

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

April 18, 2019

A meeting of the Board of Directors of the Kent County Water Authority was held on the 18th day of April 2019, 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 Treasurer Joseph Gallucci, Secretary Scott Duckworth, Russell Crossman, Jeff Giusti and Frank Giorgio were all present together, along with Legal Counsel Patrick J. Sullivan, Esq., Director of Technical Services John Duchesneau and Director of Finance and Administration Michael Lanfredi. Also in attendance was Treatment Manager/Water Project Engineer David L. Simmons. Chairman Boyer led the group in the pledge of allegiance in honor of longtime General Manager Timothy Brown who recently retired.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting held on March 21, 2019 were presented for approval. Mr. Duckworth moved, seconded by Mr. Giorgio, to approve the minutes. The minutes were approved unanimously.

Chairman Boyer then read aloud a handwritten thank you note that was addressed to the board from former General Manager/Chief Engineer Timothy Brown.

Summit Financial Group, Due Diligence Pension Review

Summit Financial Representatives was introduced by Mr. Simmons. The representatives put on an extensive presentation relative to the health of the pension fund of KCWA. Mr. Joe Bonasera discussed the position of the fund as of January 1, 2019. They discussed that the fund was down -8.35% from the prior year. They reported that the funded percentage dropped from 87% to 81%, but emphasized that the percentage was a photograph of one day in time. There was extensive discussion of asset smoothing, which shows a period of time that deals with spikes in profits, as well as losses.

Mr. Simmons discussed changing the 7% presumption of return on the assets, and the board joined in. Mr. Bonasera reasserted that they thought the current presumption, which was reduced by the board in recent years, was a prudent presumption for funds of this size.

Summit representatives went on to review the investment policy, with 60% in stocks and 40% in bonds. Investment due diligence was discussed, as was all the financial reports. Investment performance was highlighted, along with the actuarial report and the capital market review.

Mr. Duckworth had questions about the mortality gains and how they would be offset, especially in light of the most recent retirees. Mr. Bonasera said the plan was built in anticipation of these retirements and that the plan was quite healthy. Mr. Gallucci asked how the fund was impacted on the aging population with people living longer. Summit responded that the IRS has mortality tables that are adjusted periodically that are intended to deal with that. Chairman Boyer asked for the annual fee paid to Summit and was told it was a flat fee of \$10,000.00.

There was a brief discussion of the 457 plan, as well as how well the plan did from January 1, 2019 to the present. The Chairman thanked them for their report, and they were excused.

Legal Matters

Mr. Sullivan again discussed the litigation entitled Conservation Law Foundation v. KCWA and Burrillville v. KCWA (PC2017-1037 and PC2017-1039). He summarized the status of the case and there was no activity at all. He again told the board that the case was heard and that he still awaits a decision.

He then discussed the CONE receivership. He updated the board on the status of the CONE matters that were pending before the court, and said there was an upcoming hearing. He promised a report to the board thereafter.

He updated the board on the Pinga v. KCWA (3SC-2018-01004) matter in small claims court. He said that case was scheduled for April 30, 2019.

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 2018-2019 as of March 2019 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of March 2019, 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 2018-2019 as of March 2019 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of March 2019, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Personal Privilege and Communication

Mr. Crossman commented about recent activity on social media regarding the water tanks in Coventry. He commented that the tanks themselves were unsightly. Mr. Simmons said he sent people over after he heard of litter being deposited around the tanks. Mr. Simmons added that the demolition of the tanks was a priority.

Appointment of a Sub-Committee for Executive Compensation

Appointment of a Sub-Committee for Non-Compliant Services

Chairman Boyer announced that he would like to appoint two sub committees, one for executive compensation and one for non-compliant services.

Mr. Duckworth moved, seconded by Mr. Giusti, to create two subcommittees, one on executive compensation and one on non-compliant services, and allow the Chairman to populate each committee with the consent of the appointee.

Motion made and duly seconded, it was unanimously

VOTED: That KCWA board creates two subcommittees, one on executive compensation and one on non-compliant services, and the Chairman shall populate each committee with the consent of the appointee.

As a result of the motion, Chairman Boyer announced that he would appoint Mr. Boyer, Mr. Gallucci and Mr. Giusti to the Executive Compensation Sub Committee. Furthermore, he announced the appointment of Mr. Duckworth and Mr. Crossman to the Non-Compliant Services Sub Committee. He said he was scheduling a meeting of the executive compensation subcommittee with PWSB staff.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

City of Warwick Backflow Preventer – Action Required

Mr. Simmons and Mr. Duchesneau said the parties met and KCWA awaits more information, but the installations are ready to go. Chairman Boyer asked Mr. Simmons to notify the board members from the respective municipalities when there is an issue with the cities and towns they represent.

National Grid Proposal for Payment of Shared Paving Cost. Action requested.

Mr. Simmons said Mr. Sullivan had sent a letter to no avail. Mr. Sullivan said he did not receive the courtesy of any reply whatsoever to his first or second letter. The board discussed the matter and directed Mr. Simmons to attempt to collect the amount offered initially of \$40,399.70 and to attempt to resolve these issues going forward.

Discussion – Fire Services Charges, Limit of Reimbursement

Mr. Simmons introduced the concept of the fire line charges. There was a discussion of the Pinga fire line and the need for a master meter at his location. Mr. Gallucci reminded the board that the master meter issue went back to 1986 and that Pinga didn't own the building back then.

There was a lively discussion about the fairness of the current policy of billing three years in arrears for fire lines that were recently discovered but not on the billing system. After discussion, Mr. Duckworth moved, seconded by Mr. Gallucci, to limit the billing in arrears for fire lines to one year, and to issue a credit for those who have paid the previously billed three years. Mr. Simmons opined that KCWA may find a few more unbilled fire lines with the meter replacement program.

After motion made and duly seconded, it was unanimously

VOTED: That KCWA policy shall limit the billing in arrears for fire lines to one year from three years, and to issue a credit for those who have paid the previously billed three years.

Water Supply System Management Plan, Proposal Review, Recommend Award

Mr. Simmons reported that he met with C&E and Geremia. He said Geremia adjusted his bid to \$20,760.00 from \$26,000.00. He said C&E didn't want the job any longer. That being said,

Mr. Giorgio moved, seconded by Mr. Crossman, to award the contract to Geremia and Associates for \$20,760.00.

Motion being made and duly seconded, it was unanimously

VOTED: That KCWA awards the contract for the water supply management plan to Geremia and Associates for \$20,760.00.

Meter Replacement Project, Status – Report of Progress

Mr. Simmons addressed the board. He said the project was being added to the website for information and scheduling for the customers. He said a pilot test was scheduled for next month to work any kinks out of the program.

Easement, Verizon Extension Spring Lake - Discussion

Mr. Simmons discussed the most recent letter from Mr. Brown to the board about this matter. Verizon had offered to extend the easement under certain terms. The staff indicated that the KCWA wants this property back and that the 5-year offer was too long. After a discussion by the board, the board authorized Mr. Sullivan to reject their terms and to offer a revised easement of three years, with a minimum of 6 mos., at \$1,000.00 per month, and that Verizon could terminate at any time with 30 days notice.

Employee Handbook

Mr. Simmons and Mr. Sullivan asked that this matter be continued until the next meeting as Mr. Sullivan was still working on the first draft.

Appointment of Acting General Manager/Chief Engineer Duties & Position, System License Operator

Mr. Simmons said all his appropriate licenses were to be reported to the Department of Health tomorrow. Mr. Boyer said East Greenwich was to make their appointment to KCWA on the first meeting in May. Chairman Boyer said there would be a special board meeting to appoint a replacement to the retiring general manager Brown.

Mr. Duckworth moved, seconded by Mr. Giusti, to elevate Mr. David L. Simmons to the position of Acting General Manager/Chief Engineer, System License Operator.

Motion made and duly seconded, it was

VOTED: That Mr. David L. Simmons is hereby appointed to the position of Acting General Manager/Chief Engineer, System License Operator.

INFRASTRUCTURE PROJECTS

IFR 2016 Design – 3 Phase Project – Design Complete On Hold Pending Funding

Mr. Simmons updated the Board that this remains on hold for funding and was a three-phase project.

IFR 2018 Construction Bid Award

Mr. Simmons said this is the Natick Bridge construction that is ongoing.

RFP Hydraulic Model Update – Month of April Advertisement

Mr. Simmons advised the board that KCWA is going to upgrade the software.

CAPITAL PROJECTS

Water Main North/South Interconnection High Service Bid Date February 18, 2019

Mr. Simmons reported that this project is slated for two years in Coventry and currently there is only bridge construction ongoing.

Chairman Boyer read prepared remarks honoring Mr. Brown on behalf of the entire board.

There being no further business before this meeting, on motion duly made by Mr. Duckworth, seconded by Mr. Crossman and carried, the meeting was adjourned at 5:30 p.m.

Dated: May ____, 2019

Patrick J. Sullivan
Legal Counsel