

KENT COUNTY WATER AUTHORITY

MINUTES OF THE SPECIAL MEETING
OF THE BOARD

September 17, 2015

A meeting of the Board of Directors of the Kent County Water Authority was held on the 17th day of September 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 Chairman Robert Boyer, Mr. 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. as well as, Mr. Duscheneau and Mr. Simmons, and Finance Director Jo-Ann Gershkoff. Attorney Sullivan led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of August 20, 2015 and the special board meeting of September 1, 2015 were presented for approval. Mr. Masterson moved passage of the minutes of both meetings, seconded by Mr. Giorgio and the minutes of both meetings were unanimously approved.

KCWA Regulation Erratum High Service Conditions, Approval

Mr. Brown requested the Chairman take the agenda out of order and requested that the Erratum to the Rules and Regulations of the KCWA be approved. He advised the board that the high service conditions that arose out of a superior court case Commerce Park Realty, LLC v. KCWA CA 2005-0494. He advised that Mr. Sullivan went to court and requested the court vacate the order requiring the high service gradient regulations and dismiss the case. The court did dismiss the case relieving the requirement for applicants to appear before the board. Amending the regulations brings them in conformity with the judge's order.

Mr. Inman moved and seconded by Mr. Masterson to approve the Erratum to the Regulations deleting section 1.14 in its entirety.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Erratum to the Regulations deleting section 1.14 in its entirety is approved.

LEGAL MATTERS

Mr. Sullivan reported on the Pontiac St./East Natick area of Warwick. He advised that the Chairman visited the properties and received a commitment from Mr. Lima to sign an easement. The Chairman advised the board that Mr. Blair from Railroad Row wanted his driveway relocated, as the current design required the easement under his driveway. The Chairman advised the owner that the moving of the driveway wouldn't be a problem, and a diagram depicting the new driveway would be generated.

Mr. Sullivan then updated the board on the situation at 642 Washington St., Coventry. Mr. Sullivan formally presented COLBEA's offer of \$25,000.00 communicated by letter from his office to Mr. Brown. He suggested that the offer should be acted on. There was discussion from the board and there was a general consensus to not approve it and not act on it at all.

Mr. Sullivan then commented on the CCFD bankruptcy. He advised the board that he thought the plan of debt adjustment should have already been filed and approved. He said the town of Coventry was skirmishing with the receiver over rental payments due for their tax collector. Mr. Inman had several questions regarding the amounts due and the ongoing payments. Mr. Brown advised that the arrearage was currently frozen but that the receiver was paying the ongoing bills for the hydrants.

The Coventry Fire District was then discussed. Mr. Sullivan said that Mr. Williamson was leaving the case as counsel for the district. There was no other attorney that had entered, but there was a motion to compel discovery next week and a motion for summary judgment for late October 2015. He anticipated that if there were another attorney who entered, they would look to delay the case in order to catch up, but Mr. Sullivan would oppose the efforts. Mr. Sullivan also discussed collection of the anticipated judgment. He discussed the possibility of a tax sale for collection as well as a levy and execution of the unimproved real estate the district owned.

Finally, Mr. Sullivan advised that he was approached by the receiver in the CONE receivership cases and wanted to meet with the board regarding expanding the water availability to the undeveloped lots near the condominium complex and discuss the transfer of the old infrastructure from the receivership to KCWA with end user billing. Mr. Crossman, according to Mr. Sullivan, said he has the as-builts from the engineer who installed the original infrastructure on the Center of New England Blvd. He advised the engineer Mr. Crossman to contact the KCWA.

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 August 2015, and Statement of Revenues, Expenditures and Changes in Fund Balance as of July 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 August 2015, and Statement of Revenues, Expenditures and Changes in Fund Balance as of July 2015 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Mr. Brown added that the audit should be finished by next week and that depreciation would be an issue as the methodology they use differs from the order from the PUC.

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 discussed that with Mr. Sullivan and it awaits finalization.

Financial Institution Changes

Mr. Brown began the discussion and advised that Ms. Gershkoff would have a presentation regarding financial institution changes. He said they had been working on this and it is almost finalized. He said KCWA is down to 2 finalists since Bank of America no longer wanted the business from KCWA.

Ms. Gershkoff began by saying that Bank of America historically didn't charge fees for using their bank. This was attributed to the fact that they handled the bond business. They have since notified KCWA that the fees were being raised astronomically, including charging for faxes, wire transfers and monthly fees.

She the described the value of a lock box that processes customer payments automatically and delivers the funds to our bank account. She explained that Citizens and Webster participate in the state MPA contracts. Then she outlined the charges as follows:

- Webster Bank \$550.00 per month + lock box fee of \$2,500.00 per month
- Washington Trust No monthly charges + lockbox fee of \$1,500.00 per month
 - Plus \$10.00 per day to visit the offices and pick up cash and deposit
- Santander \$6,000.00 per month for all services including lockbox
- Citizens \$6,000.00 per month for all services including lockbox

There was discussion of \$5,500.00 cost to KCWA for employees to process the payments mailed to KCWA directly instead of the lock box. Mr. Inman recommended moving to Washington Trust with no lock box as the cost is built into KCWA personnel hours. Mr. Brown did indicate the lock box would help KCWA and improve its efficiency, reducing human error.

Mr. Gallucci asked about the copies of checks and related the problems he had with the postmark being out of state. Mr. Brown indicated that the final recommendation would be before the board for the October meeting.

Review Offering to New Hire, Rescind Approval

Mr. Brown offered to the board that one of the potential new hires had a BCI record from a 2004 court case where he plead nolo contendere to an assault. The case was filed for one year. He advised the board that he held off on the drug screen until the board passed on the matter.

Mr. Sullivan explained what a filing was and after one year it can come off your record. In 2004 it required a motion to expunge. Now, it is done automatically.

Chairman Boyer indicated that he was clean for 11 years and a 2 year probation period would allow for termination in the event there were problems.

Colbea Enterprises LLC Letter dated August 31, 2014, Action on Proposal

Mr. Brown advised that Mr. Sullivan covered this in legal matters.

Engagement of Legal Services

Mr. Brown indicated that legal counsel had raised that the wording on the agenda as not being entirely descriptive on the action taken. Mr. Sullivan thought the ratification of the action taken at the previous meeting could be ratified.

Mr. Inman moved, seconded by Mr. Giorgio, to approved the engagement of Mary Shekarchi as Rate Counsel.

Motion duly made and seconded, it was voted

Mr. Giorgio	-	Yes
Mr. Inman	-	Yes
Mr. Masterson	-	No
Mr. Gallucci	-	Yes
Mr. Boyer	-	Yes

That KCWA shall engage the legal services of Mary Shekarchi, Esq. as Rate Counsel.

INFRASTRUCTURE PROJECTS

IFR 2010B Prospect Hill - Approve Balancing Change Order

Mr. Brown informs the board that construction has been completed. He requests that the board approve change order #6, which would result in a credit of \$1,587,317.53. He advised that KCWA didn't use everything in the bid, and that the change order brings the cost down to the actual cost.

Motion made by Mr. Inman, seconded by Mr. Masterson, to approve the balancing change order #6 in the amount of savings of \$1,587,317.53.

Motion duly made and seconded, it was voted unanimously

VOTED: That balancing change order #6 savings in the amount of \$1,587,317.53 is approved.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown reported the project back in full motion, with work being monitored by KCWA personnel.

East Greenwich Refurbishment

Mr. Brown reported that the demolition is complete and the fencing is underway. The well driller is next.

IFR 2014A

Mr. Brown informed the board that they ran into porous pipe at the job site on the Oak Grove Avenue water main that is detrimental to water service. Mr. Brown recommended that the board approve change order #1 in the amount of \$87,442.25 to replace the water main.

Motion made by Mr. Masterson, seconded by Mr. Gallucci, to approve the change order #1 in the amount of \$87,442.25 to replace the water main.

Motion duly made and seconded, it was voted unanimously

VOTED: That balancing change order #1 in the amount of \$87,442.25 to replace the water main on Oak Grove Avenue is approved.

IFR 2014B

Mr. Brown reported that as of October 12, 2015, the contractor wants to put two crews on Tollgate Road, with day crews off road and night crews working in the road. The contractor will submit it to the police for approval.

IFR 2015A/B DESIGN

Mr. Brown reports that both contracts are under design.

Quaker Lane Pump Station Upgrade (Status)

Mr. Brown reports that the parts are in and will be installed by the contractor once the high demand season is over.

IFR 2016 Design

Mr. Brown reported that contract design is underway.

IFR Structure Demolitions

Mr. Brown reported that the project is at 75% stage. The Chairman asked what tanks would be coming down, and Mr. Brown read off a list. Mr. Brown added that there needs to be additional soil testing for lead in the soils and a report of site investigation services. This needs to be completed prior to contract bidding. He recommended approval of additional cost to engage RI Analytical labs to conduct the testing at \$27,300.00.

Motion made by Mr. Inman, seconded by Mr. Gallucci, to approve the additional cost to engage RI Analytical labs for the testing at a cost of \$27,300.00

Motion duly made and seconded, it was voted unanimously

VOTED: That KCWA approved the additional cost to engage RI Analytical labs for the testing at a cost of \$27,300.00

Executive Session

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

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

At 5:35 p.m. the board emerges from executive session and resumes open session.

Mr. Inman 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. Inman, 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 voted, by roll call vote,

Mr. Inman - Yes

Mr. Giorgio - Yes

Mr. Masterson - No

Mr. Gallucci - Yes

Mr. Boyer - Yes

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

Mr. Sullivan disclosed in open session that there was vote in executive session to authorize the Chairman to settle any and all claims raised in the case of *Robert A. Watson v. Kent County Water Authority KC-2015-0867* in the amount of \$15,000.00 if legal counsel is able to get releases signed and a dismissal stipulation signed.

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

Dated: October ____, 2015.

Patrick J. Sullivan, Legal Counsel