KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

July 15, 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 July 15, 2010.

Chairman, Robert B. Boyer opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mr. Inman, Mr. Giorgio 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 and Legal Counsel, Joseph J. McGair. Legal Counsel led the group in the pledge of allegiance.

The minutes of the Board meeting of June 17, 2010 were moved for approval by Board Member Masterson and seconded by Board Member Giorgio and were unanimously approved.

GUESTS:
High Service Requests

Crudale Drive, West Warwick, Mr. and Mrs. Henry DiPietro

The Chairman recused himself from this matter and did not participate in the discussion.

The Vice Chairman, Peter Masterson, stated that the application was previously approved but it had lapsed and that this discussion was continued from the last Board meeting of June 17, 2010. The General Manager stated there were no issues other than lack of the police report and that a bill was prepared for the estimated 100 gallons in the amount of $278.05 which included Kent County Water Authority costs and labor which was paid and the matter was resolved.

It was moved by Board Member Gallucci and seconded by Board Member Giorgio to conditionally approve the request for water supply to service the commercial site 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 application with the necessary design drawings, flow calculations, including computer hydraulic modeling to fully evaluate this project supply availability and the potential impact on the existing public water supply system. The applicant/customer understands that any undetected error in 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 by the Board Members voting,

VOTED: To conditionally approve the request for water supply to service the commercial site 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 application with the necessary design drawings, flow calculations, including computer hydraulic modeling to fully evaluate this project supply availability and the potential impact on the existing public water supply system. The applicant/customer understands that any undetected error in 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.

76 Lakehurst, Coventry, Gary Johnson

Mr. Johnson stated that he bought the lot in question and his understanding was that the Kent County Water Authority waterline was accessible to him and subsequently he found out differently. He stated that it is now a health issue as he would need to apply for a Department of Environmental Management septic variance because of the lack of distance to a well. The General Manager stated the previous owner had obtained approval of Kent County Water Authority but did not follow through.

It was moved by Board Member Inman and seconded by Board Member Masterson 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 by the Board Members voting,

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.

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 requested that the Clerk of the Court schedule a hearing to conclude this matter and is awaiting a response.

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. The receivership case is in the Supreme Court. There is no further progress on the sale of property at this time (July 12, 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. There has been no further progress on scheduling a closing as of July 12, 2010.

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 as well as copy of existing conditions plan and the Department of Environmental Management Consent Agreement. To date, the requested documents have not been provided to Kent County Water Authority. 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 July 15, 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. On July 1, 2010 Legal Counsel sent via certified return receipt mail a follow up inquiry to the Solicitor (copied to the West Greenwich Town Manager). To date, no response has been received from the Solicitor.

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. No response has been received to date.

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. Legal Counsel is in the process of filing a motion to dismiss with the DPUC.

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 was heard by the Planning Commission on June 23, 2010. The Planning Commission unanimously approved the recommendation to the Zoning Board for the special use permit and the Development Plan Review and the written decision was recorded in the Coventry Land Evidence Records on July 1, 2010. The twenty (20) day appeal period from the granting of the approval expires on July 21, 2010.

On June 2, 2010, the Zoning Board continued the public hearing and action on

the application for special use permit to July 7, 2010. Legal Counsel, the General Manager and Wright Pierce attended the July 7, 2010 Zoning Board meeting and presented further testimony to the Zoning Board. The Zoning Board unanimously approved the petition for special use permit. Legal Counsel will pursue the written decision for recording in the Coventry Land Evidence Records.

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 provided Legal Counsel with some recorded maps showing access to the site and Legal Counsel met with Mr. Cofone on June 16, 2010 to review title as Mr. Cofone claims pre-existing rights of way/access. Legal Counsel requested Mr. Cofone memoralize in writing the claim for pre-existing access rights for presentment to the Board. Legal Counsel did not receive correspondence from Attorney Cofone and contacted his office as to status and Legal Counsel awaiting a response.

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

PUC Rate Case Docket No. 3942

The Supreme Court issued its decision on June 18, 2010 which affirmed the PUC Report and Order.

Central Coventry Fire District Tax Billing

On June 28, 2010, Legal Counsel received from the Fire District a tax bill in the amount of $518.66. The net tax bill is $469.80 and the Fire District imposed interest in the amount of $48.86. Kent County Water Authority never received the subject 2009 tax bill. Therefore, on July 1, 2010, Legal Counsel forwarded to the Fire District correspondence stating that the bill in the amount of $469.80 will be paid however, the imposition of interest is disputed. Legal Counsel has not received a response to date from the Fire District.

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 have continued to be burdened. The General Manager stated the shut-offs continue and conversely collections are up and should be able to fund the accounts use with the exception of 2 IFR accounts and with a good

July, it may be all funded.

Joanne Gershkoff, Finance Director, explained and submitted the financial report and comparative balance sheets, statements of revenues, expenditures, cash receipts, disbursements attached as "**A**" through June, 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 "**A**" through June, 2010 be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege and Communications:

None.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT
New Business

Illegal Use of Hydrants, Henry DiPietro, Damages

This matter was discussed infra.

Letter of Engagement, Petrarca and McGair, Inc., Approval

The General Manager stated that there was no change in fees regarding the Petrarca and Mcgair, Inc. letter of engagement from the previous year and the engagement would be from July 1, 2010 to June 30, 2011 and the Chairman stated that it was in the best interest of the Kent County Water Authority to execute the engagement letter and after discussion it was moved by Board Member Masterson and seconded by Board Member Gallucci to authorize the Chairman to execute the Letter of Engagement to engage the legal services of Petrarca and McGair, Inc. for Kent County Water Authority from July 1, 2010 to June 30, 2011 and it was unanimously,

> VOTED: To authorize the Chairman to execute the Letter of Engagement to engage the legal services of Petrarca and McGair, Inc. for Kent County Water Authority from July 1, 2010 to June 30, 2011.

Report on System Demand

The report on systems demand was written by the General Manager and he presented it to the Board as evidenced and attached as "**B**". The General Manager instructed the Board that since the largest of Kent County Water Authority business customers have permanently left Rhode Island and the remaining businesses are not using comparable amounts and outside watering has greatly reduced. He continued that it had been expected that the July 4th time frame would use 19 million gallons but it was significantly less. He continued that the tank system and new pumping regiment have worked perfectly and the infrastructure is fully operational. He pointed out that on page 2 of the report, that the Hunt River gauge demonstrates that impervious materials have had a large impact on the river in that there is no recharge for replenishment and that the Fry Brook is equally problematic for the same reasons which has led to the Water Resources Board being in error as to the reasons it has used for balance problems. He commented that the USGA graphs are provisional. In answer to the question of the Chairman, the General Manager stated that recent irresponsible actions of Water Resources Board could represent great future difficulties to the system.

CAPITAL PROJECTS:
INFRASTRUCTURE PROJECTS

Mishnock Well

The Decision is being written and project will be put out to bid.

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 "**C**".

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

VOTED: To adjourn the meeting at 4:20 p.m.

_____
Secretary Pro Tempore

EXHIBIT A

Board Meeting

July 15, 2010

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	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	44,699.24
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	3,883.34
	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	88,582.58
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	1,149,783.59
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	3,679,856.71
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	2,367,228.56
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	254,889.77
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	786,034.11
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	644,714.76
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	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	16,050,742.90
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	1,493,403.09
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	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	1,239,672.94
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	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	31,638,727.77

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

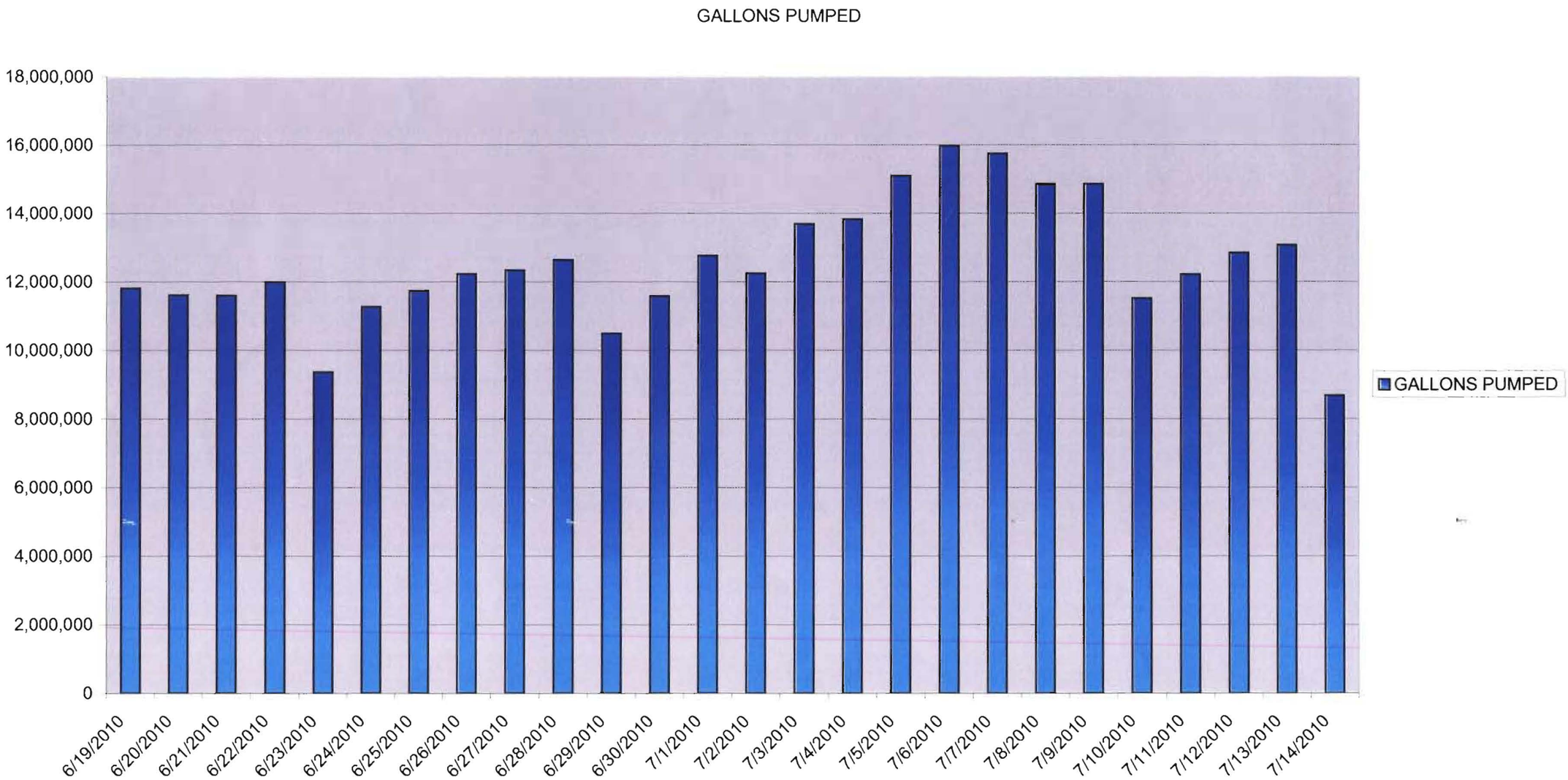
		JULY 2009	AUGUST 2009	SEPTEMBER 2009	OCTOBER 2009	NOVEMBER 2009	DECEMBER 2009	JANUARY 2010	FEBRUARY 2010	MARCH 2010	APRIL 2010	MAY 2010	JUNE 2010
BEGINNING MONTH BALANCE		33,688,188	31,329,764	30,008,265	29,331,453	30,416,706	29,871,266	30,166,882	30,210,512	30,519,584	30,907,809	32,155,720	32,275,685
CASH 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	1,121,720
Interest Earned		1,795	3,225.25	243	234	241	240	17,841	242	885	249	245	251
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	33,397,656
CASH 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	362,151
Electric Power		24,444	47,456	44,465	32,107	43,329	50,368	36,671	41,319	35,131	28,649	33,751	37,068
Payroll		147,806	171,077	176,163	143,333	146,945	186,729	159,726	142,741	174,315	140,782	176,832	150,356
Operations		102,902	42,134	85,321	142,914	56,094	37,547	33,175	56,495	26,952	18,584	65,703	85,952
Employee Benefits		94,088	95,060	96,254	97,134	94,879	95,965	1,394	102,899	53,488	55,235	1,093	105,707
Legal		4,097	16,131	8,450	3,705	12,845	7,139	5,758	3,808	7,440	6,638	9,238	6,349
Materials		18,129	35,513	24,195	28,328	22,409	21,732	38,919	51,541	28,268	9,823	47,788	67,154
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	9,319
Refunds		425		1,185	1,315	887	175	180	12,352	158	210	1,093	416
Rate Case						47,202	1,750	3,630	3,566			6,420	879
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	5,075
Read Schoolhouse Road - Mains	234C	20,744	17,111	270,904		2,240	7,709	23,730	2,615			9,551	6,920
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		758,771
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	98,564
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	32,293
2010 infrastructure	287b			22,700		18,173	15,759	1,200	3,738	2,025	1,000		143
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	31,813
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	1,758,929
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	31,638,727
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	$ 1,887,332.96	1,841,986.53
APR	$ 1,106,048.00	994,060.30
MAY	$ 991,050.62	943,546.32
JUN	$ 2,263,749.00	1,960,972.76

EXHIBIT B

Board Meeting

July 15, 2010


GALLONS PUMPED
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
6/19/2010
6/20/2010
6/21/2010
6/22/2010
6/23/2010
6/24/2010
6/25/2010
6/26/2010
6/27/2010
6/28/2010
6/29/2010
6/30/2010
7/1/2010
7/2/2010
7/3/2010
7/4/2010
7/5/2010
7/6/2010
7/7/2010
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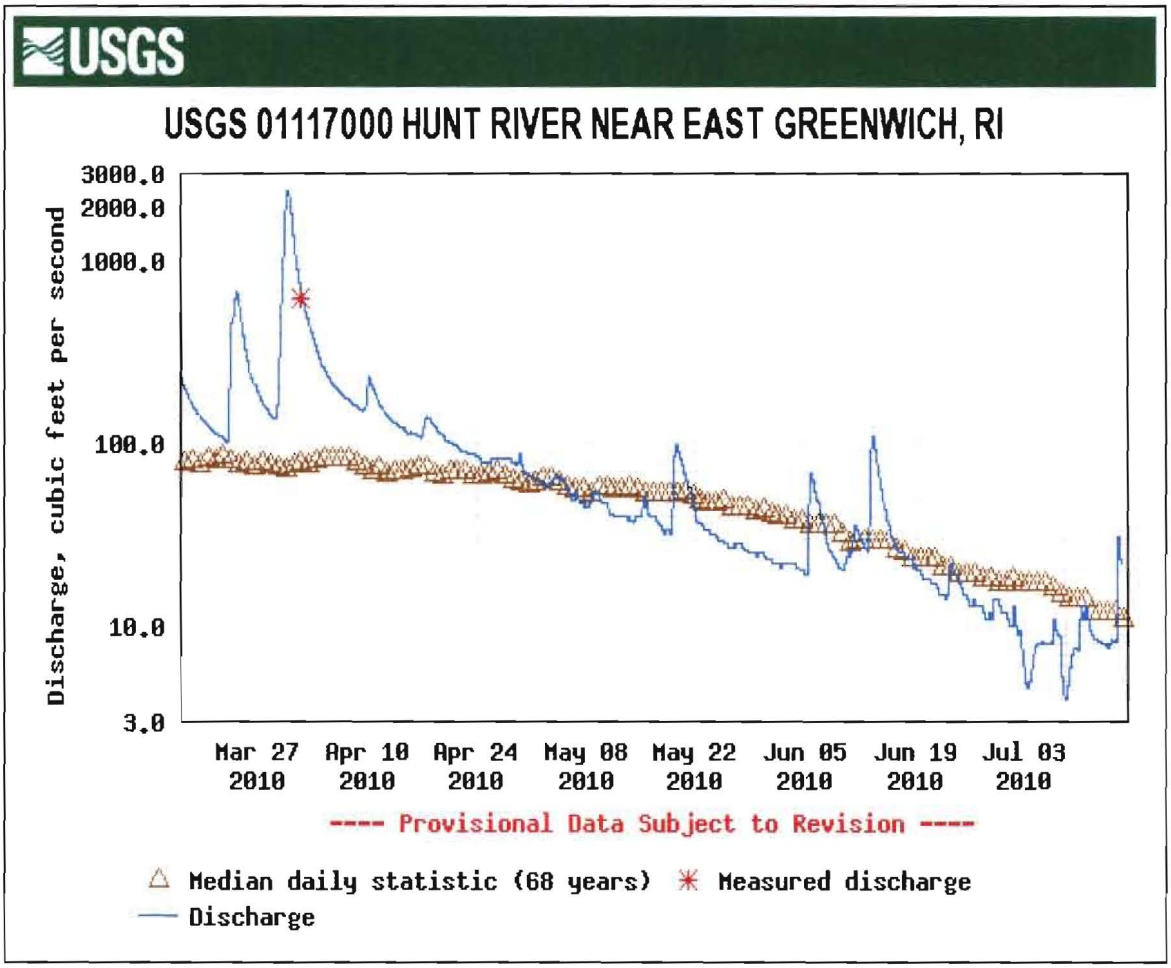
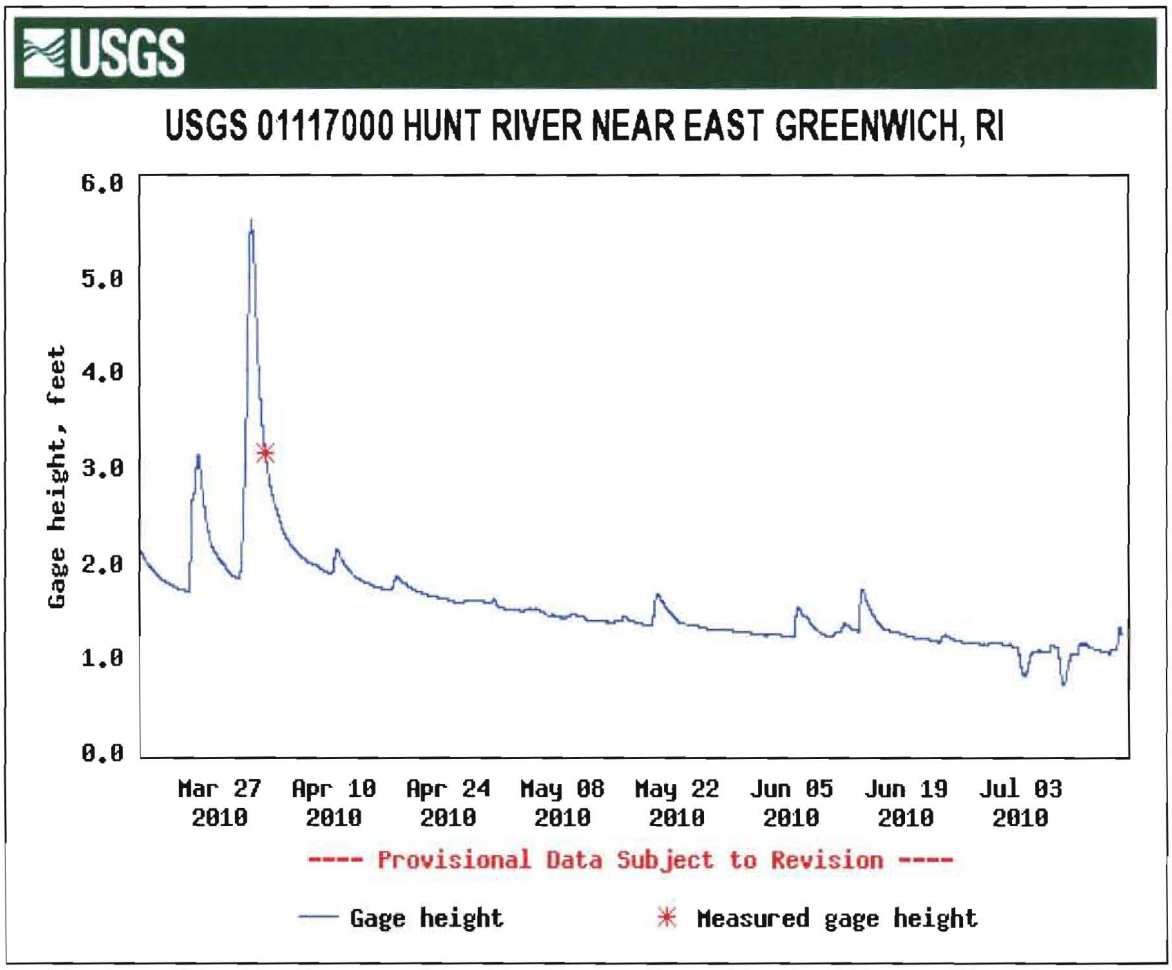
7/13/2010
7/14/2010
GALLONS PUMPED


USGS
USGS 01117000 HUNT RIVER NEAR EAST GREENWICH, RI
Discharge, cubic feet per second
3000.0
2000.0
1000.0
100.0
10.0
3.0
Mar 27 2010
Apr 10 2010
Apr 24 2010
May 08 2010
May 22 2010
Jun 05 2010
Jun 19 2010
Jul 03 2010
---- Provisional Data Subject to Revision ----
Median daily statistic (68 years)
Measured discharge
Discharge


USGS
USGS 01117000 HUNT RIVER NEAR EAST GREENWICH, RI
Gage height, feet
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Mar 27 2010
Apr 10 2010
Apr 24 2010
May 08 2010
May 22 2010
Jun 05 2010
Jun 19 2010
Jul 03 2010
---- Provisional Data Subject to Revision ----
Gage height
Measured gage height

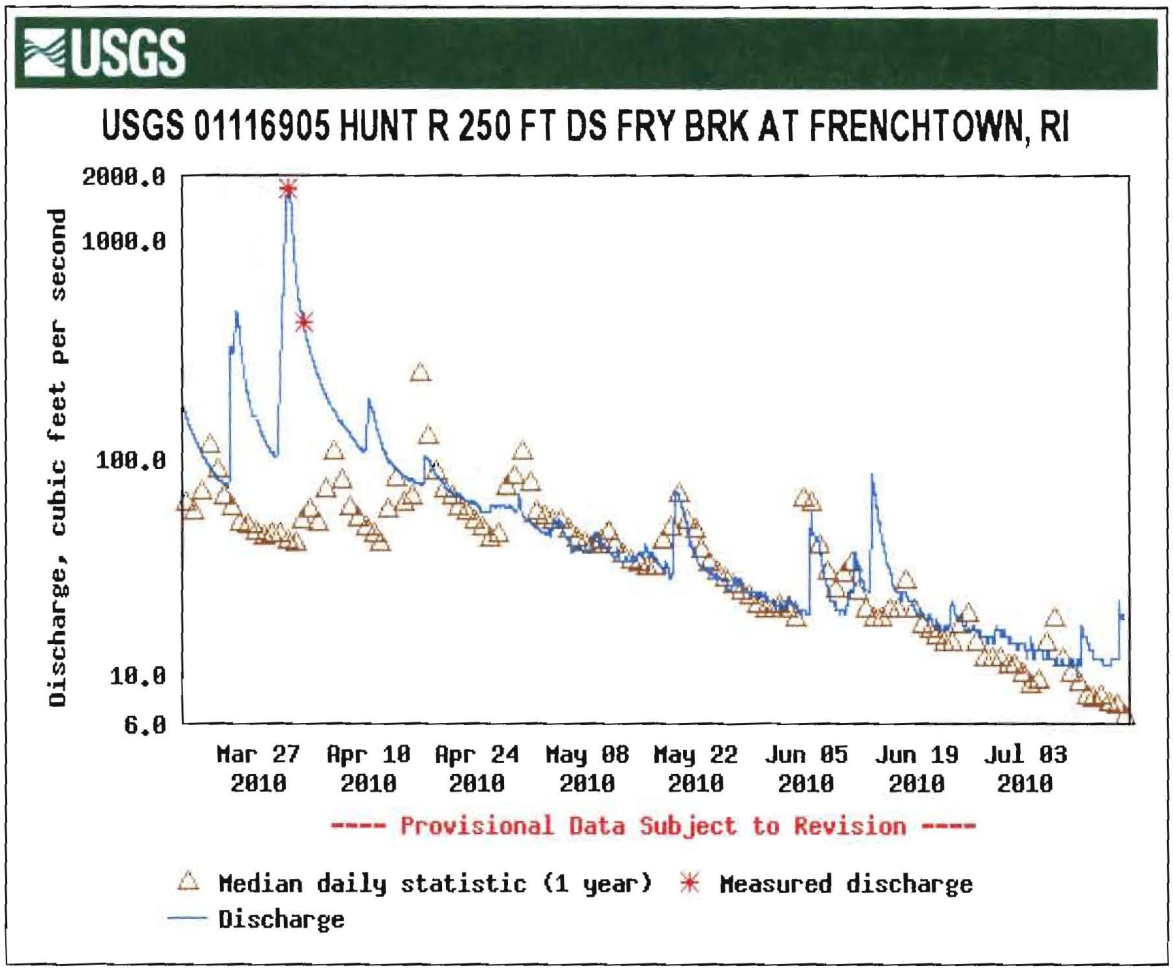

USGS
USGS 01116905 HUNT R 250 FT DS FRY BRK AT FRENCHTOWN, RI
Discharge, cubic feet per second
2000.0
1000.0
100.0
10.0
6.0
Mar 27 2010
Apr 10 2010
Apr 24 2010
May 08 2010
May 22 2010
Jun 05 2010
Jun 19 2010
Jul 03 2010
---- Provisional Data Subject to Revision ----
Median daily statistic (1 year)
Measured discharge
Discharge

EXHIBIT C

Board Meeting

July 15, 2010

As of July 13, 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 Approvals
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 - Failures Action Required

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 - Construction Ongoing, 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