KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

February 19, 2009

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 February 19, 2009.

Chairman, Robert B. Boyer opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mr. Masterson, Mr. Giorgio and Mr. Inman were present together with the General Manager, Timothy J. Brown, Director of Administration and Finance, Joanne Gershkoff, Technical Service Director, John Duchesneau, Legal Counsel, Joseph J. McGair and other interested parties. The Chairman led the group in the pledge of allegiance.

The minutes of the Board meeting of January 19, 2009 were moved for approval by Board Member Masterson and seconded by Board Member Giorgio and were unanimously approved.

Guests:
High Service Requests

Royal Hathaway Heights, John Brunero, Esq. for the Applicant

This matter is continued to the next Board meeting.

LEGAL MATTERS

Joseph Petrarca, Department of Public Utilities and Carriers

The decision by the Division of Public Utilities and Carriers was rendered by Hearing Officer Lanni which was in favor of Mr. Petrarca. Legal Counsel and the General Manager determined that the decision was contrary to the Kent County Water Authority Rules and Regulations and an appeal was taken and was heard on February 4, 2008 by the Division of Public Utilities and Carriers and decision is now in abeyance from the Hearing Officer. Due to water quality issues on Phillip Street, Legal Counsel moved for a postponement of the decision of the Hearing Officer and continued discussion has ensued with the General Manager concerning an amendment of the IFR program. A settlement offer was drafted by the Department of Attorney General and was considered by Legal Counsel and General Manager and accepted. This matter was on hold until the disposition of the 2006 and 2007B bid and the cost is to be

determined. On November 13, 2008 a letter was sent to Joseph Petrarca with an original Settlement Agreement for his signature. On December 15, 2008, a follow up letter was sent to Mr. Petrarca since nothing has been received and on December 29, 2008, Mr. Petrarca reneged on his agreement and the matter will continue to be decided by Hearing Officer and a hearing has been scheduled to February 25, 2009.

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 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 has drafted legislation to the General Assembly for the January session and it was delivered to the Board for their review on January 12, 2009.

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 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 pre-hearing conference was held on November 17, 2008 wherein a Procedural Schedule was issued and the first item on the schedule is that a pre-hearing memorandum and pre-filed testimony is due from G-Tech on December 15, 2008 and a reply memorandum and pre-filed testimony is due from Kent County Water Authority on January 20, 2009. The pre-hearing memorandum was received from G-Tech Legal Counsel on December 17, 2008. Legal Counsel for Kent County Water Authority, the General Manager and John R. Duchesneau are preparing the memorandum and pre-filed testimony which was filed on January 20, 2009. The memorandum and testimony were timely filed with the DPUC on January 20, 2009. GTECH filed a Response Memorandum on February 9, 2009. The KCWA Sur-Reply Memorandum which is being prepared and will be filed on the due date of February 23, 2009.

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 and monitor Supreme Court decision and hearing.

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. Proof of Claim was filed and sent to Received on September 19, 2008. The proof of claim deadline was December 1, 2008. Legal counsel will continue to monitor for payment on claim. As of February 16, 2009, there has been no change in status.

Hope Mill Village Associates

The company is in receivership. Kent County Water Authority is owed $1,632.44. Legal Counsel to prepare and file Proof of Claim. Proof of Claim was prepared and was forwarded to the General Manager for signatures. Proof of Claim was filed in Kent County Superior Court and was sent to the receiver on August 28, 2008 and as of this date this case is still pending. Hope Mill filed Chapter 11 Bankruptcy on August 20, 2008. Kent County Water Authority was not listed as a creditor. The proof of claim was prepared and signed by the General Manager on November 14, 2008 and was filed with the Bankruptcy Court on November 18, 2008, The proof of claim filing deadline was the end of November, 2008. Pursuant to the plan of reorganization filed by Debtor on November 22, 2008, Kent County Water Authority will be paid in full upon confirmation of the plant by the Bankruptcy Court and Legal Counsel will continue to monitor. As of February 17, 2009 the Court has not scheduled a hearing for confirmation of plan. Debtor will be filing an Amended Plan in March 2009. Legal Counsel will continue to monitor.

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 was assigned to October 14, 2008. Additional documents were submitted by Kent County Water Authority and the parties are awaiting a decision

by the Hearing Officer. A decision was rendered in favor of Kent County Water Authority on January 21, 2009 and Mr. Lombardi has not filed an appeal as of this date and the appeal is due on February 22, 2009 (Sunday).

West Greenwich Wellhead Protection

Mr. Waltonen has petitioned the Town Council for West Greenwich for a zone change for AP 6, Lot 134 from residential to highway business. The subject lot abuts the wellhead protection area of Kent County Water Authority. The site is currently used for storage and grinding and dying. A portion of the subject site was previously rezoned in 1991 to Highway Business and the Petitioner appeared before the Kent County Water Authority Board at that time and a condition of the 1991 zone change was that Petitioner obtain a letter from Kent County Water Authority approving the final drainage plan. The current petition requests relief from all 1991 conditions including Kent County Water authority approval. Legal Counsel has conducted research including at the West Greenwich Town Hall concerning the petition and Legal Counsel and Kent County Water Authority will monitor and present its concerns and objections to the Zoning Board and the Town Council at the respective January 20, 2009 and February 11, 2009 hearings.

Legal Counsel and the General Manager attend the January 20, 2009 Zoning Board of Review hearing and the matter was continued by the Zoning Board of Review to February 17, 2009 as the applicant had not submitted to the Board the as built plans. The Chairman had requested that the Kent County Water Authority provide a letter to e Zoning Board of Review outlining the concerns of Kent County Water Authority. Legal Counsel forwarded correspondence to the Zoning Board of Review on January 22, 2009. The matter has been continued by the West Greenwich Zoning Board of Review to April 14, 2009 in that Waltonen Attorney has not filed the necessary documents.

Quaker Lane Renovations

Legal Counsel forwarded to the owner of the site abutting the pumping station request for authorization to permit Kent County Water Authority to file its Freshwater Wetlands application to the Rhode Island Department of Environmental Management with respect to the renovations to the station as required by the rules and regulations of the Department of Environmental Management.

West Greenwich Technology Tank/Rockwood

This matter may soon be in litigation in that Rockwood Corporation has failed to take any steps and has continually denied to take any steps in the painting issues inside of the tank and on February 16, 2009 their surety, Lincoln General Insurance Company, denied the claim as well. The matter will be reviewed between the General Manager and Legal Counsel.

Director of Finance Report:

The Chairman had asked the General Manager regarding the shut-offs due to economic realties and the General Manager went through the procedure for the Board.

Joanne Gershkoff, 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 January, 2009, which is attached as **"A"** and after thorough discussion, Board Member Masterson moved and seconded by Board Member Gallucci 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 by the Board Members present,

> VOTED: That the financial report, comparative balance sheet statement of revenues, expenditure, cash receipts, disbursements and comparative balance sheets and statements of revenue through January, 2009 be approved as presented and be incorporated herein and are made a part hereof as **"A".**

Point of Personal Privilege and Communications:

Board Member Inman extended thanks on behalf of the Inman family during their bereavement.

Board Member Masterson acknowledged the great work of the General Manager and staff in East Greenwich with a rogue contractor in order to help a constituent.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

Old Business

Rate Case Review Status

A Writ of Certiorari was issued and the PUC has until February 20, 2009 to file its brief.

Waltonen Property Zoning Change

This matter is continued to April 14, 2009 regarding documents not filed.

New Business

GASB 43 and 45 Proposal Summit Financial for Approval

The General Manager stated that post retirement benefit is single plan medical insurance and life insurance and now is calculated for necessary disclosure purposes.

The fee for Summit Financial Corporation is $4,000 for the first year and then $2,000 for the next two years and then $4,000 as evidenced and attached as "**B**" which he believes is reasonable and is mandated by Federal Law.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to approve the Summit Financial Corporation proposal as evidenced and attached as "**B**" and it was unanimously,

> VOTED: To approve the Summit Financial Corporation proposal as evidenced and attached as "**B**".

Legal Counsel Position Discussion and Board Action

The Chairman stated that this had been previously discussed at several Board meetings. The General Manager stated that previously two RFP's were sent out with no responses to write specifications. The General Manager stated the current RFP which is on the street is for Bond Counsel since the other Bond firm has disbanded.

The General Manager stated that there are many disciplines to be concerned about, such as easements, real estate purchases, condemnations, PUC/DPUC, litigation, Board legal opinions, contract issues and general law issues. He reminded that the PUC has not allowed the use of lobbyists.

Board Member Inman mentioned the idea of a flat rate for legal services, however, a study of back years is necessary to see if it makes sense economically.

The Chairman stated that rate amount of Legal Counsel is very reasonable and below market.

Board Member Gallucci related that there was no response to write the specifications and that it might not be in the best interest to entertain changing due to the many pending legal issues including PUC and the Supreme Court to have another legal counsel take over and that the letter of engagement should be renewed.

Board Member Inman agreed that we need to pay attention to institutional knowledge and that can not be ignored and how the system works and there are benefits to that. The Chairman stated that Kent County Water Authority is into very hard times and knowledge of Kent County Water Authority is very important and it should not change horses with so much legal involvement and should continue with legal counsel. Board Member Gallucci concurred that institutional knowledge is important. Board Member Masterson stated he has been to the rate hearings and the institutional knowledge was evidence at the last hearing.

Board Member Inman asked the General Manager to review comparisons of other water authorities and report back.

2009 Health Insurance Coverage Review

The General Manager is reviewing the coverage and there will be three entities in the market to review. The Plan 65 for retirees is not available for retirees except for Blue Cross/Blue Shield and will have those for the Board to review. Dental is locked in for two more years which was a large savings.

Temporary High Service Management Policy Discussion and Board Action

The General Manager distributed the Temporary High Service Management Policy attached as "**C**" and stated that this was adopted to prevent serious water shortages. The General Manager stated that this is to prevent catastrophic safety shortages, especially when Kent County Water Authority has had a great record in that regard. He stated that the policy was adopted to prevent approving deficit water. The Chairman stated that it is obvious that the General Manager can not acquiesce to deficit water approvals but the Board needs to have discretionary authority which would not endanger the safety supply and service to the customers. The Chairman feels that the problem will be alleviated by the Route 2 connection and the Authority is looking for TARP or other government funds in the $5 million range. Board Member Inman asked about updates for approved High Service projects and the General Manager stated that he would look into it. Board Member Masterson was concerned that the issue may be the most important. The General Manager agreed. The Chairman stated that the High Service Gradient problem will be solved and that good projects should be granted and that some allocated water will never be used and it would not result in a dangerous situation. Board Member Masterson related a previous lawsuit and his involvement and should have counsel look at the issue. Board Member Masterson stated that the General Manager had mentioned that the catastrophic scenario is mindful in this area. Board Member Giorgio stated that services need to be supplied to the customers.

The Chairman stated that the 80,000 gallons deficit is not reality in that those commitments are unrealized and he believes it will not be a problem.

Board Member Gallucci stated that the State legislation was not proper and should be repealed or put into Court as counsel had advised. The Chairman stated that the Board makes the final decision and that it will not do anything to jeopardize the system.

Board Member Gallucci stated the stimulus package which was submitted February 10, 2009 was given to Congressional delegates and they are aware of the Kent County Water Authority need for funding of Route 2.

It was moved by Board Member Gallucci and seconded by Board Member Giorgio to have the General Manager review and redraft the High Service Gradient policy for a case by case for review and it was unanimously,

VOTED: To have the General Manager review and redraft the High Service Gradient policy for a case by case for review.

CAPITAL PROJECTS:
INFRASTRUCTURE PROJECTS:

Design Status Task Order No. 3

The General Manager presented and recommended approval of Task Order No. 3 for final piece for treatment plant for all service pumps as evidenced and attached as "**D**" in the amount of $58,306.00 to Wright-Pierce, the vendor, and the General Manager stated that it is necessary and the amount is fair and reasonable and that Wright-Pierce has performed well in the past for the Authority and he recommends the same.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to approve Task Order No. 3 for final piece for treatment plant for all service pumps as evidenced and attached as "**D**" in the amount of $58,306.00 to Wright-Pierce, the vendor and it was unanimously,

VOTED: To approve Task Order No. 3 for final piece for treatment plant for all service pumps as evidenced and attached as "**D**" in the amount of $58,306.00 to Wright-Pierce, the vendor.

IFR 2006A(West Warwick Paving Issue Change Order #5 Execution and Asphalt Adjustment)

The General Manager presented and recommended approval of Change Order No. 5 for State guaranteed prices and any vendor as evidenced and attached as "**E**" in the amount of $201,988.25 and the General Manager stated that it is necessary and the amount is fair and reasonable and that James J. Geremia & Associates, Inc. has performed well in the past for the Authority and he recommends the same.

It was moved by Board Member Giorgio and seconded by Board Member Inman to approve Change Order No. 5 for State guaranteed prices and any vendor as evidenced and attached as "**E**" in the amount of $201,988.25 and it was unanimously,

VOTED: To approve Change Order No. 5 for State guaranteed prices and any vendor as evidenced and attached as "**E**" in the amount of $201,988.25.

Tiogue Re-Service High Service Reduced Gradient Construction (Status Change Order #1 Execution)

The General Manager presented and recommended approval of Change Order No. 1 for price adjustment for liquid asphalt and diesel fuel for the bituminous payment as evidenced and attached as "**F**" in the amount of $13,158.00 and the General Manager stated that it is necessary and the amount is fair and reasonable and he recommends the same.

It was moved by Board Member Inman and seconded by Board Member Giorgio to approve Change Order No. 1 for price adjustment for liquid asphalt and diesel fuel for the bituminous payment as evidenced and attached as "F" in the amount of $13,158.00 and it was unanimously,

> VOTED: To approve Change Order No. 1 for price adjustment for liquid asphalt and diesel fuel for the bituminous payment as evidenced and attached as "F" in the amount of $13,158.00.

IFR 2009A & 2009B Design (Hope Road Culvert Survey Approval)

The new IRF program was submitted for Department of Health review. The General Manager gave an executive summary which is attached as "**G**".

All other 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 "**H"** .

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

> VOTED: To adjourn the meeting at 5:07 p.m.

_____
Secretary Pro Tempore

EXHIBIT A

February 19, 2009

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
BEGINNING MONTH BALANCE	37,770,320	33,805,455	33,777,788	33,425,155	33,450,432	32,356,161	32,005,861					
CASH RECEIPTS:												
Water Collections	1,816,607	1,314,522	1,294,868	2,456,157	1,523,627	1,291,522	1,901,499					
Interest Earned	113,152	40,948	57,330	24,300	4,740	344	51,190					
Inspection Fees	-	250	1,580	6,500	7,800	129						
Contribution in Aid-Construction	-	-	-	-	-							
Other	-	-	-	-	906	1,260	60					
TOTAL CASH RECEIPTS	39,700,079	35,161,175	35,131,566	35,912,112	34,987,505	33,649,416	33,958,611	-	-	-	-	-
CASH DISBURSEMENTS:												
Purchased Water	420,581	547,312	450,477	565,167	360,260	228,851	310,443					
Electric Power	49,317	54,160	56,958	40,491	43,945	10,796	36,376					
Payroll	176,689	146,667	141,111	175,925	151,894	202,214	175,612					
Operations	131,148	71,752	140,028	77,876	80,167	19,323	59,446					
Employee Benefits	52,673	48,674	53,704	48,913	45,933	243,296	50,733					
Legal	3,801	6,151	4,602	2,837	3,234	-	5,027					
Materials	68,915	27,519	10,108	28,561	8,043	7,368	31,719					
Insurance	4,747	4,747	5,848	4,747	4,879		4,879					
Sales Taxes	25,987	10,448	7,825	30,562	9,868	9,164	27,748					
Refunds	1,058	127	40	-	-							
Rate Case	6,657	-	11,763	23,123	11,895	43,335	3,678					
Conservation	-	-	-	-	-							
Pilot	8,325	-	470	302	-	469						
Capital Expenditures (Other)	6,370	343	3,740	2,747	1,950							
2004 Infrastructure	5,641	127,949	330,770	538,298	486,915	256,170	134,159					
Mishnock Well/Storage/Pump/Trans	29,797	513	-	25,547	-		2,143					
Clinton Avenue Pump Station	1,681	-	-	-	-		-					
E. G. Well Upgrade	-	-	-	4,045	-	3,797	9,024					
Read Schoolhouse Road - Mains	1,583,147	280,207	190,299	18,577	26,791	19,268	27,258					
Read Schoolhouse Road - Tank	3,000	2,040	73,261	809,063	556,403	308,228	37,718					
Greenwich Avenue - 8" & 12" Mains	628	571	15,043	-	79,875							
2006A Infrastructure	12,726	22,255	38,153	13,459	590,250	9,801	3,007					
Quaker Lane Pump Station	1,675	1,935	942	3,915	-	2,510	5,390					
2007 Infrastructure	-	2,300	765	3,909	19,692	255,582	23,981					
Gareau Street 8"	2,286	620	336	-	-							
Arthur-Bleach-Jefferson 8"	83,821	-	6,364	-	-							
2009 Infrastructure	-	8,292	8,857	6,935	11,708	8,510						
Tobin Street 8"				75	-		2,584					
U. S. Bank - Debt Service (P. & I.)	3,130,260	-	-	-	-		758,659					
Water Protection	83,694	18,805	114,947	36,606	137,642	14,873	99,330					
TOTAL DISBURSEMENTS	5,894,624	1,383,387	1,706,411	2,461,680	2,631,344	1,643,555	1,808,984	-	-	-	-	-
BALANCE END OF MONTH	33,805,455	33,777,788	33,425,155	33,450,432	32,356,161	32,005,861	32,149,627	-	-	-	-	-
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

	RATE REVENUE FY 08-09	RATE REVENUE FY 07-08
JUL	$ 1,282,312.14	1,275,904.00
AUG	$ 1,126,356.81	1,107,888.24
SEP	$ 2,591,917.46	2,657,394.59
OCT	$ 1,217,110.52	1,233,125.13
NOV	$ 1,078,854.00	1,061,981.56
DEC	$ 2,175,706.74	2,000,789.36
JAN	$ 1,211,152.49	973,591.82
FEB	$	807,416.94
MAR	$	1,583,914.86
APR	$	867,682.17
MAY	$	879,916.91
JUN	$	1,898,043.21

KENT COUNTY WATER AUTHORITY
CASH LOCATION
FISCAL YEAR 08-09

	JUL 2008	AUG 2008	SEP 2008	OCT 2008	NOV 2008	DEC 2008	JAN 2009	FEB 2009	MAR 2009	APR 2009	MAY 2009	JUN 2009
CASH LOCATION:												
Citizens Bank - Payroll	$ 40,000.00	$ 40,000.00	$ 40,000.00	$ 40,000.00	$ 40,000.00	$ 40,000.00	$ 40,000.00	$	$	$	$	$
First Bank - Deposit	89,626.31	63,825.98	72,018.74	88,245.57	67,432.00	81,465.94	181,783.78					
Fleet Bank - Checking	18,930.03	14,289.95	822.35	21,171.30	8,047.93	32,960.11	88,130.65					
	147,956.34	124,115.75	112,841.09	149,416.87	110,479.93	154,426.05	309,914.43	0.00	0.00	0.00	0.00	0.00
U. S Bank - Project Funds												
Revenue	41,409.47	33,246.04	33,013.89	277,917.76	423,822.82	67,123.53	133,140.05					
Infrastructure Fund	7,088,369.66	6,990,524.70	6,555,178.76	6,478,239.97	5,588,508.18	5,308,316.18	5,653,752.15					
Operation & Maintenance Fund	0.00	0.00	0.03	0.03	0.03	0.03	0.03					
Operation & Maintenance Reserve	1,898,250.00	1,898,250.00	2,153,375.00	2,153,575.00	2,153,575.00	2,364,575.00	2,364,575.00					
Renewal & Replacement Fund	89,903.20	98,338.66	106,782.37	115,193.78	123,537.03	131,871.78	140,205.53					
Renewal & Replacement Reserve	785,152.14	785,152.14	785,152.14	785,152.14	785,152.14	785,152.14	785,152.14					
General Project - 2001	0.00	0.00	0.00	0.00	0.00							
Debt Service Fund - 2001	93,794.45	159,976.79	225,893.67	291,815.41	357,610.10	423,429.37	309,457.16					
Debt Service Reserve - 2001	781,325.00	781,125.00	781,125.00	781,125.00	781,134.59	781,125.00	781,125.00					
Cost of Issuance - 2001	0.00	0.00	0.00	0.00	0.00	0.00						
General Project - 2002	19,389,675.91	19,155,712.09	18,897,469.29	18,119,529.16	17,469,961.24	17,163,586.01	17,137,779.00					
Debt Service Fund - 2002	211,230.96	368,595.19	369,156.71	682,429.85	838,966.71	995,465.32	690,517.17					
Debt Service Reserve - 2002	1,823,560.01	1,823,560.01	1,843,548.51	1,843,548.51	1,843,548.51	1,843,548.51	1,850,574.27					
Cost of Issuance - 2002	0.00	0.00	0.00	0.00	0.00							
Debt Service Fund - 2004	175,945.04	282,108.56	282,335.68	493,376.23	598,819.11	704,233.51	692,193.90					
Debt Service Reserve - 2004	1,279,082.59	1,279,082.59	1,279,082.59	1,279,082.59	1,281,045.76	1,283,008.93	1,301,240.95					
Cost of Issuance - 2004	0.00	0.00	0.00	0.00	0.00							
Redemption Account - 2004	0.00	0.00	0.00	0.00	0.00							
	$ 33,805,454.74	$ 33,777,787.51	$ 33,825,154.73	$ 33,450,432.10	$ 32,356,161.15	$ 32,005,861.36	$ 32,149,626.78	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

EXHIBIT B

February 19, 2009

Benefits Consulting
& Plan Administration

SUMMIT FINANCIAL CORPORATION

91 Hartwell Avenue
Lexington, MA 02421-3137
Tel: (781) 863-5544
Fax: (781) 863-8919

RECEIVED
FEB 03 2009

February 2, 2009

Mr. Timothy J Brown, P.E.
General Manager/Chief Engineer
Kent County Water Authority
PO Box 192
1072 Main St
W. Warwick, RI 02893-0192

RE: Kent County Water Authority Health and Welfare Plan GASB Reporting and Disclosure

Dear Tim,

As you requested, this letter will serve as our proposal to perform all actuarial and administrative services related to the new GASB 43 and 45 regulations for your Health and Welfare plan. Under the new regulations the Plan will need to have an actuary calculate costs and liabilities under a standard set of prescribed assumptions. Since the Plan has less than 300 employees a full valuation must be completed every three years. In the interim a modified valuation is allowed for purposes of preparing the GASB reports.

Summit will prepare these valuations and GASB reports each year on a signature ready basis. We will also coordinate and consult with your accounting firm for any changes they may want to see in the funding assumptions.

The fee for performing this service is $4,000 in the years a full valuation is required (every three years, except if benefits are substantially changed) and $2,000 for the modified reporting years (2 out of three years)

If you have any questions regarding the proposal please feel free to call me.

Thanks for the opportunity to be of service.

Sincerely,

Joseph F Bonasera
President
Summit Financial Corporation

"B"

EXHIBIT C

February 19, 2009

Approved Board Meeting
July 19, 2007

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.

(C)

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.