

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

June 21, 2012

The Board of Directors of the Kent County Water Authority held its monthly meeting in the Joseph D. Richard Board Room at the office of the Authority on June 21, 2012.

Vice Chairman, Peter O. Masterson opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mr. Giorgio and Board Member Inman were present together with the General Manager, Timothy J. Brown, , Technical Service Director, John R. Duchesneau and Director of Administration Finance, Jo-Ann Gershkoff and Legal Counsel, Lewis J. Paras. The Vice Chairman led the group in the pledge of allegiance.

The minutes of the Board meeting minutes of May 17, 2012 were moved for approval by Board Member Gallucci and seconded by Vice Chairman Masterson and were unanimously approved.

Guests:

3:30 High Service Requests:

51 Silverwood Lane, West Warwick, Mr. Stamp

Steven Stamp appeared before the Board and requested water service in the high service area. He stated that he had been connected to Kent County Water Authority service six years ago with a well combination and thereafter the service was capped and he relied on his well for water. Mr. Stamp said that the well is non-functioning and he is requesting reinstatement of Kent County Water Authority water service. He stated that six years ago there had been a leak in the coupling area of the connection which has been repaired by a plumber and he and his wife are the only residents of the house at 51 Silverwood Lane.

It was moved by Board Member Giorgio and seconded by Board Member Inman that based upon health and safety concerns to conditionally approve the request for water supply to service a single family home with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority (KCWA) is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third party commitments made by an applicant/ customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.

2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA, the KCWA is in the process of planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers of KCWA.

3. Ventures, commitments or agreements are at the applicant's sole risk if supply or existing infrastructure is found to be insufficient to support service. The applicant may afford the Authority with system improvements to facilitate adequate service.

4. The applicant shall file a formal single family home application. The applicant/customer understands that any undetected error in the application or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.

5. Only conservation-wise plumbing fixtures are to be installed including but not limited to low flow shower heads, low flow toilets and low flow aerators on faucets.

6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping technique and/or proper planting bed (high water holding capacity) soil preparation shall be employed throughout the project.

And it was unanimously,

VOTED: That based upon health and safety concerns to conditionally approve the request for water supply to service a single family home with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority (KCWA) is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third party commitments made by an applicant/customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.

2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA, the KCWA is in the process of

planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers of KCWA.

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400 Moosehorn Road, East Greenwich, Mr. Thomas Mattos

Mr. Thomas Mattos appeared before the Board requesting water service for the property located at 400 Moosehorn Road, East Greenwich, Rhode Island. Mr. Mattos' request is related to a health and safety issue and he presented a document which highlighted his request which included the fact that the property is located on the corner of Middle Road and Moosehorn Road and is a ranch style home with two bathrooms. Further, his family of four resides but one of his children will be entering college in the fall of 2013. Mr. Mattos is replacing the existing cesspool which is over 50 years old and he is now required by the Department of Environmental Management that a cesspool must be 100 feet away from a well and that his situation does not meet minimum requirements of 100 ft. He also stated that he has been a customer of Kent County Water Authority for over 12 years and has consumed an average in the last three years of usage of 11,300 cu. ft.

It was moved by Vice Chairman Masterson and seconded by Board Member Inman to that based upon health and safety concerns to conditionally approve the request for water supply to service a single family home with the following conditions in

lieu of a moratorium:

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And it was unanimously,

VOTED: That based upon health and safety concerns to conditionally approve the request for water supply to service a single family home with the following conditions in lieu of a moratorium:

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Uninvited Guest not on the agenda

Robert Mathias

Mr. Robert Mathias appeared as a guest before the Board and requested to speak before the Board. Board Member Inman indicated that this matter was not on the Agenda and the Board would have to vote to entertain discussion only with regards to Mr. Mathias.

It was moved by Board Member Inman and seconded by Board Member Giorgio

to add Mr. Mathias to the Agenda before the Board and the Board to entertain his request for discussion only with no action taken and it was unanimously,

VOTED: To add Mr. Mathias to the Agenda before the Board and the Board to entertain his request for discussion only and no vote shall be taken.

Mr. Mathias stated to the Board that he had sold his property two years ago and had requested a shut off of his water service and at the time of the closing the title search revealed no outstanding water bill to Kent County Water Authority. However, there were outstanding service charges in the sum of \$234.47 which were presented to the Board and this was discovered when the new owner tried to initiate water service and was informed by the Authority that it could not until this bill was paid. The General Manager stated that he would look into the matter and the Authority would respond to Mr. Mathias.

3:45 p.m. Stockweather & Shepley

Health Care Coverage FY 2013/2013

Kim Muldoon of Stockweather & Shepley appeared before the Board and presented the Board with options for health care coverage for fiscal year 2013 and the proposals as evidenced and attached as "A". Ms. Muldoon in response to a question by Board Member Inman stated that if the current plan under Blue Cross is renewed, it would result in 8% increase in premium but would retain the current deductibles and coverage. Ms. Muldoon also presented different plans with Blue Cross, United Healthcare and Tufts Rhode Island. The Blue Cross plans all involve the same coverage but higher deductibles and she indicated that retaining the Blue Cross coverage would be in the best interest of the Authority as the other plans from United Health and Tufts have higher deductibles and higher co-pays. The General Manager stated that Blue Cross would be preferable with regard to the retirees as United Healthcare and Tufts do not have plans similar to Blue Cross 65 which would create administrative difficulties in managing the coverage for the retirees if United Healthcare and/or Tufts were chosen.

Board Member Gallucci stated that it didn't seem to make much sense to change carriers and that the proposed increase was not substantially different from other plans.

It was moved by Board Member Inman and it was seconded by Board Member Giorgio to choose the Blue Cross Blue Shield Vantage Blue 100/80 \$250.00 deductible plan currently in effect to provide coverage for fiscal year 2013 and it was unanimously,

VOTED: To choose the Blue Cross Blue Shield Vantage Blue 100/80 \$250.00 deductible plan currently in effect to provide coverage for fiscal year 2013.

4:15 p.m. Underwriters Counsel – Due Diligence Questions of Authority – Barclays Capital

The General Manager indicated that the matter was cancelled in that the due diligence questions of the Authority have been addressed by the General Manager in a discussion with Barclays Capital and it was not necessary to present those issues before the Board.

LEGAL MATTERS

Harris Mills

The company has gone into receivership. Kent County Water Authority is owed \$3,676.58. Legal Counsel will monitor for proof of claim filing. A permanent receiver was appointed. A proof of claim prepared and forwarded to the General Manager for signature on September 17, 2008 and will be filed in the Kent County Superior Court and sent to the receiver. Proof of Claim was filed and sent to Received on September 19, 2008. The proof of claim deadline was December 1, 2008. Legal counsel will continue to monitor for payment on claim. As of May 12, 2009, there has been no change in status. Petition to sell was filed by Receiver in Kent County Superior Court on June 5, 2009. Offer to property made which will allow for partial payment of claims. Legal Counsel will monitor progress of sale.

There has been no further progress regarding the sale of the Harris Mill complex in the receivership matter. Legal Counsel to contact the Receiver for a status report. New offers to purchase have come in which could allow Kent County Water Authority claim in this matter to be paid out of the receivership proceeds. As of September 14, 2009 the previous offer did not materialize. A new offer is being pursued. Legal Counsel will continue to monitor the progress of the sale. The receivership case is in the Supreme Court. On October 1, 2010 the Court approved the sale of the property and the allowed disbursements including payment of Kent County Water Authority bill. This office will continue to monitor payment. On May 13, 2011 Legal Counsel sent a letter to Counsel for potential buyer inquiring as to the status of the sale. Legal Counsel followed up with counsel for Buyer on June 14, 2011 regarding response to May 13, 2011 correspondence. On July 18, 2011 Legal Counsel was informed by Buyer's Counsel that the sale is on hold pending resolution of Supreme Court Appeals in receivership case. There has been no further word as of April 18, 2012. Legal Counsel forwarded correspondence to Attorney for Buyer on April 17, 2012 for status report. As of June 20, 2012 no response has been received.

Hope Mill Village Associates

The company is in receivership. Kent County Water Authority is owed \$1,632.44. Legal Counsel to prepare and file Proof of Claim. Proof of Claim was prepared and was forwarded to the General Manager for signatures. Proof of Claim was filed in Kent

County Superior Court and was sent to the receiver on August 28, 2008 and as of this date this case is still pending. Hope Mill filed Chapter 11 Bankruptcy on August 20, 2008. Kent County Water Authority was not listed as a creditor. The proof of claim was prepared and signed by the General Manager on November 14, 2008 and was filed with the Bankruptcy Court on November 18, 2008. The proof of claim filing deadline was the end of November, 2008. Pursuant to the plan of reorganization filed by Debtor on November 22, 2008, Kent County Water Authority will be paid in full upon confirmation of the plan by the Bankruptcy Court and Legal Counsel will continue to monitor. As of February 17, 2009 the Court has not scheduled a hearing for confirmation of plan. Debtor will be filing an Amended Plan in March 2009. Legal Counsel will continue to monitor. As of July 16, 2009 the Debtor has not filed an Amended Plan.

The Bankruptcy Court hearing was to be held on August 19, 2009 regarding a motion filed by Hope Mill to convert Chapter 11 to Chapter 7. Legal counsel will monitor the hearing and how the disposition of the hearing will affect the claim of Kent County Water Authority. The hearing was held on December 17, 2009. Assets purchased pursuant to Asset Purchase Agreement. Kent County Water Authority charges to be paid pursuant to Asset Purchase Agreement. Legal Counsel will follow up regarding timetable of payment to Kent County Water Authority. Legal Counsel spoke with Attorney DeAngelis on February 17, 2010 for status on payment to Kent County Water Authority.

Legal Counsel spoke with Attorney DeAngelis on May 13, 2010 and Mr. DeAngelis stated that a final closing has yet to be scheduled, but should be scheduled in the near future. There has been no progress on scheduling a closing as of April 18, 2012. Legal Counsel forwarded correspondence to Attorney DeAngelis on April 17, 2012 requesting status. Attorney DeAngelis was replaced by Attorney Indeglia and correspondence was sent to Attorney Indeglia on May 2, 2012 requesting status.

West Greenwich Technology Tank/Rockwood

This matter may be in litigation in that Rockwood Corporation had failed to take any steps and continually denied Kent County Water Authority efforts to take any steps in the painting issues inside of the tank and on February 16, 2009 their surety, Lincoln General Insurance Company, denied the claim as well. The matter was reviewed between the General Manager and Legal Counsel. Rockwood sent a proposal to Legal Counsel on March 31, 2009 and the General Manager weighed the same and a response was sent to Rockwood on April 24, 2009. On May 2, 2009 Rockwood sent another proposal and the General Manager responded to the same on May 8, 2009 requesting a written remedial plan proposal within ten days. On May 8, 2009 Rockwood responded by asking the General Manager to reconsider his position. On May 12, 2009 the General Manager sent correspondence to Rockwood stating the Authority will await Rockwood comments to KCWA letter of May 8, 2009. On May 13, 2009 Rockwood provided an additional response to the KCWA letter of May 8, 2009 with questions. On May 13, 2009 the General Manager sent correspondence agreeing to provide Rockwood with more time to complete a plan of remediation for an additional 10 days.

On May 14, 2009, Rockwood sent a response and the General Manager, Merithew and Rockwood to have an informal meeting to work out details. The meeting took place and the Authority is monitoring the efforts of Rockwood to remedy the situation. The tank was recently dry inspected and the vendor remediated the same. Kent County Water Authority is awaiting final inspection of the tank with respect to the remediation. Rockwood has performed work at the site and it is necessary to have a final inspection after the tank has been filled. The tank has been filled and inspection is moving forward. This has been concluded. However, inspection followed which disclosed that there were more paint issues. On July 22, 2010, Legal Counsel notified the Bonding Company regarding action to correct. This will be further discussed by the General Manager in IFR projects. This matter is being discussed which may include litigation and KCWA is awaiting final restoration plans from the vendor. On March 16, 2011 and March 17, 2011, the General Manager received email communications from Rockwood requesting KCWA response to Rockwood performing its February 18th proposal on March 21, 2011. Further, the email stated that Mr. Northrop is no longer with Lincoln and provided an alternate contact for forwarding of the claim of KCWA.

On March 29, 2011 Legal Counsel sent correspondence to Mr. Northrop's successor, Paul Poppish pursuant to Mr. Law of Rockwood. After receiving no reply, Legal Counsel sent a follow up letter to Mr. Poppish on April 13, 2011. On May 16, 2011, Legal Counsel called Lincoln General and Mr. Poppish is no longer with the company and was directed to Mr. Bob Griffith and Legal Counsel spoke with him and was asked to send the correspondence to him which was accomplished on even date. No response was received from Mr. Griffith and Legal Counsel sent a follow up letter on June 9, 2011.

On July 14, 2011 Legal Counsel had a telephone conference with Bob Griffith from Lincoln General who stated that he would get something out to Legal Counsel the beginning of the week of July 18, 2011 and a letter was received on July 17, 2011 stating that he would discuss it with his insured and would respond thereafter. On August 5, 2011, Legal Counsel sent a follow up letter to Mr. Griffith since no response was received. A second follow up letter was sent to Mr. Griffith on November 16, 2011 since there has been no response.

A complaint was filed in Kent County Superior Court and served on Defendants Rockwood Corporation and Lincoln General Insurance Company on February 23, 2012. Defendants requested an extension to answer per Stipulation and their answer was due April 2, 2012 and was received by Legal Counsel on April 2, 2012. Mediation of this matter is scheduled for June 29, 2012 and Legal Counsel will be forwarding a mediation statement to the Mediator, Matthew T. Oliverio on June 22, 2012.

Spectrum Properties, The Oaks, Coventry, Rhode Island

Legal Counsel for the developer forwarded on July 13, 2009 to Kent County Water Authority Legal Counsel for comment on the proposed form of easement deeds

with respect to the residential subdivision. On July 29, 2009, Legal Counsel for Kent County Water Authority sent a response to Attorney William Landry setting forth comments to the proposed form of deeds. Legal Counsel received revised deeds from Attorney Landry on September 10, 2009 and they have been forwarded to the General Manager for review and have been approved by the General Manager. On September 24, 2009, Legal Counsel forwarded to Attorney Landry correspondence stating that the form of easement deed has been approved by Kent County Water Authority and for Attorney Landry to forward the original executed deeds to Kent County Water Authority for execution of acceptance. Legal Counsel has not received the deeds to date therefore Legal Counsel forwarded status inquiry correspondence to Attorney Landry on November 18, 2009. Attorney Landry replied to Legal Counsel on November 23, 2009 stating that the developer is in the midst of scheduling a final approval hearing with the Town and Attorney Landry will provide Legal Counsel for KCWA with the anticipated timetable for final approval and recording of the deeds upon Mr. Landry's receipt of this information.

Legal Counsel was pursuing Attorney Landry for status of his receipt of timetable for municipal approvals. Legal Counsel telephoned Attorney Landry and left a voicemail message as to status and subsequently forwarded correspondence to Attorney Landry on March 11, 2010. On May 11, 2010, Legal Counsel forwarded subsequent correspondence to Attorney Landry inquiring as to the status of the matter. The Developer contacted Legal Counsel directly and informed her that final approvals have not been received. Sanford J. Resnick, Esq. forwarded correspondence on September 17, 2010 to the Chairman informing of his representation of the developer and a request to appear before the Board to discuss inspection fees.

Mr. Resnick appeared at the May 19, 2011 Board Meeting and the staffs are working together with the Developer and Legal Counsel. Mr. Resnick will draft agreements with respect to flushing and constructing the water line. On August 15, 2011 Legal Counsel left a message with Mr. Resnick for status update and as of June 20, 2012 Legal Counsel has not received a response.

DPUC – Gregory Decubellis

Legal Counsel received from the DPUC on March 12, 2012 an entry of appearance for John A. Pagliarini.

There was a meeting between the parties on April 30, 2012 at the offices of Kent County Water Authority which said meeting was recommended by the hearing office prior to commencing discovery. This matter is in the process of discovery.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report.

Statement of Revenues, Expenditures and Change in Fund Balance as of April, 2012, Cash Location FY 2011-2012 and Cash Receipts and Disbursements FY 2011-2012 attached as “B”, and after thorough discussion with regard to the sales and revenue. The restricted accounts were all funded for the period and collections have exceeded forecasts.

Board Member Gallucci moved and seconded by Board Member Giorgio 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 and it was unanimously,

VOTED: That the financial report and Statement of Revenues, Expenditure and Change in Fund Balance as of April, 2012, Cash Location FY 2011-2012 and Cash receipts and Disbursements FY 2011-2012 attached as “B” be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege and Communications:

Vice Chairman Masterson stated that on an evening in the beginning of June at approximately 9:30 p.m. there was a water pipe that burst at the Harbourside Lobstermania Restaurant in East Greenwich and Vice Chairman Masterson drove by the area that evening and was very impressed with the professionalism of the crew that was sent to take care of the problem. He wanted to publicly commend the crew of Kent County Water Authority employees that responded to the break for their in handling of the matter in the best interests of the customer and the Authority.

GENERAL MANAGER/CHIEF ENGINEER’S REPORT

Old Business:

Bond Refinancing (Status)

Division Filing Decision

Sale of Refinancing

The General Manager disseminated to the Board a Preliminary Offering Statement regarding the 2001A 2002A Series Bond issue refinancing as evidenced and attached as “C” and stated to the Board that the price will be set on June 28, 2012 which is the sale date of the bonds. It is anticipated that the Authority will save \$2 plus million dollars on the refinancing and the preparation for the sale is going very well.

The General Manager stated that the final Offering Statement will not be printed until after the sale has occurred and the final numbers are known.

New Business:

Fiscal Year 2012/2013 Legal Services Selection

The General Manager indicated that three law firms responded to the request for qualifications that was issued by the Board with regards to the 2012/2013 legal services selection.

A discussion commenced with regard to selection for General Counsel and Board Member Gallucci stated that only a request for qualifications has been issued so far and you can not make a selection based on a request for qualifications. Board Member Gallucci further stated that an RFP would have to be issued with regard to pricing before a selection could be made. The General Manager stated that for legal services pursuant to the State Purchasing Act it is not necessary to issue an RFP and that negotiations can occur with the potential candidates at a price to be set through those negotiations. The General Manager stated that he had met with Chairman Boyer earlier on June 21, 2012 and the Chairman stated that a special board meeting should be convened on June 28, 2012 to allow Chairman Boyer to attend and that selection of Legal Counsel should be deferred until the special Board meeting. Board Member Inman then stated that the three candidates who submitted responses to the request for qualifications should be brought into the special Board meeting and allowed 15 minutes of time to be interviewed by the Board and that the law firm should be ready to come in with figures with regards to hourly rates in order that the Board can either authorize the General Manager to negotiate with the candidates and/or make a selection at the special Board meeting.

It was moved by Board Member Inman and seconded by Board Member Giorgio that a Special Board Meeting be convened on June 28, 2012 to allow the three candidates that responded to the RFQ to come in to be interviewed by the Board and have the negotiating process begin and/or have the Board make a selection for the fiscal year 2012/2013 services and it was unanimously,

VOTED: That a Special Board Meeting be convened on June 28, 2012 to allow the three candidates that responded to the RFQ to come in to be interviewed by the Board and have the negotiating process begin and/or have the Board make a selection for the fiscal year 2012/2013.

Legal Counsel Existing Cases Carry Over

The General Manager presented the Board with a document entitled, "Legal Outstanding" which included the outstanding legal matters that are pending which the General Manager recommended that current counsel Petrarca and McGair, Inc. be retained to continue representation of the Authority on these cases until completion. The General Manager stated that Chairman Boyer had recommended that Petrarca and McGair, Inc. not be retained to continue representation on these cases and that a bridge attorney, specifically, John Brunero, Jr. be retained for the specific purposes of representing the Board on these cases until completion.

Board Member Inman inquired as to whether a bridge attorney is needed in that the current contract for Petrarca and McGair, Inc. expires on June 30, 2012 and that new General Counsel will begin on July 1, 2012 and that new counsel could handle the cases outlined in the document entitled, "Legal Outstanding". The General Manager stated that Petrarca and McGair, Inc. has the institutional knowledge and experience with these cases that would make it in the best interest of Kent County Water Authority to continue Petrarca and McGair, Inc. as attorneys for the Authority in these cases, especially the Rockwood Tech Park which is scheduled for mediation on June 29, 2012 and is a complex case that would take a new attorney a great deal of time to familiarize themselves at an additional cost to the Authority. Also, the General Manager reminded the Board that the new counsel would be General Counsel and not regulatory counsel and that the Authority will be without regulatory counsel for matters before the Public Utilities Commission or the DPUC and that the cases listed that involve DPUC action should be handled by Petrarca and McGair, Inc.

Board Member Inman and Board Member Giorgio expressed reservations about retaining a third counsel, specifically Mr. Brunero, in that Mr. Brunero that has not presented the Board with qualifications and further that could result in additional charges to the Authority that may not be necessary. Board Member Gallucci offered the possibility of retaining Petrarca and McGair, Inc. for the Rockwood case at the very least and cases involving the DPUC. Board Member Inman stated that this matter should be placed on the Agenda for the Special Board Meeting on June 28, 2012 to allow for further discussion and decision at that time.

The consensus at the end of the discussion was that this matter would be tabled and placed on the Agenda for the Special Board Meeting on June 28, 2012 and that Petrarca and McGair, Inc. would continue until replaced.

Approval DEM Land Purchase Curran Dam Property

The General Manager stated that the Department of Environmental Management is purchasing this piece of land which has no value to the Authority and is located on the easterly side Seven Mile Road in the City of Cranston and the sale price for the property is \$28,700.00 and the General Manager recommended that the Board authorize the signing of the purchase and sales contract which would allow the property to be sold by Kent County Water Authority to the State of Rhode Island Department of Environmental Management.

It was moved by Board Member Inman and seconded by Board Member Giorgio that Kent County Water Authority enter into a purchase and sale contract for the sale of the property located on the easterly side of Seven Mile Road in the City of Cranston to the Department of Environmental Management for the sale price of \$28,700.00 and it was unanimously,

VOTED: That Kent County Water Authority enter into a purchase and sale contract for the sale of the property located on the easterly side of Seven

Mile Road in the City of Cranston to the Department of Environmental Management for the sale price of \$28,700.00.

Designation of Filing Coordinator

The General Manager recommended that Jo-Ann Gershkoff be selected as the Filing Coordinator for the purpose of the filing of the minutes and the Agenda with the Rhode Island Secretary of State office. This had previously been done by Joseph J. McGair of Petrarca and McGair, Inc. who had been previously designated as the Filing Coordinator.

It was moved by Board Member Inman and seconded by Board Member Gallucci that Jo-Ann Gershkoff be selected as Filing Coordinator for Kent County Water Authority effective July 1, 2012 and it was unanimously,

VOTED: That Jo-Ann Gershkoff be selected as Filing Coordinator for Kent County Water Authority effective July 1, 2012.

Stenographic Record/state MPA/Minutes of Meeting

The General Manager circulated document entitled, "Kent County Water Authority Stenographer Services of Prices Comparison June 21, 2012" for review by the Board regarding the General Manager's recommendation that a stenographer be present at the Board Meeting to take down the actions of the Board for the purposes of preparing the minutes of the meeting. The General Manager stated that the preparation of the Board meeting minutes is a very difficult and time consuming process which over the last several years been done by Petrarca and McGair, Inc. Prior to Petrarca and McGair, Inc. preparing the minutes, the minutes had been prepared by the various secretaries of the Board. The General Manager stated that it is his opinion that it would be less costly for the Authority to have a stenographer presents for the purposes of preparing the minutes of the meetings. Legal Counsel reminded the Board that having a stenographer present at the meetings will result in a transcript being prepared of those meetings which must be preserved by the Authority. The consensus of the Board was that this matter should be tabled to a future date.

COBRA Administration, Contract Approval

The General Manager presented the Board with a document entitled, "COBRA Administration and Health Services, Inc. Employee Group Contract" between the COBRA Administration and Health Services, Inc. and Kent County Water Authority and the General Manager recommended approval of the contract in that there was no change from the previous contract that had been in existence and it would not involve any increase in cost to the Authority.

It was moved by Board Member Giorgio and seconded by Board Member Inman

to approve the Employee Group Contract between COBRA Administration and Health Services, Inc. and Kent County Water Authority and it was unanimously,

VOTED: To approve the Employee Group Contract between COBRA Administration and Health Services, Inc. and Kent County Water Authority.

Crew Leader Promotion

The General Manager stated that five people were interviewed for this position and after these interviews the General Manager recommended that Eric Tift be selected for the Crew Leader promotion. In response to a question from Board Member Gallucci, the General Manager stated Mr. Tift has been an employee of Kent County Water Authority for seven years and has the demeanor, personality and work ethic that would make him the most qualified for the Crew Leader promotion and the General Manager stated that Mr. Tift would provide good leadership and be an asset to the Authority in that position.

It was moved by Board Member Gallucci and seconded by Board Member Inman to select Eric Tift for the Crew Leader promotion and it was unanimously,

VOTED: To select Eric Tift for the Crew Leader promotion.

2012/2013 Budget Approval

The General Manager presented the Board with the proposed fiscal year 2012/2012 budget and stated highlights of the budget indicating that it is a proposed balance budget which would result in a surplus of \$195,112.00. The General Manager stated that the Authority is maintaining equilibrium despite lower water consumption. The General Manager was pleased to present the proposed budget as a balanced budget for the Authority. The General Manager presented the budget summarizing the various operating revenue which is anticipated to be \$20,071,000 or an increase of .5%. The General Manager reviewed the operating expenses for the various departments and services provided by the Authority and highlighted expenses which require significant increases over the previous budget.

As part of the budget discussion, the General Manager presented a document entitled, "Confidential Employee Data" as evidenced and attached as "D" which reflected the proposed salary increases for Kent County Water Authority employees becoming effective July 2012. The General Manager highlighted the fact that there is a proposed across the Board 3% increase in salary and wages for the Kent County Water Authority employees with a few noted exceptions. In the absence of the General Manager, the Board also discussed and improved a salary increase for the General Manager.

The General Manager was returned to the meeting and it was moved by Board Member Gallucci and seconded by Board Member Inman that a 3% across the board

salary and wage increase for the employees of Kent County Water Authority be approved effective July, 2012 with the adjustments noted for the employees identified by the Board and for the change in compensation for the General Manager and it was unanimously,

VOTED: That a 3% across the board salary and wage increase for the employees of Kent County Water Authority be approved effective July, 2012 with the adjustments noted for the employees identified by the Board and for the change in compensation for the General Manager.

It was moved by Board Member Gallucci and seconded by Board Member Inman to approve the Kent County Water Authority fiscal year 2012/2013 annual budget as evidenced and attached as “E” and it was unanimously,

VOTED: To approve the Kent County Water Authority fiscal year 2012/2013 annual budget as evidenced and attached as “E”.

CAPITAL PROJECTS: **INFRASTRUCTURE PROJECTS**

All Capital and Infrastructure Projects were addressed by the General Manager and described to the Board by the General Manager with general discussion following and are evidenced and attached as “F”.

Bond Organization

Election of Secretary

The General Manager indicated that it will be necessary to appoint a new secretary to execute the refunding bond documents. The General Manager advised that a Board Member be appointed Secretary. Vice Chairman Masterson recommended that Board Member Inman be nominated and selected as Secretary.

It was moved by Board Member Giorgio and seconded by Vice Chairman Masterson to nominate Board Member Edward Inman as Secretary for Kent County Water Authority and it was unanimously,

VOTED: To nominate Board Member Edward Inman as Secretary for Kent County Water Authority.

It was moved by Board Member Giorgio and seconded by Vice Chairman Masterson that Board Member Inman be elected as Secretary of Kent County Water Authority effective July 1, 2012 and it was unanimously,

VOTED: That Board Member Inman be elected as Secretary of Kent County Water Authority effective July 1, 2012.

Board Member Inman made a Motion to adjourn, seconded by Board Member Giorgio and it was unanimously voted by the Board Members present,

VOTED: To adjourn the meeting at 5:40 p.m.

Secretary Pro Tempore