

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

February 20, 2014

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 20th day of February 2014, 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, and Mr. Inman were present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq., rate counsel Robert Watwon, as well as Finance Director Jo-Ann Gershkoff, Mr. Duchesneau and Mr. Simmons. Ms. Gershkoff led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of January 16, 2014 were presented for approval. Mr. Masterson moved passage, seconded by Mr. Gallucci and the minutes were unanimously approved.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported on the Central Coventry Fire District. He advised the board that Judge Stern authorized the liquidation of the assets of the district. He ordered the receiver to file a plan for liquidation with the court by May 16, 2014. The judge did not authorize dissolution of the district, however. Mr. Sullivan advised the board that he fully expects the KCWA to be paid for the hydrant rentals, however, if the district were dissolved, there would be no one to bill for the hydrant rentals. There was discussion about the future of fire suppression in the district in the event of dissolution, but Mr. Sullivan and Mr. Brown indicated any discussions are speculation. Chairman Boyer asked Mr. Sullivan to continue to monitor the situation.

Mr. Sullivan also updated the Board regarding the receivership of the Commerce Park Properties at the Centre of New England. Mr. Sullivan discussed a recent case involving Potomac Realty Capital LLC, a company that is a major lender at CONE. They were found to have loaned the developer of CONE, for a separate project, funds at a usurious interest rate. The RI Supreme Court had rendered a decision on February 18, 2014, that agreed with the usury finding of the lower court. Mr. Sullivan explained the decision could impact the CONE receiverships since the lender financed a good portion of the CONE, and the terms of those loans may mirror those of the usurious loan.

Additionally, Mr. Sullivan advised the board that the developer was attempting to have the new management company, Peregrine Property Management, removed. Mr. Sullivan reminded the board that this company, selected by the receiver, brought the account current, and satisfied the judgment KCWA received against Commerce Park Management LLC.

Mr. Sullivan informed the board that the issue regarding 642 Washington St. was referred to COLBEA Enterprises, the owner of the Shell station. He advised he had discussions with Mr. Breckel, and referred the proposal from C&E Engineering to COLBEA. Mr. Breckel contacted Mr. Sullivan and advised that he was on vacation and hadn't yet had the opportunity to complete the analysis and respond back.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Statement of Cash Location FY 2013-2014 and Cash Receipts and Disbursements FY 2013-2014 as of January 31, 2014 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 financial report and Statement of Cash Location FY 2013-2014 and Cash Receipts and Disbursements FY 2013-2014 as of January 31, 2014 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

There was no discussion under this heading.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

Mr. Brown asked the board to consider an amendment to the agenda, for discussion purposes only, regarding the Read School House Rd. tank repairs.

Mr. Inman moved and seconded by Mr. Masterson to add Read School House Rd. tank repairs to the agenda for discussion only.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That Read School House Rd. tank repairs was added to the agenda for discussion only.

GENERAL:

Discussion KCWA v. DPUC

General Manager reported that the judge rendered his decision in the case in favor of the Division of Public Utilities. He thought there would be an opportunity for oral argument, but the decision was issued. He reported that the positive was that now the KCWA can point to the court and DPUC for the reasons for the low pressure. He added that the negative is that the KCWA will be unable to correct the low pressure problems in the system. He indicated that KCWA will correct the rules and regulations after the rule regarding pressure was invalidated by the court.

Chairman Boyer asked if KCWA would be liable for problems created by the low pressure. Mr. Brown replied that it would not. He added that the pressure cannot go below 20 pounds, and if it does, the application will be denied. The issue of pumps was discussed by Mr. Masterson and Chairman Boyer. Mr. Brown replied that pumps are not allowed by KCWA, and that regulation will remain.

New Facility Discussion

The new facility discussion was tabled until the next meeting, given the weather conditions.

RFP Bid Approvals

1) CCR Production & Printing

The Consumer Confidence Report is a report to the customers required by federal law reported Mr. Brown. He indicates that Graphic Image had done work for KCWA previously and he recommends approval of their bid.

Chairman Boyer expressed a desire to award the bid to a Rhode Island company, as Graphic Image is a Connecticut company, but Mr. Brown replied there is no allowance for such a deviation from the low bid for such a reason.

Mr. Gallucci moved and seconded by Mr. Masterson to award the bid to Graphic Image for design, printing and mailing the CCR for a price not to exceed \$8,870.00 for a 28 page document or a price not to exceed \$7,780.00 for a 24 page documents.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA awards the bid to Graphic Image for design, printing and mailing the CCR for a price not to exceed \$8,870.00 for a 28 page document or a price not to exceed \$7,780.00 for a 24 page documents.

2) Hydraulic Model Upgrade (RFP)

Mr. Brown reports that this upgrade deals with high service and the current demand that has changed in recent years. This may allow KCWA to return to court to revise, or even dispense with, the conditions required when granting access to high service.

Mr. Brown reports that there were two proposals received, one from C&E Engineering for \$68,970.00 and one from Wright-Pierce Engineering for \$197,908.00. Mr. Brown recommended the award go to C&E Engineering.

Mr. Inman moved and seconded by Mr. Masterson to award the bid to C&E Engineering for the Hydraulic Model Upgrade for \$68,970.00.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA awards the bid to C&E Engineering for the Hydraulic Model Upgrade for \$68,970.00.

3) East Greenwich Refurbishment

Mr. Brown reported on the project. He indicated that this project does not include the treatment plant portion of the project. He added that the project would either raise the well higher or move the well closer to the street, as it currently sits in a floodplain. Mr. Brown recommends the project be awarded to C&E Engineering.

Mr. Masterson moved and seconded by Mr. Inman to award the bid to C&E Engineering for the East Greenwich Refurbishment for \$78,475.00.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA awards the bid for the East Greenwich Refurbishment to C&E Engineering for \$78,475.00.

4) 2014/2015 Programs

Mr. Brown reminded the board that this RFP was before the board two months ago. The board rejected it and additional streets were added to the project. This

is for replacement of water mains. He predicted that this project may be in 2 pieces. He added that 3 proposals were received. He recommended approval of the proposal from James Geremia & Associates in the amount of \$180,240.00.

Mr. Masterson moved and seconded by Mr. Inman to award the 2014/2015 Programs contract to James Geremia & Associates in the amount of \$180,240.00.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA awards the 2014/2015 Programs contract to James Geremia & Associates in the amount of \$180,240.00.

Paving Services 1 Year Extension to Contract

Mr. Brown then discussed the contract with International Paving. The one year contract was up in February 2014. The contract had a provision for extending the agreement for one additional year. Mr. Brown indicated that the company did a good job in that year. He said the extension was a unit price bid, and the extension would be at the same bid price. He recommended approval.

Mr. Gallucci moved and seconded by Mr. Masterson to extend the contract with International Paving for one additional year at the same unit price.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the contract with International Paving is extended for one additional year at the same unit price.

Read School House Road Tank

Mr. Brown informed the board that there are serious problems with the tank. The weather has precluded the repairs. He indicated that he would be asking the board to ratify a plan to get the consultants to the tank to assist with the re-piping at the site. The tank is in bypass right now, but the repairs need to be done as quickly as possible. He predicted the cost to be in the area of \$40,000.00.

Mr. Masterson asked if the tank was sinking. Mr. Brown reported that it wasn't. He added the conditions require that a road be built to access the site.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant (Construction Status)

The General Manager reported the plant is operational, but there remain issues with the boiler and the CCFD. He said the plant is producing water. He added that he spoke with the contractor regarding damages, and the contractor replied that the contract duration was too short. Mr. Brown added that his position hasn't changed and he still thought damages were appropriate. He added that the damages ended at the end of December when it was substantially completed.

INFRASTRUCTURE PROJECTS

IFR 2010B Prospect Hill (Construction Status)

The General Manager informs the board that this is in winter shutdown.

Quaker Lane Pump Station Upgrade (Status)

The General Manager reports that this project is operational. He also predicted liquidated damages for this project.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown reported that he was waiting for information from DOT. He reported that there would be no need for an escrow agreement, but some sort of advance payment may be required.

Mr. Gallucci gave the board an update from the City of Warwick's perspective on this matter.

System Chlorinators, Addition to Clinton and Quaker PS

These plans were submitted to the Department of Health for approval and there they remain.

Hydraulic Model Upgrade

East Greenwich Refurbishment

2014/2015 IFR

All these projects were approved at this meeting.

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 4:15 p.m.

Dated: March ____, 2013

Legal Counsel