

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

September 18, 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 September 18, 2008.

Chairman, Robert B. Boyer opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mr. Giorgio, 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, Joseph J. McGair, and other interested parties. The Chairman introduced Frank Giorgio III as the new Board Member and that he welcomed him to the Board and he led the group in the pledge of allegiance.

The minutes of the Board meeting of August 21, 2008 were moved for approval by Board Member Masterson and seconded by Board Member Gallucci and were unanimously approved.

Guests:

High Service Requests

27 Elizabeth Court, West Warwick, Mr. and Mrs. Normand Goulet

The General Manager reminded there is an 80,000 gallon water deficit in the High Service Gradient and the policy of July 19, 2007 which is evidenced and attached as "A" and that there is no water to give out in the High Service Gradient.

Norman Goulet stated that he and his wife live on a cul de sac and his well which is not performing and was promised over 30 years ago that he could connect to the Kent County Water Authority system. He stated that the rest of the homes on the street are already connected and his property has a connecting pipe which has been in place. He reiterated that his well was underperforming at this point and that he and his wife are elderly and are in need of the water for health reasons.

The Chairman moved and it was seconded by Board Member Giorgio that because of the underperforming well and that this constitutes a health issue to approve the request for water supply to service a single family home at 27 Elizabeth Court with the following conditions pursuant to Section 1.14 of the Kent County Water Authority Rules and Regulations 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: To approve the request for water supply to service a single family home at 27 Elizabeth Court with the following conditions pursuant to Section 1.14 of the Kent County Water Authority Rules and Regulations 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

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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.

Center of New England, Phase A & B Highlands

Robert Rapoza, Scott Nelson of Center of New England and Ben Caito, PE were in attendance and requested an informal discussion. The written request was by Mr. Rapoza for informal discussion attached as "B".

Ben Caito, PE stated that the water sought is for detached single family condominiums which are under construction and the infrastructure is in place and he had submitted drawings and has received comments from Kent County Water Authority and wanted to discuss options.

Mr. Caito spoke from a plan of the area. The General Manager reminded that the infrastructure is extremely problematic. The Chairman reiterated that he has similar concerns that Kent County Water Authority must keep its drinking water pure. The General Manager mentioned stagnation concerns. The General Manager reminded that previously, the Developer strongly asserted that the development was to be serviced by a community well and Kent County Water Authority was not needed and as a result, the infrastructure was not constructed in compliance with Kent County Water Authority Rules and Regulations and was done without any Kent County Water Authority input. Scott Nelson said in answer to the Chairman, that the community well will not be built because of cost and return on investment issues. The Chairman asked about the

wetland tie-in which is currently in permitting with the Department of Environmental Management and Scott Nelson said there was no resolution. Board Member Gallucci recalled that the General Manager had predicted that the community well would not be used in that wells ultimately fail.

The General Manager stated that stagnation prevention requires steady flow and flushing parts in any system are very difficult and expensive to maintain. The General Manager reiterated that the lack of “as built” drawings made for a very difficult situation in order to review the installation and materials. The staff will continue to meet with CNE regarding this issue.

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 not clear as to the situs of the easement area. Therefore, Legal Counsel requested from Amgen another plan that clarifies the easements area, however, Amgen was unable to provide Kent County Water Authority counsel with another plan. An engineer stamped plan was received and the subject easement recorded on September 4, 2008.

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 other easements are finalized and have been recorded in the Warwick, Rhode Island Land Evidence Records on June 20, 2008. The executed license from Baltic Realty to Kent County Water Authority was received by Legal Counsel on September 17, 2008 for execution by Kent County Water Authority.

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. This matter is on hold until the disposition of the 2006 and 2007B bid and the cost is to be determined.

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 on several occasions, including June 12, 2008 and June 26, 2008 and a letter was sent to Mr. Madoian on August 12, 2008. Mr. McGair left a voice mail for Mr. Madoian on September 16, 2008 and there has been no reply as of yet. It is clear that despite efforts that the State is not interested and that the Kent County Water Authority should enact its own regulation and Legal Counsel will develop legislation due to the indifference of the Department of Health.

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. Counsel will draft legislation to in the General Assembly address this serious issues since the Department of Health has taken no action after repeated strips taken by Kent County Water Authority.

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. On July 16, 2008, G-Tech filed a Complaint with the DPUC against Kent County Water Authority. On August 5, 2008, Legal Counsel for Kent County Water Authority filed an Answer to the Complaint. The DPUC has not scheduled any further proceedings.

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 contact attorney for Lender the week of July 21, 2008 for status of payment of post petition debt. Lender acknowledges that it will be responsible for payment of post petition if property not sold. Lender is still attempting to find a buyer for the property. Legal Counsel will pursue further action if payment is not forthcoming. Sale of property is pending. Legal Counsel to follow up regarding closing and payment of Kent County Water Authority bill. As of September 17, 2008, this matter is still pending. Compromise of bill has been requested but the same was refused by Kent County Water Authority.

Providence Water Supply Board Rate Case

The Providence Water Supply Board rate case is in the Supreme Court appealing the Post City contributions which were denied by PUC and the counsel for DPUC has entered his appearance and Kent County Water Authority has offered to assist Providence Water Supply Board but have not been called upon to date to participate in the appeal and there is no action to take place except to await a hearing date.

Harris Mills

The company has gone into receivership. Kent County Water Authority is owed \$3,676.58. Permanent receivership to be appointed. 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.

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 prepared and will be forwarded to the General Manager for signatures. Proof of Claim filed in Kent County Superior Court and was sent to the receiver on August 28, 2008 and as of September 17, 2008 this case is still pending.

CNE – Amendment to Stipulated Approval

Legal Counsel for Kent County Water Authority researched the ownership of the properties comprising the CNE and amended the approval to include current owners of the real estate. The instrument was executed by the CNE land owners on July 8, 2008 and received by Legal Counsel on July 16, 2008 for execution by the Chairman of Kent County Water Authority. The Amendment to Stipulated Approval was executed by the Chairman for the Board on August 21, 2008.

Haven Healthcare

The debtor agreed to pay Kent County Water Authority the amount of \$1,820.01 for adequate assurance which was correct amount pursuant to statute and payment was received. Proof of claim was filed on December 5, 2007 in Connecticut Bankruptcy case. Legal Counsel is monitoring progress of bankruptcy case which is complex as there are multiple facilities throughout New England involved in the bankruptcy.

DPUC/Lombardi

Santo Lombardi is contesting a water bill and the bill was upheld at an informal hearing on April 22, 2008 and Mr. Lombardi has appealed the same and the matter was scheduled to July 29, 2008 and then rescheduled to September 11, 2008 and that Mr. Lombardi did not appear at the hearing, however, the DPUC has taken the position that Mr. Lombardi was lost in the building and did not know what room the hearing was in and therefore a new hearing will be held at a future date.

Director of Finance Report:

Arthur Williams, Finance Director, explained and submitted the financial report and comparative balance sheets, statements of revenues, expenditures, cash receipts, disbursements and comparative balance sheets and statements of revenue through August, 2008, which is attached as “C” and after discussion, Board Member Gallucci moved and seconded by Board Member Masterson 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, comparative balance sheet statement of revenues, expenditure, cash receipts, disbursements and comparative balance sheets and statements of revenue through August, 2008 be approved as presented and be incorporated herein and are made a part hereof as “C”.

Point of Personal Privilege and Communications:

Board Member Gallucci stated that press articles have not accurately portrayed the pre-filed testimony in the pending PUC rate request.

The Chairman stated that he is very pleased with GIS maps which have been installed as it is a time saver as well as a great tool.

GENERAL MANAGER/CHIEF ENGINEER’S REPORT

New Business

Hydrant Painting - Color Coding NFPA/Hopkins Hill Fire

The General Manager presented a document attached and evidenced as “**D**” for the encapsulation of hydrants which is far less expensive than other treatments for the colored fire hydrants and that there will be discussion concerning NFPA coding for some Fire districts.

KCWA Service Population Determination, Approval

The General Manager gave an overview of the comprehensive travel of the water area population estimate which is very accurate and is attached as “**E**”. He stated that this method is the accurate and correct approach in using 2000 census tracts and data has been updated. There was lengthy discussion by the Board.

It was moved by Board Member Masterson and seconded by Board Member Gallucci to adopt the Kent County Water Authority Service Population and it was unanimously,

VOTED: To adopt the Kent County Water Authority Service Population as evidenced and attached as “**E**”.

Policy Memo, Pressure Gradient Service Elevation Limits, Approval

The General Manager gave an overview of the policy memorandum concerning the pressure gradient service elevation limits as evidenced and attached as “**F**” with thorough discussion by the Board.

It was moved by Board Member Masterson and seconded by Board Member Gallucci to approve and accept the Pressure Gradient Service Elevation Limits Policy attached and evidenced as “**F**” and it was unanimously,

VOTED: To approve and accept the Pressure Gradient Service Elevation Limits Policy attached and evidenced as “**F**”.

Policy Memo, Service Materials, Approval

The General Manager stated that Kent County Water Authority uses copper pipe up to the curb stop. He stated that it was more expensive but saves in the long run for durability and more importantly to locate the pipe quickly in the event of breaks.

The General Manager presented an overview and a memorandum as evidenced and attached as “**G**” and after thorough discussion, it was moved by Board Member Inman and seconded by Board Member Masterson to accept and approve the policy regarding service materials and it was unanimously,

VOTED: To accept and approve the policy regarding service materials as evidenced and attached as “G”.

Improved System Gradient Discussion

The General Manager presented an overview and a map for improved Kent County Water Authority system for December, 2008 as evidenced and attached as “H” which depicts the complete information for the entire system. It was presented as information for the Board.

CAPITAL PROJECTS: **INFRASTRUCTURE PROJECTS:**

All Capital Projects and Infrastructure Projects were addressed by the General Manager and described to the Board by the General Manager with general discussion following and are described on exhibit “I” and disinfected byproducts report attached as “J” as meeting all the requirements.

Change Order #1

The General Manager presented and recommended approval of Change Order #1 (CIP 7C, 7D and 8A) as evidenced and attached as “K” and stated that this change order is necessary since an unknown existing culvert was discovered in the field after the project was awarded and that the amount was reasonable for the work to be done.

It was moved by Board Member Masterson and seconded by Board Member Inman to approve Change Order #1 (CIP 7C, 7D and 8A) to C.B. Utility as evidenced and attached as “K” in the amount of \$3,000.00 and it was unanimously,

VOTED: To approve Change Order #1 (CIP 7C, 7D and 8A) to C.B. Utility as evidenced and attached as “K” in the amount of \$3,000.00.

Finance Director Selection, Board Member Report

The General Manager stated that he had interviewed respondents to the advertising for the position over a protracted period and he conducted second interviews for the position and he would like another advertising to interview more candidates. The General Manager stated that the Chairman, Board Member Masterson and Board Member Gallucci had attended some of the interviews but were never together at one meeting.

The Chairman iterated that approximately sixteen interviews were conducted and it was his determination that Kent County Water Authority needed to find competence, stability and loyalty in the successful candidate. He believes that the two candidates

were well qualified. He stated that he has the utmost confidence in the General Manager in working with the one ultimately to be hired. The Chairman stated that Finance Director Arthur Williams has done an excellent job over the years and there is a window of time until December 31, 2008 (Arthur Williams retirement) to have him assist the new hire and that Kent County Water Authority must act expeditiously. The General Manager had recommended that due to the recent developments in the economy that there may be more candidates available and favored re-advertising. The Chairman stated that he did not favor re-advertising and that there are, as previously stated, exceptional candidates who have already been interviewed.

The Chairman stated that the Authority has made great strides and has a highly professional staff. The Chairman stated that Joanne Gershkoff is the candidate who impressed him the most since she has the requisite accounting and managerial skills and was employed in her previous position for 23 years as a Manager of an Accounting Department and is currently in the process of closing the company.

Board Member Gallucci commented on the thoroughness of the search which included lengthy interviews. He concurred that Joanne Gershkoff's references were excellent and that he is not in favor of re-advertising especially since the new hire would need the time with the current finance director.

Board Member Inman stated that his schedule did not allow him to be at the interviews, however he did read the resumes and he agrees with the Chairman about not re-advertising.

The General Manager stated Ms. Gershkoff did not have a college degree and that Public Utilities accounting is very specific. He stated that current Financial Director Arthur Williams explained the parameters of the position to Ms. Gershkoff and demonstrated the procedures. The General Manager reiterated that Finance Director is a very difficult job.

Board Member Giorgio stated that he was very impressed with Ms. Gershkoff's longevity and credentials.

It was moved by Board Member Gallucci and seconded by Board Member Giorgio to hire Joanne Gershkoff as Director of Finance and Administrative Finances subject to the Kent County Water Authority employment policy which includes a two year probationary period and other details which will be addressed by the General Manager and it was unanimously,

VOTED: To hire Joanne Gershkoff as Director of Finance and Administrative Finances subject to Kent County Water Authority employment policy which includes a two year probationary period and other details which will be addressed by the General Manager.

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

VOTED: To adjourn the meeting at 6:00 p.m.

Secretary Pro Tempore

EXHIBIT A

September 18, 2008

**POLICY
TEMPORARY HIGH SERVICE MANAGEMENT**

Recognizing the imminent impact that expansion of the high service infrastructure will create on the supply system, the Board of the Kent County Water Authority has determined that the ability to expand infrastructure into undeveloped areas is limited by the existing supply available and transmission capabilities of the system. Kent County Water Authority finds that it must impose a temporary infrastructure expansion moratorium because the supply system has reached the limits of its capacity to expand supply into undeveloped areas. No further extension of the distribution system can be tolerated without injuriously drawing supply wholly or in part from those who have been previously supplied by the Authority and/or existing properties residing adjacent to accessible distribution mains within this service gradient.

Hydraulic modeling has determined a shortage of supply within the 500 foot gradient exists to the extent that there would be insufficient water during the historic documented maximum day condition for human consumption, sanitation and fire protection if expansion of the high service distribution system were allowed to continue without first augmenting supply capabilities. Average daily demand and maximum daily demands have declined in the years following the historic maximum day condition and is reflective of the intrinsic influence climatic conditions have on water use throughout the system. The Board of Directors have evaluated this trend and determined that under controlled conditions excess capacity can be derived to support expanded service within the existing limits of the distribution system infrastructure.

The Kent County Water Authority must impose a cap on the maximum daily demand that can be tolerated under normal climatic averages for precipitation within the service area. The Board has determined that a cap of 15.5 million gallons per day, maximum day condition can be tolerated under normal climatic conditions. Excess capacity derived from imposing this cap can be made available to supply residential and commercial development requests for service within the limits of the existing distribution system.

The Kent County Water Authority also finds that it must impose an outside water use moratorium should customer outside water use and climatic conditions cause the exceedence of the theoretic 15.5 MGD maximum day capacity determination. The Kent County Water Authority must rely on its existing customer base to vigorously monitor their outside water use and conservation efforts to continue with current policies regarding outside water use within the supply district and management of the maximum day cap. Public participation in actively monitoring and conserving outside water use is the essential component to stabilization of the maximum day demand condition under average climatic conditions. The Board has determined that an outside water use moratorium must be put into effect if the combination of climatic conditions and customer water use patterns exceeds the 15.5 MGD maximum day cap set by the Board.

The Kent County Water Authority will continue to accept applications from new customers within the service district so information is on file if events change. Applications made within the limits of the existing distribution system may be processed per the application requirements of the Kent County Water Authority regulations. Re-service from the low service gradient to high service gradient will not be considered during this moratorium period. Application for review does not constitute a commitment of or to water service connection by the Authority. No new commitments for residential or commercial water connections will be considered for applications made outside of the existing distribution system until further notice.

This high service policy is in effect as of the date of approval. It applies to all proposed, new and expanded water service. This policy shall remain in effect until the overall supply situation is rectified by the augmentation of additional source water supply and transmission capabilities of the system. All Kent County Water Authority Regulations remain in effect.

EXHIBIT B

September 18, 2008

THE CENTRE
OF NEW ENGLAND



August 8, 2008

John Duchesneau
Director of Technical Services
KCWA
Box 192
West Warwick, RI 02893

Dear John,

I would like to request to be placed on the agenda for the next KCWA board meeting for an informal discussion regarding the possibility of water service for Phases A and B at the Highlands, currently being served by private wells.

Sincerely,

Bob Rapoza
Universal Properties Group

EXHIBIT C

September 18, 2008

KENT COUNTY WATER AUTHORITY
 CASH RECEIPTS & DISBURSEMENTS
 FY 2008 - 2009

	JULY 2008	AUGUST 2008	SEPTEMBER 2008	OCTOBER 2008	NOVEMBER 2008	DECEMBER 2008	JANUARY 2009	FEBRUARY 2009	MARCH 2009	APRIL 2009	MAY 2009	JUNE 2009		RATE REVENUE FY 08-09	RATE REVENUE FY 09-10
BEGINNING MONTH BALANCE	17,770,170	13,805,455													
CASH RECEIPTS															
Water Collections	1,816,607	1,314,522												JUL \$ 1,282,212.14	1,275,904.00
Interest Earned	113,152	40,948												AUG \$ 1,126,356.81	1,107,888.24
Inspection Fees		230												SEP \$ 2,657,394.59	2,657,394.59
Contribution in Aid Construction														OCT \$ 1,233,125.13	1,233,125.13
Other														NOV \$ 2,000,789.36	2,000,789.36
TOTAL CASH RECEIPTS	19,700,079	15,161,175												DEC \$ 973,591.82	973,591.82
														JAN \$ 807,416.94	807,416.94
														FEB \$ 1,583,914.86	1,583,914.86
														MAR \$ 867,682.17	867,682.17
														APR \$ 879,916.31	879,916.31
														MAY \$ 1,898,043.21	1,898,043.21
														JUN \$	
CASH DISBURSEMENTS															
Purchased Water	420,581	547,312													
Electric Power	49,317	54,160													
Payroll	176,689	146,667													
Operations	131,148	71,752													
Employee Benefits	52,673	48,674													
Legal	3,801	6,151													
Materials	68,915	27,519													
Insurance	4,747	4,747													
Sales Taxes	25,987	10,448													
Refunds	1,058	127													
Rate Case	6,657														
Conservation	8,325														
Pilot															
Capital Expenditures (Other)															
2004 Infrastructure	6,370	343													
Mishnock Well/Sewer/Pump/Tran	5,641	127,949													
Clinton Avenue Pump Station	29,797	513													
E. G. Weill Upgrade	1,681														
Reid Schoolhouse Road - Mains	1,583,147	280,207													
Reid Schoolhouse Road - Tank	3,000	2,040													
Greenwich Avenue - 8" & 12" Mains	628	571													
2006A Infrastructure	12,726	22,235													
Quaker Lane Pump Station	1,675	1,935													
2007 Infrastructure		2,300													
Garcou Street 8"	2,286	630													
Arthur-Bleach-Jefferson 8"	83,821														
2009 Infrastructure		8,292													
U S Bank - Debt Service (P & I)	3,130,260	18,805													
Water Protection	83,694														
TOTAL DISBURSEMENTS	5,894,624	1,383,387													
BALANCE END OF MONTH	33,805,555	33,777,788													
PRIOR YEAR	35,847,101	35,697,152	36,080,016	35,454,967	35,311,082	34,811,034	34,931,570	34,995,520	35,228,014	38,007,533	37,685,563	37,770,320			

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	CURRENT YEAR	PREVIOUS YEAR	DIFFERENCE FROM PREV YEAR	PERCENTAGE
ASSETS:					
CURRENT ASSETS					
UTILITY PLANT IN SERVICES					
1-101A	SOURCE OF SUPPLY PLANT	1841540.53	1841540.53		
1-101B	PUMPING PLANT	2862163.71	2862163.71		
1-101C	WATER TREATMENT PLANT	141257.29	141257.29		
1-101D	TRANS. & DISTR. PLANT	67782708.40	67782708.40		
1-101E	GENERAL PLANT	2398418.44	2274294.21	124124.23	5.46%
1-101F	MISCELLANEOUS PHYS. PLANT	710.00	710.00		
1-101G	GENERAL STRUCTURES	223350.52	223350.52		
1-1070	CONSTR. WORK IN PROGRESS	22583737.69	14746553.19	7837184.50	53.15%
1-1110	ACCUM. DEPR. - PLANT	-12385260.16	-11357364.16	-1027896.00	9.05%
TOTAL		85448626.42	78515213.69	6933412.73	8.83%
UTILITY PLANT IN SERVICES					
CURRENT AND ACCRUED ASSET					
1-131B	CASH - FLEET NAT BANK	36637.11	90200.78	-53563.67	-59.38%
1-131D	CASH - CITIZENS BANK	16640.11	40000.00	-23359.89	-58.40%
TOTAL		53277.22	130200.78	-76923.56	-59.08%
CURRENT AND ACCRUED ASSET					
OTHER SPECIAL DEPOSITS					
1-134B	RESTRICTED DEBT RESERVE	3883383.35	3883383.35		
1-1340	SPECIAL DEPOSITS	33810299.88	34813825.05	-100325.17	-2.88%
1-1350	PEITY CASH	300.00	300.00		
1-1420	CUSTOMER ACCTS. RECEIVAB.	2522624.25	2351837.38	170786.87	7.26%
1-1430	OTHER A/R		-1691.98	1691.98	-100.00%
1-1440	PROV. FOR UNCOLLECTED ACT	-103683.30	-103683.30		
1-154A	SALVAGE MATERIALS	147.70	147.70		
1-1540	PLANT MATERIAL & SUPPLIES	429669.09	347136.76	82532.33	23.78%
1-165A	PREPAID INSURANCE	-953.45	440.47	-1393.92	-316.46%
1-165B	PREPAID PENSION	164.56	164.56		
1-1810	UNAMORTIZED DEBT DISCOUNT	417905.65	478109.65	-60204.00	-12.59%
TOTAL		40959857.73	41769969.64	-810111.91	-1.94%
OTHER SPECIAL DEPOSITS					
CLEARING ACCOUNTS					
1-184A	NEW SERVICES CLEARING	449.39	449.39		
1-184D	CUSTOMER SRVCS - CLEARING	-1973.74	2189.49	-4163.23	-190.15%
TOTAL		-1524.35	2638.88	-4163.23	-157.77%
CLEARING ACCOUNTS					
TOTAL		126460237.02	120418022.99	6042214.03	5.02%
TOTAL		126460237.02	120418022.99	6042214.03	5.02%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	CURRENT YEAR	PREVIOUS YEAR	DIFFERENCE FROM PREV YEAR	PERCENTAGE
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
CURRENT LIABILITIES					
PROPRIETARY CAPITAL					
1-2160	UNAPPR. EARNED SURPLUS	63756968.75	63756968.75		
TOTAL		63756968.75	63756968.75		
PROPRIETARY CAPITAL					
LONG TERM DEBT					
1-2210	BONDS	36052253.00	38322253.00	-2270000.00	-5.92%
CURRENT & ACCRUED LIAB.					
1-232A	ACCOUNTS PAYABLE- TRADE	917208.76	695532.66	221676.10	31.87%
1-2360	TAXES ACCRUED	54275.12	53791.23	483.89	.90%
1-237B	INTEREST ACCRUED	830240.33	831384.09	-1143.76	-0.14%
1-2610	ACCRUED INSURANCE	25062.37	25062.37		
1-2630	ACCRUED PENSION	189023.00	189023.00		
TOTAL		2015809.58	1794793.35	221016.23	12.31%
CURRENT & ACCRUED LIAB.					
TAX COLLECTION PAYABLE					
1-241A	FIT WITHHOLDING	3669.34	3669.34		
1-241B	FICA WITHHOLDING	2357.26	2357.26		
1-241C	ACCRUED FICA TAXES	10026.25	5741.73	4284.52	74.62%
1-241D	ACCRUED SALES TAX	-313.34	26923.86	-27237.20	-101.16%
1-241E	WITHHELD RI INCOME TAX	1069.85	1069.85		
1-241F	WATER PROTECTION CHARGE	113110.02	121554.41	-8444.39	-6.95%
1-241G	TDI WITHHELD	740.09	393.82	346.27	87.93%
1-242C	ACCRUED PAYROLL	14411.00	14411.00		
TOTAL		145070.47	169024.82	-23954.35	-14.17%
TAX COLLECTION PAYABLE					
OTHER DEFERRED CREDITS					
1-2710	CONTRIB. IN AID TO CONSTR	18374572.19	16374983.07	1999589.12	12.21%
TOTAL		18374572.19	16374983.07	1999589.12	12.21%
OTHER DEFERRED CREDITS					
TOTAL		120344673.99	120418022.99	-73349.00	-0.06%
CURRENT LIABILITIES					
TOTAL		120344673.99	120418022.99	-73349.00	-0.06%
LIABILITIES					
FUND BALANCES:					
FUND BALANCE					
TOTAL					
FUND BALANCE					

REPORT DATE 06/30/2008
 SYSTEM DATE 09/11/2008
 FILES ID Z

Kent County Water Authority
 COMPARATIVE BALANCE SHEET
 general
 AS OF 06/30/2008

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ACCOUNT NUMBER	ACCOUNT DESCRIPTION	CURRENT YEAR	PREVIOUS YEAR	DIFFERENCE FROM PREV YEAR	PERCENTAGE
TOTAL FUND BALANCES					
EXCESS OF REVENUE OVER EXPENDITURES		6115563.03		6115563.03	
TOTAL LIABILITIES AND FUND BALANCES		126460237.02	120418022.99	6042214.03	5.02%

Kent County Water Authority
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

AS OF 06/2008

ACCOUNT DESCRIPTION	C U R R E N T		M O N T H		Y E A R		T O - D A T E	
	BUDGET	ACTUAL	ACTUAL OVER/ UNDER BUDGET	BUDGET	ACTUAL	ACTUAL OVER/ UNDER BUDGET	ACTUAL OVER/ UNDER BUDGET	
REVENUES								
1-4150	1200.00	1404.37	204.37	10800.00	4175.03	-6624.97		
MERCHANDISING & JOBBING								
1-4160	400.00	-742.23	-1142.23	4900.00	10589.65	5689.65		
M & J COSTS & EXPENSES								
1-4190	82200.00	44619.48	-37580.52	985500.00	1183890.64	198390.64		
INTEREST & DIVIDEND INC.								
1-4210	100.00	14.59	-85.41	300.00	200.47	-99.53		
MISC. NON-OPER. INCOME								
TOTALS FOR OTHER INCOME	83900.00	45296.21	-38603.79	1001500.00	1198855.79	197355.79		
1-461A	996100.00	1002051.89	5951.89	10733900.00	11107296.70	373396.70		
METERED SALES - GC								
1-461B	545600.00	439594.57	-106005.43	3934400.00	3262712.83	-671687.17		
METERED SALES - IC								
1-4620	43000.00	43700.58	700.58	172200.00	174938.30	2738.30		
PRIVATE FIRE PROTECTION								
1-4630	273000.00	276638.99	3638.99	1091900.00	1104557.68	12657.68		
PUBLIC FIRE PROTECTION								
1-4640	93600.00	99970.51	6370.51	563900.00	574276.34	10376.34		
SALES -PUBLIC AUTHORITIES								
1-4660	21100.00	36086.67	14986.67	96700.00	124166.34	27466.34		
SALES FOR RESALE								
1-4710	6200.00	102700.61	96500.61	77100.00	226566.87	149466.87		
MISC. SERVICE REVENUE								
1-4740	7200.00	5839.15	-1360.85	68400.00	56641.53	-11758.47		
OTHER WATER REVENUES								
TOTALS FOR OPERATING REVENUE ACCTS.	1985800.00	2006582.97	20782.97	16738500.00	16631156.59	-107343.41		
TOTALS FOR REVENUES	2069700.00	2051879.18	-17820.82	17740000.00	17830012.38	90012.38		
EXPENDITURES								
1-6010	1300.00		1300.00	14600.00	14266.00	334.00		
OPERATION & LABOR EXP.								
1-6020	361400.00	492194.33	-130794.33	3622100.00	4285129.73	-663029.73		
PURCHASED WATER								
1-6140	200.00		200.00	2000.00		2000.00		
MAINTENANCE OF WELLS								
TOTALS FOR SOURCE OF SUPPLY EXPENSES	362900.00	492194.33	-129294.33	3638700.00	4299395.73	-660695.73		
1-6210	200.00		200.00	2000.00	6438.05	-4438.05		
FUEL FOR PUMPING								
1-6230	52600.00	37092.65	15507.35	535600.00	483969.88	51630.12		
POWER PURCHASED								
1-624A	5600.00	6634.59	-1034.59	69100.00	81998.03	-12898.03		
PUMPING LABOR								
1-624B	200.00	144.84	55.16	2100.00	2723.51	-623.51		
PUMPING EXPENSES								

Kent County Water Authority
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 AS OF 06/2008

ACCOUNT DESCRIPTION	CURRENT MONTH		YEAR TO DATE		ACTUAL OVER/ UNDER BUDGET	
	BUDGET	ACTUAL	BUDGET	ACTUAL		
1-6310 MAINT STRUCT & IMPROVE	2600.00	4655.39	-2055.39	35800.00	35003.96	796.04
1-6330 MAINT PUMPING EQUIPMENT	2000.00	5593.88	-3593.88	34500.00	41604.37	-7104.37
TOTALS FOR PUMPING EXPENSES	63200.00	54121.35	9078.65	679100.00	651737.80	27362.20
1-6410 CHEMICALS	8800.00	6490.14	2309.86	109600.00	71995.20	37604.80
1-642A OPERATION LABOR	5900.00	7100.00	-1200.00	80100.00	77816.68	2283.32
1-642B OPERATION EXPENSES	2500.00	5132.56	-2632.56	33500.00	48747.82	-15247.82
1-6510 MAINT STRUCT & IMPROVE	100.00		100.00	200.00		200.00
1-6520 MAINT WATER TREAT EQUIP	200.00	128.87	71.13	1500.00	2309.90	-809.90
TOTALS FOR WATER TREATMENT EXPENSES	17500.00	18851.57	-1351.57	224900.00	200869.60	24030.40
1-6610 STORAGE FACILITIES EXP	100.00		100.00	600.00	133.28	466.72
1-662A T & D LABOR	2000.00		2000.00	29300.00	23106.91	6193.09
1-662B T & D SUPPLIES & EXP	3000.00	2560.48	439.52	39000.00	34754.12	4245.88
1-663A T & D METER LABOR	2700.00	2621.46	78.54	34800.00	20428.14	14371.86
1-663B T & D METER SUPP & EXP	500.00	380.50	119.50	6000.00	7084.29	-1084.29
1-6650 T & D MISC	1000.00	209.27	790.73	17600.00	13010.57	4589.43
1-6710 MAINT STRUCT & IMPROV	100.00		100.00	300.00	1313.11	-1013.11
1-6720 MAINT RESERVOIR & STDPIPE	3700.00	2064.24	1635.76	49500.00	8564.58	40935.42
1-6730 MAINT T & D MAINS	60700.00	75477.89	-14777.89	788800.00	630637.48	158162.52
1-6750 MAINT SERVICES	12900.00	20536.64	-7636.64	170200.00	190655.64	-20455.64
1-6760 MAINT METERS	5100.00	13734.97	-8634.97	72300.00	102240.10	-29940.10
1-6770 MAINT HYDRANTS	5800.00	2804.83	2995.17	77400.00	101097.11	-23697.11
1-6790 TRANSFER TO CONSTRUCTION	-800.00	-8.10	-791.90	-6700.00	-26079.44	19379.44
TOTALS FOR TRANS. & DISTR. EXPENSES	96800.00	120382.18	-23582.18	1279100.00	1106945.89	172154.11
1-902A METER READING LABOR	6000.00	8678.57	-2678.57	73200.00	84090.66	-10890.66
1-902B METER READING SUPP & EXP				100.00		100.00
1-903A						

Kent County Water Authority
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 AS OF 06/2008

ACCOUNT DESCRIPTION	CURRENT MONTH	ACTUAL OVER/UNDER BUDGET	BUDGET	Y E A R - T O - D A T E	ACTUAL	ACTUAL OVER/UNDER BUDGET
CUSTOMER RECORDS LABOR	12000.00	-3290.07	159300.00	171788.91	-12488.91	
CUSTOMER RECORDS SUPP	4200.00	-56.77	57000.00	55635.79	1364.21	
TOTALS FOR CUSTOMER ACCT. EXPENSES	22200.00	-6025.41	289600.00	311515.36	-21915.36	
ADM & GENERAL SALARIES	25000.00	-8644.08	325900.00	342634.16	-16734.16	
OFFICE SUPPLIES & EXP	10100.00	-5456.36	121200.00	120678.44	521.56	
OUTSIDE SERVICES	12300.00	7480.00	147100.00	172140.67	-25040.67	
PROPERTY INSURANCE	14000.00	-1304.25	167500.00	177076.32	-9576.32	
INJURIES & DAMAGES	100.00	100.00	1000.00		1000.00	
EMPLOYEE PENSION & BENEF	45200.00	18268.00	752000.00	734220.58	17779.42	
REGULATORY COMM EXP	9300.00	6685.17	155500.00	131825.94	23674.06	
MISC GENERAL EXPENSE	3400.00	3400.00	41500.00	35666.00	5834.00	
MISC GENERAL EXPENSE	1300.00	48.51	15100.00	15072.90	27.10	
MISC GENERAL EXPENSE	3000.00	3000.00	36000.00	15492.65	20507.35	
MAINT GENERAL PLANT	16500.00	806.11	215500.00	171410.13	44089.87	
MAINT VEHICLES	7900.00	-2121.99	102400.00	100679.94	1720.06	
UNASSIGNED TIME VAC HOL	19600.00	-4337.59	252600.00	241628.07	10971.93	
TOTALS FOR ADM. & GENERAL EXPENSES	167700.00	17923.52	2333300.00	2258525.80	74774.20	
DEPRECIATION EXPENSE	85700.00	42.00	1027900.00	1027896.00	4.00	
TAXES OTHER THAN INCOME	13400.00	-1467.59	169600.00	166859.17	2740.83	
INTEREST-LONG TERM DEBT	135900.00	525.00	1631700.00	1630500.00	1200.00	
AMORTIZATION OF DEBT DISC	5100.00	83.00	60200.00	60204.00	-4.00	
TOTALS FOR OTHER EXPENSES	240100.00	-817.59	2889400.00	2885459.17	3940.83	
TOTALS FOR EXPENDITURES	970400.00	-134068.91	11334100.00	11714449.35	-380349.35	
EXCESS OF REVENUE OVER EXPENDITURES	1099300.00	-151889.73	6405900.00	6115563.03	-290336.97	
FOR general						

REPORT DATE 09/11/2008
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Kent County Water Authority
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
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ACCOUNT DESCRIPTION	CURRENT MONTH		YEAR TO DATE		ACTUAL OVER/UNDER BUDGET	
	BUDGET	ACTUAL	BUDGET	ACTUAL	UNDER BUDGET	BUDGET

OTHER ADJUSTMENTS TO FUND BALANCE

FUND BALANCES - JULY 1
 FUND BALANCES - JUNE 30

				0.00		
				63756968.75		
				69872531.78		
				=====		

EXHIBIT D

September 18, 2008



Name: Fire Hydrants
Owner: Kent County Water Authority
Location: West Greenwich, Rhode Island, USA
Products: Amercoat T-12
Amerlock Sealer
Prep 88
PSX 1001
Date: September, 2008

In the summer of 2008, the Kent County, Rhode Island Water Authority obtained approval from its Board of Directors to paint the county's 2,200 public fire hydrants.

The County maintenance department selected PPG PMC high-performance coatings for the two-year project, to protect the hydrants and increase their visibility, especially at night.

The hydrants' carbon steel surface was cleaned with Amercoat T-12 cleaner and Prep 88 water-based cleaner, and then received a coat of Amerlock Sealer. The low viscosity and excellent wetting properties of this 100% solids epoxy sealer allows it to penetrate rust and discontinuities in existing coatings which, in turn, improves the adhesion of subsequent topcoats. The hydrants are then topcoated with PPG's patented PSX 1001 engineered single-pack acrylic polysiloxane in Bright Red and Silver Fox.

Fire hydrant before



Fire hydrant after

