

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

October 21, 2021

A meeting of the Board of Directors of the Kent County Water Authority was held on the 21st day of October 2021, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room with any members of the public.

Chairman Boyer opened the meeting at 3:30 p.m. Board members Vice-Chairman Jefferey Giusti, Secretary Scott Duckworth, Treasurer Russell Crossman, Brian Kortz, Geoffrey Rousselle, and Charles Donovan were all in attendance along with Executive Director/Chief Engineer David L. Simmons, Director of Administration John Duchesneau, Legal Counsel Patrick J. Sullivan, Esq. and Director of Human Resources and Finance Michael Lanfredi. Water Project Engineer Nicole Campagnone was also in attendance. Rate Counsel Mary Shekarchi was in attendance as well.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting held on September 15, 2021 were presented for approval. Mr. Rousselle moved the minutes approval, seconded by Mr. Crossman. The minutes were approved unanimously.

Legal Counsel

CONE Receivership

Mr. Sullivan updated the board on the Center of New England receivership. He said there were some fee petitions that the court approved after the Cambio parties objected.

Johnsons Blvd land purchase/lease

Mr. Sullivan advised the board about the issue. He said he had presented the proposal conforming lot to Mr. Gorham, the Coventry solicitor. Mr. Sullivan said he still awaits the town's response.

Hydrant Tax issue

Mr. Sullivan said he had prepared a petition before the division of taxation to determine the appropriateness to charge a sales tax on the hydrant fees. He said that it was still pending. He said the Division of Taxation had indicated they needed yet another extension of time to get their decision out. They said mid November is the next target date.

Director of Finance Report:

Closing Report September 2021 Cash Report

Mr. Lanfredi, Finance Director, explained and submitted the financial report. He reported on the Cash Receipts and Disbursements and Statement of Cash Location FY 2020-2021 as of September 2021 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of September 2021, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Lanfredi went through the status of shutoffs and delinquencies. He said 1832 accounts were delinquent totaling \$317,000.00. He also discussed the website indicating that 7048 accounts were registered, with 2317 signed up for e billing and another 1752 accounts on auto pay.

Mr. Rousselle moved, seconded by Mr. Duckworth, 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 2020-2021 as of September 2021 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of September 2021, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Member Russell Crossman left the meeting for a pre existing obligation at 3:55 pm.

Guest, Karen Grande, Locke Lord LLP: action item: resolution authorizing the Kent County Water Authority to finance a new central operations facility, including, but not limited to, acquisition of real property, demolition, design, engineering, paving, landscaping, and all attendant expenses, capitalized interest, the funding of a debt service reserve fund and costs of issuance and approving the financing thereof by the issuance of water revenue bonds in an amount not to exceed \$20,000,000 and approving the execution and delivery of a master trust indenture and first supplemental indenture and other matters in connection with the financing.

Karen Grande, Bond Counsel, appeared at the meeting with Sue Kiernan to discuss the RI Infrastructure Bank (“RIIB”) subsidized bond that will finance the new facility. She introduced the indenture of trust, which she said is modeled after the Narragansett Bay Commission financing trust.

She discussed various articles that created covenants for KCWA to be obligated to do certain things as part of the bond transaction. She said KCWA was to pledge revenues to pay the bonds back. She said section 502 created a series of restrictive funds and accounts that would match what the PUC requires. She said they would match up with what we already have.

She discussed Article 6 section 603 which requires KCWA maintain its rates and charges sufficient to pay the bonded indebtedness. She went on to discuss the limitations on leasing portions of the system.

Mr. Kortz asked what Ms. Grande meant by the “system” and whether any part of the property can be sold without approval. Ms. Grande explained the process, and that pieces could be sold so long at the authority could certify that the sale wouldn’t affect the ability to pay the debt.

Ms. Grande went on to explain the insurance requirements, how the authority cannot create other liens on their revenues, and the certification of the operating and capital budgets.

Then Ms. Grande explained in detail the actual resolution of the board that they would be voting on that afternoon including a supplemental indenture, the authorization of financing documents, the agreement for continuing disclosure, and information required not included in the audited financial statements.

Mr. Simmons had questions about reimbursable expenses, such as the land that was already purchased. Ms. Grande explained the process and the process for reimbursement, including the fact that she thought the land purchase was reimbursable. This discussion included the engineering, design and other expenses.

Ms. Grande then discussed the PUC statute as it relates to the financing and that there would be a rate filing required to finalize the transaction, with it being funded in about 60 days post PUC filing.

Mr. Kortz asked if the filing would raise rates for the customers. Mr. Simmons said it would not, as KCWA had paid off all of its long-term debt and the restricted infrastructure accounts would be used to fund the portion of debt service needed on bonding. These restricted accounts are fully funded at the current rates.

The Chairman then read the title of the resolution into the record. Mr. Rousselle moved,

Resolution Authorizing The Kent County Water Authority To Finance A New Central Operations Facility, Including, But Not Limited To, Acquisition Of Real Property, Demolition, Design, Engineering, Paving, Landscaping, And All Attendant Expenses, Capitalized Interest, The Funding Of A Debt Service Reserve Fund And Costs Of Issuance And Approving The Financing Thereof By The Issuance Of Water Revenue Bonds In An Amount Not To Exceed \$20,000,000 And Approving The Execution And Delivery Of A Master Trust Indenture And First Supplemental Indenture And Other Matters In Connection With The Financing. It was seconded by Mr. Duckworth.

Motion made and duly seconded, it was unanimously

VOTED: The Kent County Water Authority Is Authorized To Finance A New Central Operations Facility, Including, But Not Limited To, Acquisition Of Real Property, Demolition, Design, Engineering, Paving, Landscaping, And All Attendant Expenses, Capitalized Interest, The Funding Of A Debt Service Reserve Fund And Costs Of Issuance And Approving The Financing Thereof By The Issuance Of Water Revenue Bonds In An Amount Not To Exceed \$20,000,000 And Approving The Execution And Delivery Of A Master Trust Indenture And First Supplemental Indenture And Other Matters In Connection With The Financing.

PUC/DPUC REGULATORY MATTERS:

PUC Docket 5133 Monthly Billing

Mr. Simmons updated the board on this tariff.

In addition, the monthly billing was all on target. Coventry was on its 3rd monthly billing. East Greenwich and Warwick saw their last quarterly bill. He said an isolated few people were not happy, but the overall response was positive and in line with every other utility. The updated systems have preemptively relieved several problems with detecting leaks and other issues before bills got out of hand.

Mr. Simmons also said the monthly billing had stabilized the revenues and cash flow. Also, he said they were catching a lot of high use issues early.

COVID-19 Updates - PUC Dockets 5026

Mr. Simmons updated the board on this topic. He said they were still tracking data reported to the PUC. He said the monthly report goes to the PUC. He showed the graphic to the board.

Point of Personal Privilege & Communication:

Chairman Boyer thanked Ms. Shekarchi and Mr. Simmons for getting the bond financing moving as quickly as they did. He said the sale of the land took too long, but they stood tall when the PUC said the approval was not needed for the purchase.

EXECUTIVE DIRECTOR/CHIEF ENGINEER'S REPORT

GENERAL:

Monthly billing preparations- Muni-link Utility Billing/CIS Update

Mr. Simmons advised that this is going great and the last quarterly bills recently went out to Warwick/East Greenwich customers. All customers are now on monthly billing. Mr. Simmons stated that there were customers calling and complaining about the change to monthly bill.

Meter Change Out Program-Update Status.

Ms. Campagnone said Thielsch had changed out 21,697 meters, and staff had changed out 866 meters for a total of 22,563 meters as of October 16, 2021 and said the project was 94% complete. She went on to say that if the meters had not been changed out by November 19, 2021, the customer would be charged \$55.00 surcharge per month.

Mr. Giusti asked if the technician were vaccinated. Ms. Campagnone replied that Theilsch only uses vaccinated people now until the end of the project.

Mr. Simmons said they started with over 2000 non-compliant customers and was down now to 423.

Warwick Water-Bald Hill Tank Rehab and contract updates to be reviewed by counsel.

Mr. Simmons said Warwick water owns 2 large reservoirs on Bald Hill Rd. He said there are two agreements with Warwick that KCWA can access to their water and share the cost. The first agreement is in respect to the access the bald hill tanks and piping to out Quaker Lane pump station. The second agreement essentially has similar language but is specific in the wheeling of water through the KCWA system to feed Potowamut. Both agreements discuss cost sharing of repairs and maintenance to assets that service both systems. The East Greenwich well and the Quaker Lane pumping station are both assets owned by KCWA and were recently upgraded. He said KCWA never charged Warwick, so the amounts Warwick benefited from would be an offset on the newer expenses. He said legal counsel needs to review and update the agreements. He said

there was an estimate from Warwick of about \$1.8 million to rehab the Bald Hill tanks of which KCWA technically would owe a certain percentage, but the credits can be used as a dollar-for-dollar reduction.

Discussion on remote net metered solar project for KCWA.

Mr. Simmons discussed the concept and how the credits purchased are used to buy electricity at a greatly reduced rate. He said the authority would put out an RFP for the solar contracts. He said it would save the KCWA \$300-\$400k per year. He said if we see a savings, we have to return it to ratepayers.

Mr. Kortz asked if the contract would affect the new facility. Mr. Simmons said the panels on the roof of the new facility wouldn't be affected by the contract. Mr. Duckworth recalled that any upgrades to the system would occur at no cost to us. Mr. Giusti also recalled that these companies have business interruption insurance in the event of a catastrophic problem.

ONGOING PROJECTS:

Action Item- Proposal for Engineering Services -Site Enabling

The Chairman advised that he had spoken to the parties. He said KCWA needs to clear the site and grub it. He asked Pare engineering on how long to check flags and replace the 50' buffer. They replied they could do it next week. He said the site would be cleared with test holes all for a cost of \$8,000.

The Chairman continued, saying the sewer lines and utilities could be brought out to Hopkins Hill Rd. He said West Greenwich was going to pave Technology Way and wanted KCWA to move on utilities. He said Brito already connected the water.

Mr. Simmons said the wetland regulations are changing and KCWA needs to get this all done now. He presented a proposal from Pare Engineering for engineering and permitting for \$19,600.00. Mr. Duckworth moved, seconded by Mr. Giusti, to approve the proposal.

Motion made and duly seconded, it was unanimously

VOTED: That KCWA approves a proposal from Pare Engineering for engineering and permitting for \$19,600.00 for Technology Way land.

IFR 2021 – Update Action items Change Order No.6 and 3

Mr. Simmons presented change order no. 6 to ratify its approval for the water and sewer tear away at \$40,415.00 for C.B. utilities

Mr. Duckworth moved approval, seconded by Mr. Giusti.

Motion made and duly seconded, it was unanimously

VOTED: That ratification of change order no. 6 for water and sewer tear away at \$40,415.00 is approved.

Mr. Simmons presented change order no. 3 to ratify its approval for Proctor and Division Roads in East Greenwich to C.B. Utilities in the amount of \$30,717.41.

Mr. Duckworth moved approval, seconded by Mr. Giusti.

Motion made and duly seconded, it was unanimously

VOTED: That ratification of change order no. 3 is approved for Proctor and Division Roads in East Greenwich to C.B. Utilities in the amount of \$30,717.41.

East Greenwich Well – RIDEM – RIDOH pre app meeting

Mr. Simmons said they had a pre application meeting. The preliminary design report was complete and they should have bid ready documents by the end of the year.

Executive Session: 4:15pm

Pursuant to RIGL 42-46-5(2): Discussions pertaining to litigation -RIDOT- Construction- Pipe Gantry Issues-KCWA v. D'Ambra Construction and RIDOT- KC-2021-0704

Pursuant to RIGL 42-46-5(2): Discussions pertaining to litigation -Cardi- Construction

Pursuant to RIGL 42-46-5 (5) Any discussions or considerations related to the acquisition or lease of real property for public purpose

Mr. Duckworth moved to enter executive session. Mr. Rousselle seconded the motion.

Chairman Boyer, via roll call vote, polled the board. The vote was unanimous.

The board went into executive session at 4:50 p.m.

The board convenes back in open session at 5:05 p.m. Mr. Sullivan said there were no votes taken in executive session.

Mr. Duckworth moved to seal the minutes of the executive session. This was seconded by Mr. Rousselle.

Motion made and duly seconded, it was unanimously approved.

There being no further business before this board, on motion duly made by Mr. Rousselle, seconded by Mr. Duckworth and carried, the meeting was adjourned at 5:08 p.m.

Dated: November _____, 2021

Patrick J. Sullivan
Legal Counsel