

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

June 23, 2015

A meeting of the Board of Directors of the Kent County Water Authority was held on the 23rd day of June 2015, 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 Masterson, Mr. Gallucci, Mr. Inman and Mr. Giorgio were all present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq. and Finance Director Jo-Ann Gershkoff. Mr. Gallucci led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of May 21, 2015 were presented for approval. Mr. Giorgio moved passage of the minutes, seconded by Mr. Gallucci and the minutes of the meeting were unanimously approved.

LEGAL MATTERS

Mr. Sullivan reported on the problems in the Pontiac/Natick area of Warwick. He advised that since the last meeting, he had served the two recalcitrant homeowners with a summons and complaint for a prescriptive easement. He said that one homeowner contacted him and said he and his wife are in the process of a divorce and that they will sign separate easements, and the suit need not proceed. The other homeowner contacted his office and expressed disappointment from the answers he received from the engineer who visited his home. Mr. Brown indicated that the feedback he received was different from the homeowner. Mr. Sullivan indicated that that he would follow up on the matter.

Mr. Sullivan then updated the board on the situation at 642 Washington St., Coventry. He spoke to a principal at COLBEA and requested an answer of whether the \$80,000.00 remains on the table for the relocation, as it can be incorporated into the proposed improvements over the Laurel Avenue bridge. The principal acknowledged receipt of the request and said he would consult with the company officers.

Mr. Sullivan then commented on the Central Coventry Fire District bankruptcy. He explained that all pending motions by all creditors had been continued as the plan for the district to emerge from bankruptcy evolves. There is a hearing in July where the plan may be proposed.

Mr. Sullivan also advised the board that he filed a lawsuit against the Coventry Fire

District seeking the money owed on the hydrant rentals. Mr. Williamson accepted service of the complaint and the twenty days to answer has just about run. Mr. Sullivan advised the board that he will default the defendant in the event they don't answer.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. She reported on the Cash Receipts and Disbursements and Statement of Cash Location FY 2014-2015 as of April 2015, and Statement of Revenues, Expenditures and Changes in Fund Balance as of March 2015, attached as exhibit "A", and a thorough discussion ensued 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 Cash Receipts and Disbursements and Statement of Cash Location FY 2014-2015 as of April 2015, and Statement of Revenues, Expenditures and Changes in Fund Balance as of March 2015 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege and Communication

There was nothing reported in this section.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

2015A IFR Easements Warwick Status

Mr. Brown advised the board that Mr. Sullivan discussed that topic and it awaits finalization. Once it comes together, he will authorize it.

Rate Case Status

Mr. Brown indicated that he is awaiting the engagement of rate counsel. He advised that PWSB filed a rate case last week, and since their last rate case 2.5 years ago, the order was never filed, so they asked that the case be reopened. They are also seeking a new building, he reported. This is expected to begin in July 2015.

Rate Counsel Action

Mr. Brown indicated that the approval awaits on Mr. Keough's proposal. There was

continued discussion of the hourly rate.

Mr. Giorgio moved, seconded by Mr. Gallucci, to approve the engagement agreement from Keough and Sweeney for July 1, 2015 through June 30, 2016.

Upon motion duly made and seconded, it was voted in the affirmative by Chairman Boyer, Mr. Masterson, Mr. Gallucci and Mr. Giorgio. Mr. Inman voted in the negative.

VOTED: That the Chairman is authorized to sign the engagement agreement from Keough and Sweeney for July 1, 2015 through June 30, 2016.

The Chairman indicated that he indeed agreed with Mr. Inman after the vote. There was discussion of the hourly rate of the principal, Mr. Keough and the associate. Chairman Boyer recalled the discussion that was had whereupon Mr. Keough was asked to reduce his rate to \$250.00 per hour from \$265.00 and that Mr. Keough declined the invitation. Mr. Gallucci asked Mr. Brown what the hourly rate for Mr. Woodcock was, to which he replied \$175.00. Mr. Brown advised the board that the KCWA needs rate counsel for the PWSB case now.

Mr. Masterson opined that he thought this was already gone over at prior meetings with Mr. Keough. He went on to say that he thought Mr. Keough was eminently qualified and that all this had been settled. Chairman Boyer said his qualifications were not the issue, the hourly rate was. The Chairman characterized as a continued negotiation. There was a brief discussion of a flat rate as well. Mr. Brown strongly advised against that.

Mr. Gallucci moved to reconsider, having been on the winning side of the motion, seconded by Mr. Giorgio.

Upon motion duly made and seconded, it was unanimously

VOTED: That the motion to approve the engagement agreement from Keough and Sweeney for July 1, 2015 through June 30, 2016 was reconsidered.

Reconsideration was discussed. Mr. Masterson thinks the reconsideration was wrong; he said Mr. Keough came in twice, Mr. Brown had him in several times and he sat listening to the board. After further discussion,

Mr Gallucci moved, seconded by Mr. Inman, to approve the engagement agreement from Keough and Sweeney and authorize the Chairman to execute it, for July 1, 2015 through June 30, 2016 at the hourly rate of \$250.00 per hour, all other provisions as written included. This offer shall expire at the conclusion of seven days from the date of approval.

Upon motion duly made and seconded, it was unanimously,

VOTED: That the engagement agreement from Keough and Sweeney is approved, and the Chairman is authorized to execute it, for July 1, 2015 through June 30, 2016 at the hourly rate of \$250.00 per hour, all other provisions as written included. This offer shall expire at the

conclusion of seven days from the date of approval, or June 30, 2015 at the close of business.

RFP Award

- Design Services Infrastructure Demolition

Mr. Brown summarized the RFP proposed award for demolition. He indicated this will include debris and contaminated material and he recommended approval for Geremia & Associates, the low bidder, in the amount of \$46,146.00. Mr. Brown added this would save the KCWA insurance premiums as well.

Mr. Masterson moved, seconded by Mr. Gallucci, to award the demolition contract to Geremia & Associates in the amount of \$46,146.00.

Upon motion made, and seconded, it was unanimously

VOTED: That the design services infrastructure demolition contract is awarded to Geremia & Associates in the amount of \$46,146.00.

- Design Services Engineering IFR 2016

Mr. Brown summarized the RFP for design services engineering 2016. He indicated he received two responses. He recommended Geremia & Associates for approval in the amount \$122,953.00; it was the low bid as well.

Mr. Masterson moved, seconded by Mr. Gallucci, to award the design services engineering IFR 2016 contract to Geremia & Associates in the amount of \$122,953.00.

Upon motion made, and seconded, it was unanimously

VOTED: That the design services engineering IFR 2016 contract is awarded to Geremia & Associates in the amount of \$122,953.00.

Financial Institution Changes

Mr. Brown advised the board banks want out of the municipal banking business. He indicated that the current bank, Bank of America, wants KCWA to get a new bank. He advised the board that he is still interviewing and reviewing proposals for fees, lock box services, etc... He promised a recommendation soon.

Open Positions

Mr. Brown reported on four open positions. One is the GIS coordinator. He has five more interviews to do. He reported he had two good interviews already.

He also advised that there are 3 field spots. He indicated that he would be advertising in

the Providence Journal since there are no applications for the positions. The Chairman asked Mr. Brown if there could be movement from within. Mr. Brown said there could, but three employees from the meter department want to move and he couldn't support such a void within that department.

INFRASTRUCTURE PROJECTS

IFR 2010B Prospect Hill (Construction Status)

Mr. Brown informs the board that Providence St. has begun with trench reconstruction and paving.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown reported the project back in full motion, with work being monitored by KCWA personnel. It is a 2-year project.

East Greenwich Refurbishment

Mr. Brown reported that the demolition has begun.

IFR 2014A

Mr. Brown reported that Boyle and Fogarty had been awarded the contract and construction in the Tollgate Road area remains underway night and day.

IFR 2014B

Mr. Brown reported that construction in West Warwick roads was begun on New London Ave. in concert with the town.

IFR 2015A/B DESIGN

Mr. Brown reports that both contracts remain under design. 2015A is under review by RIDOT. 2015BN is in the final stages of design.

Quaker Lane Pump Station Upgrade (Status)

Mr. Brown reports that the parts remain on order and will be installed by the contractor once received. Mr. Brown said if the parts come in he would not shut down the pumps in the summer, and rather wait until the summer is over.

Mr. Gallucci moved and seconded by Mr. Masterson that the board move into executive session for discussion of litigation and/or potential litigation pursuant to RIGL 42-46-5(a)(2)

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

VOTED: That the board moved into executive session for discussion of litigation and potential litigation pursuant to RIGL 42-46-5(a)(2)

The board goes into executive session at 4:10 p.m.

At 4:30 p.m. the board emerges from executive session and resumes open session.

Mr. Gallucci moved and seconded by Mr. Masterson that the board exit from executive session.

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

VOTED: That the board exit from executive session. The board resumes in open session.

Mr. Giorgio moved, seconded by Mr. Masterson, that the minutes of the executive session meeting shall remain under seal pursuant to RIGL 42-46-4 and 42-46-5.

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

VOTED: That executive session minutes of the meeting shall remain under seal pursuant to RIGL 42-46-4 and 42-46-5.

Budget FY 2012/2016 - Approval

The General Manager introduced the budget to the members of the board. He summarized the budget highlights, including:

- Employee salary increases
- Employee health insurance contributions remain at 10%
- Worker's Compensation down
- Property/liability premiums down
- Minimum pension contribution down 11% from last year due to investment returns

He went on to discuss the current budget policy and outlined the direction of the company:

- Complete construction of IFR 2014A and 2014B improvements.
- Bid and construct IFR 2015A and 2015B
- Finalize design on the 2016 IFR programs.
- Finalize design and implement the system wide demolition of obsolete structural infrastructure
- Finalize design and construction of the emergency replacement of the E.G. Well facilities.
- Complete high service storage analysis and implement recommendations.
- Continue to operate and service our customers with courtesy, professionalism and a quality product
- Continue the "invest and invigorate" employee program

He went on to say no growth is being proposed. He proposes a balanced budget. He discussed the revenues and the public fire proposal for PUC. He would like to spread the \$1.3 million hydrant rental from fire departments over to the customer base. He said the bankruptcies and receivership of the fire districts across the state illustrate the time is now to do this.

Mr. Brown went on to discuss the new auditors as well as the employee benefits. He discussed employees who have lost their grandfather certifications, and discussed overall raises to employees and staff. He reported that he stayed within the 2% he allocated for raises company wide.

Mr. Brown then left the room to allow the board to consider his remuneration.

Chairman Boyer and the other members discussed Mr. Brown's current income of \$168,810.00 annual salary. Chairman Boyer proposed a raise, and Mr. Inman indicated Mr. Brown serves in a dual capacity as Chief Engineer and General Manager. Chairman Boyer proposed Mr. Brown's income be raised to \$177,240.00, approximately 2.5% for each position.

Mr. Masterson moves, seconded by Mr. Inman, to raise Mr. Brown's annual salary to \$177,240.00.

Upon motion made, and seconded, it is unanimously

VOTED: That KCWA shall raise Mr. Brown's annual salary to \$177,240.00

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

Dated: July ____, 2015.

Legal Counsel