

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

October 15, 2015

A meeting of the Board of Directors of the Kent County Water Authority was held on the 15th day of October, 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 Boyer, Vice-Chairman Masterson, Mr. Gallucci, Mr. Inman and Mr. Giorgion 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, Mr. Simmons and Finance Director Jo-Ann Gershkoff. Mr. Masterson led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of September 17, 2015 and the special meeting of September 29, 2015 were presented for approval. Mr. Giorgio moved for passage of the minutes, seconded by Mr. Gallucci, and the minutes of both meetings were unanimously approved.

Guest – C&E Engineers, Report Storage Evaluation

Mr. Brown introduced a representative of C&E Engineering. He informed the Board of the status of his report on the storage facilities of KCWA. He began with the fact that a dramatic reduction in demand resulted in issues that could lead to water quality issues. He cited a lack of turnover in the storage tanks. He reported that 5 years ago the KCWA was going through 11.8 million gallons per day, but that figure has now been reduced to 8 million gallons per day.

He went on to explain the Carrs Pond Tank. He said the turnover rate of the water in that tank is 68 days. He went on to say that the Department of Health recommends that a desirable rate for water to turn over is every 7 days.

Mr. Brown suggested several alternatives to either speed up the turnover rate or remove tanks from service. He compared the turnover rates of the Tech Park tank and the Carrs Pond tank, and various versions of removing one tank from service while using the other. He discussed the problems with each, which included a lack of redundancy in the event of contamination. He also discussed a pumping scenario where the water could be moved through the tank system, but concluded that this was unacceptable because of the size of the Carrs Pond tank.

He concluded his report by recommending that the Carrs Pond tank be taken offline and mothballed with five feet of water in it. The tank could later be brought online by pumping out the water and disinfecting it. Ultimately, the high service south should be connected to the high service north, as this would help the Carrs Pond tank cycle more efficiently.

The Chairman asked about the Department of Health, and was informed that the Department of Health has a limited role in the issues that arose from the report.

The consultant went on to discuss the hydrant study. He said the hydrants are now part of the model. As a result, KCWA can tell which hydrants are deficient. He reported that 2,300 hydrants were studied, and sixty were found to be deficient. Mr. Brown added that the hydrant study should be completed soon.

The Chairman asked if the connection of the high service areas would be part of the rate case. Mr. Brown indicated that it would be part of the capital program.

Mr. Gallucci reported that there is a water park that is looking at sites in Warwick and West Warwick, which would improve water sales.

Mr. Giorgio moved, seconded by Mr. Masterson, to accept the recommendations of the C&E Engineers Report on Storage Evaluation.

Upon motion duly made and seconded, it was unanimously,

VOTED: That KCWA accepts the recommendations of the C&E Engineers Report on Storage Evaluation.

After the vote, Mr. Masterson asked Mr. Brown if five feet of water in the Carrs Pond tank would be enough. Mr. Brown replied in the affirmative.

LEGAL MATTERS

Mr. Sullivan reported on the Pontiac/Natick area of Warwick. He explained that Chairman Boyer had drawn up a description for the Blair easement that would relocate his driveway. Mr. Sullivan stated that he forwarded the description to the homeowner for approval, and that currently it remains pending with final approval expected by the next meeting.

Mr. Sullivan then updated the board on the situation at 642 Washington St., Coventry. Mr. Sullivan reported that he advised COLBEA of the rejection of the offer of settlement. To date, he has heard nothing and has sent out interrogatories and restarted the litigation.

Mr. Sullivan then commented on the Central Coventry Fire District bankruptcy. He advised that pursuant to the resolution of the board he filed suit at the earliest time he could - October 1, 2015 - which is the date the receivership was ended by the state. Based on previous conversations Mr. Sullivan had with the attorneys for Central Coventry Fire District, their attorneys are of the opinion that the orders from the state court receivership may prohibit the

collection action. Mr. Sullivan explained that the change in the Fiscal Stability Act removes jurisdiction of the state court's receivership, so he believes KCWA is in a good position.

Mr. Sullivan also advised the board that he has received a judgment against the Coventry (Anthony) Fire District in the amount of +/- \$140,000.00. He has applied for a final judgment which, when signed by the clerk, begins the 20 day appeal period. Once the appeal period is done, collection can proceed. He advised that the judgment earns interest at 12% per annum.

Finally, Mr. Sullivan reported no action on the Center of New England receivership. It is continuing.

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 2015-2016 as of September 2015. She also reported on the Statement of Revenues, Expenditures and Changes in Fund Balance as of June 2015, which is attached as exhibit "A". A thorough discussion then ensued regarding the sales and revenue.

Mr. Gallucci moved, seconded by Mr. Masterson, to accept the reports and attach them 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 2015-2016 as of September 2015, and Statement of Revenues, Expenditures and Changes in Fund Balance as of June 2015 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Mr. Brown commented that sales are down, even with this short drought.

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 he discussed this matter with Mr. Sullivan, and it awaits finalization.

Financial Institution Changes

Mr. Brown began the discussion and introduced Ms. Gershkoff. She distributed a spreadsheet with the costs, fees and related comparisons for Washington Trust, Webster Bank, Santander, Citizens and Bank of America. She reminded the board of the presentation she made to them at the last monthly meeting. She said that Washington Trust is the least expensive of all of the banks. She added that they offer the use a lockbox, for an added fee, and that she preferred Washington Trust because of the pricing and service received during the banking review process.

Chairman Boyer asked Mr. Brown if it would save a lot of work for the employees. Mr. Brown replied that it would allow the office personnel to catch up, as they are so busy. Ms. Gershkoff added that the office is constantly struggling to get their work done in addition to customer service. The Chairman added that with the relocation of his office across the street, he is amazed by the car and pedestrian traffic he sees outside his window.

Mr. Inman asked if we are currently using anything like the lockbox option. Mr. Gallucci informed the Board how it operates and the history it has with Warwick. Mr. Inman asked if other utilities utilize this technology. Mr. Brown replied that indeed that do, because it speeds up payments. Mr. Inman asked if it would be more prudent to add another staff member who would be better able to assist existing staff. Mr. Brown replied that KCWA would need PUC approval, and it would come at a cost of \$50-75K per year, with benefits, etc., whereas a lockbox would be far less expensive.

Mr. Masterson expressed support for the change to Washington Trust. He added that they are a reputable bank based in Westerly, RI.

Mr. Brown added that the accounts will be moved over initially, and the lockbox will be implemented via contract sometime down the road. Chairman Boyer asked if Ms. Gershkoff had heard any negative things about the use of a lockbox. Ms. Gershkoff said she had heard of mail missing, but these occurrences were isolated. She added that KCWA has had its own negative experiences with the USPS.

Bid Award – Truck Purchase

Mr. Brown submitted the responses for the truck bid to replace three trucks. He recommended the low bid award from Balise Chevrolet. He recommended it be awarded for \$85,357.91, minus the trade value of \$23,000.00 for a net bid award of \$62,357.91.

Mr. Masterson moved, seconded by Mr. Gallucci, to award the bid to Balise Chevrolet for \$85,357.91, minus the trade value of \$23,000.00 for a net bid award of \$62,357.91.

Upon motion made, and duly seconded, it was unanimously,

VOTED: That KCWA award the truck bid to Balise Chevrolet in the amount of \$85,357.91, minus the trade value of \$23,000.00 for a net bid award of \$62,357.91.

INFRASTRUCTURE PROJECTS

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown said the work is ongoing, and is being monitored by KCWA personnel.

East Greenwich Refurbishment

Mr. Brown reported that the demolition and fencing is complete, but he is awaiting a well driller to replace screen and add a pitless adaptor. The drawings were sent to the Department of Health for review.

IFR 2014A (status)

Mr. Brown reported that the second half of Tollgate Road is under construction with expected completion by the end of this year. Mr. Gallucci asked about pothole claims that have inundated Warwick. Mr. Brown indicated that the contractor has insurance for these damages, and asked that such claims be forwarded to the contractor or KCWA.

IFR 2014B (status)

Mr. Brown reported that the New London station is complete, and West Warwick will be rebuilding the road.

IFR 2015A/B Design Status (Task Order #5 Approval – Laurel Ave.)

Mr. Brown reported that both contracts are under design. 2015A is ready to be bid. 2015B is in the final stages. The task order approval for the Laurel Avenue bridge awaits a decision on the Shell gas station contamination.

Quaker Lane Pump Station Upgrade (Pump Repairs Ongoing)

Mr. Brown reported that the impeller replacement should begin the Tuesday after the meeting. He added that the parts that came in were not correct and were rejected.

IFR Structure Demolition

Project is at 75% of the design stage. Additional services regarding lead abatement have been authorized.

IFR 2016 Design

Contract design is underway.

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

Dated: November ____, 2015.

Legal Counsel