

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

June 20, 2013

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 20th day of June, 2013, 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, and Mr. Gallucci were 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. Mr. Masterson led the group in the pledge of allegiance. Mr. Giorgio appeared later during the meeting.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of April 25, 2013 were presented for approval. Mr. Masterson moved passage, seconded by Mr. Gallucci and the minutes were unanimously approved.

GUESTS

Starkweather – Health Insurance Presentation – Mr. Chris Callahan

Mr. Callahan was introduced to the Board by the General Manager for purposes of a presentation regarding the annual health insurance proposal. Mr. Callahan, as well as Mr. Brown, recommended the KCWA continue with Blue Cross for the next year. It carried an increase of 5.4%, even after obtaining competitive bids. His analysis included United Health Care as well as Tufts. Neither company was, in his opinion, thought to be competitive in their proposals that had lower premiums. A change in providers would be considered to be a decrease in coverage.

Chairman Boyer asks Mr. Callahan about loss experience. Mr. Callahan responds that as a small employer, loss experience is pooled, and insurers are not required to disclose loss experience for employers under 100 employees.

Mr. Callahan went on to discuss the retiree health insurance plans. He advised the board that there would be a 5.2% decrease in premiums for retirees only. Mr. Gallucci asked the General Manager about how change in benefits would affect retirees. Mr. Brown indicated that retirees live all over the country, and it could indeed present a problem. They utilize Plan 65.

Finally, Mr. Callahan discussed Delta Dental. He indicated that the KCWA is in year 3

of a 3-year contract, and he recommended that the board remain in the contract. He predicted next year as being a competitive year. He also indicated that there would be a 7% penalty to break the contract.

LEGAL MATTERS

Legal counsel Patrick J. Sullivan updated the Board on the Central Coventry Fire District receivership. He reports that the District remains in receivership. There were elections scheduled for a board, and the District was in the process of filling those positions with court approval.

Mr. Sullivan reported that there was a meeting between the principals from COLBEA Enterprises and the General Manager and legal counsel regarding 642 Washington St., Coventry. There was a discussion regarding the old underground water main, and there was a suggestion made to re route the main, and cut off the existing water main, effectively abandoning the pipe underground. Mr. Brown had obtained a new cost analysis from our consultant, and Mr. Sullivan had forwarded the new proposal to COLBEA representatives.

Mr. Sullivan also updated the Board regarding the receivership of the Commerce Park Properties at the Centre of New England. There was discussion regarding the water bill, as payments pursuant to the consent judgment had ceased. Mr. Boyer queried whether we could bill the individual entities, rather than the master meter. Mr. Brown indicated that as of this time, the master meter is the way to go, and that this was a matter in flux. Mr. Brown continued to advise the board that there are problems with the infrastructure. He discussed the sewer pump failure years ago, and that remains to be repaired, expressing concern in the event of failure. Mr. Brown acknowledges that the management company has been collecting funds in trust for water and utility payments pursuant to the common area maintenance agreements.

Mr. Sullivan went on to say there are efforts underway to put Commerce Park Management, LLC into receivership in order to control the trust funds. Mr. Sullivan reports that the receiver has made allegations of improper use of trust funds as well and that was being fleshed out in Superior Court.

Mr. Sullivan reported to the board that the Green View Condominium easement was continuing to be an issue to be resolved. He found Attorney Rick Scungio who indicated he had or could secure the missing easement for recordation. Mr. Sullivan reports emails, regular mail and telephone calls to prod Mr. Scungio. Mr. Sullivan expressed concern with the time it has been taking, and Mr. Brown echoed that sentiment.

Director of Finance Report

General Manager Brown informed the board that the director of finance was out of work since June 12th, and as such, there is no director of finance report. The director of finance is scheduled, at this time, to return to work on July 11, 2013. Mr. Brown indicated the authority has had difficulty with her absence, and as such, there is no report to deliver to the board. He did report that there was a \$311,000.00 pension payment due by July 1, 2013. He added that the

sales remain low, but expressed optimism that the summer will bring increased sales of water. He also commended staff for going the extra mile.

Point of Personal Privilege & Communication

There was no activity in this area.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Division Hearing – Service Availability – Appeal –

General Manager reports that the appeal of IN RE: DOCKET NO. D-111-45 COMPLAINT FILING BY GREGORY M. DECUBELLIS AGAINST THE KENT COUNTY WATER AUTHORITY remains in the Superior Court for Providence County.

642 Washington Street, Status of Engineering Review – Action to Date

General Manager Brown reports that this topic was covered in legal matters by Mr. Sullivan.

IFR 2009B Industrial Lane, West Warwick - Paving Issue Agreement

Mr. Boyer reports he received a letter from the acting town manager from West Warwick that they approved the paving escrow agreement. Mr. Sullivan indicated that he would contact the Solicitor since the board needed both a resolution passed by the Council authorizing the agreement as well as a signed agreement.

Meter Reader Position

General Manager Brown reports on interviews he had with several applicants to fill the meter reader position. Various employee transfers resulted in the meter reader position to be open. Mr. Brown indicated that Mr. Stinely interviewed very well. He recommended Mr. Stinely for the position. Mr. Boyer indicated that Mr. Stinely had some management experience, and appeared fine. Mr. Gallucci moved, seconded by Mr. Masterston, to extend a conditional offer of employment to Mr. Stinely.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That rate a conditional offer of employment is made to Mr. Stinely, subject to a background check, a successful drug test, and a two year probationary period.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant and

The General Manager reports the training is ongoing. Considerable work is being done on the project. He added that water is moving through part of the system, and that things are coming together.

CIP 1B Mishnock Transmission

Mr. Brown indicates that this project is completed to a point.

INFRASTRUCTURE PROJECTS

IFR 2010A O'Donnel St. West Warwick Business Park

Mr. Gallucci reports that there will be no sewers for at least one year. He believes this area needs to be paved, however. Mr. Brown reports that the area will be paved. Chairman Boyer asks Mr. Brown who has the liability of an above ground water line. Mr. Brown indicates the contractor does.

IFR 2010B Prospect Hill (Construction Status)

The General Manager informs the board that bypass piping is moving along. This project will last well into next year, being a good-sized project.

Quaker Lane Pump Station Upgrade (Status)

The General Manager reports that this project is ongoing. Walls are being painted. He reports to the board that there was a ten-year-old child on the project. He reprimanded the contractor who had the child removed and his father who brought the child to the work site. Chairman Boyer added that they are currently on a penalty.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown indicates that the project is on the state's hands now. KCWA is done with its work.

FY 2013/2014 Budget Review and Approval

A discussion was held regarding the budget for next year. Mr. Brown made a presentation to the board. He opened with a report that this year's budget is balanced, with a little cushion. For next year, he indicated that the workers compensation premium is less, Plan 65 is less, but a spike in the pension contribution is more, as is the Blue Cross Blue Shield payment.

Mr. Brown also indicates that he put in an additional legal position for \$10,000.00. He cites the recent proposal concerning the house bill H-6099 to overtake and consolidate the water

districts in Rhode Island by the Providence Water Supply Board as justification to add this position to the budget. This will protect the customers of the system, and the quality of the system. Discussion was had with the amount for additional legal. General Manager Brown adds that the KCWA is involved in the PWSB rate case, and whatever they get for an increase from the PUC, we will get also as a pass through.

Next, the General Manager and the board discuss the step increase and raise structure for the employees. Mr. Brown initially thought of holding off raises across the board for 3 months as part of the budget, then reviewing it again at that time. He continued that after rethinking the issue, he thought better to look at the issue on a month-by-month basis. He adds that there are some employees deserving of raises, and there are some who are not. Chairman Boyer reiterates the continued slump in sales of water as one reason for this action, a sentiment echoed by the board.

Mr. Brown added that he recommends a review of management's organizational structure in this budget. He also added that he has incorporated a potential rate case into the budget.

Mr. Gallucci inquired about legal expenses and whether or not another engagement was required for general counsel and rate counsel. Mr. Brown responded that it was up to the board; they could go out for another RFP or simply continue with current attorneys with a continued letter of engagement. Chairman Boyer asked the General Manager to send a letter to our legal representatives for another engagement for one year.

Discussion returned to raises for the employees, and after discussion, the board decided on a 1.8% increase in payroll. Mr. Gallucci added that he would like to give Mr. Brown the discretion to withhold raises to those who he thought might not deserve a raise. Finally, there was a consensus that the additional legal should be at \$20,000.00.

Mr. Giorgio moved that the budget be approved as presented, however with a 1.8% increase in payroll, with the ability of the General Manager to withhold raises who in his discretion did not deserve an increase, and with an increase in the additional legal to \$20,000.00.

Upon Motion duly made and seconded, it was unanimously,

VOTED: that the budget be approved as presented, however with a 1.8% increase in payroll, with the ability of the General Manager to withhold raises who in his discretion did not deserve an increase, and with an increase in the additional legal to \$20,000.00.

Employment Agreement – General Manager - Approval

Chairman Boyer began the discussion of an employment agreement with the General Manager. He discusses house bill H-6099, and the scare by the PWSB to take over water distribution in a power grab, and how it could affect the employment with Mr. Boyer. He commended Mr. Brown for his continued exemplary efforts to improve the water and the KCWA since he began employment, and that the water is considered number 1 in New England, and

number 2 in the country. He recommends that the authority give Mr. Brown a contract, for a period of five years, so as to protect not only Mr. Brown but also the quality of water and service the customers of KCWA receive.

Mr. Gallucci reiterated his support for Mr. Brown. He noted Mr. Brown's awards and acknowledgements. There was discussion of locking in Mr. Brown's salary, with increases, and locking his benefits in.

Mr. Brown indicates that regionalization is good, but there is a lot remaining to do at KCWA. He indicated that he hasn't finished all he wants to do to continuously improve the KCWA before he retires.

A discussion ensues regarding the amount of salary and increases, as well as existing benefits. Mr. Sullivan interjects that the contract can be set in motion by the board, and can be amended by mutual agreement of the parties at any time. To that, Mr. Boyer suggests to use an annual figure of \$160,000.00 each year. He asked Mr. Sullivan to meet with Mr. Brown to bring a final agreement to the next meeting.

There being no further business before this meeting, on motion duly made by Mr. Giorgio, seconded by Mr. Gallucci and carried, the meeting was adjourned at 5:16 p.m.

Dated: June ____, 2013

Legal Counsel