

Prudence Island Water District

Minutes of meeting: September 3, 2005

1. Meeting was called to order at 1:05 p.m. Present were David Buffum, moderator; Patricia Richard, clerk; Richard Brooks and Phillip Brooks Robert Hanson.

2. Approval of minutes August 20, 2005. Motion to approve by Richard Brooks, seconded by Robert Hanson, approved unanimously.

3a. Bylaws. The board discussed the latest revisions as edited by Kim Greene general counsel. Ms. Richard said that purchasing and procurement bylaws need refinement of spending levels. Mr. Buffum said that minor corrections were needed for non-compliance section, typographic error on stage 4 violations. Mr. Buffum also said that figures for authorization of payment should be revisited. He said there was an error concerning the date of the closing of the fiscal year. Mr. Buffum asked Ms. Greene is there were any particular guidelines relative to purchasing/procurement/award of contracts that the board should be aware of. Ms. Greene said the spending limits were at the discretion of the board. Ms. Richard asked if there were any legal issues the board should consider before distributing the bylaws for public comment. Ms. Greene said no. Ms. Richard suggested that the board take one more look at the bylaws prior to the next meeting with the goal of having them ready for public

distribution after the next meeting.

3bl. Administrative goals.

Ms. Richard reported that the current bank balance was \$19,689.68.

Ms. Richard said that PIA was not able to find the second check given to them to rent the hall for the election. She said that she would document when the check was written and that it should not be a problem.

Invoice from Hinckley, Allen & Snyder for \$2046.13. Ms. Richard mentioned the Fleet printing costs for copies of PUC documents. Ms. Greene explained what documents were selected for copying. Ms. Richard said that she was surprised by the costs. Ms. Greene suggested that in the district's retainer agreement with Ms. Mack that something should be inserted regarding expenses over a set dollar amount and saying that the board should be informed in advance of any expenses in excess of that amount. The board unanimously approved payment of the invoice.

Ms. Richard said no invoice received yet from RI Interlocal Risk Mgt for liability insurance.

Ms. Richard said that she had received progress report from C&E Engineering stating that the project was 50% complete.

Ms. Richard said that special counsel Sandra Mack wanted to meet with Tom Nicholson of C&E Engineering and that a meeting had been scheduled for Tues., Sept 13, 2005 at 10:30 a.m. at Hinckley, Allen & Snyder office in Providence. Ms. Richard said that she would attend.

Mr. Richard Brooks said that he would also attend the meeting.

Ms. Richard said that the close of the fiscal year was at the end of the month and that she would start putting together the annual report at that time.

Ms. Richard asked if a firm date for the second meeting with PIPC, Prudence Conservancy, DEM and Town of Portsmouth officials had been set. Richard Brooks said a meeting was tentatively scheduled for Thursday (Sept. 8) on Prudence. He said that no one from the town was available for the meeting. Mr. Robert Marshall, chairman of the Prudence Conservancy, said that it was not definite that the meeting would take place on the island.

3bII. Technical. Mr. Phillip Brooks reported that he had researched the idea of a pre-packaged treatment plant and that it appeared to be more costly than anticipated. Total cost about \$160,000 for “fast-filter” system. He recommended considering a slow sand filter system or possibly individual ion exchange filters at each service connection and that it was a new approach being investigated by the government. He said that a slow sand filter was attractive but in drought conditions DEM might demand a reduction in water use. Richard Brooks said that such a sand filter system would have a very small footprint. Phillip Brooks said that the technology was such that the system would last much longer than conventional systems, would be economical to build, would generate minimal waste and would require no upgrade to operator’s license. He said that the grade of sand required was available locally. He said that UNH was studying the implementation of these systems and that he would like to make

contact with them and visit their facility.

3c. Funding. No new funding issues.

4a. Correspondence. AWWA and NEWWA publications.

4b. Other. Robert Marshall, former chair of Water District Organizing Committee on the understanding between that committee and the Prudence Island Utilities Corp. with regard to costs for creating the water district.

Mr. Marshall said that he had been asked by PIUC to appear before the board to explain the understanding with regard to expenses for creating the district. Mr. Marshall said that the district organizing committee went to the PIUC for money to pay the legal and associated expenses for creating the district, and that the PIUC had agreed to do that and would then attempt to recoup the expenses as part of the transfer of assets. Mr. Buffum asked where the invoices were for these expenses; Mr. Marshall said all invoicing had gone directly to PIUC with the exception of some out-of-pocket expenses. Mr. Buffum asked why funding had not been written into the enabling legislation. Mr. Marshall said that it had never occurred to the committee to do that and had not been advised by anyone to do that, nor had he seen any legislation that included such funding. Mr. Richard Brooks asked if members of the PIUC Board of Directors and stockholders were on the organizing committee. Mr. Marshall said that Mark Kimball is a board member and Louis DeIPapa is a

stockholder. Mr. Hanson said that in 2003, Mr. Heile of PIUC stated in a public meeting that a grant had been used to cover the expenses of creating the district. Mr. Marshall said that he informed Mr. Heile after that meeting that his statement was false. Ms. Richard said no one informed the public that Mr. Heile's statement was false. Mr. Richard Brooks said that he had spoken to Al Grant of the organizing committee and that the committee had no authority to spend money. Mr. Marshall said that PIUC had given them the authority to spend PIUC funds. Ms. Richard asked who had formed the water district organizing committee. Mr. Marshall said PIUC had formed the committee. Ms. Richard asked if the committee had a charter or document from any governing body that gave them the authority to incur debt on behalf of the community. Mr. Marshall said no. Ms. Richard asked if there was a written agreement between the organizing committee and the PIUC with regard to this funding arrangement. Mr. Marshall said there was no written agreement beyond the minutes of the meeting in which the understanding was reached. Ms. Richard said that she did not believe that the district was obligated to honor this agreement, since it was an arrangement that that PIUC made with itself, and they misled the public about the manner in which these expenses were to be paid. Mr. Hanson asked Mr. Marshall why he was appearing before the district board instead of the PIUC board appearing themselves. Mr. Marshall said that he had been asked to appear, and that he had no control over what the PIUC board did. Mr. Hanson asked if having a PIUC board member on the district organizing committee was a conflict of interest. Mr.

Buffum said no, since it was the PIUC that formed its own committee for the purpose of creating a water district. Mr. Marshall said no one else was coming forward to start a district. He asked if the PIUC wanted the district to pay the expenses outside of the global settlement of the assets. Ms. Richard said that the PIUC had not asked the district for anything but had mentioned these expenses in a prior discussion. Ms. Kim Greene, general counsel, said that she since no district existed when the agreement was made and could not be a party to the agreement, she did not believe the district was legally obligated to honor it. Mr. Brooks asked if any motions should be made regarding the issue of the understanding between the organizing committee and the PIUC. Mr. Buffum said there was no need for motions because nothing had been asked of the board; information was given only to clarify their position.

5. Mr. Buffum moved for adjournment to executive session, seconded by Richard Brooks, approved unanimously. The meeting adjourned at 2:00 p.m.

Patricia Richard

Clerk