

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

January 16, 2014

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 16th day of January 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, Mr. Inman and Mr. Giorgio were present together, along with the General Manager/Chief Engineer Timothy J. Brown, Legal Counsel Patrick J. Sullivan, Esq., as well as Finance Director Jo-Ann Gershkoff, Mr. Duchesneau and Mr. Simmons. Mr. Giorgio led the group in the Pledge of Allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of December 19, 2013 were presented for approval. Mr. Inman moved passage, seconded by Mr. Giorgio and the minutes were unanimously approved.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported on the Central Coventry Fire District. There was a move by the district's board to turn over responsibility for the hydrants to the Town of Coventry; that was met with a chilly reception from the town council members. He added that he spoke to the Special Master Richard Land and Mr. Land expects a decision of whether the district is to be liquidated, and the assets sold to pay the debts, in the month of January or early February 2014. At this time, the general manager informed the board that the CCFD owes about \$296,000.00.

Mr. Sullivan also updated the board regarding the receivership of the Commerce Park Properties at the Centre of New England. General manager informed the board of the cost of the receivership by the KCWA, but added that we have collected the arrearage in excess of \$100,000.00 through the efforts of legal counsel. Mr. Sullivan reminded the board that the receiver would like to extend the water main in the park to enable the future development within the CONE.

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 December 31, 2013 attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue. Chairman Boyer observed that he hadn't seen this low amount of water

sold in some time, to which the general manager agreed, indicating that the drop in sales was probably permanent.

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 December 31, 2013 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 discussion by Mr. Masterson. He lauded the efforts of the crews during the series of water main breaks in the brutally cold weather. He observed there was one in East Greenwich, and thought the crew on that scene did a tremendous job. He added that there was a good word on the street for those employees out there, and cited letters in the local press from appreciative customers.

Chairman Boyer echoed Mr. Masterson's sentiments regarding the cold weather and efforts of the employees.

The Chairman went on to say that Legal Counsel Sullivan has been with the Authority for about one and one half years, and requested that he take over all legal cases that the authority is engaged in and that former Legal Counsel McGair was handling. Mr. Brown added that there was only one case, and he would arrange for the transfer. Mr. Sullivan agreed to do so as well.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Extend Meeting Minutes Approval from 35 days to 45 days - Approval

General manager reported that the time frame contained in the open meetings law/access to public records law is too short for our meetings. The fact that the KCWA meet one time per month makes the approval and filing of the minutes sometimes out of compliance. The statute allows the board to extend the time, by a vote of the body. Mr. Brown suggests extending the time for compliance to 45 days.

Mr. Masterson moved and seconded by Mr. Giorgio to extend the time to file the minutes with the Secretary of State website from 35 days to 45 days.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA extends the time to file the minutes with the Secretary of State website from 35 days to 45 days.

New Facility Discussion

Mr. Masterson begins the discussion indicating that other options need to be looked at even if the building at 80 Center of New England Blvd. is still a viable option. He suggested the board look to the West Warwick business park for alternatives.

Mr. Brown indicated that the board must repackage the old study that recommended a new facility. This includes the strategic plan to be approved and accepted by the board.

The Chairman discusses the financing of a new facility, and he asks Mr. Brown about the capital improvement fund. General Manager Brown indicated there was about \$1,091,000.00 as a balance in the account. He reminded the board that they must speak with Division to see how that is accessible. The fund is currently untouchable, but added it is all capital improvement money.

Chairman Boyer added that a new facility was always part of our capital program, and suggests that KCWA should invite the PUC down to the current facility.

Extend Woodcock & Associates agreement for one (1) additional year

General Manager Brown next discussed the rate consultant. He reminded the board that the firm was contracted one year ago, and the agreement contains an extension available for an additional two (2) years. Mr. Brown recommends the contract be extended one additional year.

Mr. Inman moved and seconded by Mr. Masterson to extend the contract with Woodcock & Associates for one (1) additional year.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA extends the rate consulting contract with Woodcock & Associates for one (1) additional year.

RI Interlocal Trust Position Change

Mr. Brown then discussed the change in position of its insurer regarding the payment of damages at water main breaks. He added that the trust will pay current claims, but they are looking at their position going forward. He informed the board that one of our breaks is in a debate regarding whether or not they are going to cover the claims.

Chairman Boyer asks if we are required to remain with the Trust for coverage? Mr Brown replied that they are not required to remain, but if they elect to leave, they must pay a

20% penalty to leave.

Mr. Masterson reminded the board that other insurers have, in the past, given the KCWA problems with coverage before.

642 Washington St. – Plan of Action

General Manager Brown brought the board up to speed on the problem at the Shell station with the water main that traverses the real property at 642 Washington St. He reminded the board that the owners appeared before the board and suggested a cost sharing arrangement. Mr. Brown said he went to our engineers and took the proposal to them. Their proposal resulted in a cost not to exceed \$9,800.00. Mr. Brown added that the contractor should handle all the construction and not break it up, and this proposal ensures that it is done right. Mr. Brown added that the proposal doesn't include the cost to prepare an easement over the property.

Chairman Boyer agreed that the project not be divided, especially if contaminated soil is encountered; they have the experience with that. Mr. Inman queried on the cost of the job and Mr. Brown thought it would come in at the \$75,000.00-\$80,000.00 range. Mr. Inman agreed and thought there should be no negotiation with Colbea, the owner.

Mr. Giorgio asked what controls how we reach the \$9,800.00 maximum, and Mr. Masterson replied that it would be the hourly cost.

Mr. Sullivan reminded the board that an easement was needed in any event.

Strategic Plan Acceptance

Mr. Brown reported that the strategic plan was delivered to the board by mail. He indicated that the plan was simple. He read the mission statement aloud, and discussed five (5) objectives:

1. Supply and Distribution
 - a. Hydraulic studies
 - b. Transmission issues
2. Facilities and Staffing
 - a. New facility
 - b. Repackage the staffing
3. Improved Security in All Aspects
 - a. Vulnerability assessment
 - b. Remote locations
4. Define Serviceable Area
 - a. Many tentacles
 - b. Projected demand
 - c. May include removing restrictions in high service area
5. Maintenance of Financial Stability

Mr. Brown added that these objectives can be changed, added to, or deleted at any time.

Mr. Gallucci discussed the high service restrictions that arose from litigation and were part of a court order. General Manager Brown added that KCWA can ask a judge to vacate that portion of the order based upon demand. Mr. Brown recommends approval of the strategic plan.

Mr. Gallucci moved and seconded by Mr. Masterson to accept and adopt the strategic plan.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA accepts and adopts the strategic plan.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant (Construction Status)

The general manager reports the plant has been producing water and is operational. It had reached substantial completion on December 20, 2013. He added that he is meeting with the vice president of the construction company regarding liquidated damages that exceed \$300,000.00.

Chairman Boyer asked how the damages are paid, and whether the funds remain in the capital account. Mr. Brown replied that the chairman is accurate. He added that the plant is operational, with a punch list being worked on. The final completion will be in the spring.

Mr. Masterson asked if the developer had any remedies, in light of the fact he signed the substantial completion document on December 20, 2013. Mr. Brown doubted it, as the original date for completion was October 2012.

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 in full swing with a deadline that has passed for the station to be operational. He predicted a spring finish, with the addition of liquidated damages.

Apponaug Circulator Water Main Replacement (Status)

The design was completed and forwarded to RIDOT for inclusion into the construction contract.

General Manager Brown informed the board that he met with DOT. The topic of the discussion was the escrow agreement. He said he informed the chief engineer that the KCWA need not pay fees with an escrow agreement when the accounts are already restricted.

System Chlorinators, Addition to Clinton and Quaker PS

These plans were submitted to the Department of Health for approval. Ms. Swallow was on vacation.

Hydraulic Model Upgrade

Mr. Brown informed the board that this will fall into place with the approval of the strategic plan.

East Greenwich Refurbishment

This is out to RFP for design, Mr. Brown reported. This will refurbish the well and building completely in anticipation of future capital project for a treatment facility.

2014/2015 IFR

General Manager Brown reports that streets were added to the rejected plan last month, and this should result in 2 or 3 contracts.

Mr. Masterson asks if any criteria applies to bidders, such as prior poor work.

Mr. Brown responded that the only requirement is that the successful bidder must have the ability to be bonded. He added that a bid can be rejected for certain provisions, but past performance cannot be relied upon as the sole reason for rejection.

Chairman Boyer added that the board recently considered the hiring of an analyst, and that legal counsel Sullivan had, at his request, rendered an opinion. He added that he didn't want this to be considered at an indirect attempt at lobbying. He added that the KCWA enjoys a great reputation, and some people may see it as some form of lobbying; the KCWA doesn't need that. He ended by reminding the board that Mr. Brown knows what's going on in the assembly every day.

Mr. Gallucci reminded the board that they are not on a level playing field with Providence Water Supply Board. He added that he thought PWSB had a lobbyist.

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 4:40 p.m.

Dated: February _____, 2014

Legal Counsel