

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

September 21, 2017

A meeting of the Board of Directors of the Kent County Water Authority was held on the 21st day of September 2017, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Robert Boyer opened the meeting at 3:30 p.m. Board members, Vice-Chairman Peter Masterson, Treasurer Joseph Gallucci, Secretary Scott Duckworth and Mr. Giorgio 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 Director of Finance and Administration Michael Lanfredi. Mr. Masterson led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting held on July 20, 2017 and the special board meeting of September 7, 2017 were both presented for approval. Mr. Giorgio moved, seconded by Mr. Gallucci, to approve all minutes before them. The minutes were unanimously approved.

Election of Chairman of the Board of Directors – 7 years

Chairman Boyer introduced the topic and Mr. Masterson took to the floor. He said he recalled his remark of last month under this category regarding East Greenwich losing leverage on the board. He said he voted no then for the nominee for chairman, Mr. Boyer. He said he would ask for a meeting or agenda item on reorganization. He said he understood each member came from a city or town, but he said the oath is to KCWA.

With that, Mr. Masterson nominated Mr. Boyer to the office of Chairman. He said he hoped for unanimity with the nomination. Mr. Duckworth seconded the nomination. Chairman Boyer asked for other nominations. None were received.

With one nomination received, Chairman Boyer asked for a roll call vote on his nomination for a 7-year post as chairman:

Mr. Giorgio

Yes

Mr. Masterson	Yes
Mr. Gallucci	Yes
Mr. Duckworth	Yes
Mr. Boyer	Yes

The vote being unanimous, the Chairman thanked the board for their support. He described the challenges going forward and looked forward to the future.

Guests

1. RI Interlocal Trust – Approval – Resolution to Approve the OPEB Trust and Funding Program

Mr. Brown introduced Colleen Bodziony from the Interlocal Trust (Trust) and a representative from PARS to the board. He briefly described the issue of Other Post-Employment Benefits (OPEB) to the board and the ability to participate in a fund administered by the Trust. He said the PUC granted them funding to establish the OPEB trust fund. Other municipalities have joined the effort. He said he was looking for permission from the board to begin the funding and investment of the OPEB trust in the amount of \$80,000.00. He concluded by advising the board that they were on the pay as you go basis, but now, GASB requires that this liability amount be included in with the pension liability. He said the amount is \$4.1 million underfunded now, but it is a fictitious number.

The Chairman asked if the source of the funds were the water revenues, and Mr. Brown said yes.

Ms. Bodziony then gave an overview of the benefits of joining the trust OPEB program. She said the Trust was the plan sponsor, and PARS was the program administrator. She said PARS does the legal and accounting compliance with federal law. She said US Bank is the trustee over the funds. She said the trust invests the OPEB funds and receives competitive rates because of the large participation numbers.

Chairman Boyer asked who specifically funded the trust. Ms. Bodziony described the manner of payment of participating members. She said there were no startup fees to join the program. She said there are fees to PARS and US Bank, but PARS funds the trust participation for members. She said as assets increase, fees decrease.

Attorney Sullivan discussed the resolution that he had reviewed and that would ultimately, if approved, represent KCWAs participation in the OPEB trust.

Mr. Gallucci had several questions about the fees. Mr. Duckworth asked if the fees for the \$80K were \$16.00 and he was correct.

Mr. Masterson asked who actually held the funds. He was told it was US Bank as the custodian and the trustee. Mr. Duckworth asked Ms. Bodziony to confirm that there was a fiduciary responsibility of the trust to KCWA, to which she replied in the affirmative.

Mr. Gallucci moved, seconded by Mr. Masterson to approve the resolution, attached hereto as exhibit "B", that authorizes KCWA to join the OPEB trust with the Interlocal Trust.

Motion made and duly seconded, it was unanimously

VOTED: That KCWA approves the resolution, attached hereto as exhibit "B", that authorizes KCWA to join the OPEB trust with the Interlocal Trust.

Mr. Sullivan announced that Mr. Richardson had been given notice of the proposed executive session and that he had elected to go into executive session.

Executive Session – 42-46-5 (a)(1) relating to discussions of the job performance, character, or physical or mental health of a person or persons.

Mr. Duckworth moved and seconded by Mr. Masterson that the board move into executive session for discussion of job performance, character, physical or mental health pursuant to RIGL 42-46-4 and 42-46-5(a)(1)

Upon Motion duly made and seconded, it was unanimously, by roll call vote,

VOTED: That the board moved into executive session for discussion of job performance, character, physical or mental health pursuant to RIGL 42-46-4 and 42-46-5(a)(1).

The board goes into executive session at 4:00 p.m.

Mr. Giorgio moved and seconded by Mr. Masterson that the board exit from executive session.

Upon motion duly made and seconded, it was unanimously, by roll call vote,

VOTED: That the board the board exit from executive session.

At 4:10 p.m. the board emerges from executive session and resumes open session.

Mr. Duckworth moved to seal the minutes of the executive session, seconded by Mr. Giorgio.

Upon motion duly made and seconded, it was unanimously, by roll call vote

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

Mr. Sullivan announces that a vote was taken in executive session to approve Mr. Richardson's permanent employment.

Legal Matters

Mr. Sullivan discussed the litigation entitled Conservation Law Foundation v. KCWA and Burrillville v. KCWA (KC-2017-1037 and KC-2017-1039). He advised that the litigation was originally between the plaintiffs and two defendants, the Town of Johnston and Clear River Energy. He said the litigation had to do with a proposed power plant in Burrillville but the case had far reaching implications for KCWA. The plaintiffs were trying to stop any other water utility to re-sell Providence Water to third parties, such as a pool filling company, using the 1915 statute that created Providence Water. There was a discussion between the board members, Mr. Brown and Mr. Sullivan. Mr. Brown gave a historical perspective regarding the south branch of the Pawtuxet River.

Mr. Sullivan then advised the board that Judge Stern had ruled against the KCWA in attempting to establish an easement in the KCWA v. Colbea matter. He said that the bar was high and that one of the elements of an easement by prescription was that KCWA had to prove that KCWA didn't have permission to put the pipe in. He said the evidence of the pipe in the ground was in several deeds, but there was no actual grant of an easement. It was simply a license.

Mr. Sullivan said that the Cardi matter is ongoing and the State is attempting to authorize mediation. He said he sent out discovery to RIDOT and awaits its response.

Audit Review: Hague, Sahady & Company

Mr. Connors was introduced by Mr. Brown. Mr. Brown said this was the fastest audit, with one day of field work. He said it was completed quite a while ago.

Mr. Connors passed out the Audit and Agreed Upon Procedures Report to the board. He explained the audit in detail and described the audit as a clean audit opinion. He said the information the board has been receiving month to month is reliable. He discussed the balance sheet, the long term debt including the recent bond issuance, as well as the pension fund, OPEB and the new GASB regulation relating to OPEB disclosure.

He went on to discuss the revenues, expenses, and changes in net position. He discussed the net pension liability, pension funding and the discount rate. Chairman Boyer asked about the 85% pension funding as it relates to comparable companies. Mr. Connors said it was quite good.

Mr. Connors went on to discuss internal controls, and opined that the current controls are adequate.

Mr. Duckworth thanked staff for their cooperation and assistance in completing the audit. Mr. Masterson echoed the thanks.

Director of Finance 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 2016-2017 as of August 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of June 2017, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Gallucci 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 2016-2017 as of August 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of June 2017, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Mr. Duckworth advised the board that he had a meeting recently with the Coventry Town Manager and 3 representatives from the Walker Ridge development in Coventry. He said they wanted a meeting with the board on why KCWA should take their water system over. He said that he told the group that KCWA does not take water systems over, and that the original developer is where they should start. He said that the group was to get some information and documents over to him, and as of the start of the meeting, they had not.

There was a discussion by the board regarding master meters, hydrants, restrictive covenants and related material. Mr. Duckworth advised the board he would bring further information to upcoming meetings.

Mr. Duckworth went on to advise the board that he met with Mr. Alviti from the Highlands at Hopkins Hill and that they were moving forward with testing and exploration work.

Chairman Boyer then commended the staff at the KCWA, saying they were operating short of personnel and that he was pleased with the work being done.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Utility Conflict King Fisher & Osprey Drive, Coventry, Action Required

Mr. Brown updated the Board on this matter. He said Mr. Duckworth met with Mr. McGee from Coventry Public Works. He said that work was done in 1985 and that the drains went in in 1987. Mr. Brown said he dug thought he records. He thought the basins could be moved.

RIDOH – Sanitary Survey Results

Mr. Brown advised the board of the requirement of the test every 3 years. He said he was pleased with a report with no deficiencies.

Valley Country Club Billing – Recommended Board Action

Mr. Brown advised the board that there was an outstanding bill of \$66,000.00 and that he recommended that the board refer the matter to Attorney Sullivan. The board agreed.

Town of West Warwick Outstanding Hydrant Billing – Recommend Attorney Action

Mr. Brown updated the Board on this outstanding matter. He said he spoke to the fire chief and that the chief had authorized payment of the outstanding invoices. He said the former town manager Presley stopped payment on the check. He said WW owes, now, about \$177,000.00.

Bradford Soap – Outstanding Billing – Attorney Action

Mr. Brown said Bradford Soap owed \$91,000.00 plus interest. He explained that there were 2 fire lines going into the building and there was a leak under the building. He said the RI Commerce Corp. was getting involved. He said they would not let KCWA in to inspect. He also said they need a back flow preventer. He said fire lines should be dry. He said the matter was before Division now.

Bid Approval GPS Equipment and Software

Mr. Brown said the bid that was received was within budget limits. He said the bid received was \$10,865.51, from Keystone Precision Instruments. He recommended approval.

Mr. Duckworth moved, seconded by Mr. Giorgio, to award the bid to Keystone Precision Instruments for \$10,865.51 for GPS equipment and software.

Upon motion duly made and seconded, it was unanimously

VOTED: That KCWA awards the bid to Keystone Precision Instruments for \$10,865.51 for GPS equipment and software.

INFRASTRUCTURE PROJECTS:

Apponaug Circulator Water Main Replacement

Mr. Brown said that the circulator is operating. Work is ongoing and continues to be monitored by KCWA.

East Greenwich Well Refurbishment

Mr. Brown reported that the project is going well. He said there is the outstanding matter of the Zoppo Construction company's offer to resolve the fence matter and the unsuitable material item. He said that Zoppo requested that \$5,000.00 be credited to their contract to resolve the issue. The board discussed the matter.

Chairman Boyer thought the KCWA shouldn't accept less than \$10,000.00.

Mr. Duckworth moved, seconded by Mr. Masterson, to authorize the General Manager to resolve the outstanding matters with Zoppo Construction in an amount no less than \$10,000.00.

Upon motion duly made and seconded, it was unanimously

VOTED: KCWA authorizes the General Manager to resolve the outstanding matters with Zoppo Construction in an amount no less than \$10,000.00.

IFR 2014A

Mr. Brown reports that the project is in testing operation.

IFR 2014B

Mr. Brown reports that paving is left for Cardi.

IFR 2015A

Mr. Brown reports that construction in the East Avenue area with temporary and permanent mains going very well and that at the end the month work across Rt. 2 is scheduled for night work.

IFR 2015B

Mr. Brown reported that this project is ongoing off New London Avenue and should continue to next year.

IFR 2016 Design (Project Status)

Mr. Brown updated the Board that design services were on hold.

CAPITAL PROJECTS

Mishnock Area Transmission Main, Design Revision (Spring Start)

Mr. Brown indicated that this was fully installed and that the Mishnock paving contractor met today.

Water Main North/South Interconnection High Service

Design services almost complete.

Heterotrophic Plate Count

Mr. Brown asked the board to vote to add the Heterotrophic Plate Count (“HPC”) to the agenda for discussion purposes, and no action, only.

Mr. Duckworth moved, seconded by Mr. Masterson to add the Heterotrophic Plate Count to the agenda for discussion purposes, and no action, only.

Upon motion duly made and seconded, it was unanimously

VOTED: KCWA adds the Heterotrophic Plate Count to the agenda for discussion purposes, and no action, only.

Mr. Brown advised the board that the Coventry fire alarm building had high and abnormal counts of the HPC. He said one sample had been tested and he discussed the results. He said they

were monitoring and would continue to monitor the quality of the water. He said counts were now back to normal.

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

Dated: October ____, 2017

Patrick J. Sullivan
Legal Counsel