

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

September 17, 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 September 17, 2009.

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

The minutes of the Board meetings of August 20, 2009 and August 27, 2009 were moved for approval by Board Member Gallucci and seconded by Board Member Masterson and were unanimously approved.

GUESTS:

High Service Requests

The General Manager stated that there is a water shortage and 124,000 gallon deficit and has attached a memorandum of September 17, 2009 as evidenced and attached as "A". The Chairman acknowledged the advice of the General Manager, Chief Engineer.

67 Lonsdale Street, Bruce Lafleur

Mr. and Mrs. Bruce Lafleur appeared before the Board to request that they have lived at this residence for 34 years and Mr. Lafleur is now disabled and can not climb stairs and that they need to sell the house and the Federal Housing Administration lenders will require a tie-in to Kent County Water Authority otherwise a buyer will not be approved for a mortgage in that the septic and well are less than 100 feet apart which is now out of compliance. The Chairman agreed that the septic system is a health risk and a hardship due to Mr. LaFluer's disability.

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

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

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

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

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

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

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

And it was unanimously voted by the Chairman, Board Member Gallucci and Board Member Masterson,

VOTED: To conditionally approve request for water supply to service a single family home with the following conditions in lieu of a moratorium:

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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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Board Member Giorgio arrived at 3:45 p.m.

Phase I Highland at Hopkins Hill – for discussion

Ben Caito, PE, Scott Nelson, Construction Manager, and Peter Ruggiero, Esq. representation of Centre of New England appeared before the Board to explain that there are two pending wetland permits at the Department of Environmental Management and the original Department of Environmental Management permit was negotiated for 100 homes with wells and Centre of New England has achieved that number and now are looking for more homes with Kent County Water Authority water. Scott Nelson stated Sections O & P have approval from Kent County Water Authority for 26 units and the submitted as-built drawings have been approved by Kent County Water Authority.

Mr. Ruggiero informed that he had spoken with Department of Environmental Management for a future meeting for the resolution. Sections O & P are not part of the NOI but are also being held up.

The General Manager states that the unapproved infrastructure has not been inspected by Kent County Water Authority. Mr. Ruggiero stated Centre of New England desires conceptual approval for the entire site since Center of New England now wants to inform the Department of Environmental Management that 311 units are available for Kent County Water Authority water at 118,000 gallons.

Mr. Caito stated Centre of New England wants to eventually connect all of its units to Kent County Water Authority.

The General Manager informed them that it would entail a different proposal in order to alleviate the Department of Environmental Management onsite issues, especially since Centre of New England had publicly held on many occasions that it had rebuked Kent County Water Authority water service. The Chairman stated there were 68 units approved which would require lengthy build out and Centre of New England issue is with the Department of Environmental Management which has little to do with Kent County Water Authority water.

The General Manager asked if the drainage was out of compliance with the plans submitted to the Department of Environmental Management and it was confirmed by Mr. Caito. The General Manager stated it was always hard to believe that wells could be put in. However, Mr. Ruggiero stated that the negative water draw down is the issue and the Department of Environmental Management blanketed all of the area with the Department of Environmental Management Notice of Intention regardless of the legality of the wells in a particular section because of the wetlands issue.

The Chairman asked if Kent County Water Authority was DEM leverage. Mr. Ruggiero stated that it would be a solution. The General Manager reminded all that there is a six month activation limit by Kent County Water Authority.

Board Member Masterson stated it seems that the developer has shot himself in the foot with his previous disclaimer of Kent County Water Authority water. The General Manager reiterated that the infrastructure remains uninspected and was installed in violation of Kent County Water Authority regulations and it may need to be replaced and the Centre of New England representatives agreed. The Chairman confirmed the General Manager's statement and directed Mr. Caito to construct a plan for the Board in this regard. Mr. Nelson stated that they (CNE) know that there are many issues which will take five years to iron out. The General Manager stated that the infrastructure will have to be dug up and inspected and Mr. Nelson agreed.

The Chairman stated that he was growing weary of the excuses of Centre of New England as to why it did not comply with the Kent County Water Authority Rules and Regulations. The General Manager stated the need for a map with complete markings with time legends of all approvals from Kent County Water Authority and all other governmental agencies which is a threshold necessity for any approval. Board Member Masterson stated that the master meter has not been completed and is concerned about frost protection.

The Chairman stated that written clarification is to be submitted to the General Manager and staff. The General Manager reiterated that the current intent recently proclaimed is for Centre of New England to be on all Kent County Water Authority despite its previous pronouncements of community wells etc. and Mr. Nelson agreed that is now the ultimate goal.

The Chairman suggested that the Department of Environmental Management and Centre of New England meet and thoroughly discuss the particulars and attempt to further develop without protracted litigation.

The General Manager stated that the goal is to look at the whole project as opposed to the piece meal approach of Centre of New England and the Centre of New England representatives agreed.

Braver Group, Request to Appear, Audit

James D. Wilkinson, CPA/CITP, Managing Partner of Braver Group appeared before the Board regarding the Kent County Water Authority audit. Financial Audit Statements have been drafted and will be finalized for the October Financial Statements for years ended in June 30, 2008 and 2009. The Providence Water Supply protection award reconciliation year ended June 30, 2009 will be finalized. Mr. Wilkinson explained the preliminary findings which will be available in final publication form in October and he stated that preliminarily there were no deficiencies discovered and Kent County Water Authority was in compliance. The cooperation of the Kent County Water Authority staff was acknowledged commendable and courteous according to Mr. Wilkinson.

LEGAL MATTERS

G-Tech

The hearing date was held on April 27, 2009 and the DPUC issued a Division Order on May 20, 2009 which states that the Complaint filed by GTECH Corporation on July 22, 2008 against Kent County Water Authority is hereby denied and dismissed. The deadline for GTECH to file an appeal is June 20, 2009. GTECH filed an appeal on June 19, 2009 in the Providence County Superior Court to the Decision of the Division of Public Utilities and Carriers of May 20, 2009 which ruled in favor of Kent County Water Authority. Kent County Water Authority answered the complaint on June 29, 2009 and Legal Counsel will engage in that portion of this continuing litigation. The parties have filed a consent order with the Court for the schedule of the briefs.

Providence Water Supply Board Rate Supreme Court 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 further notice and monitor Supreme Court decision and hearing.

Harris Mills

The company has gone into receivership. Kent County Water Authority is owed \$3,676.58. Legal Counsel will monitor for proof of claim filing. A permanent receiver was appointed. A proof of claim prepared and forwarded to the General Manager for signature on September 17, 2008 and will be filed in the Kent County Superior Court and sent to the receiver. Proof of Claim was filed and sent to Receiver on September 19, 2008. The proof of claim deadline was December 1, 2008. Legal counsel will continue to monitor for payment on claim. As of May 12, 2009, there has been no change in status. Petition to sell was filed by Receiver in Kent County Superior Court on June 5, 2009. Offer to property made which will allow for partial payment of claims. Legal Counsel will monitor progress of sale. As of July 16, 2009 there has been no change in status.

There has been no further progress regarding the sale of the Harris Mill complex in the receivership matter. Legal Counsel to contact the Receiver for a status report. New offers to purchase have come in which could allow Kent County Water Authority claim in this matter to be paid out of the receivership proceeds. As of September 14, 2009 the previous offer did not materialize. A new offer is being pursued. Legal Counsel will continue to monitor the progress of the sale.

Hope Mill Village Associates

The company is in receivership. Kent County Water Authority is owed \$1,632.44. Legal Counsel to prepare and file Proof of Claim. Proof of Claim was prepared and was forwarded to the General Manager for signatures. Proof of Claim was filed in Kent County Superior Court and was sent to the receiver on August 28, 2008 and as of this date this case is still pending. Hope Mill filed Chapter 11 Bankruptcy on August 20, 2008. Kent County Water Authority was not listed as a creditor. The proof of claim was prepared and signed by the General Manager on November 14, 2008 and was filed with the Bankruptcy Court on November 18, 2008, The proof of claim filing deadline was the end of November, 2008. Pursuant to the plan of reorganization filed by Debtor on November 22, 2008, Kent County Water Authority will be paid in full upon confirmation of the plan by the Bankruptcy Court and Legal Counsel will continue to monitor. As of February 17, 2009 the Court has not scheduled a hearing for confirmation of plan. Debtor will be filing an Amended Plan in March 2009. Legal Counsel will continue to monitor. As of July 16, 2009 the Debtor has not filed an Amended Plan.

The Bankruptcy Court hearing was to be held on August 19, 2009 regarding a motion filed by Hope Mill to convert Chapter 11 to Chapter 7. Legal counsel will monitor

the hearing and how the disposition of the hearing will affect the claim of Kent County Water Authority. The hearing was postponed until September 16, 2009.

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 dyeing. 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 attended 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 the 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 the Waltonen Attorney has not filed the necessary documents. Kent County Water Authority received some engineering from Legal Counsel for Petitioner on April 6, 2009. The Zoning Board hearing was held on April 21, 2009 and was continued to June 16, 2009. The Petitioner was required to provide to the Zoning Board within 30 days from April 22, 2009, a plan depicting existing site conditions and all items stored on the site including recreational vehicles, containers, mulch, stumps as well as aerial views and a list of all business uses. The Board is also requiring that any plans to be submitted by application to DEM be submitted to an independent professional engineer for review prior to DEM submission. The engineer will be picked by the Town and paid for by applicant.

On June 16, 2009, the Zoning Board of Review required Petitioner to provide to the Board drainage calculations existing at 1992, drainage calculations for current site conditions and calculations for proposed site uses and a list and description of all business uses on the site in affidavit form. The matter was continued to September 15, 2009.

Shawn Martin, PE of Fuss & O'Neil, was in attendance at the September 15, 2009 Zoning Board of Review hearing acting as independent engineer on behalf of the Town to report on the engineering submitted by applicant. Timothy Behan, PE,

engineer for applicant was in attendance. Legal Counsel for Kent County Water Authority appeared on behalf of Kent County Water Authority. The Chairman is requiring the applicant to provide a more detailed description of all business uses including specific equipment on site in affidavit form. Legal Counsel reiterated the position of Kent County Water Authority in requesting engagement of its own engineer for independent review of the applicant's engineering and objection to the petition given the noncompliance of applicant in the past. The position of the Town is that Fuss & O'Neil was engaged for independent review and that applicant is to provide Kent County Water Authority with a revised list of description of uses on the site and Kent County Water Authority is to coordinate with Shawn Martin, P.E. of Fuss & O'Neil once the list is received for review and Kent County Water Authority is to provide comments to the Board prior to the November 17, 2009 Zoning Board of Review.

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. Rockwood sent a proposal to Legal Counsel on March 31, 2009 and the General Manager weighed the same and a response was sent to Rockwood on April 24, 2009. On May 2, 2009 Rockwood sent another proposal and the General Manager responded to the same on May 8, 2009 requesting a written remedial plan proposal within ten days. On May 8, 2009 Rockwood responded by asking the General Manager to reconsider his position. On May 12, 2009 the General Manager sent correspondence to Rockwood stating the Authority will await Rockwood comments to KCWA letter of May 8, 2009. On May 13, 2009 Rockwood provided an additional response to the KCWA letter of May 8, 2009 with questions. On May 13, 2009 the General Manager sent correspondence agreeing to provide Rockwood with more time to complete a plan of remediation for an additional 10 days. On May 14, 2009, Rockwood sent a response and the General Manager, Merithew and Rockwood to have an informal meeting to work out details. The meeting took place and the Authority is monitoring the efforts of Rockwood to remedy the situation.

Comptroller of the Currency

On October 16, 2008, Kent County Water Authority resolved to change the Trustee from US Bank to bank of NY Mellon regarding 2001/2002/2004 bond issue trust administration to be effective January 23, 2009. That on October 17, 2008, Kent County Water Authority timely notified US Bank concerning the transfer of trusteeship. On approximately January 20, 2009, the US Bank announced that it would require \$6,650.00 as transfer fees to accomplish ownership to the Bank of NY Mellon. Additionally, the US Bank kept \$1,667.67 of fees that were previously unused. That in order for the closing and transfer to take place, Kent County Water Authority on January 22, 2009 paid the sum of \$6,650.00 under protest and stated its displeasure with the US Bank and thereby stating that it would not jeopardize its bondholders and

therefore paid the same and also sent a copy to the Controller of the Currency. On March 4, 2009 the Controller of the Currency stated that the US Bank would be replying directly to Kent County Water Authority. On March 11, 2009 Kent County Water Authority received a response from US Bank which was totally unsatisfactory. On March 31, 2009, Kent County Water Authority notified the Controller of the Currency concerning the unsatisfactory response of US Bank dated March 11, 2009 and reiterated its position. On June 30, 2009 US Bank sent a check in the amount of \$1,666.67 and it was received by Legal Counsel on July 6, 2009, saying that the same was a bookkeeping error as exhibited on the check. That on July 7, 2009 Kent County Water Authority sent a letter to US Bank with a copy to the Controller of the Currency that the amount for advance services paid was acknowledged and that Kent County Water Authority has not acknowledged its exception to extracting at the 11th hour ransom of \$6,650.00 on January 12, 2009 and it will continued pursuit of its claim with the Controller of the Currency. A follow up letter was sent to the Controller of the Currency on August 21, 2009 and will await a response.

Robert Plain APRA Request

Robert Plain allegedly sent a request for records on May 1, 2009 which was never received by Kent County Water Authority. On May 27, 2009 Kent County Water Authority received letter from the Attorney General's office concerning Kent County Water Authority alleged failure to respond to the request of Robert Plain and that Mr. Plain had filed a complaint. On June 1, 2009 Robert Plain sent via e-mail a copy of the request for records. On June 2, 2009 Legal Counsel received letter from Adam Sholes, Special Assistant Attorney General's office stating that it was relayed to Mr. Plain and that KCWA did not receive his first request, but Mr. Plain refused to withdraw his complaint. On June 4, 2009 Legal Counsel sent a response to Mr. Sholes stating that the complaint is without merit. On June 3, 2009 a letter was sent to Mr. Plain certified mail with the estimate of \$34.50 for production of the records requested. On June 8, 2009 Mr. Plain paid the estimate of \$34.50. On June 11, 2009, the records were sent certified mail return receipt requested to Mr. Plain stating there was a balance of \$1.70 in that the production costs came to \$36.20 and he had previously paid \$34.50. On June 12, 2009 Mr. Plain telephoned Legal Counsel and said thank you. On June 29, 2009 a telephone message was left reminding Mr. Plain of the \$1.70 balance. On July 9, 2009, Legal Counsel received correspondence dated July 7, 2009 from Mr. Sholes stating that Mr. Plain's complaint against Kent County Water Authority has been withdrawn and the file has been closed. Legal Counsel, Joseph J. McGair, communicated with Robert Plain on August 11, 2009 requesting the payment. The payment is diminimus and will not be pursued.

West Greenwich Taxes

On July 1, 2009, Kent County Water Authority received a letter from the Solicitor for the Town of West Greenwich requesting that Kent County Water Authority make tax payments equivalent to the taxes assessed on real estate owned by Kent County Water Authority based on the year prior to the date Kent Count Water Authority acquired the

property. The Town requested the amount of \$10,466.75 plus the current 2009 tax year. A schedule accompanying the letter set forth unsupported taxes totaling \$1,495.25 per year.

Legal Counsel for Kent County Water Authority sent a written response on July 2, 2009 to the Solicitor along with a letter from the West Greenwich Tax Assessor dated July 27, 2001 evidencing the payment due in lieu of real estate taxes at \$364.43 per year. Kent County Water Authority made this payment to the Town each year as billed. The billing ceased at 2001. Kent County Water Authority has offered to pay to the Town in lieu of taxes the sum of \$2,915.44 representing tax years 2002-2009. No counter response has been received from the Town.

Providence Water Supply Board Abbreviated Rate Filing

The parties have exchanged filings and testimony and the matter was heard by the Commission on October 13, 2009, however, it appears that the parties have settled subject to PUC approval.

Stop & Shop

Stop and Shop has procrastinated in cleaning the detention basin adjacent to its Coventry store which is proximate to the wellhead protection area. Several communications have been directed at Stop and Shop and only now has Stop and Shop agreed to clean the basin and the letter was dated August 5, 2009. The Stop and Shop is now communicating with Kent County Water Authority and a schedule for maintenance has been established.

Allard Street

Kent County Water Authority and Legal Counsel met with the owners of 12-14 and 24 Allard Street on July 16, 2009 to review the service issue with respect to these customers. The water line requires replacement which is located on the properties of the owners. A temporary construction easement from both owners is necessitated and Legal Counsel forwarded the easement deeds to the respective owners for signature on July 23, 2009. The easement deeds from both owners have been received by Legal Counsel and the deeds have been recorded in the Cranston Rhode Island Land Evidence Records.

Brayton Property/1611 Hope Road

In connection with a refinance of 1611 Hope Road, Kent County Water Authority received a water service inquiry with respect to title for the loan. The subject property has been acquiring its water from the Kent County Water Authority system without billing as a result of a 1922 agreement between the prior owner of the property and predecessor water company. The subject water agreement permitted water to the then

owner and his legal heirs at law for faucets and an outdoor water spicket. One of the current owners was raised by the predecessor but never legally adopted. The owner recently met with Kent County Water Authority, Legal Counsel and their counsel with respect to this service issue and the General Manager forwarded a notice to the owners informing them of the meter fee. Kent County Water Authority coordinated with the owners the installation of the meter with respect to future service.

Identity Theft Program

The General Manager confirmed with Legal Counsel that Kent County Water Authority has Identify Theft program in place in compliance with federal legislation.

Hydrant Fees legislation

The legislation, if passed, would allow the City of Warwick to pass an ordinance precluding Kent County Water Authority from assessing hydrant rental fees to the City of Warwick. These rental fees would have to be passed to the rate-payers. The use of the word "notwithstanding" in the legislation trumps the application of RIGL 39-16-8(9) which gives Kent County Water Authority the authority to charge these fees to municipalities. This legislation is in the Senate awaiting action.

Spectrum Properties, The Oaks, Coventry, Rhode Island

Legal Counsel for the developer forwarded on July 13, 2009 to Kent County Water Authority Legal Counsel for comment on the proposed form of easement deeds with respect to the residential subdivision. On July 29, 2009, Legal Counsel for Kent County Water Authority sent a response to Attorney William Landry setting forth comments to the proposed form of deeds. Legal Counsel received revised deeds from Attorney Landry on September 10, 2009 and they have been forwarded to the General Manager for review and have been approved by the General Manager.

Verizon DPUC matter

There were allegations of dig safe violations by Verizon and Kent County Water Authority and the DPUC had investigated the same and found Verizon at fault and it was scheduled for hearing on September 16, 2009 at 10:00 a.m., however the parties agreed to settle this matter in that it was established that communication is now much improved between the utilities and that the same is unlikely to occur in the future. The DPUC hearing officer approved the settlement.

Director of Finance Report:

The General Manager stated that the poor state of the economy is hampering the collection process and Kent County Water Authority is working very hard on collections.

The Chairman had asked the General Manager regarding the service terminations due to economic realities and the General Manager instructed the Board on the procedure.

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 August, 2009, as evidenced and attached as “B” and after thorough discussion, especially with regard to the revenue shortfalls and terminations will be necessary, 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 by the Board Members present, except for Board Inman,

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, 2009 be approved as presented and be incorporated herein and are made a part hereof as evidenced and attached as “B”.

Point of Personal Privilege and Communications:

The Chairman stated that he and the General Manager met with Quonset Point Development and that Quonset Point Development would like to see the Route 2 project come to fruition and spoke with Rep. Langevin’s office and that there will be letters to the Congressional delegation in order to stress how vital this project is for the regional business. The General Manager stated that the funds are necessary and the Department of Environmental Management is controlling the Federal Funds.

GENERAL MANAGER/CHIEF ENGINEER’S REPORT **Old Business**

Rate Case Supreme Court Review Status

This matter was presented infra.

Waltonen Property Zoning Change

This matter was presented infra and the General Manager inquired of the Board as to whether or not the previous motion to hire a consultant to review the independent engineering report and it was the sense of the Board that the action stands that the storage sheds are still out of compliance and that there are wellhead protection issues. The Chairman stated to continue the course of protection of the wellhead.

Controller of the Currency Complaint

This matter was presented infra.

Stop & Shop, Tiogue Avenue Detention Pond Cleanup Status

This matter was presented infra.

New Business

Collections/Billings

The General Manager handed the annual report of Operating Revenue Allowances as evidenced and attached as “**C**” which contains revenues, salary and benefits and cost savings (9/4/09) of approximately \$1.5 million as evidenced and attached as “**D**”; IFR Outstanding Payments as evidenced and attached as “**E**” and Construction Account Balances (8/31/09) as evidenced and attached as “**F**” which are self-explanatory and will be part of the PUC October of 2009 mandated filing. The General Manager stated that there may be disruptions to the IFR program because \$8.5 million is needed in the account and if the revenue continues to not be forthcoming there will be insufficient funds to complete and there can be no bid awards on that basis. The General Manager reiterated that he has always taken the conservative spending approach, albeit it was looked at negatively by former PUC Commissioner Holbrook.

Expenditure Reductions, Proposal & Ongoing

The General Manager will adjust purchasing, overtime and night coverage. He said there will be problems regarding the lack of revenue discussed in collections and he has done all possible to save money and warns that it may have a backlash during a future rate filing.

Review PUC Hydrant Filing

The General Manager will file with the PUC assuming that the Providence Hydrant Bill passes the General Assembly and assuming Warwick adopts it and it would result in a 5.98/per user per quarter in Warwick service area of Kent County Water Authority. The 2009 fiscal year demonstrated the money generated as evidenced and attached as “**G**”. This will be monitored.

Review PUC Revenue Allowance Filing

This would be a Public Utilities Commission informational filing during the problematic revenue times.

CAPITAL PROJECTS:
INFRASTRUCTURE PROJECTS

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 Giorgio and it was unanimously,

VOTED: To adjourn the meeting at 5:35 p.m.

Secretary Pro Tempore

EXHIBIT A

Board Meeting

September 17, 2009

OFFICE MEMO

To: Board
From: Timothy Brown
Subject: High Service Approvals
Date: September 17, 2009

Attached, herewith, is the current listing for Board approved high service connections. As you can see from this the Board is now in deficit by 124,000 gallons per day. This is certainly on the severe side based upon the policy the Board enacted in March of 2009. I think it is prudent for the Board to review that policy and the attached allocation of high service water as to our ability to continue to service the high service gradient and the high demand condition. I do not believe it is in the best interest of this Board to continue to approve high service connections at this time until such time that additional supply can be activated to assist the high service condition. The Board may wish to review the policy attached in order to modify it based on this current deficit condition that is present. Even though it has been a wet year and revenues have shrunk it does not have an affect upon the high demand conditions where the high service gradient will be in deficit and unable to sufficiently supply the customers. I urge the Board to consider this. The Board is well aware of my concerns on deficit allocation of supply and I again must go on record stating that the Board should not approve any future allocations for water from the high service gradient until this condition can be corrected.

"A"

POLICY
TEMPORARY HIGH SERVICE MANAGEMENT

Recognizing the imminent impact that expansion of the high service infrastructure will create on the supply system and future growth in the communities, 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 implement a temporary infrastructure expansion and demand management strategy because the supply system has reached the limits of its historic maximum day capacity to expand supply into undeveloped areas. Limited extension of the distribution system can be judiciously tolerated with demand management strategies in place that curtail seasonal outdoor water use during periods of demand reaching a cutoff limit of fifteen and one half (15.5) million gallons a day (MGD) without injuriously drawing average daily demand 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 or implementation of mandatory demand strategies. 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 limited capacity can be derived to support expanded service within the existing limits of the distribution system service area.

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. Managed capacity derived from imposing this cap can be made available to promote the economic well being of the communities through supervised supply and demand strategies for both residential and commercial development within the limits of the existing service area

The Kent County Water Authority also finds that it must impose an outside water use moratorium should customer seasonal 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 and control their outside water use and conservation efforts to continue seasonal use under current policies regarding outside water use within the supply district and the mitigating management strategy maximum day cap. Active public participation in monitoring and conserving outside water use is an intrinsic component to stabilization of

the maximum day demand condition under seasonally normal climatic conditions. The Board has determined that public water use related to human consumption, health, safety, sanitation and economic well being takes precedence over recreational and landscape irrigation uses. An outside water use moratorium must be put into effect if the combination of climatic conditions and seasonal 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. The Board shall review the proposed demands contained in the application, build out schedule, current allocations and other pertinent data to compose an equitable allocation strategy to allow the project to move forward without compromising the health, safety, sanitation and economic well being of the existing customers. Applications for public water to service existing single family homes with failed or compromised drinking water wells 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 managed allocation 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 the confines of the existing service area 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 other Kent County Water Authority Regulations remain in effect in conjunction with this temporary high service supply management policy.

BOARD APPROVED HIGH SERVICE

(9/16/2009)

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Number	Development	Street	Description	Avg. Day (gpm)	Max Day Multiplier	Max Day Approved (gpm)	Date Approved	Date Approved Mailed Sent Out	Letter Sent To	Status Letter Sent	Status Letter Response	Remarks & Anticipated Construction Time
1	Signal Ridge	EG Re-service	Homes	141.1	2.3	324.5	1/1/2001					
2	Rose Farm	Frenchtown Rd., EG	Homes	1.11	2.3	2.6	5/4/2001					
3	Birchwood Glen	Kulus Rd., WW	Homes	2.78	2.3	6.4	11/20/2001					
4	Middle Woods	Middle Rd., EG	Homes	27.8	2.3	63.9	11/27/2001					
5	Shippelown Road Sub.	Shippelown Rd., EG	Homes	6.67	2.3	15.3	12/10/2001					Dry Line Installed
6	Amgen *	Technology Way, WG	Industrial	556	*	833.0	2/8/2002		Revised January 2007			
7	Sandra Court	Reservoir Rd., COV	Homes	1.81	2.3	4.2	5/20/2002					
8	Chole Court	Clark Rd., COV	Homes	2.08	2.3	4.8	7/19/2002					
9	Hawk Crest Est.	Hill Farm Rd., COV	Homes	12.2	2.3	28.1	4/4/2003					
10	Crystal Creek	Middle Rd., EG	Homes	9.58	2.3	22.0	4/10/2003					
11	Long Meadow	Frenchtown Rd., EG	Homes	8.33	2.3	19.2	4/10/2003					
12	Middle Hollow	Middle Rd., EG	Homes	2.78	2.3	6.4	5/14/2003					
13	Blueberry Hill	Shippelown Rd., EG	Homes	7.78	2.3	17.9	8/26/2003					
14	Hidden Ridge	Shippelown Rd., EG	Homes	8.89	2.3	20.4	10/29/2003					
15	Green Farm	Squirrel Ln./Tillinghast Rd., EG	Homes	6.67	2.0	13.3	7/12/2004					
16	Dunkin Donuts	New London Turnpike	Commercial	1.3	1.5	2.0	2/9/2004	4/25/2005	Peter Nizvanlowski and Steven Cabral	2/21/2007	3/7/2007	For Sale
17	Chiropractic Center	Nooseneck Hill Rd., WG	Commercial	0.63	1.5	0.9	7/24/2004					
18	Keith White	Lot 22.001, Reservoir Rd	1 House	0.4	2.3	0.9	10/21/2004		Keith White	2/21/2007	3/8/2007	2007
19	Keith White	136 Reservoir Road, Cov	1 House	0.4	2.3	0.9	10/21/2004		Keith White	2/21/2007	3/8/2007	Account No. 116747
20	Randolph Bank	Center of New England, COV	Commercial	1	1.5	1.5	11/11/2004					
21	Leisure Condo	Nooseneck Hill Rd., COV	Condos	13.9	2.0	27.8	11/12/2004					
22	Coventry Lumber	Nooseneck Hill Rd., COV	Commercial	1	1.5	1.5	11/16/2004					
23	Santo Lombardi	Sharon Drive, COV	1 House	0.4	2.3	0.9	11/18/2004					
24	Home Depot	Center of New England, COV	Commercial	1.7	1.5	2.6	12/6/2004					
25	Debra Zarrella	Frenchtown Rd., EG	1 House	0.4	2.3	0.9	3/16/2005	4/8/2005	Debra Zarrella			

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26	Arlington RV	Division Road, WG	Commercial	3.5	1.5	5.3	3/16/2005	4/7/2005	4/7/2005	4/7/2005	Sandy O'leary	2/21/2007	3/8/2007	Spring 2008
27	Brooks Drugs	Division Road, EG	Commercial	10.4	1.5	15.6	3/16/2005	4/8/2005	4/8/2005	4/8/2005	Steven Cabral			
28	Pine Ridge	Hopkins Hill, COV	69 Homes	28.8	2.3	66.2	3/16/2005	4/8/2005	4/8/2005	4/8/2005	Christopher Duhamel			
29	Waterside Apartments	Blairwood Rd, COV	No Apartments	4.3	2.0	8.6	3/16/2005	4/8/2005	4/8/2005	4/8/2005	John Assalone	3/21/2007		
30	Dawn Santilli	68 Surrey Lane, W. WAR	1 House	0.4	2.3	0.9	3/22/2005	4/9/2005	4/9/2005	4/9/2005	Massimo and Dawn Santilli			
31	Maurice Cooney	949 Tillinghast Road, EG	1 House	0.4	2.3	0.9	4/21/2005	4/21/2005	4/21/2005	4/21/2005	Maurice Cooney			
32	Wingate Hotel	CNE Universal Boulevard, Cov	Hotel	2	2.0	4.0	5/2/2005	5/2/2005	5/2/2005	5/2/2005	Jeff Hanson and Robert Rapoza			
33	Wal-Mart	CNE Boulevard, Cov	Commercial	1.7	1.5	2.6	5/2/2005	5/24/2005	5/24/2005	5/24/2005	John Kuch, Robert Rapoza & Tom Richards			
34	Paul & Mary Rossi	51 Richard Hill, WG	1 House	0.4	2.3	0.9	5/18/2005	5/20/2005	5/20/2005	5/20/2005	Paul & Mary Rossi	3/21/2007		
35	George Olney	22 Marron Drive, Cov	1 House	0.4	2.3	0.9	5/18/2005	5/20/2005	5/20/2005	5/20/2005	George Olney			
36	Robert Polvin	1827 Hopkins Road, EG	1 House	0.4	2.3	0.9	5/18/2005	5/20/2005	5/20/2005	5/20/2005	Robert Polvin	3/21/2007		
37	John Assalone	Valerie Drive, Parcel 1 (a)	1 House	0.4	2.3	0.9	5/18/2005	5/20/2005	5/20/2005	5/20/2005	John Assalone			
38	John Assalone	Valerie Drive, Parcel 1 (b)	1 House	0.4	2.3	0.9	5/18/2005	5/20/2005	5/20/2005	5/20/2005	John Assalone			
39	Peter Suorsa	LOT 12, 75 Island Drive, Coventry (1')	1 House	0.4	2.3	0.9	6/15/2005	6/22/2005	6/22/2005	6/22/2005	Peter Suorsa (Ken Goodwin, 294 Lawnacre Drive, Cranston, 02920)	2/21/2007	3/6/2007	June 2007 to begin
40	Peter Suorsa	LOT 13, 77 Island Drive, Coventry (2')	1 House	0.4	2.3	0.9	6/15/2005	6/22/2005	6/22/2005	6/22/2005	Peter Suorsa (Ken Goodwin, 294 Lawnacre Drive, Cranston, 02920)	2/21/2007	3/6/2007	Account No. 116842
41	Dana Carlow	Rejane Street, Coventry	1 House	0.4	2.3	0.9	6/15/2005	6/22/2005	6/22/2005	6/22/2005	Dana Carlow			
42	Dunkin Donuts	Hopkins Hill Rd, WG	Commercial	1.3	1.5	2.0	6/15/2005	6/22/2005	6/22/2005	6/22/2005	Jeff Butler, Kevin Morin			
43	Andrew Polvin	Hopkins Hill, COV	1 House	0.4	2.3	0.9	7/1/2005	7/1/2005	7/1/2005	7/1/2005	Andrew Polvin			
44	Matthew L. Tucci	59 Club House Road	1 House	0.4	2.3	0.9	7/1/2005	7/1/2005	7/1/2005	7/1/2005	Matthew L. Tucci			
45	Caren Bourque	Veronica Court, Plat 34, Lot 19	1 House	0.4	2.3	0.9	7/1/2005	7/1/2005	7/1/2005	7/1/2005	Caren Bourque			
46	Peter Rosiello	Pond View Court, Lot 102	1 House	0.4	2.3	0.9	7/1/2005	7/1/2005	7/1/2005	7/1/2005	Peter Rosiello, Mike Duckett			

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47	Albert/Barbara LaPlume	307 Shippettown Road, EG	1 House	0.4	2.3	0.9	7/20/2005	7/21/2005	Albert & Barbara LaPlume			
48	Frederick Schulz	58 Crompton Road, EG	1 House	0.4	2.3	0.9	8/11/2005	8/11/2005	Frederick Schulz			
49	Richard Todisco	61 Island Drive, Coventry	1 House	0.4	2.3	0.9	8/17/2005	8/18/2005	Richard Todisco			
50	Maple Root Center	2435 Nooseneck Hill Rd, Cov	Commercial	0	0.0	0.0	8/17/2005	8/18/2005	Edward J. Oventon, Jr. Patricia Walker (Installed Well)	2/21/2007	3/7/2007	No longer requesting water - dug a well
51	Deer Run	Deer Run Estates, WG	24 Homes	13	2.3	29.9	8/17/2005	8/18/2005	Gary Johnson, Joseph Casali			
52	Sentry Glen Condos	Greenfield Road, WH	92 Units	13	2.0	26.0	9/21/2005	9/30/2005	Hille Dubette, Keith Martin	2/21/2007		
53	Carriage House Condos	Reservoir Road, Coventry	12 Condos	3.3	2.0	6.6	9/21/2005	9/30/2005	Brian Bamford, Joseph Casali			
54	Retail Pad A	Center of New England, Cov	Commercial	1.3	1.5	2.0	9/21/2005	9/30/2005	Robert Rapoza, Jeffrey Hanson			
55	GrandVile @ Greenwich	Center of New England, WG	300 Apts/Condos	31.1	2.5	77.8	9/21/2005	9/30/2005	Roney Malafrafronte, John Carlo			
56	Kenneth Hendrickson	335 Shippettown Road, EG	1 House	0.4	2.3	0.9	9/21/2005	9/30/2005	Kenneth Hendrickson			
57	Jane Revkin	385 Moosehorn Road, EG	1 House	0.4	2.3	0.9	9/21/2005	9/30/2005	Jane Revkin			
58	Howard M. Dulude	20 Marion Drive, Coventry	1 House	0.4	2.3	0.9	9/21/2005	9/30/2005	Howard Dulude			
59	Larry Lachance	58 Robin Lane	1 House	0.4	2.3	0.9	9/21/2005	9/30/2005	Larry Lachance, John Brunero			
60	KCWA Project	Maude Avenue, Coventry	184 Houses	19.7	2.3	45.3	9/21/2005	9/30/2005	Board Approved Re-Service			
61	Karen Carlow	7 Rejane Street	1 House	0.4	2.3	0.9	10/19/2005	11/17/2005	Karen Carlow			
62	Spencer's Grant	Spencer's Grant Drive & Stone Carry Way Residence	12 Homes	4.8	2.3	11.0	10/19/2005	11/19/2005	Scott P. Tierney	2/21/2007	3/6/2007	End of April 2008
63	Center of New England	Center of New England Boulevard, Cov Retail Pad B	Commercial	1.3	1.5	2.0	10/19/2006	11/19/2006	Jeffrey Hanson			
64	Sarah Wye	129 East Greenwich Avenue	1 House	0.4	2.3	0.9	11/16/2005	11/23/2005	Sarah Wye, MA, LMHC			

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81	Stacy B. Ferrara, P. C.	21 Sharon Drive, Coventry	1 House	0.4	2.3	0.9	10/18/2006	10/23/2006	Stacy B. Ferrara			
82	Robert T. Chilo	42 Deer Run, WG	1 House	0.4	2.3	0.9	11/16/2006	11/21/2006	Robert T. Chilo			
83	Brian Ascoli	17 Cambio Court, WG	1 House	0.4	2.3	0.9	11/16/2006	11/21/2006	Brian Ascoli			
84	Oak Haven Tiogue	Reservice Tiogue Isolated service area	Multiple	60	2.0	120.0	11/16/2006	Board	KCWA IFR Project			
85	Robert Mellor	74 Tiffany Road, Coventry	2 Houses	0.8	2.3	1.8	12/14/2006	12/15/2006	Robert Mellor			
86	Francis Belanger	45 Deer Run, West Greenwich	1 House	0.4	2.3	0.9	12/14/2006	12/15/2006	Francis Belanger			
87	Charles Hirsch	30 Deer Run, West Greenwich	1 House	0.4	2.3	0.9	12/14/2006	12/15/2006	Charles Hirsch			
88	Village on Green	1646 Division Street	49 Condo	13.6	2.0	27.2	2/15/2007	3/13/2007	Peter Nolan, Scott Moorehead			
89	Shipwreck Falls	J. P. Murphy Industries Park	Water Park	83.6	2.0	167.2	2/15/2007	3/13/2007	Sanford Renick, Leonard Bradley (Coyote Falls)			Waiting on as-built - property sold to N. E. Tech.
90	Rocky Hill Commons	Division Road	Comm/Res	18.8	2.0	37.6	2/15/2007	3/13/2007	James Malm, Scott Moorehead, Peter Nolan			
91	Coventry Crossings	Crompton Road	Commercial	1.69	1.5	2.5	3/15/2007	3/20/2007	Kenneth Hecht			
92	Margery S. Ordog	1823 Frenchtown Road, EG	1 House	0.4	2.3	0.9	2/15/2007	3/13/2007	Margery S. Ordog			
93	James and Jeanne Rotatori	340 Moosehorn Road, EG	1 House	0.4	2.3	0.9	2/15/2007	3/13/2007	James and Jeanne Rotatori			
94	David & Marianne Simoes	16 Roland Drive, WG (is now 29) needs to be approved again	1 House	0.4	2.3	0.9	5/17/2007	5/21/2007	David & Marianne Simoes			
95	The Village Shoppes, CNE	Pats C & D, CNE Boulevard	Village Shoppes	5.4	2.5	13.5	6/21/2007	6/25/2007	Robert Rapoza(ch)			
96	Marriot Hotel	CNE Boulevard	Marriot Hotel	6	2.0	12.0	6/21/2007	6/25/2007	Andrew Weirder (ch)			
97	Lowe's Plaza/Quaker Lane	Par AP-30, lots 41 & 44	Lowe's Plaza	2.6	1.8	4.7	6/21/2007	6/25/2007	Brian Bucc, Nick Piampiano (ch)			

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98	Jack Leonard	12 Marion Drive, Lot 8, Pl 42, Coventry	1 House	0.4	2.3	0.9	6/21/2007	6/25/2007	Jack Leonard (ch)			
99	Hopkins Hill Business Park	Hopkins Hill Road	Fire Only	0.0	0.0	0.0	6/21/2007	6/25/2007	Jeffrey Butler (ch)			Fire Service Only
100	Brookside Center	Tiogue Avenue, Coventry	Fire Only	0.0	0.0	0.0	6/21/2007	6/25/2007	Raymond Lavey (ch)			Low Service Domestic
101	Village Green Condo, Phase 6 I, J, K	Center of New England Boulevard	Commercial	25	2.1	52.5	7/19/2007	7/20/2007	Benjamin J. Caito			
102	Daves Market	Nooseneck Hill Road	Commercial	1.7	1.5	2.6	7/19/2007	7/20/2007	Carl Adamo			For Sale
103	Kirk Andrews	Lot 41, Plat 13 Opposite Utility Road	1 House	0.4	2.3	0.9	7/19/2007	7/20/2007	Kirk Andrews			
104	St. John & Paul's Parish	Tiogue Avenue, Coventry	Fire Service Only	0.0	0.0	0.0	8/16/2007	8/22/2007	Keith Magovern			
105	WW. Bus. Park, Plat 30 lot 50	James P. Murphy Drive	Commercial	0.4	1.5	0.6	1/17/2008	1/22/2008	Stephen G. Socia			
106	Vincent Genorese	53 Island Drive, App. No. 435	1 House	0.4	2.3	0.9	1/17/2008	1/22/2008	Vincent Genorese			
107	Arnold W. Martin, III	26 Clark Mill Street App. No. 433	1 House	0.4	2.3	0.9	1/17/2008	1/22/2008	Arnold W. Martin, III			
108	CARMAX/CNE	CNE Boulevard	Commercial	6.0	1.5	9.0	2/7/2008	2/8/2008	Robert Rapoza			
109	Thayden B. Waltonen	29 Roland Drive (was 16)	1 House	0.4	2.3	0.9	2/21/2008	3/3/2008	John Paqliarini, Jr. Esq.			
110	Paul Zarrella	1306A Hill Farm Road - App 450, Coventry	1 House	0.4	2.3	0.9	5/15/2008	6/5/2008	Paul Zarrella			
111	Paul Zarrella	1306A Hill Farm Road - App 450, Coventry	1 House	0.4	2.3	0.9	5/15/2008	6/5/2008	Paul Zarrella			
112	Gentlemen Farmer Restaurant	2405 Nooseneck Hill Road, Coventry	Commercial	0.5	1.5	0.8	5/15/2008	6/5/2008	Timothy J. Behan			
113	CNE Condo	Dante Boulevard, Phases 1-O and 1-P	Commercial	6.9	2.1	14.5	5/15/2008	6/5/2008	Benjamin J. Caito			

EXHIBIT B

Board Meeting

September 17, 2009

KENT COUNTY WATER AUTHORITY
 CASH LOCATION
 FISCAL YEAR 09-10

CASH LOCATION	JUL 2009	AUG 2009	SEP 2009	OCT 2009	NOV 2009	DEC 2009	JAN 2009	FEB 2009	MAR 2009	APR 2009	MAY 2009	JUN 2009
\$	40,000.00	40,000.00										
Citizens Bank - Payroll	95,366.37	116,341.33										
Fleet Bank - Deposit	14,390.99	18,442.85										
Fleet Bank - Checking	149,957.36	174,784.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
U. S. Bank - Project Funds												
Revenue	152,650.22	349,149.72										
Infrastructure Fund	6,669,640.22	4,968,727.63										
Operation & Maintenance Fund	0.73	0.02										
Objaction & Maintenance Reserve	2,366,983.44	2,367,031.02										
Renewal & Replacement Fund	190,357.24	198,694.23										
Renewal & Replacement Reserve	785,951.90	785,967.75										
General Project - 2001												
Debt Service Fund - 2001	94,842.95	160,374.33										
Debt Service Reserve - 2001	780,546.21	780,546.21										
Cost of Issuance - 2001												
General Project - 2002	16,589,314.57	16,429,530.45										
Debt Service Fund - 2002	213,888.30	370,250.40										
Debt Service Reserve - 2002	1,851,317.91	1,851,317.91										
Cost of Issuance - 2002												
Debt Service Fund - 2004	178,011.90	284,121.96										
Debt Service Reserve - 2004	1,306,301.32	1,304,777.24										
Cost of Issuance - 2004												
Redemption Account - 2004												
\$	31,329,764.27	30,025,773.05	0.00									

"B"

EXHIBIT C

Board Meeting

September 17, 2009

ANNUAL REPORT
 OPERATING REVENUE ALLOWANCE
 FY ENDING JUNE 30, 2009

TOTAL REVENUES FY 08/09		\$18,041,037.91	
BUDGET FY 08/09		\$19,260,600.00	(6.33%)
Rate Year Beginning Nov 2008		\$19,798,220.00	(8.87%)
Budget FY 09/10		\$20,170,897.00	
Operating Revenue Allowance	1.5% Unrestricted	\$291,656.50	
	1.5% Restricted	<u>\$291,656.00</u>	
		\$583,312.50	

FOR RATE YEAR NOVEMBER 2008 Monthly Deposit Required \$24,304.71

FY Deposit required (As of 6/30/2009) $(\$24,304.71 \times 8) = \$194,437.68$

11C¹²

RESERVE CALCULATION
FY ENDING 6/30/2009

R & R Reserve Fund

NUP June 30, 2008	\$86,260,243
Funding Required (1%)	\$862,602
Fund Balance June 30, 2009	\$785,951
FY Ending Deposit Required	\$76,651

ORDER Docket 3942 (19545) Requires Deposit of \$200,000

O & M Reservice Fund

Budget O & M FY 09/10	\$9,325,786
Funding Required (25%)	\$2,331,446
Fund Balance 6/30/2009	\$2,366,983

FY Ending Deposit Required (\$35,537) None Required

Deposits to Account:	Sept. 2008	\$255,325
	Dec. 2008	\$211,000
	TOTAL	\$466,325
Rate Case Docket 3842 Initially Required a Deposit in total of \$469,411. ORDER Required Deposit of \$193,200.		
Rate Year Began Nov. 2008 Deposit of \$211,000 Dec. 2008		

- (i) are payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues created by this Resolution has been discharged as provided in Section 1101; or
- (ii) are payable solely out of, or secured solely by a pledge of, amounts which may be deposited in the General Fund pursuant to Section 504, provided that the pledge of such amounts shall in all respects be subordinate to the provisions of this Resolution.

SECTION 608. Annual Operating Budget.

(1) On or prior to the date of delivery of the initial Series of Bonds hereunder and not less than one (1) day prior to the beginning of each Fiscal Year thereafter, the Authority shall adopt and file with the Trustee an annual operating budget (herein called "Annual Budget") for such Fiscal Year. The Authority may at any time, but not more often than once a month, adopt and file with the Trustee (or annually delegate to an Authorized Officer the authority to prepare and file with the Trustee) an amended or supplemental Annual Budget for the Fiscal Year then in progress.

(2) For purposes of Section 504(2), the Operation and Maintenance Reserve Fund Requirement shall mean, unless a greater amount is required by any Series Resolution, (i) from the date of delivery of the initial Series of Bonds hereunder until June 30, 1996 after such, the amount provided in the Series Resolution for the initial Bonds, and (ii) as of the last business day of each Fiscal Year thereafter an amount equal to twenty-five percent (25%) of the amount designated for operation and maintenance in the Annual Budget for the applicable Fiscal Year.

SECTION 609. Capital Improvements Budget.

(1) On or prior to the date of delivery of the initial Series of Bonds hereunder and not less than one (1) day prior to the beginning of each Fiscal Year thereafter, the Authority shall prepare and file with the Trustee a proposed program of Capital Improvements to be undertaken by the Authority during such Fiscal Year and the next ensuing Fiscal Year, identifying the Capital Improvements to be carried out, the estimated Cost thereof and the period of construction thereof, together with a budget (herein called "Capital Improvements Budget") for the Capital Improvements or parts

thereof to be undertaken by the Authority in such Fiscal Year. The Capital Improvements Budget shall include a schedule showing all projected disbursements from any Project Account or Renewal and Replacement Account in the Project Fund and, to the extent provided by the Authority, any other fund or account under this Resolution, as well as the sources of moneys projected to be available to meet the same. The Capital Improvements Budget shall further identify the Capital Improvements to be undertaken, the nature of the work, the estimated Cost thereof and the estimated completion date of each Capital Improvement.

(2) The Authority may from time to time amend or supplement the Capital Improvements Budget for the Fiscal Year then in progress by filing with the Trustee a certificate of an Authorized Officer setting forth the amendment or supplement.

(3) For purposes of Section 504(2), the Renewal and Replacement Reserve Fund Requirement shall mean, unless a greater amount is required by any Series Resolution, (i) from the date of delivery of the initial Series of Bonds hereunder until the last day of the second full Fiscal Year following the Fiscal Year in which such Bonds are delivered, the amount provided in the Series Resolution for the initial Bonds, and (ii) as of the last day of each Fiscal Year thereafter an amount at least equal to one percent of the depreciated value of the System as shown on the annual audited financial statements of the Authority for the prior Fiscal Year.

SECTION 610. Accounts and Reports.

(1) The Authority shall maintain its books and accounts in accordance with generally accepted accounting principles and in accordance with such other principles of accounting as the Authority shall deem appropriate. Said books and accounts shall at all times be subject to the inspection of the Trustee. The right of the Trustee to inspect such books and records shall not be construed as an obligation to do so.

(2) The Authority shall annually, within one hundred twenty (120) days after the close of each Fiscal Year, file with the Trustee a copy of the annual report for such year, accompanied by financial statements, audited by and containing the report of an independent public accountant or firm of accountants acceptable to the Trustee, relating to the operations and properties of the System for such Fiscal Year and setting forth in reasonable detail their financial condition as of the end of such year and the income and expenses for such year, and including a summary of the receipts

KENT COUNT WATER AUTHORITY
FISCAL YEAR 2009 / 2010
ANNUAL BUDGET

Approved June 18, 2009

SUMMARY SHEET

OPERATING:

PROJECTED TOTAL REVENUES	\$20,170,897
PROJECTED TOTAL OPERATING EXPENSES	<u>\$9,325,786</u>

INCOME	\$10,845,111
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RESTRICTED DEBT SERVICE REQUIRED	\$3,892,213
IFR RESTRICTED	\$5,400,000
CASH CAPITAL RESTRICTED	<u>\$100,000</u>

TOTAL RESTRICTED REQUIRED	\$9,392,213
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KENT COUNTY WATER AUTHORITY

Management's Discussion and Analysis

Required Supplementary Information – Unaudited

June 30, 2008 and 2007

(c) Credit Risk

The Authority has not adopted a formal policy related to credit risk. The Authority's investments are as follows:

	<u>Credit rating</u>
Money Market Treasury obligation fund	AAA (S&P)
U.S. treasuries	N/A
Government Investment Contract	N/A

(4) Capital Assets

The cost and activity of water capital assets in service and related accumulated depreciation for the years ending June 30, 2008 and 2007 is as follows:

	<u>Balance at June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2008</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 14,787,622	8,467,313	6,998,235	16,256,700
Land	1,836,045	—	—	1,836,045
Total capital assets, not being depreciated	<u>16,623,667</u>	<u>8,467,313</u>	<u>6,998,235</u>	<u>18,092,745</u>
Capital assets, being depreciated:				
Buildings and improvements	347,395	2,601,569	134,618	2,814,346
Machinery and equipment	4,730,830	3,295,041	178,579	7,847,292
Infrastructure	68,170,688	1,407,237	3,459	69,574,466
Total capital assets, being depreciated	<u>73,248,913</u>	<u>7,303,847</u>	<u>316,656</u>	<u>80,236,104</u>
Less accumulated depreciation	<u>11,357,366</u>	<u>1,027,896</u>	<u>316,656</u>	<u>12,068,606</u>
Total capital assets, being depreciated, net	<u>61,891,547</u>	<u>6,275,951</u>	—	<u>68,167,498</u>
Capital assets, net	<u>\$ 78,515,214</u>	<u>14,743,264</u>	<u>6,998,235</u>	<u>86,260,243</u>

\$3,932,319, Capital Equipment - \$100,000 and Operating Revenue Allowance Stabilization Fund - \$291,657.

COMPLIANCE FILINGS

On November 5, 2008, KCWA submitted its first set of compliance tariffs for Commission review. On November 12, 2008, the Division submitted a Memorandum stating that "KCWA based its compliance filing on the assumption that the Commission's intent was to limit funding of the increase in wages to 2% for the period July 1, 2009 through October 31, 2009 rather than from the beginning of the rate year which is November 1, 2008."¹¹⁶ On November 19, 2008, at an open meeting, the Commission rejected the November 5, 2008 compliance filing and clarified that the Commission's salary adjustment was to apply to the entire rate year. On November 20, 2008, KCWA submitted a second compliance filing reflecting the salary adjustment during the entire rate year. On November 21, 2008, the Division submitted a Memorandum recommending the Commission approve KCWA's November 20, 2008 compliance filing. At an open meeting on November 25, 2008, the Commission approved KCWA's November 20, 2008 compliance tariffs.

Accordingly, it is

(19545) ORDERED:

1. Kent County Water Authority's Abbreviated Rate Filing of March 31, 2008, is hereby denied and dismissed.
2. Kent Count Water Authority will receive a total cost of service of \$19,798,031, which equates to a revenue increase of \$3,423,233, effective for usage on and after November 1, 2008.

¹¹⁶ Memorandum dated 11/12/08.

\$3,932,319, Capital Equipment - \$100,000 and Operating Revenue Allowance Stabilization Fund - \$291,657.

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3. Kent County Water Authority KCWA shall restrict the following amounts collected through rates: IFR - \$5,400,000, O&M Reserve - \$193,620, R&R Reserve - \$200,000, Debt Service - \$3,932,319, Capital Equipment - \$100,000 and Operating Revenue Allowance Stabilization Fund - \$291,657.
4. Kent County Water Authority's compliance tariffs filed on November 5, 2008, are hereby rejected.
5. Kent County Water Authority's compliance tariffs filed on November 20, 2008, are hereby approved.
6. Kent County Water Authority shall comply with all findings and instructions contained in this Report and Order.

APPENDIX A

SUMMARY OF COST OF SERVICE

	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>
Revenues			
Service Charges	\$960,059	\$205,802	\$1,165,861
Metered Rates	\$13,784,776	\$3,115,977	\$16,900,753
Fire Protection	\$1,282,239	\$101,454	\$1,383,693
Miscellaneous	<u>\$347,912</u>	<u>\$0</u>	<u>\$347,912</u>
<i>Total Revenue</i>	\$16,374,987	\$3,423,233	\$19,798,220
Expenses			
<u>O&M</u>			
Supply	\$3,658,536	\$614,382	\$4,272,918
Pumping	\$667,868	\$111,111	\$778,979
Treatment	\$207,829	\$132,547	\$340,376
T&D	\$1,409,859	(\$170,061)	\$1,239,798
Customer	\$286,602	\$17,748	\$304,350
Admin	<u>\$2,054,697</u>	<u>\$223,763</u>	<u>\$2,278,459</u>
Total O&M	\$8,285,390	\$929,490	\$9,214,881
<u>Fixed Charges</u>			
Debt Service	\$3,901,944	\$30,375	\$3,932,319
Reserves and Coverage	\$0	\$393,620	\$393,620
Renewal & Replacement	\$100,000	\$0	\$100,000
Infrastructure Replacement	\$4,004,478	\$1,395,522	\$5,400,000
Payroll Taxes	\$138,876	\$11,899	\$150,775
PILOT	<u>\$23,123</u>	<u>\$0</u>	<u>\$23,123</u>
Total Fixed	\$8,168,421	\$1,831,416	\$9,999,837
<u>Operating Revenue</u>	<u>\$0</u>	<u>\$583,313</u>	<u>\$583,313</u>
<i>Total Expenses</i>	\$16,453,811	\$3,344,219	\$19,798,031

EXPLANATION OF ADJUSTMENTS TO TEST YEAR COSTS

<u>Adjustment to:</u>	<u>Explanation</u>	<u>Weighted Avg</u>	<u>cur. \$/lb or gal ***</u>	<u>Annual Cost</u>
<u>Treatment: Chemicals</u>		<u>lbs or gal/yr **</u>		
	Pot. Hydrox. (lbs)	407,495	\$0.5000	\$203,747
	Tetra Potassium Pyrophosphate (gals)	368	\$11.4550	\$4,217
	Chlorine (gal)	760	\$1.6000	\$1,215
	Fuel Charge			\$3,123
			Annual Amount	\$212,302
			Plus Inflation*	\$16,741
			Rate Year Amount	\$229,043

* Cost of chemicals is dependant on energy prices more than general inflation index; chemical costs were increased at an annual rate that is twice that of the general inflation rate or 7.89%/year.

** See Sch. 1E, page 2

*** Most current prices - Supplier notified that price for Potassium Hydroxide was increased to \$.50/pound effective July 1, 2008

Fixed Charges Associated with Debt Service:

O&M Reserve	Set to achieve reserve level equal to 25% of operating costs.	
	"O&M" Costs (Sch. 1) =	\$9,295,007
	Payroll Taxes	\$152,513
	PILOT	\$23,123
	Total Operating	\$9,470,643
	Required O&M Reserve	\$2,367,661
	Balance 5/7/08	\$1,898,250
	Estimated Additions to 10/31/09	0
	Estim. Balance 11/1/09	1,898,250
	Required deposit =	\$469,411

R&R Reserve

	Set to equal 1% of Net Utility Plant (NUP)	
	NUP Value (6/30/07)	\$78,515,214
	Estimated Additions	\$20,000,000
	Pro Forma NUP	\$98,515,214
	Required Balance (1%)	\$985,152
	Balance 6/30/07	\$521,820
	Estimated Additions to 10/31/09	263,332
	Estim. Balance 11/1/09	785,152
	Addition to Reserve Required	\$200,000

Admin - Fees

Based on March 2008 notice from Dept. of Health, license fees are proposed to increase effective July 1, 2009. KCWA will see fee increase from \$25,000 to \$32,500/yr

EXHIBIT D

Board Meeting

September 17, 2009

Kent County Water Authority
 Salary and Benefit Savings due to Vacant Positions
 as of September 4, 2009

	<u>Base Salary</u>	<u>F.I.C.A.</u>	<u>Health and Dental Insurance</u>	<u>Life, Disability and A.D.D. Insurance</u>	<u>Holiday Bonus</u>	<u>Total</u>
Chief Operator	50,829.84	3,888.48	-	-		54,718.32
Engineer	73,167.32	5,597.30	13,840.02	401.70	150.00	93,006.34
GIS Operator	34,706.73	2,655.07	15,175.17	441.87	150.00	52,978.84
Meterman 2	15,305.28	1,170.85	-	-		16,476.13
Meterman 2	25,166.08	1,925.20	12,504.87	189.00		39,785.15
Operator	4,285.45	327.84				4,613.29
Digsafe	29,371.92	2,246.95	9,834.57	197.68		41,651.12
Total	\$ 232,832.62	\$ 17,811.69	\$ 51,354.63	\$ 1,230.25	\$ 300.00	\$ 303,229.19

"D"

Kent County Water Authority
Keith Raymond - Chief Operator
Last Day Worked September 11, 2008
Temporary Disability

September 12, 2008 Through June 30, 2008:

Base Salary	41,118.48
F.I.C.A.	3,145.56
Health and Dental Insurance	-
Life, Disability and A.D.D. Insurance	-
Sub-total	<u>44,264.04</u>

July 1, 2009 Through September 4, 2009:

Base Salary	9,711.36
F.I.C.A.	742.92
Health and Dental Insurance	-
Life, Disability and A.D.D. Insurance	-
Sub-total	<u>10,454.28</u>

Total	<u><u>\$ 54,718.32</u></u>
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Kent County Water Authority
Kevin Fitta - Engineer
Last Day Worked November 7, 2008
Left Employment

November 10, 2008 Through June 30, 2009:

Base Salary	56,376.92
F.I.C.A.	4,312.83
Health and Dental Insurance	9,346.05
Life, Disability and A.D.D. Insurance	281.19
Holiday Bonus	150.00
Sub-total	<u>70,316.99</u>

July 1, 2009 Through September 4, 2009:

Base Salary (assumes a 3% increase)	16,790.40
F.I.C.A.	1,284.47
Health and Dental Insurance	4,493.97
Life, Disability and A.D.D. Insurance	120.51
Sub-total	<u>22,689.35</u>

Total	<u><u>\$ 93,006.34</u></u>
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Kent County Water Authority
 GIS Operator
 Positions Filled September 14, 2009

November 1, 2008 Through June 30, 2009:

Base Salary	26,308.35
F.I.C.A.	2,012.59
Health and Dental Insurance	10,681.20
Life, Disability and A.D.D. Insurance	321.36
Holiday Bonus	150.00
Sub-total	39,323.50

July 1, 2009 Through September 13, 2009:

Base Salary (assumes at 3% increase)	8,398.38
F.I.C.A.	642.48
Health and Dental Insurance	4,493.97
Life, Disability and A.D.D. Insurance	120.51
Sub-total	13,655.34

Total	\$ 52,978.83
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Kent County Water Authority
Glenn Dixon - Meterman 2
Last Day Worked April 28, 2009
Workers' Compensation

April 29, 2009 Through June 30, 2009:

Base Salary	7,329.60
F.I.C.A.	560.71
Health and Dental Insurance	
Life, Disability and A.D.D. Insurance	
Sub-total	<u>7,890.31</u>

July 1, 2009 Through September 4, 2009:

Base Salary	7,975.68
F.I.C.A.	610.14
Health and Dental Insurance	
Life, Disability and A.D.D. Insurance	
Sub-total	<u>8,585.82</u>

Total	<u><u>\$ 16,476.13</u></u>
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Kent County Water Authority
Eric Tift - Meterman 2
Last Day Worked 12/31/2008
Military Activation

January 2, 2009 Through June 30, 2009:

Base Salary	18,135.04
F.I.C.A.	1,387.33
Health and Dental Insurance	8,010.90
Life, Disability and A.D.D. Insurance	122.34
Sub-total	<u>27,655.61</u>

July 1, 2009 Through September 4, 2009:

Base Salary	7,031.04
F.I.C.A.	537.87
Health and Dental Insurance	4,493.97
Life, Disability and A.D.D. Insurance	66.66
Sub-total	<u>12,129.54</u>

Total \$ 39,785.16

Kent County Water Authority
Stephen D'Ambrosca
Last Day Worked July 8, 2009 - Termination
Replaced Position August 17, 2009

Salary Differential:
Stephen D'Ambrosca 41,267.20
Michael Beauregard 32,032.00
(9,235.20)

July 9, 2009 Through August 17, 2009

Base Salary	4,285.45
F.I.C.A.	327.84
Health and Dental Insurance	
Life, Disability and A.D.D. Insurance	<u>-</u>
Total	<u>4,613.29</u>

Kent County Water Authority
 James DiChristofaro - Digsafe
 Last Day Worked January 5, 2009 (Deceased)
 Replaced Position August 17, 2009

Salary Differential:

James DiChristofaro	49,168.08
Daniel Lemoi	32,032.00
	(17,136.08)

January 6, 2009 Through June 30, 2009:

Base Salary	23,133.60
F.I.C.A.	1,769.72
Health and Dental Insurance	5,340.60
Life, Disability and A.D.D. Insurance	112.96
Sub-total	30,356.88

July 1, 2009 Through August 17, 2009

Base Salary (assumes a 3% increase)	6,238.32
F.I.C.A.	477.23
Health and Dental Insurance	4,493.97
Life, Disability and A.D.D. Insurance	84.72
Sub-total	11,294.24

Total	\$ 41,651.12
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EXHIBIT E

Board Meeting

September 17, 2009

IFR OUTSTANDING PAYMENTS

COMMITTED CONTRACTS

AS OF 9/10/2009

TIOGUE AVENUE RESERVICE	(Pay Request #11, 8/7/2009)	\$357,093.61
2006B/2007	(Pay Request #5 5/30/2009)	\$3,653,766.31
2009A	(Pay Request #2 8/1/2009)	\$4,115,953.66
2009B	Design left	+ \$10,000.00 No Bid
QUAKER P.S.	Design left	+ \$10,000.00 No Bid
PROSPECT STREET	(New Bid Price)	\$248,100.50
	Inspection	\$10,000.00
2010	Design	\$70,000 No Bid
		<hr/>
Total		\$8,474,914.08
Cash in Hand		<u>\$4,968,727.63</u> (\$3,506,186.45)

\$450,000/Month Deposit 8 Months Needed to Cover Shortfall

11/10/09

EXHIBIT F

Board Meeting

September 17, 2009

**Kent County Water Authority
Construction Account Balances
as of August 31, 2009**

Infrastructure	\$4,968,727.63*
Capital Improvements	\$16,396,555.58
Invoice to be paid September 2009	(\$269,044.12)
Balance	\$16,127,511.46
Total	\$21,096,239.09

*Pay Estimates

2009A #3	\$354,544.38
2006B/2007 #8	\$272,506.03

“F”

EXHIBIT G

Board Meeting

September 17, 2009

HYDRANTS FISCAL YEAR 2009

HYG108270	CENTRAL COVENTRY FIRE DISTRICT	\$40,413.53
HYG103584	COVENTRY FIRE DISTRICT	\$113,116.25
HYG200091	CRANSTON FIRE DISTRICT	\$32,335.45
HYG305130	EAST GREENWICH FIRE DISTRICT	\$215,606.89
HYG200631	HARRIS LIGHT & FIRE	\$31,325.69
HYG106746	HOPKINS HILL FIRE DISTRICT	\$34,462.92
HYG309936	NORTH KINGSTOWN FIRE	\$2,042.65
HYG200916	SCITUATE FIRE DEPARTMENT	\$29,811.05
HYG106448	TIOGUE FIRE DEPARTMENT	\$37,384.25
HYG305992	WARWICK FIRE DEPARTMENT	\$220,150.81
HYG104493	WASHINGTON FIRE DEPARTMENT	\$62,628.25
HYG109366	WEST GREENWICH FIRE DISTRICT	\$24,762.25
HYG310009	WEST WARWICK FIRE DEPARTMENT	\$334,758.57
		<hr/>
		\$1,178,798.56

11 F 11

EXHIBIT H

Board Meeting

September 17, 2009

PLANNING DOCUMENT \$25,000/YEAR ALLOCATION

PROJECT	STATUS
Water Supply System Management Plan WSSMP	Approval
Hunt River Interim Management & Action Plan	Implementing, Weather Dependant , WRB Committee
2008 CIP Program Plan	Approved
Clean Water Infrastructure Plan 2008	DOH Review Received and Responding with Comments

UPDATED CIP PROJECTS BOND FUNDING

PROJECT	STATUS
Mishnock Well Field (new wells) CIP - 1A	Design Underway
Mishnock Transmission Mains CIP - 1B	Design Review, Funding?
Mishnock Treatment Plant CIP - 1C	Design Review, DOH Review, Encroachment Issue Resolution
East Greenwich Well Treatment Plant – CIP-2	Preliminary Design Pilot Testing Ongoing
Clinton Avenue Pump Station Rehabilitation CIP - 7A	Completed
Read School House Road Tank CIP - 7B	Under Construction, Testing Proceeding
Read School House Road Main CIP 7c, 7d, 8a	Under Construction, Unacceptable Pavement

IFR FUNDED PROJECTS

PROJECT	STATUS
IFR 2005	Completed C. O. # 1 Asphalt Adjustment
IFR 2006 A	Closed out, Paving Issue West Warwick, Need Resolution
IFR 2006 B / IFR 2007	Under Construction
IFR 2009 A & 2009 B	2009A - Construction, 2009B Design
IFR 2010	Design Underway
Prospect Street	Construction
PWSB 78" / Johnson Blvd. P.S. Modification	Completed
Greenwich Avenue Replacement	Completed
Hydraulic Tank Evaluation	Completed
Quaker P. S. Design	D.O.H. Approval, Bid?
Tech Park Tank Recoating	Completed, Warranty on Coating Failure
Tiogue Tank Re-Service	Completed
Hydrant Painting	Ongoing KCWA Forces