KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

June 17, 2010

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 June 17, 2010.

Chairman, Robert B. Boyer opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mr. Inman 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, Maryanne Bevans. Board Member Giorgio was on vacation and was not present. Board Member Gallucci led the group in the pledge of allegiance.

The minutes of the Board meeting of May 20, 2010 were moved for approval by Board Member Masterson and seconded by Board Member Gallucci and were unanimously approved.

GUESTS:
High Service Requests

Crudale Drive, West Warwick, Henry DiPietro

Mr. DiPietro requested an extension of the previous Kent County Water Authority high service approval as there was a delay in the commencement of construction due to the economy. The General Manager informed the Board that water was removed from a nearby hydrant on Pulaski Street by Mr. DiPietro without the permission of Kent County Water Authority. The General Manager is awaiting the police report. Therefore, the General Manager recommended no action on the extension request pending resolution of the removal incident. Mr. DiPietro had contacted the West Warwick police and informed them of the removal of 40 gallons of water in order to finish a portion of the bike path as he ran out of water. Mr. DiPietro stated that his company performs construction in many locations in Rhode Island including URI and Quonset and that he has been permitted to use water when he runs out and he has been charged $2.00 per gallon. Board Member Masterson opined that he does not prefer construction delayed however, unlawful taking of water violates the rules and regulations of Kent County Water Authority.

It was moved by Board Member Inman and seconded by Board Member Gallucci to hold the extension request for high service until the July meeting and the Chairman was recused from the Vote but participated in the discussion and it was

unanimously voted by the remaining Board Members:

VOTED: To hold for action the extension request for high service until the July meeting.

27 Elizabeth Court, West Warwick (Goulet)

The matter was erroneously omitted from the June 17, 2010 Agenda after the owners received a letter from Kent County Water Authority to attend the June 17, 2010 meeting for action on their high service request therefore, it was moved by Board Member Inman and seconded by Board Member Masterson to add the request to the June 17, 2010 Agenda and it was unanimously,

VOTED: To add the high service request of 27 Elizabeth Court, West Warwick to the Agenda.

Mr. and Mrs. Goulet were in attendance at the meeting and informed the Board that they had received high service approval approximately two years ago to obtain domestic water service to their home via Kent County Water Authority (opposed to their well). However, Mr. Goulet became ill and was receiving treatment and unable to connect to the Kent County Water Authority service. The owners were aware of the expiration of the approval after six months. The owners reapplied to Kent County Water Authority for service.

Board Member Inman moved and it was seconded by Board Gallucci to conditionally approve the 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 a 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 any calculation or drawing or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.

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

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

And it was unanimously,

VOTED: To conditionally approve the 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 a 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 any calculation or drawing 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.

Health Insurance Discussion, Starkweather & Shepley

Kimberly A. Muldoon of Starkweather & Shepley provided the Board Members with an overview of the different health plans available to the employees of Kent County Water Authority for discussion purposes only.

Mrs. Muldoon informed the Board that the renewal date for health insurance is July 1, 2010 and that retirees residing out of Rhode Island or Massachusetts, United Health Care is not available, therefore, Starkweather & Shepley researched the Blue Cross and Tufts plans. Mrs. Muldoon referred the Board to a schedule as evidenced and attached as "A" explaining the renewal fees. If Kent County Water Authority were to remain with its current plan, there would be a 6.9% increase. Further, Blue Cross co-pay for a walk-in treatment center is $50 and $25 for Tufts.

Mrs. Muldoon referred the Board to the second page of the Exhibit (A) for discussion on these deductibles. Currently, Kent County Water Authority employees and retirees do not pay a deductible. If instituted, a $500 deductible would be required for out-patient and in-patient hospitalization, diagnostic testing and occupational and speech therapy.

She stated that currently, Kent County Water Authority covers 35 employees and 16 retirees. If Kent County Water Authority employees were to contribute 10% of the health coverage premium, a single employee would have (approximately) $55 per month payroll deduction (pre-tax) and family coverage would equate to approximately $150/month payroll deduction.

Mrs. Muldoon referred the Board to the Health Reimbursement Arrangement (HRA) as evidenced and attached as "**B**". She iterated that if the Board opts for the Blue Cross coverage with an HRA component and a $500 deductible, Kent County Water Authority would reimburse employees for this $500 deductible and that there would be a premium cost savings to Kent County Water Authority. If the current plan was renewed and Kent County Water Authority reimburses the employees for the $500 deductible, the cost of reimbursement would be $32,500 however, a $54,277 premium savings would be realized which equates to self-insured medical coverage.

The General Manager will meet with the employees to discuss the health benefit options.

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. GTECH brief was received on October 2, 2009 and Kent County Water Authority brief is due November 16, 2009. Kent County Water Authority filed their brief on November 16, 2009. GTECH did not file a reply brief and it is now up for order by the Court. Legal Counsel filed a Motion to Assign to a Judge and the assignment motion was scheduled for February 25, 2010 and was ordered on even date. The matter has been assigned to Judge Vogel, but no hearing date has been set. Legal Counsel will request that the Clerk of the Court schedule a hearing to conclude this matter.

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 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 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.

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. There has been no change as of June 14, 2010.

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 held on December 17, 2009. Assets purchased pursuant to Asset Purchase Agreement. Kent County Water Authority charges to be paid pursuant to Asset Purchase Agreement. Legal Counsel will follow up regarding timetable of payment to Kent County Water Authority. Legal Counsel spoke with Attorney DeAngelis on February 17, 2010 for status on payment to Kent County Water Authority.

Legal Counsel spoke with Attorney DeAngelis on May 13, 2010 and Mr. DeAngelis stated that a final closing has yet to be scheduled, but should be scheduled in the near future.

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 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 was continued by the West Greenwich Zoning Board of Review to April 14, 2009 in that the Waltonen Attorney had 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 also required that any plans to be submitted by application to DEM be submitted to an independent professional engineer for review prior to DEM submission. The Town engaged Shawn Martin of Fuss & O'Neil as independent engineer consultant.

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 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. The list of uses was not provided to Kent County Water Authority. The Kent County Water Authority forwarded its written concerns to the Town on October 1, 2009. On October 19, 2009 Kent County Water Authority was provided with subsequent engineering and a list of uses in affidavit form by Applicant's Legal Counsel for review and Kent County Water Authority responded to the Town.

A subsequent meeting of the Zoning Board of Review was held on November 17, 2009. The General Manager and Legal Counsel were in attendance as well as Legal Counsel for applicant.

The Zoning Board discussed the procedural aspect of the Waltonen application

and referenced the November 17, 2009 memorandum of the West Greenwich Town Hall Planner in connection therewith. The Planner recommended that the existing violations of the site be enforced first and that the zone change be denied by the Town Council and a new application be filed by the applicant after certain actions by applicant including remedying existing violations, application to Planning Board for Development Plan Review and consultation with Rhode Island Department of Environmental Management with respect to groundwater quality.

The Chairman of the Zoning Board inquired of applicant's Legal Counsel as to why the issues raised in writing by Kent County Water Authority have not been answered to date. Legal Counsel for the applicant did not respond as he was awaiting a response from the Department of Environmental Management prior to answering the questions of Kent County Water Authority. The Solicitor opined that the Department of Environmental Management's response is not required to answer some of the questions of Kent County Water Authority. Applicant's Legal Counsel opined that the respective engineers to wit, applicant's engineer and the Town's independent consultant, should address the concerns of Kent County Water Authority.

The Chairman recommended that the zoning and planning officials for the Town review the matter given the many existing violations of the 1991 approval and the Town await the findings of this review and the applicant's engineer and the Town's independent consultant review and address the concerns of Kent County Water Authority and the Zoning Board review the findings of the zoning official separate from the petition for zone change. This matter was continued by the Zoning Board to February 16, 2010. On February 16, 2010, the Zoning Board meeting was continued to March 16, 2010. On March 15, 2010, the Zoning Board meeting was continued to April 20, 2010.

On April 20, 2010, Legal Counsel for Petitioner informed the Zoning Board of the ongoing review process with Rhode Island Department of Environmental Management and that a notice of violation was issued by the Rhode Island Department of Environmental Management. RIDEM is first addressing enforcements and then conducting a project review. A new plan was submitted to RIDEM on April 1, 2010. A formal hearing with DEM will take place the end of June. The Chairman of the Zoning Board stated that several existing site conditions did not satisfy the 1991 approval. Therefore, the Zoning Board requires the Petitioner to provide an affidavit as to the current uses on the site/business listing. The Chairman further stated that materials located on the site were moved to perform the "as is" survey/existing site conditions. Dr. Fish stated that the Petitioner must satisfy every party's standards including those of Kent County Water Authority. The meeting was continued to June 15, 2010.

On June 15, 2010, the West Greenwich Zoning Board of Review was presented with an affidavit from the Petitioner of uses on the subject site. The Solicitor commented that there was no specificity contained in the affidavit as to the uses on the site. Which was requested in April. Therefore, the Board informed Legal Counsel for the Petitioner to provide a listing of inventory located outside on the site and being

rented. For example, Bobcat, cement mixers. The list is to include the type of equipment being sold. The Board further requires the Petitioner to describe the type of leases on the site without indentifying the Lessees. Legal Counsel for Kent County Water Authority requested Petitioner to provide a description of the horticultural materials referenced in the affidavit. This matter was continued to July 20, 2010.

West Greenwich Technology Tank/Rockwood

This matter may be in litigation in that Rockwood Corporation had failed to take any steps and continually denied Kent County Water Authority efforts 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 was 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. The tank was recently dry inspected and the vendor remediated the same. Kent County Water Authority is awaiting final inspection of the tank with respect to the remediation. Rockwood has performed work at the site and it is necessary to have a final inspection after the tank has been filled. The tank has been filled and inspection is moving forward. This should be concluded shortly.

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. A follow up letter was sent on December 17, 2009. The General Manager received a response from the Comptroller of the Currency on January 8, 2010 and on January 11, 2010, Legal Counsel received a response letter from the Comptroller of the Currency which deemed that the complaint is still active. Legal Counsel has been monitoring the status via the website provided by the Comptroller and there is no updated status as of May 20, 2010 and Legal Counsel sent a follow up letter on May 20, 2010. There has been no response received as of June 14, 2010.

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 County 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. On January 20, 2010, Legal Counsel sent a follow up letter to the Town and a response from the Town has not been received to date. On March 22, 2010, Legal Counsel sent a follow up letter to Mr. Ursillo via certified mail, return receipt requested. On March 29, 2010, Mr. Ursillo replied to Legal Counsel stating that he would respond upon reviewing the matter with the West Greenwich Tax Assessor. As of May 1, 2010, a response has not been received from the Town of West Greenwich Solicitor. The General Manager directed Legal Counsel to send another inquiry to the Town Solicitor and to copy the West Greenwich Town Manager.

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. On September 24, 2009, Legal Counsel forwarded to Attorney Landry correspondence starting that the form of easement deed has been approved by Kent County Water Authority and for Attorney Landry to forward the original executed deeds to Kent County Water Authority for execution of acceptance. Legal Counsel has not received the deeds to date therefore Legal Counsel forwarded status inquiry correspondence to Attorney Landry on November 18, 2009. Attorney Landry replied to Legal Counsel on November 23, 2009 stating that the developer is in the midst of scheduling a final approval hearing with the Town and Attorney Landry will provide Legal Counsel for KCWA with the anticipated timetable for final approval and recording of the deeds upon Mr. Landry's receipt of this information.

Legal Counsel pursuing Attorney Landry for status of his receipt of timetable for municipal approvals. Legal Counsel telephoned Attorney Landry and left a voicemail message as to status and subsequently forwarded correspondence to Attorney Landry on March 11, 2010 and awaiting a response. On May 11, 2010, Legal Counsel forwarded subsequent correspondence to Attorney Landry inquiring as to the status of the matter.

49 Hebert Street

A complaint was recently filed by the owner of 49 Hebert Street, West Warwick who built a home on subdivisional land albeit, she was aware that the property would not be serviced by Kent County Water Authority because of neighborhood pressure issues. Legal Counsel answered the matter and filed a Data Request (10/5/09) of the Complainant. The pre-hearing conference was held on November 23, 2009 and a schedule of discovery was set and the matter was heard on February 9, 2010 and the Complainant agreed to install a well subject to engineering which would avert the necessity of further hearings. The General Manager and Legal Counsel will continue to monitor the status. Legal Counsel has spoken to Laffey, Esq. and the owner is pursuing the well with Pare Engineering as the parties had agreed that Pare Engineering would give a report concerning the well installation. The report was finalized on April 2, 2010 and the Hearing Officer concluded that the well should be drilled and the Complainant has not been compliant with her agreement. The General Manager directed Legal Counsel to send a letter via certified mail to the owner

Coventry Water Treatment Plant (Mishnock)

Kent County Water Authority has filed a Development Plan Review Application

with the Coventry Rhode Island Planning Commission and an application with the Coventry Zoning board for a special use permit to construct a water treatment facility with respect to three (3) wells located on Coventry Assessor's Plat 2, Lot 6 (located off of Nooseneck Hill Road, Coventry, Rhode Island).

The General Manager and Legal Counsel appeared before the Coventry Planning Commission on April 28, 2010 to schedule a site walk with the Planning Commission, said site walk occurring on May 11, 2010. The General Manager familiarized the Commission with the site and proposed improvements. The General Manager and Legal Counsel will next appear before the Planning Commission on May 26, 2010 for a pre-application conference. The application for the special use permit was heard by the Zoning Board of Review on June 2, 2010. The public meeting of the Zoning Board was continued to July 7, 2010 to enable the Zoning Board to further review this matter. The public meeting for the recommendation to the Zoning Board on the special use permit and the Development Plan Review is scheduled for hearing before the Planning Commission on June 23, 2010.

257A Mishnock Road, West Greenwich, RI

Legal Counsel was contracted by Thomas Goldberg, Esq., Attorney for Wendy Lasalle, current owner of property formerly owned by her late father, Robert Broadhurst. The subject property was occupied by Mr. Broadhurst for over 40 years and is landlocked. Ms. Lasalle is now desirous of selling the real estate and Anthony Q. Cofone, Esq., represents the prospective buyer and is requesting an ingress/egress easement from Kent County Water Authority over its Mishnock land. There is an existing, unimproved roadway formerly utilized by Mr. Broadhurst for access to the property. Attorney Cofone has provided Legal Counsel with some recorded maps showing access to the site and Legal Counsel will be meeting with Mr. Cofone to review title as Mr. Cofone claims pre-existing rights of way/access.

Supreme Court No. 2009-41-M.P.

PUC Rate Case Docket No. 3942

The Supreme Court issued its decision today which affirmed the PUC Report and Order.

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 and that due to the flood the sales will continue to be burdened.

Joanne Gershkoff, Finance Director, explained and submitted the financial report and comparative balance sheets, statements of revenues, expenditures, cash receipts, disbursements attached as "**C**" through May, 2010, and after thorough discussion,

especially with regard to the sales and revenue shortfalls and that shut offs and payment plans 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,

> VOTED: That the financial report, comparative balance sheet and statement of revenues, expenditure, cash receipts, disbursements attached as "**C**" through May, 2010 be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege and Communications:

Board Member Gallucci was supportive of the General Manager meeting with employees to discuss health coverage issues and to advise them of the requirement of Kent County Water Authority for mandatory contribution towards health coverage premiums.

Board Member Inman opined on the health care coverage labyrinth.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT
Old Business

KCWA Rate Case Review Status (Docket #3942)

This matter was discussed infra and the General Manager provided the Board with a copy of the Supreme Court decision issued by the Court on June 17, 2010.

New Business

Auditor, Engagement Letter Approval, Braver, P.C.

The General Manager provided the Board with the May 19, 2010 letter of engagement from Braver, P.C., setting forth scope of services attached as "**D**". The bid was $33,600 and the same as last year. After general discussion, it was moved by Board Member Gallucci and seconded by Board Member Masterson to award the proposal for professional audit services to Braver, P.C. in the amount of $33,600.00 as evidenced and attached as "**D"** and it was unanimously,

> VOTED: To award the proposal for professional audit services to Braver,

P.C. in the amount of $33,600.00 as evidenced and attached as "**D".**

New Hire Equipment Operator

No action taken.

Budget Approval FY 2010/2011

The General Manager referred the Board to his June 17, 2010 Budget Memo as evidenced and attached as "**E**". The General Manager is not projecting any growth. IFR, debt services and cash capital are fixed.

The General Manager proposed salary increases to 3 grades and employee contribution of 10% to health coverage premium. Workers Compensation premium has increased. The pension contribution decreased due to market recovery. The General Manager included computer upgrades in the budget.

With respect to Big River Reservoir, the Water Resources Board model did not produce the same withdrawals as the prior models. Therefore, work has ceased on the permit pending further studies/findings.

The General Manager stated that it is necessary to complete the capital program for the Mishnock Treatment Facility. The GIS mapping is advancing very well. The General Manager projects revenues at $19,700,000 and operating expenses at $9,200,000. If revenues are realized, it will be a balanced budget.

The General Manager referred the Board to page 4 of the memo (Restricted Cash Capital). It is $100,000 per year and has not been utilized. There will be $40,000 remaining after expenditures.

Page 5 of the memo addresses proposed IFR funding.

After thorough discussion by the Board, it was moved by Board Member Gallucci and seconded by Board Member Inman to approve the budget as presented by the General Manager and it was unanimously,

VOTED: To approve the budget as presented by the General Manager.

CAPITAL PROJECTS:
INFRASTRUCTURE PROJECTS

2006B/IFR 2007

With respect to the 2006B/IFR 2007 project, the General Manager informed the Board that paving will not commence until the General Manger receives a response to his June 7, 2010 letter to the Town of West Warwick concerning 1 ½ inch overlay paving. More specifically, issues with existing roadway and potential drainage issues at Crossland Drive between Enfield and Linden Drive, Shortway Drive and Glendale Drive & St. Mary's Street.

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 evidenced and attached as "**F**".

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

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

_____
Secretary Pro Tempore

EXHIBIT A

Board Meeting

June 17, 2010

Kent County Water Authority
Health Insurance Renewal
Effective: July 1, 2010

	BlueCross BlueShield RI Healthmate 15/25 Company Plan		Tufts Health Plan RI PPO Choice 15/25 Option 1	Tufts Health Plan RI HMO Choice 15/25 Option 2
	Current	Renewal		
Individual	$521.40	$557.38	$558.41	$519.25
Individual and Spouse	$1,251.36	$1,337.72	$1,340.18	$1,246.20
Individual and Children	$834.24	$891.82	$893.46	$830.80
Family	$1,407.78	$1,504.93	$1,507.71	$1,401.98
Estimated Annual Premium	**$492,410**	**$526,392**	**$527,363**	**$490,381**
% Renewal Increase (Decrease)	**N/A**	**6.9%**	**7.1%**	**-0.4%**
$ Renewal Increase (Decrease)	**N/A**	**$33,982**	**$34,953**	**($2,029)**
.Calendar Year Deductible	None		None	None
.Out of Pocket Maximum	N/A		N/A	N/A
.Primary Care Provider Necessary	No		No	Yes
In Network Services				
HOSPITAL SERVICES:				
. Inpatient Semi-private room, related services and supplies	$0		$0	$0
. Outpatient Procedures & Surgery	$0		$0	$0
. Emergency Room Services	$100 Co-payment		$100 Co-payment	$100 Co-payment
URGENT CARE CENTERS:				
.Walk-In Treatment Centers	$50 Co-payment		$25 Co-payment	$25 Co-payment
OFFICE VISITS:				
. Well Visits	$15 Co-payment		$15 Co-payment	$15 Co-payment
. Primary Care Physician	$15 Co-payment		$15 Co-payment	$15 Co-payment
. Specialty Physician	$25 Co-payment		$25 Co-payment	$25 Co-payment
. Allergy or Dermatology Services	$25 Co-payment		$25 Co-payment	$25 Co-payment
. Chiropractic	$25 Co-payment		$25 Co-payment	$25 Co-payment
. Routine Eye Exam	$25 Co-payment		$15 Co-payment	$15 Co-payment
INDEPENDENT LAB, X-RAY, CLINICS				
.Lab and X-Ray Services (Diagnostic)	$0		$0	$0
. Lab and X-Ray Services (Preventive)	$0		$0	$0
MENTAL HEALTH / CHEMICAL DEPENDENCY SERVICES:				
. Inpatient Mental Health / Chemical Dependency	$0		$0	$0
. Outpatient Mental Health INDIVIDUAL	$25 Co-payment		$25 Co-payment	$25 Co-payment
PHARMACY SERVICES:				
.Prescription Drugs (31 Day Supply) Tier 1	$7		$10	$10
.Prescription Drugs (31 Day Supply) Tier 2	$30		$25	$25
.Prescription Drugs (31 Day Supply) Tier 3	$50		$45	$45
.Prescription Drugs (31 Day Supply) Tier 3	$75		N/A	N/A
.Mail Order (90 Day Supply)	2.5 Co-payments		2 Co-payments	2 Co-payments
OTHER SERVICES:				
. Physical / Speech / Occupational Therapy	$0 / 20%		$25 Co-payment	$25 Co-payment
. Durable Medical Equipment	20%		$0	$0
. Ambulance (Land)	$50 Co-payment		$0	$0
OUT OF NETWORK SERVICES:				
. Annual Deductible	$200 / 3 per family		$500 / $1,000	No Coverage
. Copayment After Deductible	$15 / $25 Co-payment Plus 20%		20%	No Coverage
. Out of Pocket Limit	$3,000 / 3 per family		$2,500 / $5,000	No Coverage
. Maximum Benefit	Unlimited		Unlimited	No Coverage

This Comparison is a summary. Please refer to the provider benefit summary for more details.

EXHIBIT B

Board Meeting

June 17, 2010

S&S

Health Reimbursement Arrangement (HRA)
BlueCross BlueShield RI
Cost Analysis for Kent County Water Authority

Assumptions:

Current Deductible	$0.00
New Plan Deductible	$1,000.00
Annual Premium With Renewal - Current Plan	$526,392.00
Annual Premium Utilizing HRA (BC/BS $500 Ded.)	$459,115.00
Annual Savings From Plan Design Change =	**$67,277.00**
Total number of employees	35

Employer HRA Levels:

	Individual	Individual + Spouse	Individual + Children	Family
Number of employees	5	6	5	19
Total Plan deductible	$500.00	$1,000.00	$1,000.00	$1,000.00
Employee Responsibility	$0.00	$0.00	$0.00	$0.00
Employer Responsibility	$500.00	$1,000.00	$1,000.00	$1,000.00
Total	$2,500.00	$6,000.00	$5,000.00	$19,000.00
Total Exposure (utilization)				$32,500.00

Annual Employer Savings/Cost Assuming 100% Utilization =	**$34,777.00**
Annual Employer Savings/Cost Assuming 80% Utilization =	**$41,277.00**
Annual Employer Savings/Cost Assuming 60% Utilization =	**$47,777.00**
Annual Employer Savings/Cost Assuming 50% Utilization =	**$51,027.00**
Annual Employer Savings/Cost Assuming 40% Utilization =	**$54,277.00**
Annual Employer Savings/Cost Assuming 20% Utilization =	**$60,777.00**

HRA Plan Administrative Fees			
First Year Setup Fee			$350.00
Monthly per Employee Administrative Fee $4.50/employee (every year)	$4.50	35	$1,890.00
Deductble Reimbursement Card (one time fee)	$0.50	35	$17.50
Total First year			$2,257.50

EXHIBIT C

Board Meeting

June 17, 2010

KENT COUNTY WATER AUTHORITY
CASH LOCATION
FISCAL YEAR 09-10

	JUL 2009	AUG 2009	SEP 2009	OCT 2009	NOV 2009	DEC 2009	JAN 2010	FEB 2010	MAR 2010	APR 2010	MAY 2010	JUN 2010
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	40,000.00	40,000.00	40,000.00	40,000.00	
Fleet Bank - Deposit	95,366.37	116,341.33	43,313.24	317,664.54	124,396.04	195,665.78	301,047.10	103,260.13	11,736.81	225,888.54	40,211.01	
Fleet Bank - Checking	14,590.99	18,442.85	19,494.08	52,153.72	45,698.00	27,055.53	161,809.51	85,161.29	212,696.48	158,853.68	81,158.96	
	149,957.36	174,784.18	102,807.32	409,818.26	210,094.04	262,721.31	502,856.61	228,421.42	264,433.29	424,742.22	161,369.97	0.00
U. S Bank - Project Funds												
Revenue	152,650.22	349,149.72	103,870.94	178,128.80	946,000.49	871,192.83	1,205,848.57	1,002,720.54	567,655.37	868,609.50	1,182,638.32	
Infrastructure Fund	6,669,640.22	4,968,727.63	4,541,672.74	4,909,462.52	3,555,850.75	3,555,890.18	3,442,660.26	3,892,689.85	4,342,716.58	4,792,749.83	4,525,452.90	
Operation & Maintenance Fund	0.73	0.02	0.02	0.02								
Operation & Maintenance Reserve	2,366,983.44	2,367,031.02	2,367,051.17	2,367,070.66	2,367,090.80	2,367,110.30	2,367,130.44	2,367,150.58	2,367,168.77	2,367,188.92	2,367,208.42	
Renewal & Replacement Fund	190,357.24	198,694.23	207,029.15	215,364.04	223,699.19	213,211.64	221,546.80	229,881.98	238,217.00	246,552.24	254,887.63	
Renewal & Replacement Reserve	785,951.90	785,967.75	785,974.52	785,981.07	785,987.83	785,994.37	786,001.14	786,007.90	786,007.90	786,020.79	786,027.35	
General Project - 2001												
Debt Service Fund - 2001	94,842.95	160,374.33	226,169.91	291,965.87	356,670.84	422,195.03	317,089.25	382,613.92	448,138.22	513,663.15	579,188.58	
Debt Service Reserve - 2001	780,546.21	780,546.21	780,546.21	780,546.21	780,546.21	780,546.21	781,125.00	781,125.00	781,125.00	781,125.00	781,125.00	
Cost of Issuance - 2001												
General Project - 2002	16,589,314.57	16,429,550.45	16,160,647.05	16,160,781.27	16,063,828.00	16,063,941.84	16,064,078.28	16,064,214.73	16,064,337.97	16,064,474.41	16,064,606.18	
Debt Service Fund - 2002	213,888.30	370,730.40	527,222.95	683,716.21	841,531.79	998,357.89	709,262.98	866,089.89	1,022,915.81	1,179,743.67	1,336,572.53	
Debt Service Reserve - 2002	1,851,317.91	1,851,317.91	1,851,317.91	1,851,317.91	1,851,317.91	1,851,317.91	1,823,560.01	1,823,560.01	1,823,560.01	1,823,560.01	1,823,560.01	
Cost of Issuance - 2002												
Debt Service Fund - 2004	178,011.90	284,121.96	389,873.54	495,284.26	601,379.38	707,133.54	710,888.58	816,644.19	922,399.65	1,028,156.54	1,133,914.11	
Debt Service Reserve - 2004	1,306,301.32	1,287,269.90	1,287,269.90	1,287,269.90	1,287,269.90	1,287,269.90	1,278,464.04	1,278,464.04	1,279,133.75	1,279,133.75	1,279,133.75	
Cost of Issuance - 2004												
Redemption Account - 2004												
	$ 31,329,764.27	30,008,265.71	29,331,453.33	30,416,707.00	29,871,267.13	30,166,882.95	30,210,511.96	30,519,584.05	30,907,809.32	32,155,720.03	32,275,684.75	0.00

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KENT COUNTY WATER AUTHORITY
CASH RECEIPTS & DISBURSEMENTS
FY 2009 - 2010

		JULY 2009	AUGUST 2009	SEPTEMBER 2009	OCTOBER 2009	NOVEMBER 2009	DECEMBER 2009	JANUARY 2010	FEBRUARY 2010	MARCH 2010	APRIL 2010	MAY 2010	JUNE 2010
INING MONTH BALANCE		33,688,188	31,329,764	30,008,265	29,331,453	30,416,706	29,871,266	30,166,882	30,210,512	30,519,584	30,907,809	32,155,720	
RECEIPTS:													
Water Collections		1,834,841	1,453,975.90	1,259,666	2,277,217	1,816,479	1,166,685	2,018,168	1,236,932	1,035,027	1,944,720	1,192,617	
Interest Earned		1,795	3,225.25	243	234	241	240	17,841	242	885	249	245	
Inspection Fees													
Contribution in Aid-Construction													
Other													
TOTAL CASH RECEIPTS		35,524,824	32,786,966	31,268,174	31,608,904	32,233,426	31,038,191	32,202,891	31,447,687	31,555,497	32,852,778	33,348,582	
DISBURSEMENTS:													
Purchased Water		364,220	392,413	398,122	408,783	319,080	328,054	267,412	287,005	264,222	331,719	320,043	
Electric Power		24,444	47,456	44,465	32,107	43,329	50,368	36,671	41,319	35,131	28,649	33,751	
Payroll		147,806	171,077	176,163	143,333	146,945	186,729	159,726	142,741	174,315	140,782	176,832	
Operations		102,902	42,134	85,321	142,914	56,094	37,547	33,175	56,495	26,952	18,584	65,703	
Employee Benefits		94,088	95,060	96,254	97,134	94,879	95,965	1,394	102,899	53,488	55,235	1,093	
Legal		4,097	16,131	8,450	3,705	12,845	7,139	5,758	3,808	7,440	6,638	9,238	
Materials		18,129	35,513	24,195	28,328	22,409	21,732	38,919	51,541	28,268	9,823	47,788	
Insurance		5,171		9,443	2,960	4,721	4,721	1,085	129,757	4,721			
Sales Taxes		24,402	11,908.88	9,108	30,611	10,890	9,881	25,452	8,242	8,099	25,500	10,059	
Refunds		425		1,185	1,315	887	175	180	12,352	158	210	1,093	
Rate Case						47,202	1,750	3,630	3,566			6,420	
Conservation			5,000										
Pilot													
Capital Expenditures (Other)													
2004 Infrastructure	278B	12,841	152,485	439		88,410		853	39		129		
Mishnock Well/Storage/Pump/Trans.	221C	57,136										5,692	
Clinton Avenue Pump Station													
E. G. Well Upgrade	464E	8,924	3,446	5,360	15,455	14,600	1,734	1,825	2,743	5,411		11,480	
Read Schoolhouse Road - Mains	234C	20,744	17,111	270,904		2,240	7,709	23,730	2,615			9,551	
Read Schoolhouse Road - Tank	236C	8,583	170,636	2,501	4,850	7,776	1,072	1,628	1,328	1,381			
Greenwich Avenue - 8" & 12" Mains													
2006A Infrastructure	239C		251			300					1,340		
Quaker Lane Pump Station	240C		3,080	10,564	4,387	5,101							
2007 Infrastructure	284B	47,265	1,166,997	294,794	37,145	359,130	34,254	191,727	13,243	839	11,464	278,040	
Gareau Street 8"	242C												
Arthur-Bleach-Jefferson 8"													
2009 Infrastructure	243C	6,969	432,804	384,808	41,896	973,744	27,290	414,278	8,579		3,831	54,656	
2010 infrastructure	287b			22,700		18,173	15,759	1,200	3,738	2,025	1,000		
Tobin Street 8"	285B												
Lemoine Court	244C												
Mishnock Transmission Main	245C	1,480		405	3,570								
Mill Street & Hope	286B	605				336							
Prospect Street	288b				88,365	80,688			19,000				
U. S. Bank - Debt Service (P. & I.)		3,173,659						718,553					
Water Protection		71,167.43	15,195	91,540	105,341	52,380	39,431	65,183	37,093	35,238	62,153	41,460	
TOTAL DISBURSEMENTS		4,195,060	2,778,700	1,936,721	1,192,198	2,362,160	871,309	1,992,379	928,103	647,688	697,058	1,072,897	
BALANCE END OF MONTH		31,329,764	30,008,265	29,331,453	30,416,706	29,871,266	30,166,882	30,210,512	30,519,584	30,907,809	32,155,720	32,275,685	-
PRIOR YEAR		33,805,456	33,777,788	33,425,155	33,450,432	32,356,161	32,005,861	32,149,627	32,598,835	33,077,042	33,699,011	32,994,261	33,688,188

	RATE REVENUE FY 09-10	RATE REVENUE FY 08-09
JUL	$ 1,260,704.09	1,282,312.14
AUG	$ 1,086,327.67	1,126,356.81
SEP	$ 2,566,722.88	2,591,917.46
OCT	$ 1,362,068.07	1,217,110.52
NOV	$ 1,022,260.62	1,078,854.00
DEC	$ 1,966,266.00	2,175,706.74
JAN	$ 977,666.96	1,211,152.49
FEB	$ 943,649.21	1,038,377.48
MAR	$ 1,976,397.04	1,841,986.53
APR	$ 1,106,048.00	994,060.30
MAY	$ 991,050.62	943,546.32
JUN	$	1,960,972.76

CASH RECEIPTS DISBURSEMENTS FY 2010Detail
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EXHIBIT D

Board Meeting

June 17, 2010

Braver PC
Accountants & Advisors

May 19, 2010

Robert B. Boyer, Chairman
Board of Directors
Kent County Water Authority
1072 Main Street
West Warwick, Rhode Island 02893-0192

Dear Mr. Boyer,

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to Kent County Water Authority (the Authority).

Objectives and Limitations of Services

Audit Services

We will issue written reports as a result of our audit of the Authority's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole, conforms with U.S. generally accepted accounting principles.

In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements is planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Therefore, there is a risk that material errors, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements performed in accordance with the auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

Our report will be addressed to the Directors of the Authority. We cannot provide assurance that an unqualified opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement.

Internal Control over Financial Reporting

In planning and performing our audit of your financial statements, we will consider the Authority's internal control in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

The objective of our audit of your financial statements is not to report on the Authority's internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Registration Statements and Other Offering Documents

Should the Authority wish to include or incorporate by reference these financial statements and our audit report thereon into a future offering of exempt securities, prior to our consenting to include or incorporate by reference our report on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, reading other information incorporated by reference in the registration statement or other offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future filings or other offering documents will be determined at the time the services are to be performed.

Should the Authority wish to include or incorporate by reference these financial statements and our audit report thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our report on such financial statements, and we are not otherwise associated with the offering document, then the Authority agrees to include the following language in the offering document:

> "BRAVER PC, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BRAVER PC also has not performed any procedures relating to this official statement."

Our Responsibility to Communicate with the Directors

While the objective of our audit of your financial statements is not to report on the Authority's internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements, we will communicate, in writing, significant deficiencies or material weaknesses to the Directors to the extent they come to our attention.

We will report to the Directors, in writing, the following matters:

- Corrected misstatements arising from the audit that could, in our judgment, either individually or in aggregate, have a significant effect on the Authority's financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by management and, in our judgment, may not have been detected except through the auditing procedures performed.

- Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in aggregate.

- Any disagreements with management or other significant difficulties encountered in performance of our audit.

- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of Director meetings for consistency with our understanding of the communications made to you and determine that the Directors have received copies of all material written communications between ourselves and management. We will also determine that the Directors have been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the Directors and management about any material errors and any instances of fraud or illegal acts. Further, to the extent they come to our attention, we will also communicate to the Directors fraud that involves senior management or that, in our judgment, causes a material misstatement of the financial statements and illegal acts that come to our attentions, unless they are clearly inconsequential.

If, during the performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to the Directors our reasons for withdrawal.

Management Responsibilities

The management of the Authority is responsible for the fair presentation, in accordance with U. S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that the Authority complies with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal controls and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. Management is also responsible for informing us, of which it has knowledge, of all significant deficiencies or material weaknesses in the design or operation of such controls. The audit of the financial statements doses not relieve management or those charged with governance of their responsibilities.

Management of the Authority also agrees that all records, documentation, and information we request in connection with our audit will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the Authority's personnel. As required by the auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon taken as a whole. Because of the importance of management's representations to the effective performance of our services, the Authority will release BRAVER PC and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter attributable to any known misrepresentations in the representation letter referred to above.

Dispute Resolution

This letter shall be governed by and construed in accordance with the laws of the United States and the State of Rhode Island.

Any dispute or claim arising out of or relating to this letter between the parties, the services provided thereunder, or any other services provided by or on behalf of BRAVER PC or any of its subcontractors or agents to the Authority or at its request (including any dispute or claim involving any person or entity for whose benefit the services in question are or were provided)

shall be resolved in accordance with the dispute resolution procedures set forth in Appendix II attached hereto, which constitute the sole methodologies for the resolution of all such disputes. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction. Mediation, if selected, may take place at a location to be designated by the parties. Arbitration shall take place in Warwick, Rhode Island. Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction.

Notwithstanding the agreement to such procedures, either pay may seek injunctive relief to enforce its rights with respect to the use or protection of (i) its confidential or proprietary information or mater or (ii) its names, trademarks, service marks or logos, solely in the courts of the State of Rhode Island or in the courts of the United States located in the State of Rhode Island.

Other Matters

This letter shall serve as the Authority's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between BRAVER PC and the Authority and between BRAVER PC and outside specialists or other entities engaged by either BRAVER PC or the Authority. The Authority acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of BRAVER PC. We will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the Authority hereby grants to BRAVER PC a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all names, logos, trademarks and service marks of the Authority solely for presentations or reports to the Authority or for internal BRAVER PC presentations and intranet sites.

The work papers for this engagement are the property of BRAVER PC. In the event BRAVER PC is requested pursuant to subpoena or other legal process to produce its documents relating to this engagement for the Authority in judicial or administrative proceedings to which BRAVER PC is not a party, the Authority shall reimburse BRAVER PC at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

Reports and Fees, for Services

Appendix I to this letter lists the reports we will issue as part of this engagement and our fees for professional services to be performed per this letter.

* * * * *

Our engagement herein is for the provision of annual audit services for the financial statements and for the periods described in Appendix I, and it is understood that such services are provided as a single engagement. Pursuant to our arrangement as reflected in this letter, we will provide the services set forth in Appendix I as a single engagement for each of the Authority's two subsequent fiscal years, or until either the Directors or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be as set forth in our most recent audit proposal to the Authority (which is attached).

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

BRAVER PC

James D. Wilkinson, CPA
Partner

ACCEPTED:

Kent County Water Authority

_____

Title

_____

Date

EXHIBIT E

Board Meeting

June 17, 2010

BUDGET MEMO

To: **Board Members**

From: **Timothy Brown**

Subject: **Fiscal Year 2011 Budget**

Date: **June 17, 2010**

GENERAL:

The attached budget was prepared by analyzing actual Fiscal Year 2008 and 2009 expense and revenue line items, 2010 unadjusted line items with 10 months actual and two months estimated. Each individual account was reviewed based upon our past expenditures, and our most recent rate filing. This has been difficult due to the unexpected and drastic economic slow down, continuing wet season and a definite decrease in residential usage. Therefore, the rate case cost of service took precedent in the budget establishment. The attached sheets will outline capital expenditures, revenues, payroll and outside services based upon rate case cost of service. The anticipated infrastructure schedule and its projects are included. No Kent County Water Authority rate case is proposed this budget year. It is not anticipated that dry season usage this summer will exceed last year; therefore, continue controls on expenditures will remain. Open positions except critical needs will remain unfilled and cost containment remains in effect.

FIXED ALLOTMENTS:

Fixed allotments or allocations are required within this budget as ordered. They are bond related capital and infrastructure-restricted accounts. The trustee funds the accounts as required from the revenue on a month-by-month basis and to the required restricted amounts. The infrastructure restricted account is under funded based on the approved plan. We are funding it to the approved PUC allocation and are awaiting a decision from the Supreme Court.

SUMMARY OF BUDGET HIGHLIGHTS:

1. Employee salary increases are not included except for 3 upgrades proposed.
2. Employee Health Insurance contributions at 10% reimbursement are included as directed by the PUC approved rate filing.
3. Workers' Compensation insurance premium has increased due to our experience rating.
4. Conservation Program is being carried at the usual regulated estimate of $36,000.
5. Studies are carried at the regulated estimate of $25,000.
6. This year requires a minimum pension contribution of $214,028 which is $44,000 less than last year.

7. Computer upgrades are necessary for the AS-400 and the server as they have reached their life expectancy. This is budgeted out of the restricted Capital account.
8. Vehicle replacements authorized beginning of the calendar year were held and placed in this year's budget. These as well are budgeted out of the restricted Capital account.

CURRENT BUDGET POLICY:

The current budget policy in effect, unless modified, will control the outside budget expenses. The five aspects of the policy are:

1. Line item shifts of "excess" money will not occur during the budget year without board approval.
2. All emergency uses of funds, as approved by the Board in advance, will be assigned to the proper line item of the budget year if funds are not available.
3. Emergency use of funds caused by failure of the system will be determined by the General Manager with concurrence of the Chairman and brought to the next regular scheduled Board meeting for review and approval.
4. It is the intention of the Board to review the budget monthly in regards to the monthly estimated budget and the yearly budget total.
5. The Board reserves the right to amend this policy at any time by majority vote.

QUESTIONS AND ACTIONS BY BOARD:

Supply still remains the largest and most complex question the Board needs to answer more so now with the proposed partnership on the Big River Well Field. Current growth has ceased, we are however trying to catch up and resolve deficient supply under maximum day demand conditions. Luckily, the weather has been favorable with a continued wet pattern. This affects sales, but controls demand. Any economic upswing will change that dynamic and we again may see development resume with supply being deficient.

We have a supply source strategy for the company through the actions of this Board and is implemented. It is a strong program which will need new funding. It is imperative that we continue to move forward with these programs. The new Capital Program details this and will allow us to include them a future rate filing. The programs have been coordinated with the strategic plan for conformance. If the partnership is successful with the state on the Big River Well Field the Capital Program will need revision to include the implementation cost.

The last question the Board may wish to consider during this budget process is the management structure of the Authority. No action has been taken on this in previous budget years. As we have discussed before, the company is at a point where management system should be implemented for this company based on the goals and mission of the Board. The board should look at internal vulnerabilities in regards to personnel. We are stretched very thin in key areas, and it will be difficult to fill them with qualified individuals if an opening arises. The Board should secure its options and review a structure implementation to protect itself from any vulnerability. The limits of budget will have a deciding detrimental affect on this initiative.

DIRECTION:

The direction of the company this year will be:

1. Upgrade the Quaker Booster Station if IFR Funds allow.
2. Complete implementation of the proceeds from all bond sales (2002 Series A). This is critical prior to any future general rate filing. Emphasis on Mishnock Treatment Plant Construction.
3. Continue to operate and service our customers with courtesy, professionalism and a quality product. We will continue our emphasis on implementing customer service strategies.

This Authority continues to be responsive to the future needs of our customers. We continue to meet that challenge by our programs. I know the Board feels the same as I do to improve and modernize to the benefit of our customers and to the quality of our product at reasonable prices that they are familiar with. As our infrastructure program continues, our customers are seeing the benefits of the everyday operation of the new system improvements. Our capital programs make great strides in addressing poorly serviced areas and storage/supply needs.

Our Flushing Program continues and is included in this budget. We cannot forget how this program will benefit the public health and safety for many years to come. Our GIS mapping is advancing and meeting our expectations. The Board's leadership and understanding have again this year been exemplary in these trying financial times and customers owe a debt of gratitude to the Board for the programs that are being implemented and for the foresight into the many decades that these improvements will serve. I know I share with the members of the staff that we will continue to strive for these ideals of quality of service, quality of product and our unceasing dedication to the organization and the Board. The staff and I owe the Board a thank you for their support and direction each and every day through this past year and anticipation of the upcoming fiscal year. The implementation of this budget will continue in this direction.

KENT COUNT WATER AUTHORITY
FISCAL YEAR 2010 / 2011
ANNUAL BUDGET

Presented June 17, 2010

SUMMARY SHEET

OPERATING:	
PROJECTED TOTAL REVENUES	$19,713,960
PROJECTED TOTAL OPERATING EXPENSES	$9,234,400
INCOME	$10,479,560
OPERATING REVENUE ALLOWANCE	
1/2 AVAILABLE	$291,656
1/2 RESTRICTED	$291,656
RESTRICTED DEBT SERVICE REQUIRED	$3,887,881
IFR RESTRICTED	$5,400,000
CASH CAPITAL RESTRICTED	$100,000
TOTAL RESTRICTED REQUIRED	$9,971,193

ACCT. #	2010/2011 BUDGET YEAR OPERATING REVENUE	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 10+2	FY 10-11 BUDGET	%
461A	METERED SALES RESIDENTIAL	$11,107,297	$12,155,338	$12,141,978	$13,618,354	12.2%
461B	METERED SALES COMM / IND	$3,262,713	$3,173,009	$2,906,765	$3,481,124	19.8%
462	PRIVATE FIRE PROTECTION	$174,938	$174,426	$157,339	$192,449	22.3%
463	PUBLIC FIRE PROTECTION	$1,104,558	$1,179,033	$1,080,736	$1,302,218	20.5%
464	SALES TO PUBLIC AUTHORITIES	$574,276	$668,867	$665,654	$746,749	12.2%
466	SALES FOR RESALE	$124,166	$109,262	$95,043	$100,000	5.2%
471	MISC. SERVICE REVENUE (Interest)	$226,567	$159,940	$166,143	$170,066	2.4%
474	OTHER WATER REVENUES (WP Admin Fe	$56,642	$50,586	$41,595	$45,000	8.2%
415	PROFIT ON METER SALES	$4,175	$3,128	$4,283	$5,000	16.7%
416	PROFIT FOR MATERIAL & LABOR	$10,590	$38,517	$17,367	$18,000	3.6%
		$16,645,921	$17,712,105	$17,276,904	$19,678,960	13.9%
	NON OPERATING INCOME					
419	INTEREST ON INVESTMENTS	$336,200	$97,044	$30,234	$35,000	15.8%
421	DISCOUNT ON PURCHASE	$200	$81	$0	$0	0.0%
434	MISC. CREDIT TO SURPLUS	$0	$0	$0	$0	0.0%
	TOTAL	$336,400	$97,125	$30,234	$35,000	15.8%
	TOTAL REVENUE	$16,982,321	$17,809,231	$17,307,138	$19,713,960	13.9%
	OPERATING EXPENSES					
	SOURCE OF SUPPLY					
601	OPERATION & LABOR	$14,266	$8,625	$15,000	$15,000	0.0%
602	PURCHASED WATER	$4,316,130	$4,276,950	$3,980,225	$4,500,000	13.1%
614	MAINTENANCE/WELLS	$0	$5,717	$2,008	$2,500	24.5%
	TOTAL	$4,330,396	$4,291,292	$3,997,234	$4,517,500	13.0%
	PUMPING					
621	FUEL FOR PUMPING	$6,438	$4,733	$958	$1,500	56.6%
623	POWER PURCHASED	$492,970	$502,667	$440,859	$475,000	7.7%
624A	PUMPING LABOR	$81,998	$68,315	$55,710	$58,000	4.1%
624B	PUMPING EXPENSE	$2,724	$4,423	$3,490	$3,800	8.9%
631	MAINTENANCE/STRUCT/IMP.	$35,004	$36,681	$28,382	$35,000	23.3%
633	MAINTENANCE PUMPING EQUIP.	$41,604	$35,635	$34,746	$38,000	9.4%
	TOTAL	$660,738	$652,455	$564,145	$611,300	8.4%
	WATER TREATMENT					
641	CHEMICALS	$71,995	$111,410	$154,609	$165,000	6.7%
642A	OPERATION LABOR	$77,817	$51,480	$75,566	$76,000	0.6%
642B	OPERATION EXPENSE	$48,748	$37,521	$30,530	$35,000	14.6%
651	MAINTENANCE OF STRUCTURE	$0	$0	$0	$0	0.0%
652	MAINTENANCE OF WATER TR.	$2,310	$4,353	$3,490	$3,600	3.1%
	TOTAL	$200,870	$204,765	$264,195	$279,600	5.8%
	TRANSMISSION & DISTRIB.					
661	STORAGE FACILITIES	$133	$697	$0	$0	0.0%
662A	LABOR	$23,107	$22,774	$17,245	$17,200	-0.3%
662B	SUPPLIES EXPENSE	$34,754	$38,315	$36,183	$37,000	2.3%
663A	METER EXPENSE LABOR	$20,428	$26,314	$32,614	$34,000	4.3%
663B	METER EXPENSE MATERIAL	$7,084	$11,611	$13,569	$15,000	10.5%
664A	CUSTOMER INSTALLATION	$0	$0	$0	$0	0.0%
664B	CUSTOMER INSTALLATION SUP.	$0	$0	$0	$0	0.0%
665	MISCELLANEOUS	$13,011	$15,184	$13,392	$15,000	12.0%
671	MAINT. STRUCTURES & IMP.	$1,313	$5,083	$8,850	$10,000	13.0%
672	MAINT. RESV. & STAND PIPES	$8,565	$10,764	$10,671	$14,000	31.2%
673	MAINTENANCE MAINS	$630,585	$529,972	$527,117	$550,000	4.3%
675	MAINTENANCE SERVICES	$190,656	$153,553	$181,204	$182,000	0.4%
676	MAINTENANCE METERS	$102,240	$116,588	$84,884	$100,000	17.8%
677	MAINTENANCE HYDRANTS	$101,097	$97,045	$85,381	$100,000	17.1%
679	TRAN. TO CONST. & CUST	($26,079)	($7,694)	($7,372)	($7,500)	1.7%
	TOTAL	$1,106,893	$1,020,206	$1,003,738	$1,066,700	6.3%

		FY 07-08 Actual	FY 08-09 Actual	FY 09-10 10+2	FY 10-11 BUDGET	%
	CUSTOMER ACCOUNTING					
902A	METER READING LABOR	$84,091	$79,344	$78,342	$78,000	-0.4%
902B	METER READING SUPPLIES	$0	$814	$0	$0	0.0%
903A	CUSTOMER RECORDS LABOR	$171,789	$167,104	$182,276	$214,000	17.4%
903B	CUSTOMER RECORDS SUPPLIES	$55,636	$80,714	$63,947	$80,000	25.1%
904	UNCOLLECTIBLE ACCOUNTS	$0	$0	$0	$0	0.0%
	TOTAL	$311,515	$327,975	$324,565	$372,000	14.6%
	ADMINISTRATIVE & GENERAL					
920	ADMINISTRATIVE SALARIES	$355,634	$299,023	$295,644	$379,000	28.2%
921	OFFICE SUPPLIES & EXPENSE	$120,678	$153,134	$135,688	$140,000	3.2%
923	OUTSIDE SERVICES	$172,141	$116,192	$133,007	$125,800	-5.4%
924	PROPERTY INSURANCE & WC	$177,076	$160,278	$193,133	$195,000	1.0%
925	INJURIES & DAMAGES	$0	$431	$0	$0	0.0%
926	EMPLOYEE PENSION & BENEFITS	$734,221	$642,628	$949,309	$860,000	-9.4%
928	REGULATORY COMMISSION	$131,826	$129,353	$88,804	$86,500	-2.6%
930	MISC. GENERAL EXPENSE	$0		$0	$0	0.0%
930A	MISC. GENERAL EXPENSE	$35,666	$49,431	$45,000	$45,000	0.0%
930B	MISC. GENERAL EXPENSE	$15,073	$13,930	$15,000	$15,000	0.0%
930C	CONSERVATION PROGRAM	$15,493	$5,228	$5,000	$36,000	620.0%
		$0	$0	$0	$0	0.0%
932A	MAINTENANCE GENERAL PLANT	$171,410	$166,729	$114,719	$150,000	30.8%
932B	MAINTENANCE VEHICLES	$100,680	$99,147	$81,806	$125,000	52.8%
933	UNASSIGNED TIME VAC. HOL. SICK	$241,628	$376,018	$230,307	$230,000	-0.1%
	TOTAL	$2,271,525	$2,211,521	$2,287,417	$2,387,300	4.4%
	TOTAL O&M EXPENSES	$8,881,937	$8,708,213	$8,441,295	$9,234,400	9.4%
	OTHER EXPENSES					
401	OPERATING EXPENSE	$0	$0	$0	$0	0.0%
403	DEPRECIATION	$1,027,896	$1,392,172	$1,160,000	$1,160,000	0.0%
408	TAXES OTHER THAN INCOME	$166,859	$158,378	$153,342	$180,000	17.4%
427	INTEREST LONG TERM DEBT	($1,144)	$807,349	$1,477,212	$1,387,881	-6.0%
428	AMORTIZATION OF DEBT DISC	$114,798	$120,376	$60,120	$60,120	0.0%
	TOTAL	$1,308,409	$2,478,275	$2,850,674	$2,788,001	-2.2%
	TOTAL EXPENSES	$10,190,346	$11,186,489	$11,291,969	$12,022,401	6.5%
	INCOME (LOSS)	$6,791,975	$6,622,742	$6,015,169	$7,691,559	27.9%
	DEBT SERVICE:					
	PRINCIPAL	$2,270,000	$2,330,000	$2,415,000	$2,500,000	3.5%
	INTEREST	$1,631,644	$1,558,919	$1,477,213	$1,387,881	-6.0%
		$3,901,644	$3,888,919	$3,892,213	$3,887,881	-0.1%

MISCELLANEOUS
CAPITAL BUDGET FY 2010 - 2011

CAPITAL ASSETS:

VEHICLES:			
ITEM #	DESCRIPTION	EST. COST	NOTES
1	Replacement Van #4	$27,000	Replace existing Van #4 2,500 HD
2	Replacement Truck #19 4WD	$25,000	Replace existing Truck #19 2WD
3	GIS Van (new)	$25,000	GIS Small Van
4	Replacement Truck #6	$25,000	Replace existing Truck #6, 4WD
5	Replacement of Truck #11	$25,000	Replace Pick-up with Van
6	Car 1	$27,000	Replacement Car 1
	Allowance Trade-in's	($5,000)	
	SUB TOTAL	$149,000	

OFFICE EQUIPMENT:			
ITEM #	DESCRIPTION	EST. COST	NOTES
1	PC Computer upgrades and replacements	$8,000	Computer replacements as needed
2	Server Replacement	$20,000	Capacity has been reached
3	AS 400 Replacement	$25,000	Obsolete - New Hardware & Software
4	GPS cell phones	$3,000	New system
5	Software cross connection control	$5,000	New system state law
6	Software large meter testing	$5,000	New system Division Rules & Regulations
7	5DAP Hand Helds/Meter Reading	$27,500	Replacement of Obsolete System
8	Software/Training/License	$4,050	Replacement of Obsolete System
	SUB TOTAL	$97,550	

MISCELLANEOUS CAPITAL:			
ITEM #	DESCRIPTION	EST. COST	
1	Misc. hand / power tools	$10,000	
2	Utility Body Refurbishments	$25,000	Add 5 years to bodies
3	Re-keying Facilities	$5,000	Securing System Vulnerability
4	Exterior Tank Cleaning	$20,000	Tech, Setian, West Street
	SUB TOTAL	$60,000	
	TOTAL PROPOSED EXPENDITURES	$306,550	
	Remaining FY 09-10 funds	$246,552	
	FY 10-11 funds	$100,000	
		$346,552	
	AVAILABLE	$40,002	Hold for new backhoe

PROPOSED IFR FUNDING

FUNDING AS OF APRIL 30, 2010 RESTRICTED ACCOUNT	$	4,792,749
MAY & JUNE 2010 FUNDING DEPOSIT	$	900,000
FY 10-11 FUNDING AS OF JUNE 30, 2011	$	5,400,000
TOTAL	$	11,092,749
10-11 PROPOSED BUDGET EXPENDITURES AS OF JUNE 30, 2011	$	18,146,854
POTENTIAL DEFICIT	$	(7,054,105)

TOTAL CUSTOMERS
FY 2010 - 2011

	FY 009	AS OF 4/30/2010	EST. GROWTH	TOTAL FOR BUDGET
RESIDENTIAL	24,969	25,004		25,004
COMMERCIAL/INDUSTRIAL	1,598	1,583		1,583
PRIVATE FIRE	296	293		293
PUBLIC FIRE	2,336	2,339		2,339
PUBLIC AUTHORITIES	341	340		340
SALES FOR RESALE	1	1		1

# Public Fire Customers	13
# Private Fire Customers	
Hydrants	145
Fire Lines	148

REVENUES

		FY 09-10 10+2	BASE REVENUE	NEW CUSTOMERS	BUDGET FY 10-11
461A	RESIDENTIAL	$12,141,978	$13,618,354		$13,618,354
461B	COMMERCIAL/INDUSTRIAL	$2,906,765	$3,481,124		$3,481,124
462	PRIVATE FIRE	$157,339	$192,449		$192,449
463	PUBLIC FIRE	$1,080,736	$1,302,218		$1,302,218
464	PUBLIC AUTHORITIES	$665,654	$746,749		$746,749
466	SALES FOR RESALE	$95,043	$100,000		$100,000
471	MISC SERVICE REVENUE	$166,143	$170,066		$170,066
474	OTHER WATER REVENUE	$41,595	$45,000		$45,000
415	PROFIT ON METERS	$4,283	$5,000		$5,000
416	PROFIT ON SERVICE	$17,367	$18,000		$18,000
		$17,276,903	$19,678,960		$19,678,960

ADMINISTRATIVE & GENERAL
OUTSIDE SERVICES

	09-10	BUDGET ESTIMATE
PETRARCA & MCGAIR	$50,000.00	$50,000
AMTEC	$1,800.00	$1,800
AUDIT BRAVER PC	$33,600.00	$34,000
WOODCOCK & ASSOCIATES	$2,000.00	$2,000
PARE ENGINEERING	$5,000.00	
C & E ENGINEERING	$10,000.00	$10,000
WRIGHT - PIERCE	$8,000.00	
	$110,400.00	$97,800
IFR & CIP - 5 YEAR PLANS (PUC ALLOCATION)		$25,000
Total		$122,800
Budget		$125,800

EMPLOYEE BENEFITS

		BUDGET ESTIMATE
MEDICAL - BLUE CROSS:		
$44,728.30/MO. X 12 (assumes a 7.5% increase)	$536,739.60	
Employee 10% Contribution	($53,673.96)	$485,000
DENTAL - BLUE CROSS:		
$3,533.76/MO. X 12(assumes a 5% increase)	$42,405.12	$44,000
GROUP P-65 RETIREES:		
$7,262.72/MO.X12(assumes a 7.5% increase)	$87,152.64	$90,000
LIFE INSURANCE - MUTUAL OF OMAHA:		
$506.54/MO.X12	$6,078.48	$6,200
LONG TERM DISABILITY - MUTUAL OF OMAHA:		
$589.38/MO. X 12	$7,072.56	$7,100
RIEAS:		
$1,200		$1,300
EDUCATION:		
		$5,000
PENSION CONTRIBUTION - NATIONWIDE:		
$214,026	$214,026	$214,026
XMAS BONUS:		
$150.00 X 35	$5,250	$5,250
Total		$857,876
Budget		$860,000

ADMINISTRATIVE & GENERAL
REGULATORY COMMISSION

	09-10	BUDGET ESTIMATE
PETRARCA & MCGAIR	$26,000.00	$20,000
WOODCOCK & ASSOCIATES	$21,000.00	$10,000
DIVISION OF PUBLIC UTILITIES	$27,644.00	$5,000
A-1 COURT REPORTERS	$838.00	$1,000
CAPITOL COURT REPORTERS	$343.00	$500
DIVISION OF PUBLIC UTILITIES ASSESSMENT	$43,335.00	$50,000
	$119,160.00	$86,500

PAYROLL BUDGET

		BASE PAY 7/1/2010 (Includes Proposed Step Increases)	SCHEDULED OT	UNSCHEDULED OT	TOTAL	BONUS	ADJUSTMENTS	10-11 BUDGET	10-11 BUDGET ROUNDED	09-10 ACTUAL 10+2
107	CWIP	7,358.51			7,358.51			$7,358.51	$7,400	7,367.47
184A	MJC - METERS	10,210.05			10,210.05			$10,210.05	$10,200	10,222.49
184D	MJC - REPAIRS	13,410.60			13,410.60			$13,410.60	$13,400	13,426.93
601	OPERATION - LABOR	-			-					-
602	OPERATION - SUPERVISION	-			-					-
624A	PUMPING - LABOR	55,642.54	$4,946.16		60,588.70			$60,588.70	$60,600	55,710.31
631	MAINTENANCE - STRUCTURES	23,548.83			23,548.83			$23,548.83	$23,500	23,577.52
633	MAINTENANCE - PUMPING EQ	19,968.32			19,968.32			$19,968.32	$20,000	19,992.64
642A	OPERATION - LABOR	71,202.84	$4,946.16		76,149.00			$76,149.00	$76,000	71,289.56
651	MAINTENANCE - STRUCTURES	-			-					-
652	MAINTENANCE - TREATMENT EQ	-			-					-
662A	TRANS & DIST - LABOR	17,223.43			17,223.43			$17,223.43	$17,200	17,244.41
663A	METER - LABOR	34,971.24			34,971.24			$34,971.24	$35,000	35,013.83
664A	CUSTOMER INSTALLATION	-			-					-
672	MAINTENANCE - TANKS	10,658.62			10,658.62			$10,658.62	$10,700	10,671.60
673	MAINTENANCE - MAINS	376,637.67		$49,898.58	426,536.25			$426,536.25	$427,000	377,096.39
675	MAINTENANCE - SERVICES	110,511.09		$11,834.48	122,345.57			$122,345.57	$122,300	110,645.69
676	MAINTENANCE - METERS	47,788.98			47,788.98			$47,788.98	$48,000	47,847.18
677	MAINTENANCE - HYDRANTS	56,502.78		$7,474.40	63,977.18			$63,977.18	$64,000	56,571.60
902	METER READING	78,247.66			78,247.66			$78,247.66	$78,000	78,342.96
920	ADMINISTRATIVE SALARIES	378,531.80			378,531.80			$378,531.80	$379,000	295,644.19
903	CUSTOMER ACCOUNTING	213,680.00			213,680.00			$213,680.00	$214,000	182,276.24
926	EMPLOYEE BENEFITS	-			-	$5,100.00		$5,100.00	$5,100	6,120.00
930-B	DIRECTORS FEE	-			-					-
930C	CONSERVATION	-			-					-
932A	MAINTENANCE - PLANT	91,737.76	$9,892.32		101,630.08			$101,630.08	$101,600	91,849.49
932B	MAINTENANCE - VEHICLES	15,437.83			15,437.83			$15,437.83	$15,400	15,456.64
933	NON-PRODUCTIVE - LABOR	228,827.59			228,827.59			$228,827.59	$228,800	229,106.29
										-
TOTAL		$1,862,098.14	$19,784.64	$69,207.46	$1,951,090.24	$5,100.00		$1,956,190.24	$1,957,200.00	$1,755,473.42

IFR FUNDING
CURRENT AND PROPOSED PROGRAM
(APRIL 2010)

FUNDING:		
FUNDING AS OF JUNE 30, 2010		$4,792,749
MAY & JUNE 2010 PAYMENT		$900,000
	FUNDING AVAILABLE AS OF JUNE 30, 2010	**$5,692,749**
FUNDING:		
IFR 2010 CONSTRUCTION - JULY 2010 - JUNE 2011		$5,400,000
	TOTAL FUNDING	**$11,092,749**
ESTIMATED ALLOCATED ONGOING EXPENDITURES 2010/2011		
IFR 2006B & 2007 CONSTRUCTION (BALANCE TO FINISH)		($1,763,909)
IFR 2006B & 2007 CONSTRUCTION ENGINEERING SERVICES		($50,000)
IFR 2009A CONSTRUCTION (BALANCE TO FINISH)		($2,482,945)
IFR 2009A CONSTRUCTION ENGINEERING SERVICES		($100,000)
IFR 2010 DESIGN		($100,000)
	TOTAL ALLOCATED	**($4,496,854)**
ESTIMATED FOR CONSTRUCTION AND DESIGN COMPLETED		
QUAKER BOOSTER REFURBISHMENT (SET ASIDE)		($3,000,000)
QUAKER BOOSTER REFURBISHMENT CONSTRUCTION SERVICES		($150,000)
IFR 2009B CONSTRUCTION		($5,000,000)
IFR 2009B CONSTRUCTION SERVICES		($250,000)
IFR 2010 CONSTRUCTION		($5,000,000)
IFR 2010 CONSTRUCTION SERVICES		($250,000)
	TOTAL DESIGN COMPLETED	**($13,650,000)**
	TOTAL EXPENDITURES	($18,146,854)
	POTENTIAL DEFICIT	($7,054,105)

CIP PROJECTED EXPENSES
(APRIL 2010)

MISHNOCK TREATMENT FACILITY (CIP 1a & 1c)	(EST.)	$14,000,000
MISHNOCK TRANSMISSION (CIP 1b)	(EST.)	$8,000,000
READ SCHOOL HOUSE ROAD TRANSMISSION REMAINING (CIP 7e, 7d & 8a)		$300,000
READ SCHOOL HOUSE STORAGE TANK REMAINING (CIP 7b)		$250,000
EAST GREENWICH WELL FIELD PRELIMINARY DESIGN TREATMENT (CIP - 2)	(EST.)	$50,000
	TOTAL	$22,600,000
CAPITAL ACCOUNT (APRIL 30, 2010)		$16,064,474
	SHORTFALL	$6,535,526

EXHIBIT F

Board Meeting

June 17, 2010

As of June 10, 2010

PLANNING DOCUMENT $25,000/YEAR ALLOCATION	
PROJECT	**STATUS**
Water Supply System Management Plan WSSMP	**Approved**
Hunt River Interim Management & Action Plan	Implementing, Weather Dependant , WRB Committee
2008 CIP Program Plan	**Approved**
Clean Water Infrastructure Plan 2008	**Approved**

UPDATED CIP PROJECTS BOND FUNDING	
PROJECT	**STATUS**
Mishnock Well Field (new wells) CIP - 1A	Permit Submissions
Mishnock Transmission Mains CIP - 1B	Design Review, Funding may be critical
Mishnock Treatment Plant CIP - 1C	Design Review, Encroachment Issue Resolution
East Greenwich Well Treatment Plant – CIP-2	Modeling Proceeding
Clinton Avenue Pump Station Rehabilitation CIP - 7A	**Completed**
Read School House Road Tank CIP - 7B	Online - Punch list - Liquidated Damages
Read School House Road Main CIP 7c, 7d, 8a	Paving - Punch list

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	Construction Ongoing, Drainage Issues, West Warwick
IFR 2009 A & 2009 B	2009A - Spring Start-up, 2009B Design Complete, Funding
IFR 2010	Design Review, Funding
Prospect Street	**Completed**
PWSB 78" / Johnson Blvd. P.S. Modification	**Completed**
Greenwich Avenue Replacement	**Completed**
Hydraulic Tank Evaluation	**Completed**
Quaker P. S. Design	Bid on Hold, Funding Needed, Easement Negotiations for Extension
Tech Park Tank Recoating	**Completed**
Tiogue Tank Re-Service	**Completed**
Hydrant Painting	Ongoing KCWA Forces