

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

February 25, 2016

A meeting of the Board of Directors of the Kent County Water Authority was held on the 25th day of February 2016, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Vice Chairman Masterson opened the meeting at 3:30 p.m. Board members Treasurer Joseph Gallucci, and Secretary Edward Inman were all present together, along with the General Manager/Chief Engineer Timothy J. Brown, Legal Counsel Patrick J. Sullivan, Esq., Director of Technical Services John Duchesneau and Treatment Manager/Water Project Engineer Dave Simmons. Vice Chairman Masterson led the group in the pledge of allegiance. Chairman Boyer was excused for medical reasons and Mr. Giorgio was absent.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting and the executive session portion of the meeting of January 21, 2016 were presented for approval. Mr. Inman moved passage, seconded by Mr. Gallucci and the minutes were unanimously approved.

GUESTS

Thaylon Waltonen – S & T Hardware, Fence Damage

Mr. Brown introduced Mr. Waltonen to the board and Mr. Simmons presented several large pictures that illustrated damage to the fence that is located at the Mishnock facility on Nooseneck Hill Road. There were several areas with significant damage.

Mr. Waltonen invited the board to walk the perimeter of the fence to view the damage. He said he didn't know who caused the damage, when it was done or how the damage was caused. He commented that he thought it was recent since he recently walked the area and found no damage. He added that in one area of damage, that is where his employees park their personal cars. He went on to describe how the Pool Doctor retail store protects its fence with a series of poles sticking out of the ground. He also said he had a camera in that area but it isn't pointed in the area of the fence.

Mr. Masterson declined Mr. Waltonen's invitation to walk the property as did Mr. Inman, saying that the damage is clear on the photographs. Mr. Masterson added that he didn't think it was appropriate for the rate payers to pay for the damage that was caused by a third party.

Mr. Inman suggested that it was within Mr. Waltonen's purview to put the appropriate damage mitigation measures into place. Mr. Waltonen suggested either cement parking curbs with rebar or regular curbing that he could stand around the fence to act as a barrier. Mr. Inman and Mr. Masterson both suggested it was reasonable to obtain an estimate of the cost to repair the damage and revisit the matter thereafter.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported the Center of New England ongoing receivership. There was some activity between the receiver and the Cambio companies as well as Mr. Cambio personally. There was no need for any responsive pleadings from KCWA.

He then spoke of KCWA v. CCFD matter. He was in court on Monday February 22, 2016 on KCWA's motion for summary judgment. The case was transferred to the Kent County Business Calendar by the motion judge, and there was a conference that day with the judge. Mr. Sullivan said the judge gave the attorneys one week to either agree on an amount owed and stipulate to it, or he will decide on the 29th of February, one week later. Mr. Sullivan revised the amount owed, and prepared and filed an affidavit from KCWA.

The remaining legal matters will be handled in executive session Mr. Sullivan said.

Director of Finance Report:

Mr. Brown explained and submitted the financial report. Cash Receipts and Disbursements FY 2015-2016 as of January 2016, and statement of cash location 2015-2016, attached as exhibit "A", were submitted and a thorough discussion ensued with regard to the sales and revenue.

Mr. Gallucci moved and seconded by Mr. Inman 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 Statement of Cash Location and Cash Receipts and Disbursements FY 2015-2016 as of January, 2016 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Mr. Brown also updated the board on the restricted accounts in the cash location portion of the report. He reported that the KCWA received approval that day from the PUC to use several restricted reserve funds for capital improvements, He added that he was pleased with the decision.

Point of Personal Privilege and Communication

Mr. Masterson took the opportunity to inform the board that he had some business for East Greenwich on February 1, 2016 that caused him to be in the KCWA building for about 1.5 hours. He said he was extremely impressed with his observations; everyone was working hard on their tasks. He said there was an energy in the building and commended Mr. Brown's management and his management team that he felt was responsible for creating such a lively and energetic work environment.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Revised Capital Improvement Program, Review

Mr. Brown reported that this is currently on his desk. He said this is key to the upcoming rate filing. He planned to present it to the board at a special meeting of the board. It must be both understood and approved by the board. He predicted a filing in the end of March, 2016.

Rate Case Review

Mr. Brown provided a quick overview of the rate case with some major items.

He said there would be two rate schedule proposals presented to the board, and eventually to the PUC, and they will be asked to select the one that they approve. One will be as the hydrants is currently charged, and the alternative will be with no charges for the hydrants, with those charges to be built into the regular rate. This, he explained, is as a result of the current problems they have with the fire districts not paying their charges.

Mr. Brown summarized both rate schedules and their respective percentage increases to the fixed cost and metered rate. He also added that, pursuant to RI law, there will be a component of a seasonal rates as well.

Mr. Inman raised questions regarding the propriety of the proposed changes in the way hydrants are billed. He asked Mr. Brown if there is any enabling authority surrounding the proposed changes. Mr. Brown advised that the PUC sets the rates and has the full authority to do so in their rules and regulations.

Mr. Gallucci and Mr. Brown had a discussion regarding how the City of Warwick pays for the hydrants owned by KCWA, as there are hydrants owned by the city as well.

Bid Printing Services Consumer Confidence Reports, Award Services

Mr. Brown informed the board that the printing of the consumer confidence report, required by law, was put out to bid and there was one bid received. He recommended the bid to be awarded to Graphic Image of Milford, CT in the amount of \$8,810.00.

Mr. Gallucci moved, and seconded by Mr. Inman, to award the bid to print the consumer

confidence report to Graphic Image for \$8,810.00.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That KCWA awards the bid to print the consumer confidence report to Graphic Image for \$8,810.00.

INFRASTRUCTURE PROJECTS

Apponaug Circulator Water Main Replacement (Winter Shutdown)

Mr. Brown informed the board that this project remains ongoing through the winter on off road projects, although it is not KCWA related.

East Greenwich Refurbishment

Mr. Brown reported the casing, screen and packing were installed.

IFR 2014A

Mr. Brown informed the board that if the weather remains good, an early startup is possible.

IFR 2014B

Mr. Brown informed the board that if the weather remains good, an early startup is possible.

IFR 2015A Spring Construction Start

Mr. Brown informed the board of a spring start.

IFR 2015B

Mr. Brown informed the board of a winter bid. An opening is scheduled for March 30, 2016.

2016 Design (Project Status)

Mr. Brown advised that this project is underway.

IFR System Structure Demolitions (Set Bid Date)

Mr. Brown advised that this is for the removal of tanks not needed, among other demolitions. This was just in for review.

EXECUTIVE SESSION: Pursuant to RI GL 42-46-5(a)(2) Litigation Kent County Water Authority vs. Colbea Enterprises, LLC, Motiva Enterprises, LLC, and RBS Citizens National Association C.A. No. KC 14-0809 and Kent County Water Authority v. Coventry Fire District KC-2014-0487.

The chairman then read the agenda item above and asked for a motion to go into executive session.

Mr. Inman moved and seconded by Mr. Gallucci that the board move into executive session for discussion of litigation.

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 RI GL 42-46-5(a)(2) Litigation Kent County Water Authority vs. Colbea Enterprises, LLC, Motiva Enterprises, LLC, and RBS Citizens National Association C.A. No. KC 14-0809 and Kent County Water Authority v. Coventry Fire District KC-2014-0487.

The board goes into executive session at 4:20 p.m.

At 4:40 p.m. the board emerges from executive session and resumes open session.

Mr. Inman moved and seconded by Mr. Gallucci 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.

Mr. Inman moved, seconded by Mr. Gallucci, 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 unanimously, by roll call vote,

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

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

Dated: March ____, 2016

Legal Counsel