

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

April 15, 2021

A meeting of the Board of Directors of the Kent County Water Authority was held on the 15th day of April 2021, 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, Treasurer Russell Crossman, Brian Kortz, Jeff Giusti, and Geoffrey Rousselle 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. Water Project Engineer Nicole Campagnone was also in attendance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting, held on March 18, 2021 were presented for approval. Mr. Rousselle moved the minutes approval. Motion was seconded by Mr. Crossman for approval of the minutes. The minutes were approved unanimously.

Guests:

Summit Financial Group, Due Diligence Pension Review

Mr. Simmons introduces Joe Bonasera and Doug Johnson to present the due diligence pension review to the board of directors.

Mr. Bonasera gave an overview of the presentation saying the plan had improved substantially and introduced Mr. Johnson.

They went over the composition of the fund as 60% in stocks and 40% in bonds. They then went over and discussed the 2020 financial statements. They described the fund value at \$6.9 million on 1/1/20 and at \$7.5 million on 12/31/20, including payouts to retirees.

They said the fund did very well in Q2, Q3 and Q4. They went over the performance summary and outlined the best performing stocks. They went on to discuss the first quarter of 2021 as still gaining. They discussed the returns, valuations by style, and the investments. They went on to discuss year to date through 4/9/21 as continuing to perform well.

They discussed the 2020 watch list funds that were removed. They discussed the allocation changes the board made last year and its impact on the fund. They discussed the domestic equity portfolio and the underlying percentages, including large cap, mid cap, and small cap. They said they wanted to begin to balance value vs. growth in the large cap.

Finally, they went over the international equity values and the fixed investments at 40%, and recommended the funds remains at that level.

They recommended to move 1% of allocation of the American funds am cap to an American mutual. Mr. Rousselle moved that recommendation and Mr., Kortz seconded.

Motion made and duly seconded, it was

VOTED: That KCWA authorizes Summit Financial to move 1% of allocation of the American funds am cap to American mutual.

Mr. Kortz asked about the future of the fund. Mr. Bonasera said the impact of the virus on the market could be consequential. He said they are watching the impact of inflation on the market, if it occurs. Also, the virus has disrupted the supply chain with the pandemic increasing prices on goods.

Jason Denton then discussed the summary of employees' participation in the plan. He discussed new employees, retirees, and the average benefits. He discussed a 3 year comparison of assets and liabilities. He said the plan funding is very well. He said the funded ratio is 93.2%. He went on to discuss the plan summary and comparison of results. He discussed the present value of the assets vs. the actuarial value of the assets. Finally, he discussed the smoothing of the value of the assets.

The Chairman thanked them for their presentation.

Legal Counsel

CONE Receivership

Mr. Sullivan updated the board on the Center of New England receivership. He said there were no updates since the last meeting absent some appellate work.

RIDOT-Pipe Gantry Issue

Mr. Sullivan advised the board that this matter is still along well, from a legal standpoint. He advised the board that he was asked by RIDOT legal to forward the invoices to his office for reimbursement. Mr. Sullivan said he had forwarded all invoices to date. He said there was a contingency in the contract that would cover the damages in any event, but he will be following this issue. He said the lawsuit is always ready to be filed at any time.

RIDOT 3rd Utility Inspections,

Mr. Sullivan discussed the issue and that the inspections were not included in the bid. He said in addition, that he thought Jim Geremia could conduct the inspections. He said he had researched the issue and was prepared to contact RIDOT for the north south interconnection for relief as the cost was not contained in the bid.

Johnsons Blvd land purchase/lease

Mr. Sullivan advised the board about the issue. He said he was working with the interim town manager Warzycha on acquiring the land on Johnson Blvd. to put the PRVs on the site. He reminded the board that the town had to sign the DEM application since the lease wasn't good enough, and that we needed an easement or to own the land. He said Mr. Warzycha referred us to the new town manager and that Warzycha would get him up to speed. Mr. Sullivan said he would follow up.

Hydrant Tax issue

Mr. Sullivan said he was asked to prepare a petition before the division of taxation to determine the appropriateness to charge a sales tax on the hydrant fees. He and Mr. Simmons explained that the hydrant fees were not rental fees, but a fee that incorporates fire protection into the infrastructure of the KCWA water system. In short, he said that if the fire protection component was removed from the system, the water mains and the infrastructure would be substantially smaller. Mr. Sullivan said he awaits a decision on the matter.

Member request to move monthly meetings to Wednesdays during the summer

Mr. Rousselle asked fellow board members if the meetings in the summer could change from Thursdays to Wednesdays. He said it would relieve some issues involving his schedule.

Mr. Rouselle moved the issue, seconded by Mr. Kortz.
Motion made and duly seconded, it was unanimously

VOTED: That the monthly meetings for May through and including September 2021 will be held on the Wednesday before the currently scheduled Thursday meetings.

Mr. Sullivan reminded Mr. Simmons that he needs to amend the annual schedule that is submitted to the RI Secretary of State.

Director of Finance Report:

Closing Report March 2021 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 March 2021 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of March 2021, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Chairman Boyer asked if the collection were low. Mr. Lanfredi said that no delinquent notices had gone out since the holidays.

Mr. Simmons said that the delinquencies were high and that they cannot turn off service until June per the pandemic.

There was a discussion of alternative collection methods, including those akin to a tax sale. Mr. Sullivan said that conceivably a tax could be had, but the shutoff method is very effective. Mr. Rousselle said until the shutoff is reinstated, we will need to wait and do our best.

Mr. Simmons said that there was \$1.4 million in a reserve account that we could apply to the PUC to tap if needed.

Mr. Rousselle moved, seconded by Mr. Kortz, 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 March 2021 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of March 2021, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

PUC/DPUC MATTERS:

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

Mr. Simmons updated the board on this topic. He said they were still tracking data reported to the PUC. He said they were going along just fine. In March 2021, they went back to full in person at all times. They were not open to the public just yet, as he wanted the office staff up to focus 100% on the new software transition.

Monthly Billing – Tariff Advice Filing and Petition for Relief to RIPUC

Mr. Simmons discussed the monthly billing rate petition. He said KCWA gave notice at the request of the PUC legal counsel. He said Coventry is proposed to be first. 95% of the meters have been replaced. Cycle 2 would be West Warwick and cycle 3 would be Warwick and East Greenwich. He also said he had an informal meeting with DPUC on the hydrant issue and that we were looking for a decision by July.

Mr. Boyer said he received a call from Rep. Serpa regarding private hydrants. She said she had a constituent that wasn't being billed and suddenly they were. He advised her that the PUC required them to bill all hydrants.

Mr. Simmons added that the PUC required that every hydrant to be billed. He said the city and town hydrants dropped substantially. He said ideally the cities and towns should have given the taxpayers back the money. Mr. Kortz asked if Mr. Simmons knew of any city or town to return the funds. Mr. Simmons said not to his knowledge.

Point of Personal Privilege & Communication:

Nothing reported here.

EXECUTIVE DIRECTOR/CHIEF ENGINEER'S REPORT

GENERAL:

Muni-link Utility Billing/CIS Update-New Water Bills sent Warwick/EG - April 2021

Mr. Simmons explained that KCWA received positive feedback with the roll out of the new bill. He said there was positive feedback with the new auto pay feature. This should help drive collections. He said there are no credit card fees any longer.

Meter Change Out Program-Update Status.

Nicole Campangone advised the board that as of April 9, 2021, 17,603 meters had been installed. 16,383 were installed by Thielsch Engineering and 680 by KCWA staff. She said the job was 70.8% complete.

ONGOING PROJECTS:

CIP- Water Main North/South Interconnection High Service Update.

Mr. Simmons said the bridge gantry was connected. He said the roadway paving is next, including full overlays over the next few months.

IFR 2021-Startup

Mr. Simmons said startup would be soon. He advised the board of the location of the work including Frenchtown Rd., Division Rd., Signal Ridge Way. He said they are waiting for National Grid to finish, and that there was no new date. This project was on hold.

LAND ACQUISITION – Progress Update

Due Diligence Progress Update

Chairman Boyer led the discussion about some disappointments he had with the project. He complained that the project was being dragged out. He specifically cited Pare engineering and survey team hired by Condyne to complete the ALTA as particular disappointments. He said they may be finally getting to an ALTA survey we can use. He said Atty. Sullivan helped out with the title and the easements. He said the survey had the building on the sewer lines. He said the surveyors didn't even visit the site and that KCWA wasn't going to pay twice for faulty work.

Monthly Billing

Mr. Simmons said the project was full steam ahead. He said they were launching cycle 1 and Coventry had their last quarterly bill. Their first monthly bill will be August 1, 2021. West Warwick's last quarterly bill will be August 19, 2021 and their first monthly will be September 9, 2021. Warwick and East Greenwich last quarterly bill is September 16, 2021 and first monthly will be October 18, 2021.

Chairman Byer wanted to commend Mr. Simmons and the staff. He said the new bill is so simple, showing the customer what they are getting and the cost of it.

QDC Wholesale Connection Update-Agreement fully executed.

Mr. Simmons said the agreement was fully executed by both parties. He said he put a copy on the board website. He congratulated to everyone who was involved in the project.

Pursuant to RIGL 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.

The person, who had been previously notified of this executive session scheduled and also notified of his option to have this meeting in open session, was asked if he wanted executive session or open session. The person opted for closed session.

Motion made by Mr. Rousselle, duly seconded by Mr. Kortz, to go into executive session pursuant to RIGL 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.

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

VOTED: That KCWA goes into executive session pursuant to RIGL 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 at 4:50 p.m.

The board emerges from the executive session at 5:10 p.m.

Pursuant to law, Mr. Sullivan discloses that a vote was taken in executive session to waive the provisions of the substance abuse policy no. 94-1, as amended, one time only, and extend a new offer of employment to Joshua Hencler. The vote was unanimous.

Mr. Crossman moves to seal the minutes of the executive session, seconded by Mr. Rousselle.

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

VOTED: That the minutes of the executive session shall remain sealed.

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 5:15 p.m.

Dated: May _____, 2021

Patrick J. Sullivan
Legal Counsel