussed the proposal. Mr. Inman thought it didn't seem fair, since the developer caused the leakage, and failed to keep the hole open. Mr. Brown indicates there was an estimate of approximately \$85,000.00 to remedy the situation. He also indicated that it wouldn't hurt to sit down with the company to discuss the options. Mr. Sullivan would arrange the meeting.

Director of Finance Report (Attachment "A")

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. She introduced and explained the Statement of Cash Location FY 2012-2013 (through February 2013) and the Statement of Revenues, Expenditures and Changes in Fund Balance as of January 31, 2013 attached as exhibit "A". A thorough discussion ensued by the board with regard to the sales and revenue.

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 Statement of Cash Location FY 2012-2013 (through February 2013) and the Statement of Revenues, Expenditures and Changes in Fund Balance as of January 31, 2013 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Chairman Boyer reported to the group that he had met with Senator Walaska regarding funding for the so called “missing link”, the proposed line from the courthouse on Route 2 in Warwick, to the Cardi’s Furniture building on Route 2. Mr. Boyer reports that Mr. Walaska expressed interest and requested a memorandum from the Authority. Mr. Boyer informed the board that the General Manager had completed that memorandum and that Mr. Boyer is to hand deliver the document.

GENERAL MANAGER/CHIEF ENGINEER’S REPORT

GENERAL:

Division Hearing – Service Availability – Appeal –

The General Manager reports that the appeal of IN RE: DOCKET NO. D-111-45 COMPLAINT FILING BY GREGORY M. DECUBELLIS AGAINST THE KENT COUNTY WATER AUTHORITY sits in the Superior Court for Providence County and awaits scheduling by a Judge.

642 Washington Street, Status of Engineering Review – Action to Date

General Manager Brown reports that this matter was handled by legal counsel Mr. Sullivan.

IFR 2009B Industrial Lane, West Warwick - Paving Issue Agreement

Mr. Brown reports that Mr. Sullivan covered this issue in the Legal Matter portion of the agenda.

Ratification of Summit Financial Corporation Agreement

General Manager Brown requests that the Board ratify the proposed service agreement from Summit Financial (attached hereto as exhibit “B”) for the Kent County Water Authority Defined Benefit Pension Plan. Mr. Brown reports that there is a slight increase in their fees, however that rate is guaranteed for four (4) years.

Mr. Masterson queries whether the board can ratify for four (4) years at a time. Mr. Brown indicates that this can only be ratified one (1) year at a time.

Mr. Inman moved and seconded by Mr. Gallucci to ratify the agreement with Summit Financial Corporation 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 agreement with Summit Financial Corporation attached as exhibit “A”, be approved as presented and be incorporated herein and are made a part hereof.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant and

The General Manager reports the project is moving along quite well. He indicates that the pumps will be completed the week following the meeting. The process of flushing will commence at that time. The Department of Health requires sample results, as well as quarterly sampling. Mr. Brown indicates that there are three pumps, and that they must pass prior to going operational. Mr. Brown praises the staff in connection with this project and also indicates that an additional hire may be needed in the coming months.

CIP 1B Mishnock Transmission

Mr. Brown indicates that this project is on hold for a current lack of funds.

INFRASTRUCTURE PROJECTS

IFR 2009B (Closeout)

The General Manager reports that construction is complete and final payment and closeout remain.

IFR 2010A (Winter Shut Down)

The General Manager reports that the City of Warwick has indicated that they will be going out to a bond issue to finance some sewer work. He suggests that the Authority negotiate with the City of Warwick to pay one half of the paving expense and eliminate it from our contract. He adds that it is dependent upon the City Council, and promises to keep the board informed.

IFR 2010B (Winter Shut Down)

The General Manager informs the board that this project is scheduled to startup mid April 2013. He reports that there was a pre construction meeting that was already held, and that materials are being brought onto the site daily.

Quaker Lane Pump Station Upgrade (Construction Status)

The General Manager reports that this project has started up, and that it is currently pumping. He reports that there were some issues with hydrocarbons. This will be on bypass until June, 2013, and is expected to be complete by June 2013.

Tech Park Storage Tank Painting

The General Manager reports that the tank will be drained in mid April and work will begin immediately thereafter.

Water Street Replacement (Construction Status)

The General Manager reports that the water line replacement portion of this job is complete, with the small exception of an area near the Harborside Restaurant and it is operational.

A general discussion was held regarding proposed legislation at the state house. Mr. Gallucci reports that all bills affecting the Authority had been held for further study.

Finally, a general discussion was held regarding the Division of Taxation's audit of the tax-exempts. Mr. Brown reports that they have completed their analysis.

There being no further business before this meeting, on motion duly made by Mr. Inman, seconded by Chairman Boyer and carried, the meeting was adjourned at 4:16 p.m.

Dated: April ____, 2013

Legal Counsel