

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

May 15, 2008

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 May 15, 2008.

Chairman, Robert B. Boyer opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mrs. Graham, Mr. Masterson and Mr. Inman were present together with the General Manager, Timothy J. Brown, Technical Service Director, John Duchesneau, System Engineer, Kevin J. Fitta, Arthur Williams, Finance Director, Legal Counsel, Maryanne Pezzullo, and other interested parties. Board Member Graham led the Board in the salute to the Flag.

The minutes of the Board meeting of April 17, 2008 were moved for approval by Board Member Gallucci and seconded by the Chairman and were unanimously approved.

Guests:

Pension Review–Summit Financial

Joseph Bonasera, President of Summit Financial Corporation and Financial Advisor for the Kent County Water Authority pension and presented the pension performance report which is evidenced and attached as “**A**”. Mr. Bonasera stated that pension assets to liabilities is very high and the policy is working well. His presentation was embodied and evidenced as “**B**”. He recommended changing to the 2008 mortality tables to insure plan integrity in answer to Board Member Inman’s question about the effect of people living longer and associated costs. The General Manager stated that benefit statements will be sent out to the employees shortly.

Mr. Bonasera stated that albeit ERISA does not apply to Kent County Water Authority pension plan, the plan has been following government rules and regulations and costs are in line with those regulations. Mr. Bonasera stated that the major objective of Kent County Water Authority pension is that benefits must be there for each retiree. He also spoke about the current problematic market conditions. He stated that Kent County Water Authority pension investments are 50/50 equities to bonds and he recommended that due to the market the strategy be modified to reflect 60% equities and 40% bonds in that equities are under priced and historically and generally the down market is a good time to buy equities. The General Manager stated that the mortality tables from the previous actuary were carried over and Mr. Bonasera brought these to

the attention of the Board and recommends that the mortality assumption be changed to the present to insure that the payouts are planned based upon the latest data.

Mr. Bonasera stated that Kent County Water Authority is fortunate in that Wilshire Associates is selecting the equities and Kent County Water Authority is getting the benefit of Wilshire expertise which is normally unavailable to small plans. A thorough discussion ensued by Board Members, the General Manager and Mr. Bonasera.

It was moved by Board Member Gallucci and seconded by Board Member Inman to change investment strategy of the Kent County Water Authority 2008 pension policy to 60% equities and 40% bonds and it was unanimously,

VOTED: To change investment strategy of the Kent County Water Authority 2008 pension policy to 60% equities and 40% bonds.

Board Member Inman exited the meeting after the above vote and was excused.

Sunshine Development, Paul Zarrella

Louise Marcus, Esq., Harry Miller, PLS and Paul Zarrella, owner, presented a letter from Aqua Science which is evidenced and attached as "C" and plan by Harry Miller. Ms. Marcus stated that the project is a single family home with in-law apartment and there exists a health and safety issue since the well will not meet standards.

The Chairman stated that it is a health and safety issue. The General Manager stated that this is high service and there is no water available.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to conditionally approve the request for water supply to service two single family homes 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 by the remaining Board Members, Gallucci, Graham, Masterson and the Chairman,

VOTED: To conditionally approve the request for water supply to service two single family homes 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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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.

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2405 Nooseneck Hill Road, TJB Engineering

John Brunero was in attendance for the Gentleman Farmer Restaurant. The Chairman recused himself because he has a business relationship with the engineer. Tim Behan, P.E. stated that there will be two retail units and a proposed bank and an increase of 300 gallons/day. The General Manager stated that there is no water. Mr. Behan gave a hand out on water consumption data and septic system data which are evidenced and attached as "D" and "E" respectively. The General Manager asked about the well head area and the reducing technology albeit not required. Board Member Masterson stated that it is something he wanted the applicants to think about it longer.

It was moved by Board Member Gallucci and seconded by Board Member Graham to conditionally approve the request for water supply to service Gentlemen Farmer Restaurant, 2405 Nooseneck Hill Road, Coventry, RI 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 application with the necessary design drawings, flow calculations, including computer hydraulic modeling to fully evaluate this project supply availability and the potential impact on the existing public water supply system. 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 the Chairman was recused from the vote and Board Member Inman excused and it was unanimously voted by the remaining Board Members, Gallucci, Graham, Masterson and the Chairman:

VOTED: To conditionally approve the request for water supply to service Gentlemen Farmer Restaurant, 2405 Nooseneck Hill Road, Coventry, RI 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.

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4. The applicant shall file a formal application with the necessary design drawings, flow calculations, including computer hydraulic modeling to fully evaluate this project supply availability and the potential impact on the existing public water supply system. 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.

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Phase 1-O and 1-P Center of New England, Dante Boulevard

Benjamin Caito, PE, Scott Nelson and Robert Rapoza of CNE were in attendance. Benjamin Caito gave a development plan for April, 2008 which is evidenced and attached as "F". Mr. Caito stated there was an update on the master meter on New London Turnpike which is being put in place next Wednesday and that the Hopkins Hill model analysis is being prepared.

Phase 1-O and 1-P are part of Highlands at Hopkins Hill.

Phase 1-O -- 10 2 stay units
Phase 1-P -- 15 1 stay units
 25 multifamily

He stated that two bedroom units will have a 55 year age restriction and be calculated 10,000 gallons/day. He also performed the calculations using the Kent County Water Authority Rules and Regulations and does not believe that the 10,000 number will be used and the applicant has issued plans for review and had set up a meeting with Kent County Water Authority staff and were revised and he was looking for use approval.

John R. Duchesneau said changes were made and did show a 12' pipe off CNE Boulevard and it would have to be excavated for inspection. The General Manager stated that there is pipe in the ground and he does not know who or if it has ever been submitted. The General Manager re-stated that the project can not be approved until the pipe has been inspected to see if it conforms.

Ben Caito showed his plans to the Board regarding CNE Boulevard station 2200. The Chairman asked about the long term missing "as-builts" as constantly requested. Mr. Caito stated they were in his possession and certain schematic "as-builts". The Chairman stated that he does not like working in the dark and has been asking for more than two years and he demands that the "as-builts" be produced. He has no intention to

impede CNE but his duty is to protect and maintain clean water for the system and it is a requirement that the “as-builts” be submitted prior to any service being completed. Mr. Rapoza stated that the “as-builts” will be given to the Kent County Water Authority staff and CNE will comply with whatever the staff wants. The Chairman stated that CNE should work with the staff.

Mr. Rapoza questioned the General Manager about the “as-builts” because of well and now seeking Kent County Water Authority water “as-builts” are necessary.

It was moved by Board Member Gallucci and seconded by Board Member Graham to conditionally approve the request for water supply service to Center of New England, Dante Boulevard and Phase’s 1-O and 1-P with the following stipulations and 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 application with the necessary design drawings, flow calculations, including computer hydraulic modeling to fully evaluate this project supply availability and the potential impact on the existing public water supply system. 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.

7. Water activation to the reference projects is contingent upon the developer providing as-built drawings meeting the requirements of Section 3.13 of the Kent County Water Authority Regulations and approval of the General Manager/Chief Engineer for the entire Centre of New England project constructed as of May 15, 2008. This as-built drawing stipulation pertains to all installed water infrastructure within all roadways, rights of way and private property that have previously received design application approval and construction installation inspection by Kent County Water Authority representatives.

8. Approval of the referenced projects and final water activation is contingent upon Kent County Water Authority inspection and acceptance of all infrastructure installed without previous design application approval or inspection of in progress construction by the Kent County Water Authority. To clarify, this pertains to all infrastructure installed when Centre of New England had elected to pursue a well water supply for its uses and not Kent County Water Authority public water supply. The developer must provide the design drawings and excavate to make all previously installed infrastructure completely visible for inspection and testing documentation by Kent County Water Authority representatives to insure compliance with Kent County Water Authority Regulations. This shall not be limited to materials used, bedding conditions, backfill, depth, location and sizing of infrastructure. Removal and reconstruction of the previously installed infrastructure without Kent County Water Authority inspection and testing may be necessary as determined solely by the Kent County Water Authority. Water activation to the referenced projects is contingent upon completing all of the aforementioned requirements and the developer providing as-built drawings meeting the approval requirements of section 3.13 of the Kent County Water Authority Regulations and General Manager/Chief Engineer for that infrastructure.

And since Board Member Inman was excused it was unanimously voted by the remaining Board Members, Gallucci, Graham, Masterson and the Chairman:

VOTED: To conditionally approve the request for water supply service to Center of New England, Dante Boulevard and Phase's 1-O and 1-P with the following stipulations and 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.

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8. Approval of the referenced projects and final water activation is contingent upon Kent County Water Authority inspection and acceptance of all infrastructure installed without previous design application approval or inspection of in progress construction by the Kent County Water Authority. To clarify, this pertains to all infrastructure installed when Centre of New England had elected to pursue a well water supply for its uses and not Kent County Water Authority public water supply. The developer must provide the design drawings and excavate to make all previously installed infrastructure completely visible for inspection and testing documentation by Kent County Water Authority representatives to insure compliance with Kent County Water Authority Regulations. This shall not be limited to materials used, bedding conditions, backfill, depth, location and sizing of infrastructure. Removal and reconstruction of the previously installed infrastructure without Kent County Water Authority inspection and testing may be necessary as determined solely by the Kent

County Water Authority. Water activation to the referenced projects is contingent upon completing all of the aforementioned requirements and the developer providing as-built drawings meeting, the approval requirements of section 3.13 of the Kent County Water Authority Regulations and General Manager/Chief Engineer for that infrastructure.

LEGAL MATTERS

Facility Access–Amgen

Easement rights of Kent County Water Authority were impeded by Amgen's security protocol. The General Manager forwarded correspondence to Berglund, P.E. setting forth easement rights and to contact to discuss the matter and there has been no formal reply and the General Manager stated that there is a conflict and there will be a need to discuss further.

Amgen requested Kent County Water Authority and its contractor to execute an access agreement/ license with respect to access to the tank. On February 7, 2007, Kent County Water Authority forwarded correspondence to Amgen stating that Kent County Water Authority has pre-existing easement rights for accessing the tank. With respect to draining the tank for maintenance, the Kent County Water Authority discovered the proposed drainage system was not installed and the existing system removed. On August 10, 2007, Legal Counsel for Amgen forwarded a proposed easement agreement to Legal Counsel for Kent County Water Authority. Legal Counsel and the General Manager have reviewed the proposed agreement and it extinguishes the pre-existing easement rights acquired in 1987. Therefore, Legal Counsel informed Legal Counsel for Amgen that the agreement is not acceptable as drafted as it extinguishes easement rights. The executed easement document from Amgen legal counsel was received however, the description for the easement area was omitted. A plan was received, however, it is no clear as to the site of the easement area. Therefore, Legal Counsel has requested from Amgen another plan that clarifies the easements area.

Quaker Lane Booster Station

In order to meet setback requirements of the generator from the structure and to accommodate a temporary construction easement, 25' to 50' of abutting property owned by Duke Associates Limited Liability Corp. is required. Legal Counsel forwarded to the owner written request for a lease and has subsequently been in contact with the owner. Legal Counsel and the General Manager met with the land owner at the site. Kent County Water Authority will provide the land owner with a survey depicting the easement area and the owner will obtain an appraisal of the site with respect to Kent County Water Authority obtaining an easement and the owner will forward to Legal Counsel the appraised value of the easement. Legal Counsel for Kent County Water Authority has forwarded to the owner the engineering and Kent County Water Authority has offered to rehabilitate the retaining wall (the integrity of which is compromised and

in need of repair) in lieu of paying a fee to the owner for expansion of the easement area. Legal Counsel contacted the owner and he stated that the real estate may be under sales contract. Legal Counsel for the owner of the property met with the General Manager and Legal Counsel with respect to historical easements on the site. The owner will grant Kent County Water Authority additional easement area for the renovations to the station and Kent County Water Authority will extinguish an easement no longer utilized by Kent County Water Authority for ingress/egress to the station. Kent County Water Authority has obtained the legal descriptions for the respective easement areas and Legal Counsel has forwarded the easement deeds to Legal Counsel for the owner for their review. Legal Counsel has received from Legal Counsel for the owner an instrument to extinguish the former easement. The instrument was approved by Legal Counsel and Kent County Water Authority. The owner requested indemnification from Kent County Water Authority for maintenance of the retaining wall post construction. Legal Counsel has informed owner that Kent County Water Authority can not indemnify owner during or after construction of the retaining wall as it is located on property not owned by Kent County Water Authority and the wall was not maintained by Kent County Water Authority in the past. However, the agents and contractors are insured which will address any liability concerns of the property owner during construction of the wall. The owner was provided by Kent County Water Authority with a copy of the report on the condition of the wall. The owner will provide easements to Kent County Water Authority to expand the existing area for the station renovations and Kent County Water Authority will extinguish its easement rights to an area parallel to Bald Hill Road. The owner and Kent County Water Authority are working on securing a temporary easement area for construction.

Joseph Petrarca, Department of Public Utilities and Carriers

The decision by the Division of Public Utilities and Carriers has recently been rendered by the Hearing Officer, Lanni which was in favor of Mr. Petrarca. Legal Counsel and the General Manager determined that the decision is contrary to the Kent County Water Authority Rules and Regulations and an appeal was taken and is scheduled for February 4, 2008 by the Division of Public Utilities and Carriers and is now awaiting decision from the Hearing Officer. Due to water quality issues on Philip Street, Legal Counsel will move for a postponement of the decision of the Hearing Officer and he will have continued discussion with the General Manager concerning the possibility of an amendment of the IFR program. A settlement offer was drafted by the Department of Attorney General and is being considered by Legal Counsel and General Manager and they have spoken and are awaiting the status of the job.

Padula Easement/Flat Top

Legal Counsel for the Developer advised that this project is hold.

Department of Health Rules and Regulations

Legal Counsel forwarded to Gregory A. Madoian, Esq., Legal Counsel for the Department of Health, the proposed private water system rules and regulations amendments as pertaining to public drinking water. These amendments were prepared by Legal Counsel, the General Manager and the staff. Legal Counsel also placed a telephone call to Mr. Madoian. Mr. Madoian contacted Legal Counsel who stated that the rules and regulations will be reviewed the week of April 15, 2007. Legal Counsel subsequently inquired of the Department of Health and it is still being considered. Legal Counsel has and will continue to contact the Department of Health until he receives an answer. This has been a frustrating issue in that the Department of Health has had these proposed regulations since April 9, 2007. Legal Counsel has sent letters and telephone calls in an attempt to schedule a meeting with the General Manager and Department of Health officials who do not seem to be motivated to address this serious issue. Legal Counsel will continue to pursue this issue, albeit there is serious resistance and he sent a letter to the Department of Health Legal Counsel on March 11, 2008 and is awaiting word on a meeting. Legal Counsel telephoned Mr. Madoian last week and will try again next week.

G-Tech

On June 30, 2006, G-Tech received approval of water service for its campus. Subsequent to approval, the campus was subdivided and sold. G-Tech did not notify Kent County Water Authority of the change in ownership as required by its Rules and Regulations. As a result of the change in ownership, the service at the property (Data Center) does not conform to the original tenets of the approval as the building is occupied by a different owner resulting in one service supplying different owners. Master metering is reserved for single ownership and G-Tech does not meet this requirement as G-Tech is currently connected to the Condyne Master Meter Service. Kent County Water Authority met with a representative of Condyne who was not aware that it was servicing the G-Tech data center. G-Tech is required to install a separate service to Hopkins Hill Road as set forth in Option A of the December 14, 2006 correspondence from G-Tech to Kent County Water Authority in order to resolve the issue of water service.

Legal Counsel performed research of the West Greenwich Land Evidence Records to ascertain the ownership of certain parcels of real estate located within the G-Tech site given recent subdivision of the site. The data center is under different ownership as a result of the subdivision but serviced by a master meter in violation of the regulations of Kent County Water Authority for property owned by another party. Legal Counsel for Kent County Water Authority, the General Manager and John Duchesneau met with Legal Counsel for Amgen and two Amgen representatives. Amgen and its Legal Counsel provided Kent County Water and its Legal Counsel with title to the subject property from Legal Counsel for the title company. Legal Counsel for Amgen will draft an indemnification agreement with respect to common service. Legal Counsel will review the indemnification agreement and determine whether or not the common service is legally permitted by the regulations of Kent County Water Authority.

Amgen will coordinate a meeting with the owner of the property providing water to the data center.

Legal Counsel for G-Tech prepared a proposed memorandum of agreement between the parties and forwarded this to Legal Counsel for the Authority on August 10, 2007. Legal Counsel for Kent County Water Authority and the General Manager have reviewed the proposed agreement and it conflicts with the regulations of Kent County Water Authority. Therefore, Kent County Water Authority has forwarded correspondence to Amgen directing compliance by Amgen of installation of separate services.

G-Tech has filed a Declaratory Judgment/Restraining Order action and Kent County Water Authority has filed a Motion to Dismiss which will be briefed on January 4, 2008 with response by G-Tech for January 25, 2008 and hearing scheduled for February 1, 2008. Kent County Water Authority brief was filed with the Kent County Superior Court on January 4, 2008. The matter has been dismissed and G-Tech will pursue with the DPUC. Legal Counsel received a letter from Attorney William Landry on January 28, 2008 stating that they will file with the DPUC. As of April 17, 2008, G-Tech had not filed with DPCU and Legal Counsel for Kent County Water Authority will follow up as to status and the General Manager to follow up with Legal Counsel.

River Point Lace Works

The Company has gone into receivership and owes Kent County Water Authority approximately \$50,000. Legal Counsel has appeared at Court and has had conferences with the Receiver and will monitor the proceedings. Palmisciano-Ponte Investment Group LLC purchased business only as a going concern. Lender foreclosed on real estate and was highest bidder at foreclosure. Lender in discussion with Palmisciano-Ponte Investment Group LLC regarding Palmisciano-Ponte Investment Group LLC purchasing real estate. All parties are aware of Kent County Water Authority statutory lien and Legal Counsel will continue to monitor situation and pursue collection of debt. Legal Counsel has had further discussion with Lender and there is no change in status of the property. Lender requested updated figure on balance owed to Kent County Water Authority which was provided by Legal Counsel.

Lender paid pre-petition debt in the sum of \$42,600.32 on April 30, 2008. Legal Counsel will continue to pursue collection of post-petition debt with Lender.

Director of Finance Report:

The Director of Finance Report will be presented next month due to late mailing of bank statements.

Point of Personal Privilege and Communications:

Board Member Graham suggested that the PRO JO OPED piece by Bill Falcone is an excellent article conveying the Kent County Water Authority position and is evidenced and attached as “G”.

The Chairman stated that according to the National Geographic, Spain is in problems with water.

The Chairman commended the Kent County Water Authority employees who recently completed the construction at the Phenix Square on Main Street and did an excellent job working along with the private sewer contractors and worked around the clock to expedite and not impede the traffic.

GENERAL MANAGER/CHIEF ENGINEER’S REPORT

OLD BUSINESS:

2002A Bond Refinancing Status

Market precludes refinancing at this time and he will monitor the market.

KCWA Rate Filing

Status Report

Public meetings will be forthcoming and first data request is being answered and will go out soon.

New Business

CIP Budget Review

The General Manager explained the status and gave an outline dated May 9, 2008 and evidenced and attached as “H” which explains the monetary estimates. He reported that the modeling is being used to determine savings which may eliminate some temporary devices. The General Manager answered questions of the Board and thorough discussion ensued.

Legislative Bills for Review

The General Manager went over the highlights of S2798 Sub A, Water Supply Conservation and Reinvestment Act of 2008 and requested comments. He stated that seasonal rates should have monthly billing and that there should be a coordinated application process and development plan may be problematic for existing future water supply projects, the 1,250,000 g/d increase from a well field but may be denied by preponderance of the wetlands. He stated that the conservation is a good provision as

well as demand management. Board Member Graham stated her concerns that it was just received and comments are due on Monday and it is wrong of the legislation. Board Member Masterson stated that Kent County Water Authority posture has been consistent and we should send our comments and that placing DEM in charge of the water is a detriment, the Chairman said that comments should be sent by the General Manager.

Director of Administration & Finance, Authorizations to Advertise

The Board directed the General Manager to advertise for the position in that the current Director of Administration and Finance has plans to retire.

Amgen Meeting Review

The General Manager appeared at a rescheduled meeting at Amgen on May 7, 2008 with Board Member Gallucci and Board Member Masterson and met with Amgen officials. He said that the plant is not up to full production and water may not change, however, Amgen will not consider relinquishing the statutory amount of water, albeit it is using under 400,000 gallons. Board Member Graham asked about the statute and it is a selling point as the Chairman and Board Member Gallucci stated.

CAPITAL PROJECTS: **INFRASTRUCTURE PROJECTS :**

IFR 2006A (Board approval to transfer paving to West Warwick)

The General Manager recommended the transfer of paving funds in the amount of \$248,000 for the project to the Town of Warwick and that the Town of West Warwick would assume all paving obligations regarding the said project and thereby Kent County Water Authority will be relieved of all further obligations.

It was moved by Board Member Graham and seconded by Board Member Gallucci to approve the transfer of paving funds in the amount of \$248,000 for the project to the Town of Warwick and that the Town of West Warwick would assume all paving obligations regarding the said project and thereby Kent County Water Authority will be relieved of all further obligations and since Board Member Inman was excused it was unanimously voted by the remaining Board Members, Gallucci, Graham, Masterson and the Chairman,

VOTED: To approve the transfer of paving funds in the amount of \$248,000 for the project to the Town of Warwick and that the Town of West Warwick would assume all paving obligations regarding the said project and thereby Kent County Water Authority will be relieved of all further obligations.

2006A (Ratification)

The General Manager stated that Task Order No. 5 was executed by the Chairman on May 1, 2008 in order to modify the IFR plans on Phillips Street in West Warwick to include 1,285 linear feet of new transmission main. This modification comes as a result of the DPUC hearing with Joseph Petrarca and it was of an emergent issue. The revised Task Order #10 from James J. Geremia & Associates, Inc. in the amount of \$5,793.00 is evidenced and attached as "I" and it was moved by Board Member Graham and seconded by Board Member Gallucci to ratify the actions of the Chairman in executing the Change Order #10 on May 1, 2008 on an emergent basis in the amount of \$5,793.00 to James J. Geremia & Associates, Inc. as evidenced and attached as "I" and since Board Member Inman was excused it was unanimously voted by the remaining Board Members, Gallucci, Graham, Masterson and the Chairman:

VOTED: To ratify the actions of the Chairman in executing the Change Order #10 on May 1, 2008 on an emergent basis in the amount of \$5,793.00 to James J. Geremia & Associates, Inc. as evidenced and attached as "I".

All other Capital Projects and Infrastructure Projects are addressed in an exhibit attached as "J" as prepared and described to the Board by the General Manager with general discussion following.

Board Member Graham made a Motion to adjourn, seconded by Board Member Masterson and it was unanimously,

VOTED: To adjourn the meeting at 6:02 p.m.

Secretary Pro Tempore

EXHIBIT A

May 15, 2008

Capital Markets Outlook

Withstanding Turmoil... Embracing Opportunity

Spring 2008

There is no guarantee that any forecasts or opinions in this material will be realized. Information should not be construed as investment advice. For financial representative use only. Not for inspection by, distribution or quotation to the general public.

Withstanding Turmoil... Embracing Opportunity

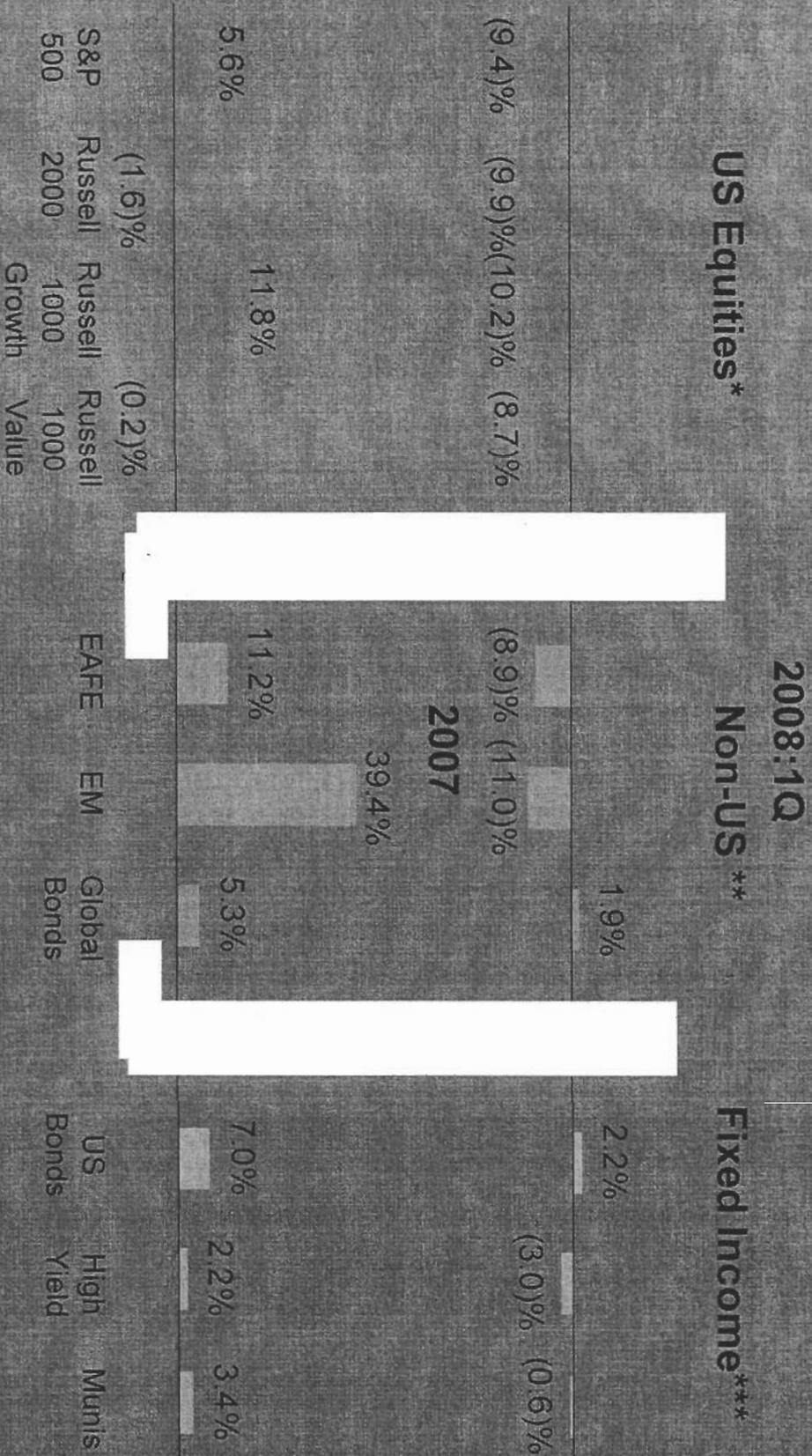
- **Financial Stress Throws Economic Outlook Into Question**
- **Equity Opportunities Arise From Controversy**
- **Shifts in Fixed Income Risk Premiums Reveal New Opportunities**
- **Investing in an Uncertain World**

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Financial Stress Leads to Q1 Weakness in Equities

High Quality Bonds Outperform



As of March 31, 2008

†Past performance does not guarantee future results.

*US equity indices referenced are the S&P 500, Russell 2000, Russell 1000 Growth and Russell 1000 Value

**Non-US equity indices referenced are MSCI EAFE and Emerging Market indices. Global Bonds are represented by the Lehman Global Aggregate Bond Index hedged into US dollars

***Fixed Income indices referenced are Lehman Brothers US Aggregate Index, Merrill Lynch High Yield Master II, and Lehman Brothers Municipal Index

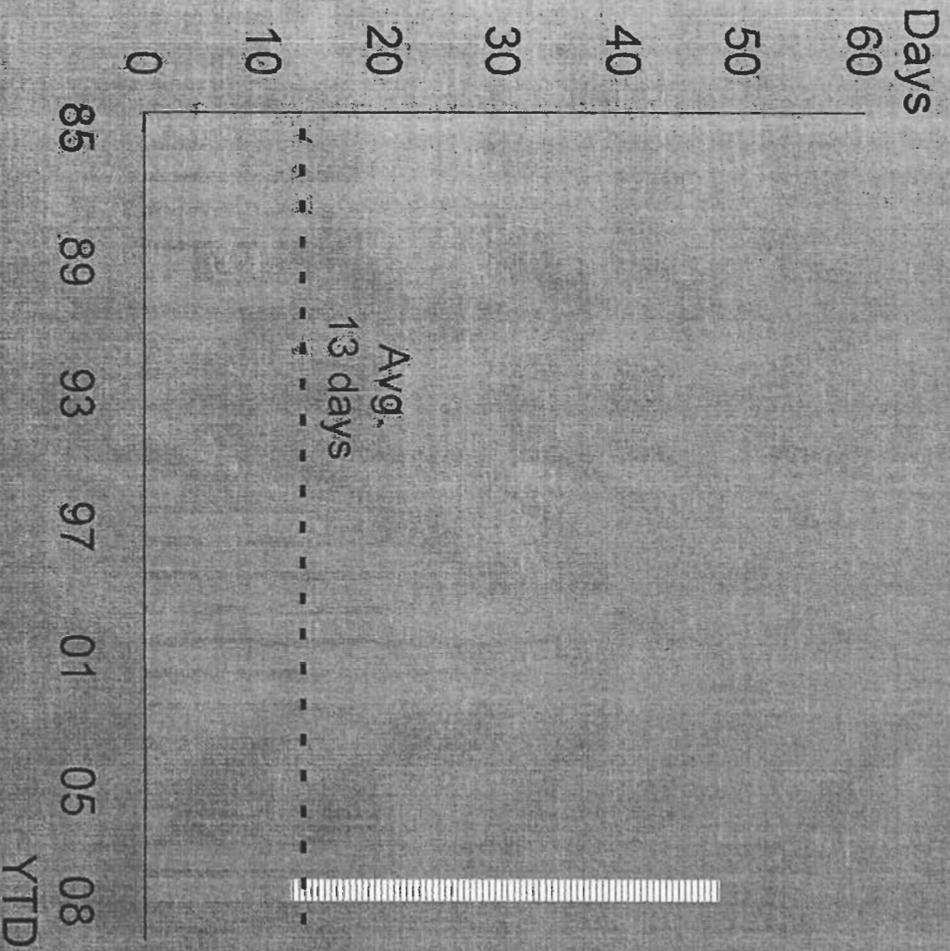
An investor cannot invest directly in an index or average and they do not include sales charges or operating expenses associated with an investment in a mutual fund, which would reduce total returns. See slides 38-40 for index of definitions

Sources: Lehman Brothers, Merrill Lynch, MSCI, Russell Investment Group and Standard & Poor's

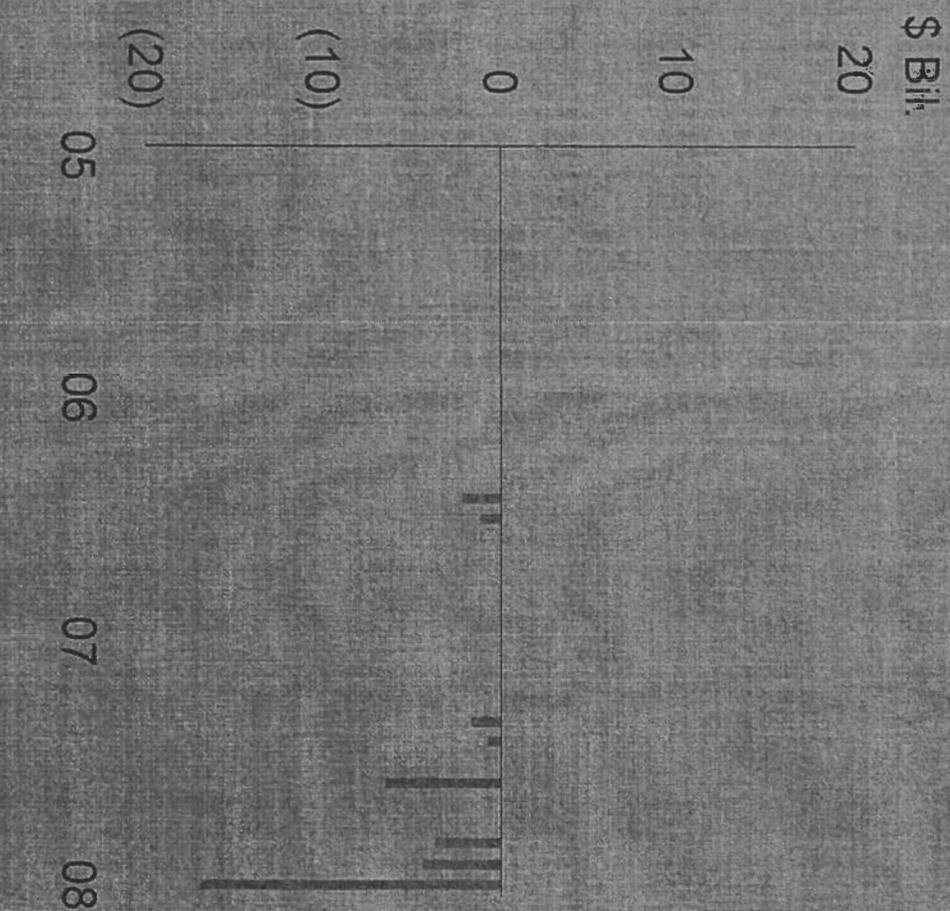
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Rising Volatility Leads to Indiscriminate Selling

S&P 500 Big Move Days +/- 2%



Net Equity Mutual Fund Flows



Historical analysis does not guarantee future results.

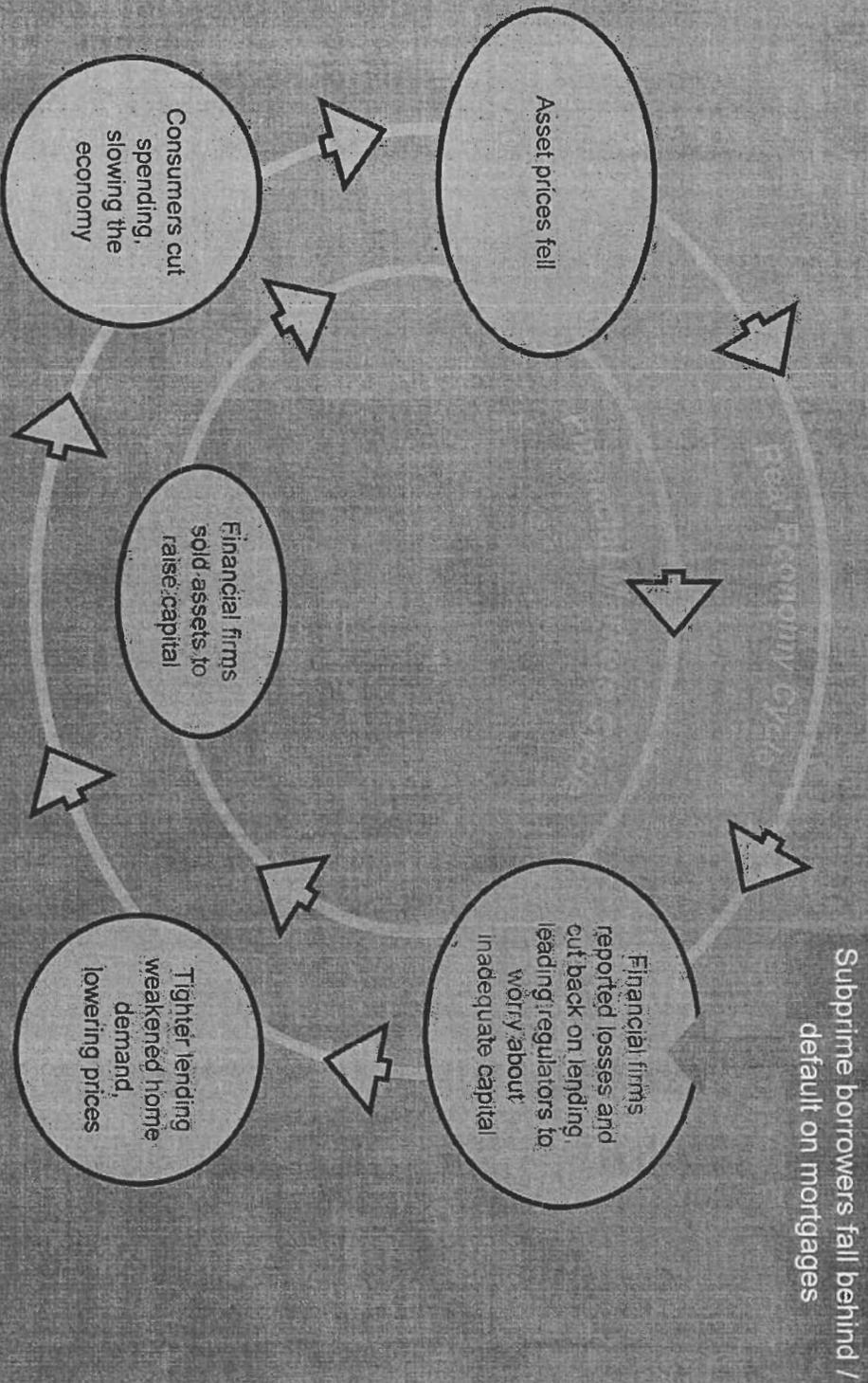
S&P 500 Data through March 31, 2007. Mutual Fund Flow Data through January 31, 2008.

An investor cannot invest directly in an index or average and they do not include sales charges or operating expenses associated with an investment in a mutual fund, which would reduce total returns. See slides 38-40 for index or definitions.

Source: FactSet, MSCI, Standard and Poor's and AllianceBernstein

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Housing Crisis Drove Vicious Cycles for Economy and Financial Markets

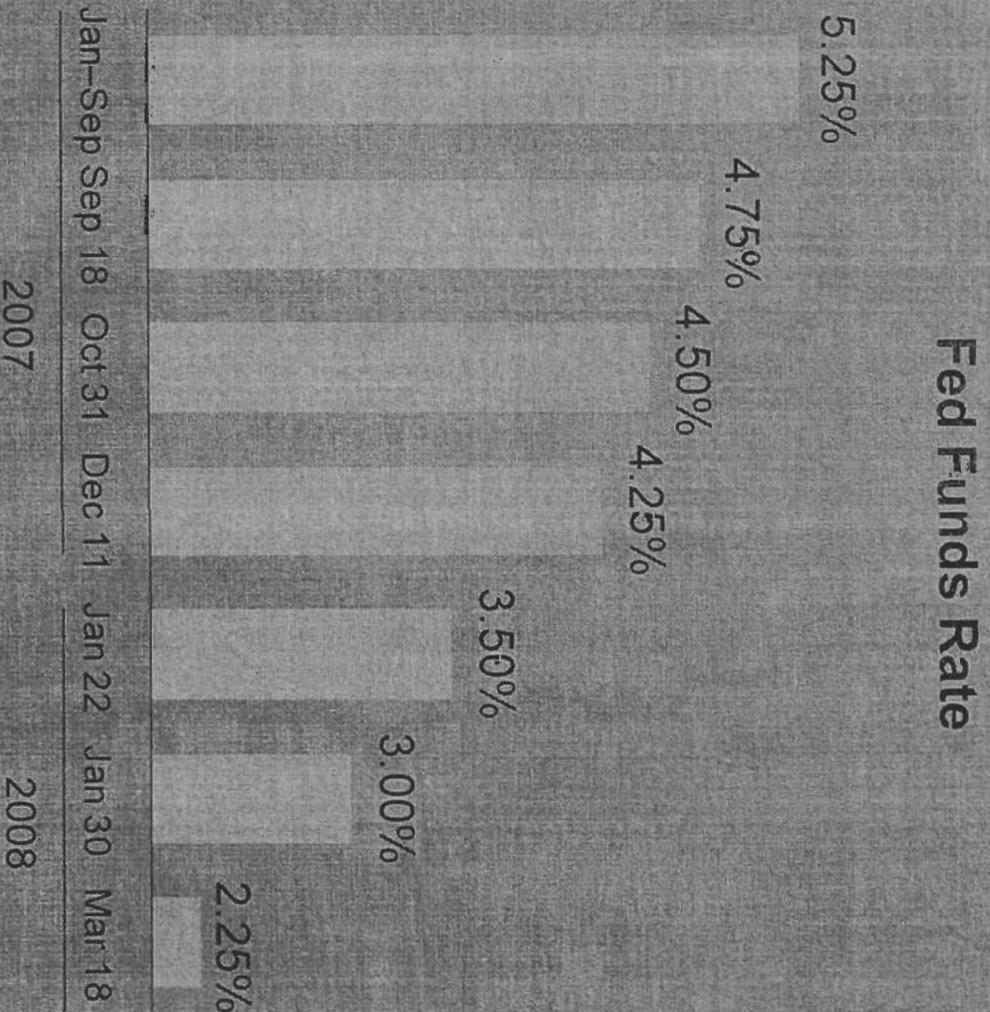


Historical analysis does not guarantee future results.
As of March 31, 2007
Source: AllianceBernstein

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Monetary Policy Response: Lower Interest Rates Have Wide Impact

- ✓ Many existing mortgages can be refinanced
- ✓ Subprime resets should result in less onerous rates
- ✓ New-home affordability should increase
- ✓ New buyers should emerge
- ✓ Bank profitability should improve

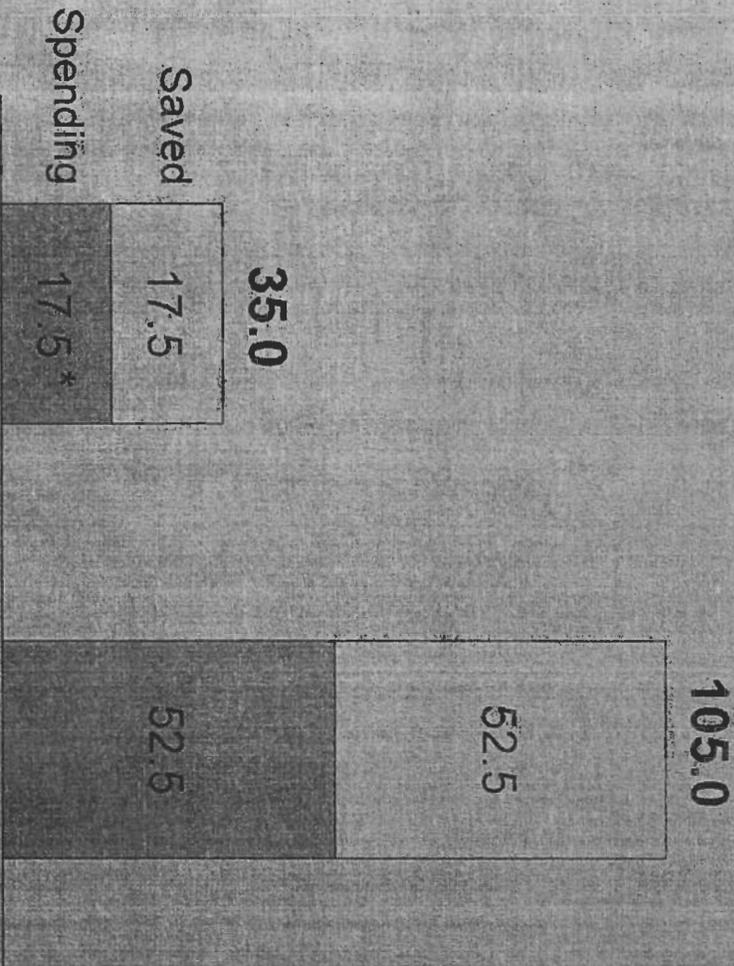


Historical analysis does not guarantee future results.
As of March 31, 2007.
Source: Federal Reserve & AllianceBernstein

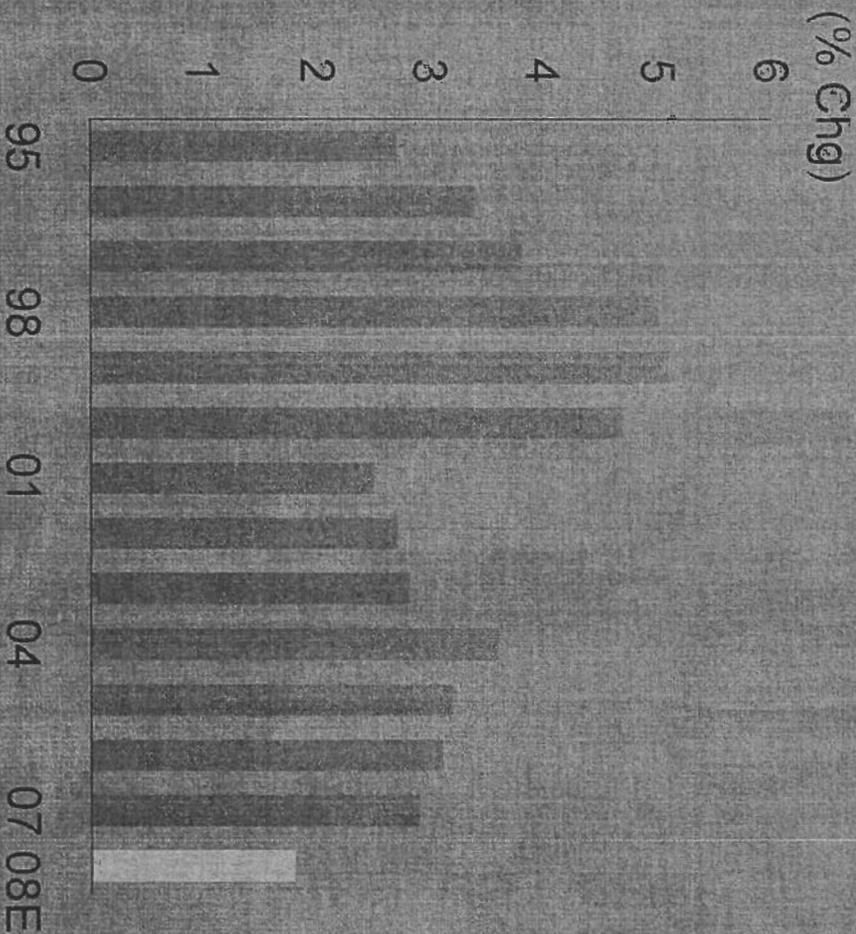
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Fiscal Policy Response: Tax Cuts Temper Slowdown in Consumer Spending

Tax Cuts & Spending (Billions)



Personal Consumption Expenditures (% Chg)

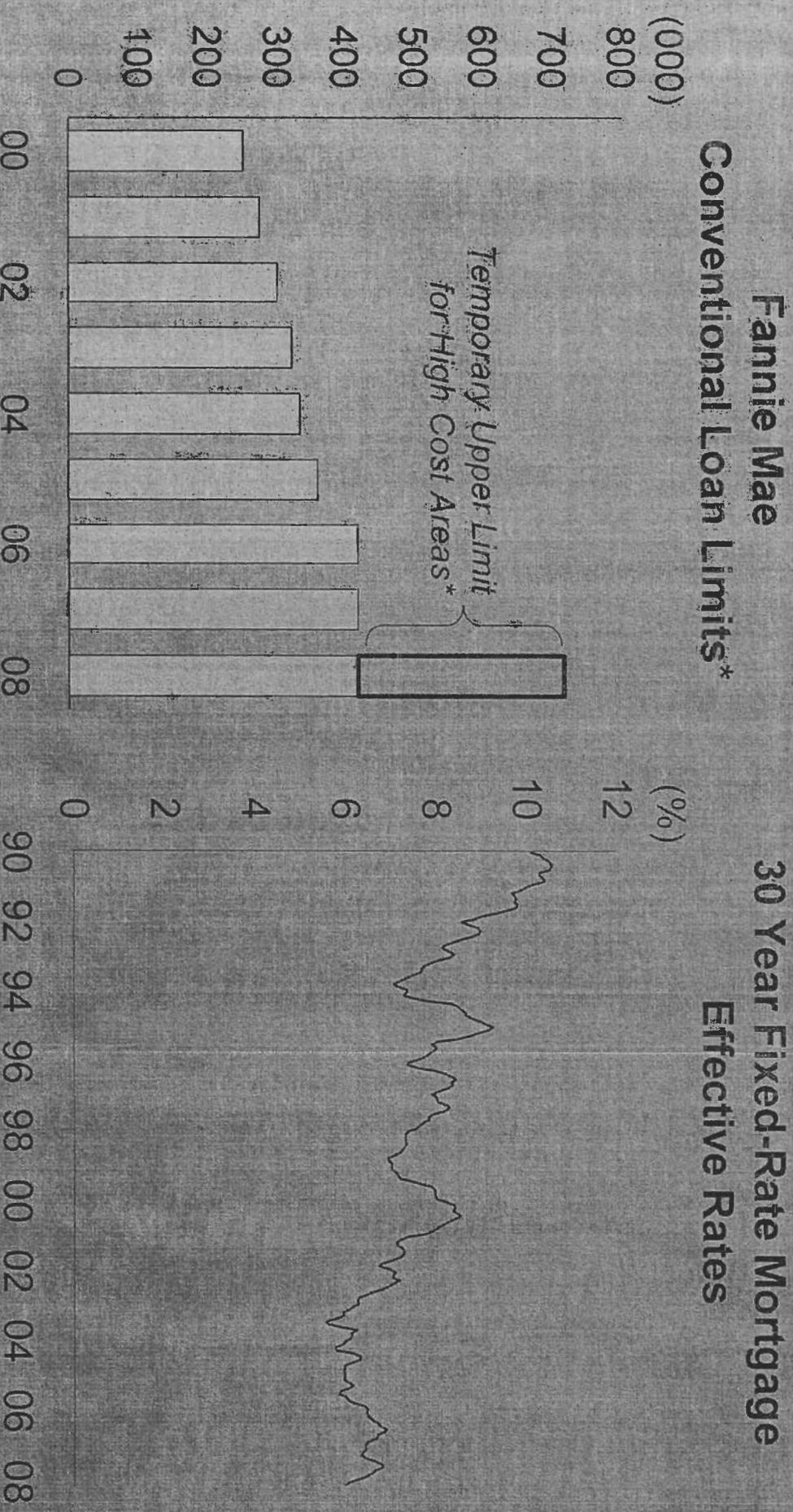


Current analysis and future estimates do not guarantee future results.

*US Consumers spent roughly half their rebate in the first five months of receiving checks in 2001, though cumulatively they ended up spending approximately two-thirds. "Household Expenditures and the Income Tax Rebates of 2001," Johnson, Parker and Souleles. Source: Federal Reserve and AllianceBernstein estimates as of March 31, 2007.

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Regulatory Response: Massive Increase in Loan Limits Moderate Mortgage Anxiety

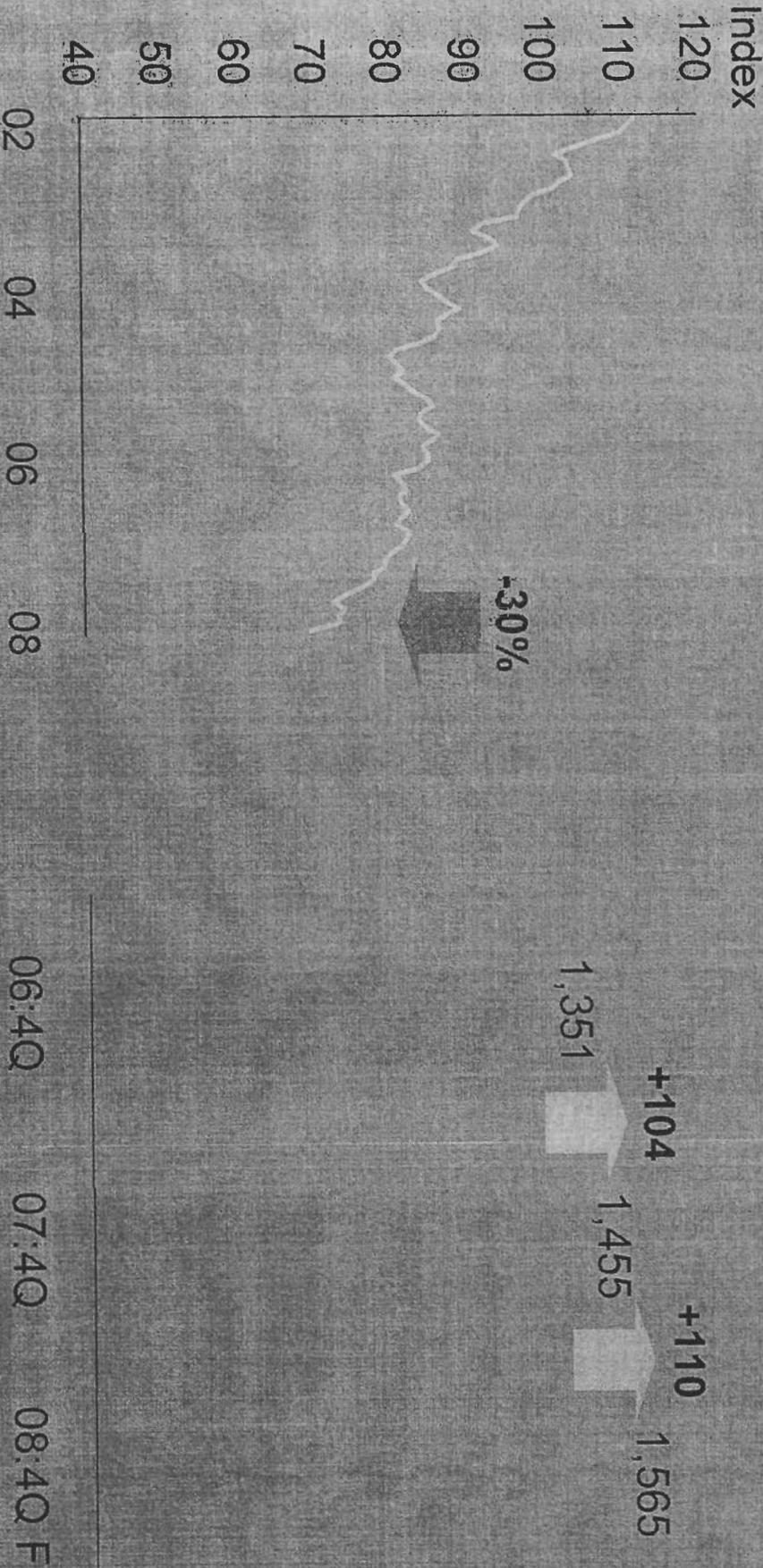


Historical analysis does not guarantee future results. As of March 31, 2007, with the passage of the economic stimulus package, Fannie Mae may temporarily purchase loans beyond the company's prevailing conventional limits in designated high cost areas. The company may purchase loans with a maximum original principal obligation of up to 125% of the area median home price in high cost areas, not to exceed \$729,500 except in AL, HI, Guam and the US Virgin Islands where higher limits may apply. Source: Fannie Mae, Haver Analytics and AllianceBernstein

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The Upside of a Weaker Dollar: Stronger Exports Cushion for US GDP

US Dollar vs. Major
Foreign Currencies



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As of March 15, 2008

Source: Federal Reserve, Bureau of Economic Analysis and AllianceBernstein estimates.

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