

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING
OF THE BOARD

August 15, 2013

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 15th day of August, 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 Jo-Ann Gershkoff, Mr. Duscheneau and Mr. Simmons. Mr. Sullivan led the group in the pledge of allegiance. Mr. Giorgio appeared later during the meeting.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of July 18, 2013 were presented for approval. Mr. Giorgio moved passage, seconded by Mr. Inman and the minutes were unanimously approved.

GUESTS

Super 8 Motel West Greenwich - Amin Mesiva

General Manager Brown reports to the board that Super 8 requested to be continued to the September meeting.

40 Sharon Drive, Coventry – Jesse Saccoccio

Mr. Brown reports that although he expected the applicant to appear, he reports that there are no issues with this application for high service waiver. It is for a single family home.

It was moved by Mr. Inman, seconded by Mr. Giorgio, 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 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, the board conditionally approves 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.
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 Patrick J. Sullivan updated the Board on legal matters beginning with Central Coventry Fire District receivership. He reports that the District remains in receivership. Mr. Sullivan adds that he spoke with the receiver, Mr. Land, about the growing arrearage. Mr. Land indicated there were final tax payment bills due this month and he expected an infusion of receipts. Although Mr. Land reiterated a story on how he requested KCWA to cancel the hydrant rentals, that decision was reversed and Mr. Land remains committed to pay the invoices in full in this budget year. Mr. Land could not, however, provide a time frame in which to do so.

Mr. Sullivan next reported that there was progress with the principals from COLBEA Enterprises regarding the water line and contaminated soil at 642 Washington St. He advised the board that the project was with their engineers who were drawing up a cost estimate for COLBEA to do the work without having to use prevailing wage contractors and promise a report soon.

Mr. Sullivan also updated the Board regarding the receivership of the Commerce Park Properties at the Centre of New England. There were already court orders putting the Commerce Park Management LLC into a trusteeship, so called, similar to a pre receivership. There are motions pending to put the management company, Commerce Park Management, LLC into a permanent receivership, with Mr. McGowan appointed as the interim receiver. There has been discovery ongoing by all parties, and the payment of past and future water bills and future delivery of water are at the center of the case. The receiver was attempting to show funds that were misused; however Mr. Cambio is fighting the case all vigorously. This is an ongoing case that should travel through the courts over time, and Mr. Sullivan recommends that the authority keep a close eye on the case.

Mr. Sullivan reported to the board that the Green View Condominium easement was resolved after the shutoff notices were threatened, and that as a result thereof, the attorney for the Condominium Association has provided the easements to Mr. Sullivan to be countersigned by the General Manager.

Lastly, Mr. Sullivan reports that the Industrial Drive matter remains in limbo. He reports he advised Mr. Williamson that again, we need the resolution from West Warwick, as well as the signed escrow agreement prior to the funds being escrowed.

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 June 30, 2013 attached as exhibit “A”, and a thorough discussion ensued with regard to the sales and revenue. Mr. Brown indicated that the audit was still ongoing and he expected it to be complete as of October 1, 2013.

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 June 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

Chairman Boyer commented on a booklet that describes the operation of the Authority in detail. He commended the General Manager on the quality and contents of the book. Mr. Boyer adds that the map within the publication is helpful to the board members, and adds again that is well done.

Mr. Brown added that the booklet was forwarded to the PUC Commissioners as requested.

GENERAL MANAGER/CHIEF ENGINEER’S REPORT

GENERAL:

Division Hearing – Service Availability – Appeal –

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 remains in the Superior Court for Providence County. Counsel has reviewed the brief from the Plaintiff.

Chairman Boyer expressed concern regarding why the case is taking so long and requests the cost of the appeal from the KCWA. General Manager Brown indicates that the case is costing nothing right now, as the brief from KCWA just needs to respond to the brief of the appellant, file it and then the Court merely issues a decision.

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

General Manager Brown reports that Mr. Sullivan covered this topic in legal matters.

Audit Services FY 2013 – Approval Braver P.C. Contract

General Manager Brown next discussed the proposal from Braver P.C. for the annual audit services. He discusses the proposal provided to the board dated August 14, 2013. The cost is \$27,000.00 and he reminds the board that the authority is in the second of three (3) years of the agreement. Mr. Brown recommends approval of the agreement.

Mr. Masterson moved, seconded by Mr. Gallucci, to award the second of three (3) years contract to Braver P.C. for audit services for FY ending June 30, 2013.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the contact for the second of three (3) years is hereby awarded to Braver P.C. for audit services for FY ending June 30, 2013 in the amount of \$27,000.00.

Ratify Approval of Task Order 5 Amendment Treatment Plant, Wright Pierce

Mr. Brown then asks the board to ratify task order 5 for an amount not to exceed \$120,000.00 to Wright Pierce for engineering construction administration services. This is for additional services due for the Mishnock Treatment Plant's failure to complete on time. Mr. Brown adds that he expects to recover this sum in the penalty for said failure.

Mr. Masterson moved, seconded by Mr. Gallucci, to ratify task order 5 for an amount not to exceed \$120,000.00 to Wright Pierce for engineering construction administration services for additional services due for the Mishnock Treatment Plant's failure to complete on time.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That task order 5 for an amount not to exceed \$120,000.00 to Wright Pierce for engineering construction administration services is hereby ratified.

Truck Purchase Bid

General Manager Brown recommends the approval of the bid for five (5) new vehicles to Hurd Auto Mall. Hurd was the only bidder, as the second bid failed to arrive in time. The net purchase price was \$108,161.00 after the trade in allowance was deducted from the total of \$127,611.00. Mr. Gallucci moved, seconded by Mr. Inman, to award the bid to Hurd Auto Mall for a net amount of \$108,161.00 for the purchase of five (5) new vehicles.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That Hurd Auto Mall is hereby awarded the bid for the purchase of (5) new vehicles for a net amount of \$108,161.00.

Employment Agreement – General Manager – Approval

Chairman Boyer reports that he met with Mr. Sullivan over a series of days to continue to iron out an agreement for the General Manager. He reports that they were to meet to try to finalize the agreement and asks that the matter be tabled for now.

Review KCWA Organizational Structure

Mr. Brown opened the discussion with his opinion that the Ocean State Water Authority (“OSWA”) appears to be on a path to approval. Just when it would occur is unclear, but he thought it dovetailed with an attempt to reorganize the structure as previously discussed months ago by the board. Chairman Boyer thought OSWA was an attempt to bail out the City of Providence and thought it was unfair to our ratepayers.

There was a lively discussion. Mr. Brown indicated that the KCWA was a public benefit corporation, so he thought a corporate structure, rather than an authority structure, may be more beneficial to the ratepayers. He touted the financial condition of the KCWA, including their credit rating, bonded indebtedness, and independence as there are no funds received from the State of Rhode Island.

Chairman Boyer reminded the board that they had approved a contract with a consulting firm some time ago to conduct a review of the organizational structure and make recommendations to reorganize and restructure. He suggested that they be further engaged now.

Mr. Inman suggested they also, as part of their charge, formulate a strategic plan, with 5/10/15 year goals. Mr. Brown thought it might help to refine their charge to providing more smooth operations with recommendations on structural change. Mr. Brown added that they hired facilitators previously, but thought it was a great idea to incorporate Mr. Inman’s suggestion.

Mr. Gallucci agreed, and suggested that they can look backward to see where we have been before we chart the course forward, both organizationally and structurally.

CAPITAL PROJECTS:

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

The General Manager reports the plant has been producing water for the last three (3) days. He is encouraged. A portion of the transmission main is complete, however, it needs additional funding to be finished

INFRASTRUCTURE PROJECTS

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

Mr. Brown reports the subcontractor has begun preliminary paving. Cardi Corporation is the subcontractor.

IFR 2010B Prospect Hill (Construction Status)

The General Manager informs the board that bypass piping is moving along with the active installation of mains.

Quaker Lane Pump Station Upgrade (Status)

The General Manager reports that this project is in full swing with a deadline of August 2013 to be operational. Mr. Brown recommends approval/ratification of change order No. 4 regarding the heating element in the amount of \$1,183.35 to Hart Engineering Corporation. He indicates that the engineer will be billed for the design error on this item.

Mr. Masterson moved, seconded by Mr. Gallucci, to ratify change order No. 4 regarding the heating element in the amount of \$1,183.35 to Hart Engineering Corporation.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That change order No. 4 is hereby ratified regarding the heating element in the amount of \$1,183.35 to Hart Engineering Corporation

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown indicates that the design was completed and forwarded to the RIDOT for inclusion into their contract. He added that the City had agreed to irrigate the rotaries.

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 5:16 p.m.

Dated: August ____, 2013

Legal Counsel