

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

November 19, 2020

A meeting of the Board of Directors of the Kent County Water Authority was held on the 19th day of November 2020, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room and via Zoom with the board members.

Chairman Robert Boyer opened the meeting at 3:30 p.m. Board members, Chairman Robert Boyer, Vice-Chairman Joseph Gallucci, Treasurer Russell Crossman, Brian Kortz and Geoffrey Roussele were all in attendance along with Executive Director/Chief Engineer David L. Simmons, Legal Counsel Patrick J. Sullivan, Esq., Director of Administration John Duchesneau and Director of Human Resources and Finance Michael Lanfredi. Chairman Boyer led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting, held on October 15, 2020 were presented for approval. Mr. Kortz moved, seconded by Mr. Crossman. The minutes were approved unanimously.

Guests: Hague, Sahady & Co., P.C., Review Audit Year Ending June 30, 2020

Ms. Machado and Ms. Araujo appeared to discuss the findings of the annual audit. They advised the board that they arrived at a favorable audit conclusion. They said they issued a clean opinion with no instances of noncompliance. They applauded Mr. Lanfredi's cooperation and they found zero adjusting journal entries.

They discussed the management portion of the audit. They said there was an \$8.9 million net increase totaling \$177 million, of which \$9.9 million was unrestricted. Total assets grew \$6.3 million which includes \$5.7 million in capital assets.

They then discussed how the pandemic impacted the revenues, operations and expenses. They discussed the pension trust and the OPEB funding. They said that the Covid-19 pushed the

new GASB requirements in reporting forward one to two years. They discussed the long term obligations and the interest savings of approximately \$218k in interest payments.

Board Action- RFP Award for Auditing Services

Mr. Simmons asked the chairman to move this agenda item as it impacted the guests. He said the RFP induced only one response from Hague Sahady for the auditing services. He said they have been doing the audit for six years and they are very happy with their work. He said they proposed \$25k in year one, \$26k in year 2 and \$27k in year 3.

Mr. Rousselle moved, seconded by Mr. Kortz to award the bid to Hague, Sahady & Co. for three years at \$25k in year one, \$26k in year 2 and \$27k in year 3.

Motion made and duly seconded, it was

VOTED: That KCWA awards the accounting bid to Hague, Sahady & Co. for three years at \$25k in year one, \$26k in year 2 and \$27k in year 3.

Legal Counsel

CONE Receivership

Mr. Sullivan updated the board on the Center of New England receivership. The case remains before the superior court. He said there were issues of late appeal filing that are being litigated, specifically the sale of the remaining lots to a third party and the installation of the new water lines and energizing the old ones.

RIDOT-Pipe Gantry Issue

Mr. Sullivan advised the board that KCWA threats of litigation induced the RIDOT to convene a weekly conference call between KCWA and the legal and other departments at RIDOT to address this bridge gantry issue. He said things were moving smoothly, with a promise from RIDOT to pay for the expenses of the gantry pipe relocation and repair. He said he had already submitted invoices for reimbursement.

Mr. Simmons discussed the engineering aspects of the repair going forward.

Johnsons Blvd PRV Station Easement -Town of Coventry

Mr. Sullivan discussed the need for cooperation with the town of Coventry. He went on to say that KCWA although the initial attempts were to obtain an easement over the Johnson Blvd. property to locate the PRV thereon, as RIDEM rejected the application from KCWA. Instead, the

town manager simply signed the application on behalf of KCWA and rather than have an easement, KCWA will simply attempt to purchase the land after the Coventry tax assessor places a value on the square footage.

QDC Wholesale Connection - Draft Agreement & Progress Update

Mr. Simmons updated the board on the Quonset Development Corporation agreement. He said the agreement is still on a parallel course with the construction. He said QDC got a road opening permit and that D'Ambra is laying the pipe. They need to finish that portion prior to the asphalt plants close for the winter. He said the work can continue as it doesn't require asphalt. He said he hopes to go live in the spring with water.

Director of Finance Report:

Closing Report October 2020 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 October 2020 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of October 2020, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

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

2012 and 2017 Series A Bond Defeasance and Payoff Schedule

Mr. Lanfredi advised the board of the sequence of events that surround the payoff of the two bonds. He said both bonds will be off the books of KCWA in January 2021, and described the machinations of the trustee in paying the bonds, including holding some funds in escrow until July 2021.

COVID-19 Updates - Continuity of Operations -PUC Dockets 5022 and 5026

Mr. Simmons apprised the board of the continuing financial and production trends as presented to the Public Utilities Commission monthly filings. Mr. Simmons highlighted the massive increase in production amounts relative to the extreme summer drought.

EXECUTIVE DIRECTOR/CHIEF ENGINEER'S REPORT

GENERAL:

Board Action- RFP Award for Bill Printing and Mailing Services

Mr. Simmons explained that he received two bids. He said he recommends the SmartBill proposal. He went on to explain that they were a combined \$.083 per unit lower than Cathedral for processing/postage fees. SmartBill also allows its customers to reduce their own postage by providing an address file so SmartBill can match on exact name and address. They do not charge for reprocessing a billing file, changing rates or colors, providing pdfs/reports and adding inserts.

Mr. Rousselle moved, seconded by Mr. Kortz, to award the bill printing and mailing services to SmartBill.

Motion made and duly seconded, it was

VOTED: That KCWA awards the bill printing and mailing services to SmartBill.

Muni Link Utility Billing/CIS Update

Mr. Simmons said the software was running offline parallel to the existing billing software since October. He said it was running flawless. He said that full operations will be delayed by one month given the media reports of excess billing.

Meter and Billing Investigation

Mr. Simmons discussed the current media frenzy surrounding the new meters and people reporting abnormally high bills. He stated a large portion of the customers that have logged complaints did so as a result of the social media and traditional news reporting of legislators purporting that there is something seriously wrong with the billing system meters not reading accurately and the KCWA "needs to come clean". The social media posts initially directed customers to reach out to their legislators regarding their bills instead of Kent County Water. The continued statements of the doubling and tripling, or more, of bills were comparing the prior quarter of normal reduced usage and played out in the major news networks for several days. He

stated that many have had higher usage in past summers as was the case of the elderly couple being highlighted in the news. There is no evidence of billing issues or meter issues in any of the investigations completed so far outside of a few clerical manual mis entries. He stated that KCWA is a nonprofit entity and any additional revenues must be given back to the rate payer. Mr. Simmons discussed the steps of the investigation process and the outreach material that would be included in the next round of bills to describe in layman terms a simple way to understand their bill and what to look for if the reading or usage seems abnormal. He said 13,000 meters were installed with 2,500 meters previously installed. He said less than 1% of the customers have filed complaints and there is no evidence of a systemic problem of any of the systems. All complaints received to date are all within the last billing cycle which comprised mostly of Coventry. Mr. Kortz discussed the new software and the possibilities of monthly bills helping get information to customers quicker. Mr. Kortz also discussed possible engaging professional consulting firms to help with the outreach.

ONGOING PROJECTS

Well Rehabilitation Mishnock Treatment - Complete

Mr. Simmons discussed the treatment process and advised the board that it was complete.

East Greenwich Well Treatment Design Update

Mr. Simmons said the preliminary design remains with RIDOH and KCWA awaits a response.

IFR 2021 – Board Action approval of Task Order No. 4 and 5

Mr. Simmons asked the board to approve two task orders.

No. 4 was for 1000 feet extension on Meadowbrook Road off S. County Trail and Frenchtown Rd. This would be for design services.

Mr. Kortz moved, seconded by Mr. Rousselle, to approve task order no. 4 for Geremia and Associates in an amount not to exceed 17,570.00.

Motion made and duly seconded, it was unanimously

VOTED: That KCWA approves task order no. 4 for Geremia and Associates in an amount not to exceed 17,570.00.

No. 5 was for 9500 linear feet extension on Division Rd. from NE Tech to Signal Ridge. He said there are service issues and water quality issues currently. He said this would allow the area to be fully serviced. Currently the hydrants are at 20 PSI or below, which do not comply with RIDOH regulations. This task order is for design services.

Mr. Kortz moved, seconded by Mr. Rousselle, to approve task order no. 5 for Geremia and Associates in an amount not to exceed \$38,500.00.

Motion made and duly seconded, it was unanimously

VOTED: That KCWA approves task order no. 5 for Geremia and Associates in an amount not to exceed \$38,500.00.

Water Main North/South Interconnection High Service Update-Pipe Gantry issues

Mr. Simmons updated the board indicating that but for the gantry issue, the project was going really well.

Board Action – Approval of Change Order No. 5

Mr. Simmons explained that this involved removal of the damaged gantry bridge and release the energy that created a danger. RIDOT agreed to pay the \$87,388.50. Mr. Kortz asked if we paid it first and get reimbursed and Mr. Simmons agreed. Mr. Sullivan indicated that there was no written agreement. Mr. Rousselle asked if this should be a condition of approval. Mr. Sullivan and Mr. Simmons said timing right now was important as the job needed to be done right away but Mr. Sullivan indicated that our rights were preserved both under the suit he had prepared and through the retainage under our contract with D'Ambra.

Mr. Rousselle moved, seconded by Mr. Kortz, to approve this change order.

Motion made and duly seconded, it was unanimously

VOTED: That KCWA approves change order no. 5 to D'Ambra construction in the amount of \$87,388.50.

LAND ACQUISITION – Progress Update on Due Diligence

Mr. Kortz updated the board on the due diligence portion of the transaction previously authorized by the board. He said there were no major problems found and the architect was designing the building. He said next step would be developing the purchase and sale agreement.

Chairman Boyer said he signed an extension so as to get to the purchase and sale approval.

There being no further business before this board, on motion duly made by Mr. Rousselle, seconded by Mr. Kortz and carried, the meeting was adjourned at 4:35 p.m.

Dated: December _____, 2020

Patrick J. Sullivan
Legal Counsel