

## KENT COUNTY WATER AUTHORITY

### BOARD MEETING MINUTES

April 21, 2011

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 April 21, 2011.

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

The minutes of the Board meeting of March 17, 2011 were moved for approval by Board Member Giorgio and seconded by Board Member Masterson and were unanimously approved.

#### **Guests:**

#### **Firestone Center, Millstone Engineering**

Ben Caito, PE for Center of New England appeared before the Board regarding the Firestone Center on CNE Boulevard (across from BJ's) and he handed out packets to the Board as evidenced and attached as "A". He stated that there is an 8 inch line present with a stub end and the base flow for the project would be 600 gallons on an average day which is less than the maximum day for Kent County Water Authority at 900. He stated that the plans were submitted and approved by the John R. Duchesneau. The General Manager stated that there is more than sufficient capacity.

It was moved by Board Member Inman and seconded by Board Member Masterson to conditionally approve the request for high service gradient 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,

VOTED: To conditionally approve the request for high service gradient 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.

### **350 East Greenwich Avenue, Thomas Jones**

The Chairman recused himself in that his business was involved in the survey and he, then, left the meeting. Vice Chairman Masterson succeeded the Chairman for the purpose of this Agenda item. The General Manager stated that this was on the southeast corner of Jones property and that there is sufficient capacity.

It was moved by Board Member Giorgio and seconded by Board Member Gallucci to conditionally approve your request for high service gradient water supply to service the residential 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 voted among the remaining Board Members,

VOTED: To conditionally approve your request for high service gradient water supply to service the residential 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.

The Chairman re-entered the meeting and assumed the role of Chairman

### **Pension Review, Summit Financial**

Joseph Bonasera, President of Summit Financial Corporation and Kent County Water Authority Pension Advisor stated that many large municipal corporations are in pension difficulty, however, Kent County Water Authority is doing much better and is in the 80% funded category and could be in the high 80's in a few years. He distributed the market update which is attached as "B". He fully explained the same. Mr. Bonasera stated that stocks and bonds were up which helped the plan in 2010 and he cautioned that interest rates will follow in tandem with inflation which will obviously affect bonds adversely. He reminded all that the National debt needs to be addressed and may likely be addressed through tax increases. He addressed the value, blend and growth in the Kent County Water Authority equity portfolio as 60% and the fixed income as 40% and the 2010 performance was a solid \$13.38% based upon the strategy.

He stated that the real cost of the pension plan is 6% of payroll which represents excellent value. He recommended that a 60% - 40% asset allocation as described on page 5 be adopted. The Board Members thoroughly discussed the market update especially concerning the recommendation of the minor adjustment in the investment policy.

Mr. Bonasera described the actuarial valuation as evidenced and attached as "C" and special attention was directed to Page 3 and page 7 Summary of Key Results (assets & liabilities). He recommended to the Board that market value is the key. The Board thoroughly discussed the actuarial valuation and the recommendation to amend the investments. It was the sense of the Board to review the investment portfolio as evidenced and attached "D" for further action at the May 19, 2011 Board meeting.

### **The Oaks, Attorney Resnick**

This matter will be placed on the Agenda for next month.

### **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 a conference with Judge Vogel was held on August 24, 2010 who stated that the Court will be rendering a decision and will give the parties notice. On November 18, 2010 Legal Counsel received the Decision from Judge Vogel which found that Kent County Water Authority Rules and Regulations precluding master metering for separately owned parcels of realty was correct and the decision of the Public Utilities Commission affirming the Kent County Water Authority Rules and Regulations was upheld. The deadline for GTECH to appeal this decision was December 20, 2010. GTECH did not file an appeal. The General Manager and Legal Counsel met with GTECH representative on January 24, 2011 and the matter will be resolved in the spring with full compliance to the Rules and Regulations. The staff met on April 20, 2011 and it is moving in the right direction.

### Harris Mills

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

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. On October 1, 2010 the Court approved the sale of the property and the allowed disbursements including payment of Kent County Water Authority bill. This office will continue to monitor payment. As of April 19, 2011, there has been no change and the sale has not been finalized yet.

### 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 progress on scheduling a closing as of April 19, 2011.

#### 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 has been concluded. However, inspection followed which disclosed that there were more paint issues. On July 22, 2010, Legal Counsel notified the Bonding Company regarding action to correct. This will be further discussed by the General Manager in IFR projects. This matter is being discussed which may include litigation and KCWA is awaiting final restoration plans from the vendor. On March 16, 2011 and March 17, 2011, the General Manager received email communications from Rockwood requesting KCWA response to Rockwood performing its February 18<sup>th</sup> proposal on March 21, 2011. Further, the email stated that Mr. Northrop is no longer with Lincoln and provided an alternate contact for forwarding of the claim of KCWA.

On March 29, 2011 Legal Counsel sent correspondence to Mr. Northrop's successor, Paul Poppish. After receiving no reply, Legal Counsel sent a follow up letter to Mr. Poppish on April 13, 2011. As of this date, Legal Counsel has not received a response.

#### 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 11<sup>th</sup> 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 follow up letters on May 20, 2010, September 15, 2010, October 8, 2010 and November 17, 2010. In response to follow-up letters, status of claim via website has been changed to "Review in Process". Legal Counsel sent another follow up letter on February 16, 2011. Still awaiting reply which for this agency is glacial.

#### 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 stating 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. On May 11, 2010, Legal Counsel forwarded subsequent correspondence to Attorney Landry inquiring as to the status of the matter. The Developer contacted Legal Counsel directly and informed her that final approvals have not been received. Sanford J. Resnick, Esq. forwarded correspondence on September 17, 2010 to the Chairman informing of his representation of the developer and a request to appear before the Board to discuss inspection fees. Mr. Resnick requested to appear at the May 19, 2011 Board Meeting.

#### 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 memorialize in writing the claim for pre-existing access rights for presentment to the Board. On July 19, 2010, Legal Counsel received correspondence from Attorney Coffone setting forth the title issue and request for easement. On July 29, 2010, Kent County Water Authority informed Attorney Coffone via writing that the prescriptive easement rights set forth in his July 16, 2010 correspondence obviates the need for Kent County Water Authority to provide easement rights to the owner with respect to the wellhead protection land of Kent County Water Authority.

As of April 20, 2011 no response has been received from Attorney Coffone.

#### DPUC: Mai Tai Investments Docket No.: D10-111

Mai Tai Investments of Coventry filed a complaint against Kent County Water Authority because of a billing dispute. The matter is new and Kent County Water Authority has responded with a data request and a hearing will be held thereafter. On September 23, 2010, Mr. Iacono requested an extension of 30 days to respond or object to KCWA data requests in order to seek counsel. This matter is on hold until Mr. Iacono retains counsel. On November 29, 2010 Legal Counsel for KCWA filed a Motion to Dismiss regarding no response. On December 7, 2010 Legal Counsel received an Objection to the Motion to Dismiss and Request for Additional Extension of Time to Respond to Data Requests which was filed by Mr. Iacono. On December 14, 2010 Legal Counsel filed an Objection and Motion to Strike in response to Mr. Iacono's Objection and Motion to Dismiss. Legal Counsel received an entry of appearance from Pavilonis, Esq. on which may be determinative of the motions.

Mai Tai Investments forwarded to Legal Counsel response to the first set of data requests. On January 18, 2011 Legal Counsel sent out a Motion to Compel More Responsive Answers and a Motion to Dismiss regarding inadequate responses. This matter was scheduled before the DPUC on February 9, 2011 and discovery was ordered by the Hearing Officer to be completed by February 15, 2011 and a hearing was held on March 9, 2011 and briefs will be filed with a decision to be expected at the end of May or early June of 2011. On April 12, 2011 Legal Counsel received the Complainant's brief and Kent County Water Authority brief is due on April 26, 2011.

#### National Grid/Dig Safe violation

This matter was heard by the DPUC on March 7, 2011 and the National Grid was fined \$3,000 pursuant to the recommendation of the Public Advocacy Section with concurrence by National Grid. An executed Settlement Agreement was received on April 8, 2011.

#### Natgun

Counsel for Natgun corporation was to present another proposal for Kent County

Water Authority to review and none has been received by Legal Counsel to date.

**Director of Finance Report:**

No reports this month.

**Point of Personal Privilege and Communications:**

The Chairman stated that the General Manager was operating with less workers for various reasons and the staff should be commended for a splendid job.

**GENERAL MANAGER/CHIEF ENGINEER'S REPORT**

**Old Business**

**New Business:**

**2011 Legislation**

The General Manager gave legislation to watch list to the Board as evidenced and attached as “E” with special emphasis regarding S-0411/H-5301 installation of water meters by plumbers which may cause adverse issues to Kent County Water Authority. He stated the water efficiency statute may be modified. He will continue to monitor the same.

**Payroll System Discussion**

The General Manager stated that the Chairman had asked to bring this matter to the Board. He presented the Organization Chart as evidenced and attached as “F” and the Chart Laborer/Customer Service Chart 1.5/1.75 as evidenced and attached as “G”.

The Chairman stated that there may have been some confusion concerning two year probationers who would wait until the subsequent budget year for an increase. The General Manager said it was the policy. The General Manager stated that the issue would conflict with the payroll policy as instituted by the Board. In answer to Board Member Gallucci, the General Manager stated that the system was created for fairness and that the No. 3 note of “G” would address the concerns of the Chairman and amending the policy pursuant to footnote #3 of “G” would meet the Chairman’s concern.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to approve the minor amendment to the Laborer/Customer Service Chart as presented and evidenced as “G” and it was unanimously,

VOTED: To approve the minor amendment to the Laborer/Customer Service Chart as presented and evidenced as “G”.

#### Award Bid Billing Forms

The General Manager stated there were two bids for billing forms services and that RR Donnelley was the lowest bidder and it was fair and reasonable and he recommended acceptance of the bid for billing forms services as evidenced and attached as “H”.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to award the proposal for billing forms services to RR Donnelley in the amount of \$13,734.10 with 2% escalation for the 2<sup>nd</sup> year of service and 4% escalation for the 3<sup>rd</sup> year of service as evidenced and attached as “H” and it was unanimously,

**VOTED:** Masterson to award the proposal for billing forms services to RR Donnelley in the amount of \$13,734.10 with 2% escalation for the 2<sup>nd</sup> year of service and 4% escalation for the 3<sup>rd</sup> year of service as evidenced and attached as “H”.

#### Award Bid IFR 2009B

The General Manager stated there were three bids for IFR 2009B and that Boyle & Fogarty Construction Co., Inc. was the lowest bidder and met the requirements of the contract documents and it was fair and reasonable and he recommended acceptance of the bid for IFR 2009B as evidenced and attached as “I”.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to award the proposal for IFR 2009 B to Boyle & Fogarty Construction Co., Inc. in the amount of \$5,710,734.00 as evidenced and attached as “I” and it was unanimously,

**VOTED:** To award the proposal for IFR 2009 B to Boyle & Fogarty Construction Co., Inc. in the amount of \$5,710,734.00 as evidenced and attached as “I”.

#### Proposal Award – Meter Reading Equipment

The General Manager stated there was one bid for services regarding meter reading equipment and that the bid did not meet Kent County Water Authority requirements and the General Manager recommended to reject the bid in the best interest of the Kent County Water Authority and the bid is evidenced and attached as “J”.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to reject the bid of BadgerMeter, Inc. as evidenced and attached “J” in the best interest of Kent County Water Authority and to rebid the award for services regarding meter reading equipment and it was unanimously,

VOTED: To reject the bid of BadgerMeter, Inc. as evidenced and attached as “J” in the best interest of Kent County Water Authority and to rebid the award for services regarding meter reading equipment.

#### Procedure Access to Public Records, Approval

The General Manager’s memo regarding the procedures for Access to Public Records is evidenced and attached as “K” and it was moved by Board Member Gallucci and seconded by Board Member Giorgio to approve the new procedures for access to public records as evidenced and attached as “K” and it was unanimously,

VOTED: To approve the new procedures for access to public records as evidenced and attached as “K”.

#### Organization Modification, Approval

This matter will be addressed at the next Board meeting.

#### Employee Review (5:30 p.m.)

The Chairman stated that the employee affected was notified in writing on March 30, 2011 and hand delivered on March 30, 2011 at 12:32 p.m. that a discussion concerning job performance was to be held in executive (closed) session at 5:30 p.m. by the Board of Kent County Water Authority unless the employee affected required the proceeding to be held at an open meeting. The employee affected did respond and did appear and requested that the meeting be in executive (closed) session.

After the notice statement was read by the Chairman, the Chairman declared that it be noted in the minutes of the meeting that R.I.G.L. 42-46-5(a)(1) has been fully complied with.

The Chairman moved and Board Member Giorgio seconded the motion to move into executive session for the discussion of job performance, character, physical or mental health pursuant to R.I.G.L. 42-46-4 and 42-46-5(a)(1) and it was unanimously of the Board Members present,

VOTED: To enter into executive session for discussion of personnel matters pursuant to R.I.G.L. 42-46-4 and 42-46-5(a)(1).

The Chairman moved and Board Member Giorgio seconded to exit executive session and to keep the executive session minutes closed and that the minutes shall

remain under seal pursuant to R.I.G.L. 42-46-4 and 42-46-5 and it was unanimously of the Board Members present,

VOTED: To exit executive session and to keep the executive session minutes closed and that the minutes shall remain under seal pursuant to R.I.G.L. 42-46-4 and 42-46-5.

**CAPITAL PROJECTS:**  
**INFRASTRUCTURE PROJECTS**

**Tech Park Tank Recoating Remediation of Issues**

The General Manager stated that due to the uncooperative nature of Rockwood Corporation and the insurance carrier, Lincoln General Insurance Company, he would recommend that the Board authorize the General Manager to take legal action which may be necessary to conclude this matter and it was the sense of the Board to authorize the General Manager to take legal action if necessary to conclude this matter and it was unanimously,

VOTED: To authorize the General Manager to take legal action if necessary to conclude this matter. .

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 "L".

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

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

---

Secretary Pro Tempore

# **EXHIBIT A**

Kent County Water Board Meeting

April 21, 2011

---



**WATER LINE SEPARATION CHART:**

| CROSSING | GROUND | WATER LINE SIZE | DEPTH OF COVER | OTHER UTILITY SIZE | DEPTH OF COVER | SEPARATION |
|----------|--------|-----------------|----------------|--------------------|----------------|------------|
| A        | 320.02 | 8" DP           | 5.0'           | TAC DUCT           | 2.5' (1)       | 1.8" ±     |
| B        | 320.18 | 8" DP           | 5.0'           | 8" GAS             | 2.5' (1)       | 1.8" ±     |
| C        | 321.49 | 8" DP           | 5.0'           | 15" ADS            | 4.4'           | 1.5' (1)   |
| D        | 320.63 | 5" DP           | 5.0'           | 24" ADS            | 2.2'           | 1.5' (1)   |
| E        | 320.31 | 5" DP           | 5.0'           | 6" PVC             | 9.1'           | 3.6"       |
| F        | 323.73 | 8" DP           | 5.0'           | 24" ADS            | 2.8'           | 1.5' (1)   |
| G        | 318.90 | 8" DP           | 5.0'           | 8" PVC             | 7.6'           | 2.6' (1)   |
| H        | 321.27 | 8" DP           | 5.0'           | 8" SPW             | 6.3' (1)       | 1.3' (1)   |

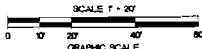
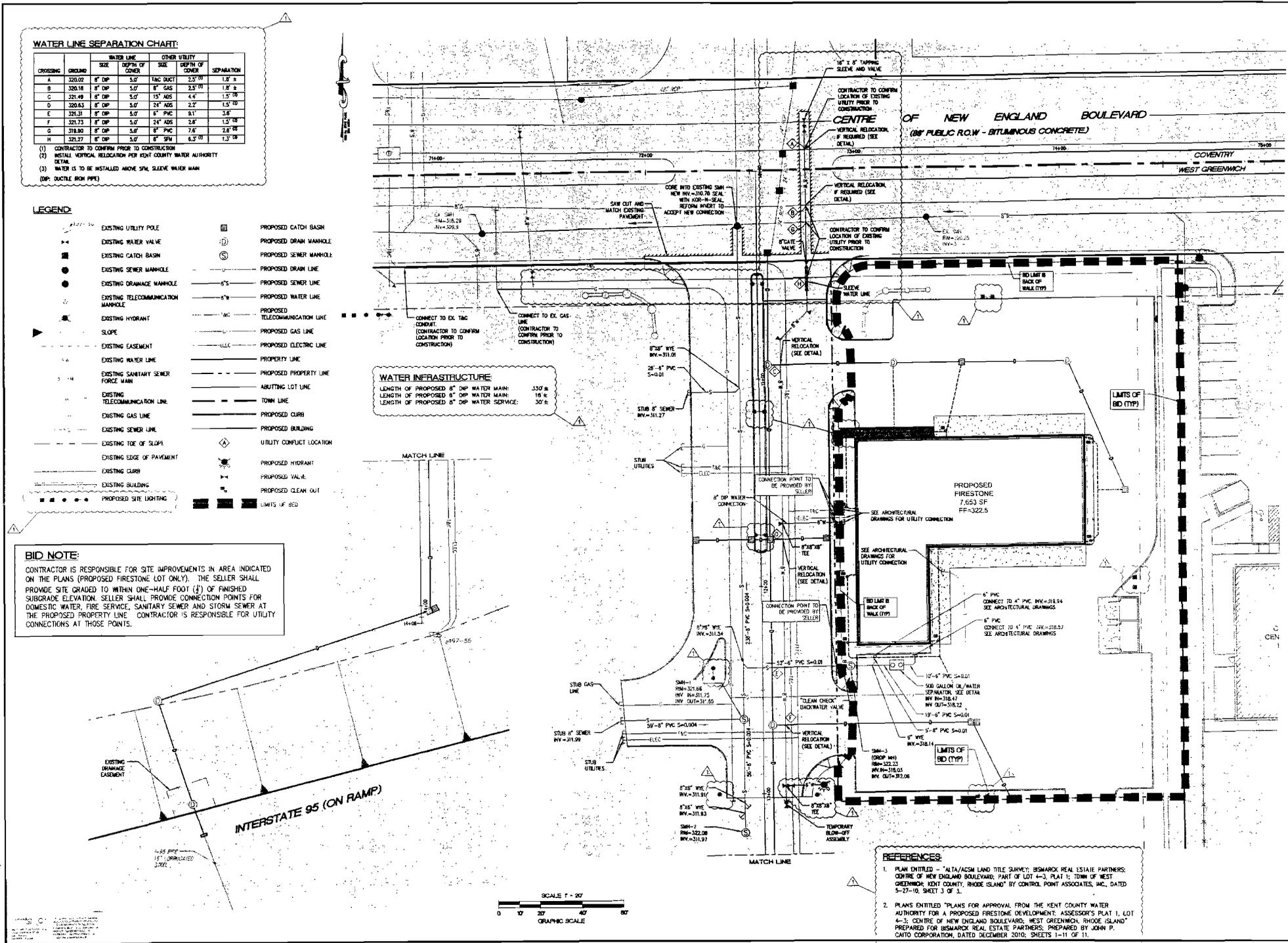
- (1) CONTRACTOR TO CONFIRM PRIOR TO CONSTRUCTION
- (2) INSTALL VERTICAL RELOCATION FOR KENT COUNTY WATER AUTHORITY DETAIL
- (3) WATER IS TO BE INSTALLED ABOVE SINK SLAVE WATER MAIN (DP: DUCTILE IRON PIPE)

**LEGEND:**

|                                    |                                 |
|------------------------------------|---------------------------------|
| EXISTING UTILITY POLE              | PROPOSED CATCH BASIN            |
| EXISTING WATER VALVE               | PROPOSED DRAIN MANHOLE          |
| EXISTING CATCH BASIN               | PROPOSED SEWER MANHOLE          |
| EXISTING SEWER MANHOLE             | PROPOSED DRAIN LINE             |
| EXISTING DRAINAGE MANHOLE          | PROPOSED SEWER LINE             |
| EXISTING TELECOMMUNICATION MANHOLE | PROPOSED WATER LINE             |
| EXISTING HYDRANT                   | PROPOSED TELECOMMUNICATION LINE |
| SLOPE                              | PROPOSED GAS LINE               |
| EXISTING EASEMENT                  | PROPOSED ELECTRIC LINE          |
| EXISTING WATER LINE                | PROPERTY LINE                   |
| EXISTING SANITARY SEWER FORCE MAIN | PROPOSED PROPERTY LINE          |
| EXISTING TELECOMMUNICATION LINE    | ABUTTING LOT LINE               |
| EXISTING GAS LINE                  | TOWN LINE                       |
| EXISTING SEWER LINE                | PROPOSED CURB                   |
| EXISTING TOE OF SLOPE              | PROPOSED BUILDING               |
| EXISTING EDGE OF PAVEMENT          | UTILITY CONFLICT LOCATION       |
| EXISTING CURB                      | PROPOSED HYDRANT                |
| EXISTING BUILDING                  | PROPOSED VALVE                  |
| PROPOSED SITE LIGHTING             | PROPOSED CLEAN OUT              |
|                                    | LIMITS OF BED                   |

**BID NOTE:**  
 CONTRACTOR IS RESPONSIBLE FOR SITE IMPROVEMENTS IN AREA INDICATED ON THE PLANS (PROPOSED FIRESTONE LOT ONLY). THE SELLER SHALL PROVIDE SITE GRADED TO WITHIN ONE-HALF FOOT (1/2') OF FINISHED SUBGRADE ELEVATION. SELLER SHALL PROVIDE CONNECTION POINTS FOR DOMESTIC WATER, FIRE SERVICE, SANITARY SEWER AND STORM SEWER AT THE PROPOSED PROPERTY LINE. CONTRACTOR IS RESPONSIBLE FOR UTILITY CONNECTIONS AT THOSE POINTS.

**WATER INFRASTRUCTURE:**  
 LENGTH OF PROPOSED 8" DP WATER MAIN: 330' ±  
 LENGTH OF PROPOSED 8" DP WATER MAIN: 18' ±  
 LENGTH OF PROPOSED 8" DP WATER SERVICE: 30' ±



- REFERENCES:**
1. PLAN ENTITLED "ALTA/ACSM LAND TITLE SURVEY: BISMARCK REAL ESTATE PARTNERS, CENTRE OF NEW ENGLAND BOULEVARD, PART OF LOT 4-3, PLAT 1, TOWN OF WEST GREENWICH, KENT COUNTY, RHODE ISLAND" BY CONTROL POINT ASSOCIATES, INC. DATED 5-27-10, SHEET 3 OF 3.
  2. PLANS ENTITLED "PLANS FOR APPROVAL FROM THE KENT COUNTY WATER AUTHORITY FOR A PROPOSED FIRESTONE DEVELOPMENT. ASSESSOR'S PLAT 1, LOT 4-3, CENTRE OF NEW ENGLAND BOULEVARD, WEST GREENWICH, RHODE ISLAND" PREPARED FOR BISMARCK REAL ESTATE PARTNERS, PREPARED BY JOHN P. CATO CORPORATION, DATED DECEMBER 2010; SHEETS 1-11 OF 11.

| NO. | DATE    | REVISION   |
|-----|---------|------------|
| 1   | 1/20/21 | ADDENDUM 1 |



**ILLSTONE ENGINEERING, P.C.**  
 CIVIL ENGINEERING • COMMERCIAL ARCHITECTURE • LAND SURVEYING  
 70 CENTERVILLE ROAD, SUITE 100, WEST GREENWICH, RHODE ISLAND 02891  
 TEL: (401) 871-2441 FAX: (401) 871-2420

**UTILITY PLAN**

**PROPOSED FIRESTONE**

A.P. 1, LOT 4-3  
 755 CENTRE OF NEW ENGLAND BLVD.  
 WEST GREENWICH, RI

PREPARED FOR:  
**BISMARCK REAL ESTATE PARTNERS**

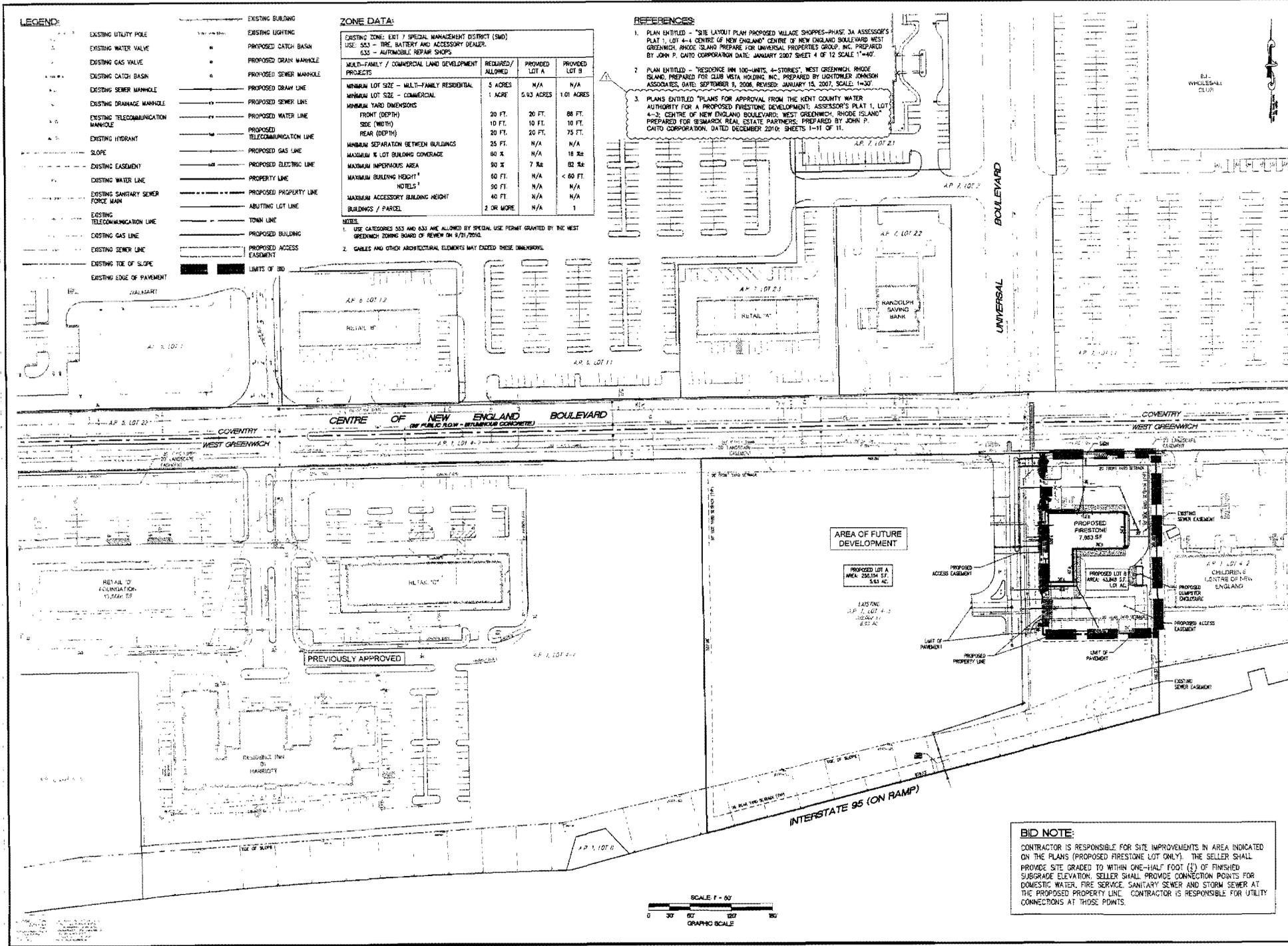
1" = 20'  
 FEBRUARY 14, 2011

Drawn By: B.J.C.  
 Checked By: J.C.H.  
 Sheet

7

of 14

FILE NO.: 11.21.25



**LEGEND:**

|                                    |                                 |
|------------------------------------|---------------------------------|
| EXISTING UTILITY POLE              | EXISTING LIGHTING               |
| EXISTING WATER VALVE               | PROPOSED CATCH BASIN            |
| EXISTING GAS VALVE                 | PROPOSED DRAIN MANHOLE          |
| EXISTING CATCH BASIN               | PROPOSED SEWER MANHOLE          |
| EXISTING SEWER MANHOLE             | PROPOSED DRAIN LINE             |
| EXISTING DRAINAGE MANHOLE          | PROPOSED SEWER LINE             |
| EXISTING TELECOMMUNICATION MANHOLE | PROPOSED WATER LINE             |
| EXISTING HYDRANT                   | PROPOSED TELECOMMUNICATION LINE |
| SLOPE                              | PROPOSED GAS LINE               |
| EXISTING EASEMENT                  | PROPOSED ELECTRIC LINE          |
| EXISTING WATER LINE                | PROPERTY LINE                   |
| EXISTING SANITARY SEWER FORCE MAIN | PROPOSED PROPERTY LINE          |
| EXISTING TELECOMMUNICATION LINE    | TOWN LINE                       |
| EXISTING GAS LINE                  | PROPOSED BUILDING               |
| EXISTING SEWER LINE                | PROPOSED ACCESS EASEMENT        |
| EXISTING TOE OF SLOPE              | LIMITS OF S/D                   |
| EXISTING EDGE OF PAVEMENT          |                                 |

**ZONE DATA:**

EXISTING ZONE: EXT 7 SPECIAL MANAGEMENT DISTRICT (SMD)  
 USE: 503 - TIRE, BATTERY AND ACCESSORY DEALER  
 G33 - AUTOMOBILE REPAIR SHOPS

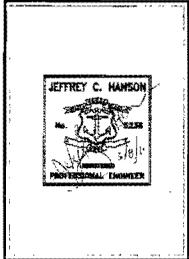
| PROJECTS                                    | REQUIRED/ALLOWED | PROVIDED LOT A | PROVIDED LOT B |
|---|------------------|----------------|----------------|
| MINIMUM LOT SIZE - MULTI-FAMILY RESIDENTIAL | 5 ACRES          | N/A            | N/A            |
| MINIMUM LOT SIZE - COMMERCIAL               | 1 ACRE           | 5.03 ACRES     | 1.01 ACRES     |
| MINIMUM YARD DIMENSIONS                     |                  |                |                |
| FRONT (DEPTH)                               | 20 FT.           | 20 FT.         | 88 FT.         |
| SIDE (WIDTH)                                | 10 FT.           | 10 FT.         | 10 FT.         |
| REAR (DEPTH)                                | 20 FT.           | 20 FT.         | 75 FT.         |
| MINIMUM SEPARATION BETWEEN BUILDINGS        | 25 FT.           | N/A            | N/A            |
| MAXIMUM % LOT BUILDING COVERAGE             | 90 %             | N/A            | 18 %           |
| MAXIMUM IMPERVIOUS AREA                     | 90 %             | 7 %            | 82 %           |
| MAXIMUM BUILDING HEIGHT*                    | 60 FT.           | N/A            | < 60 FT.       |
| HOTELS*                                     | 90 FT.           | N/A            | N/A            |
| MAXIMUM ACCESSORY BUILDING HEIGHT*          | 40 FT.           | N/A            | N/A            |
| BUILDINGS / PARCEL                          | 2 OR MORE        | N/A            | 1              |

- REFERENCES:**
- PLAN ENTITLED - "SITE LAYOUT PLAN PROPOSED VILLAGE SHOPS-PHASE 3A ASSESSOR'S PLAT 1, LOT 4-4 CENTRE OF NEW ENGLAND BOULEVARD WEST GREENWICH, RHODE ISLAND PREPARED FOR UNIVERSAL PROPERTIES GROUP, INC. PREPARED BY JOHN P. CATO CORPORATION DATE: JANUARY 2007 SHEET 4 OF 12 SCALE 1"=40'
  - PLAN ENTITLED - "RESIDENCE IN 100-UNITS, 4-STORIES" WEST GREENWICH, RHODE ISLAND, PREPARED FOR CLUB MEDIA HOLDING, INC. PREPARED BY LIGHTFOOT JOHNSON ASSOCIATES, DATE: SEPTEMBER 8, 2006, REVISED: JANUARY 13, 2007, SCALE: 1"=30'
  - PLANS ENTITLED "PLANS FOR APPROVAL FROM THE KENT COUNTY WATER AUTHORITY FOR A PROPOSED FIRESTONE DEVELOPMENT, ASSESSOR'S PLAT 1, LOT 4-3, CENTRE OF NEW ENGLAND BOULEVARD, WEST GREENWICH, RHODE ISLAND" PREPARED FOR BISMARCK REAL ESTATE PARTNERS, PREPARED BY JOHN P. CATO CORPORATION, DATED DECEMBER 2010, SHEETS 1-11 OF 11.

**NOTES:**

- USE CATEGORIES 503 AND 633 ARE ALLOWED BY SPECIAL USE PERMIT GRANTED BY THE WEST GREENWICH ZONING BOARD OF REVIEW ON 8/31/2010.
- GABLES AND OTHER ARCHITECTURAL ELEMENTS MAY EXCEED THESE DIMENSIONS.

| NO. | DATE    | REVISION   |
|-----|---------|------------|
| 1   | 2/14/11 | ADDENDUM 1 |



**HILLSTONE ENGINEERING, P.C.**  
 CIVIL ENGINEERING • LANDSCAPE ARCHITECTURE • LAND PLANNING  
 100 WASHINGTON STREET, SUITE 200, WEST GREENWICH, RI 02891  
 TEL: 401.875.1234 FAX: 401.875.1235

**OVERALL SITE PLAN**

**PROPOSED FIRESTONE**

A.P. 1, LOT 4-3  
 755 CENTRE OF NEW ENGLAND BLVD.  
 WEST GREENWICH, RI

PREPARED FOR  
**BISMARCK REAL ESTATE PARTNERS**

1" = 60'  
 FEBRUARY 14, 2011

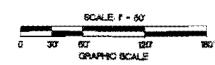
Drawn By: B.J.C.  
 Checked By: J.C.H.  
 Sheet

**4**  
 of 14

FILE NO: 11.21.25

**BID NOTE:**

CONTRACTOR IS RESPONSIBLE FOR SITE IMPROVEMENTS IN AREA INDICATED ON THE PLANS (PROPOSED FIRESTONE LOT ONLY). THE SELLER SHALL PROVIDE SITE GRADED TO WITHIN ONE-HALF FOOT (1/2) OF FINISHED SUBGRADE ELEVATION. SELLER SHALL PROVIDE CONNECTION POINTS FOR DOMESTIC WATER, FIRE SERVICE, SANITARY SEWER AND STORM SEWER AT THE PROPOSED PROPERTY LINE. CONTRACTOR IS RESPONSIBLE FOR UTILITY CONNECTIONS AT THOSE POINTS.



# **EXHIBIT B**

Kent County Water Board Meeting

April 21, 2011



## Market Update

Summit Financial  
April 2011

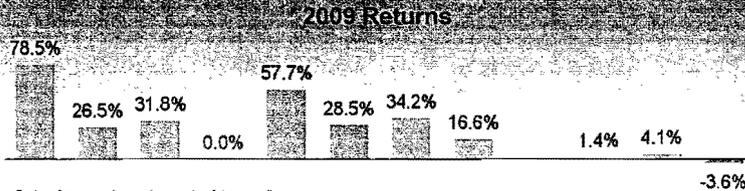
SUMMIT  
FINANCIAL  
CORPORATION

## Equities and Bonds Sharply Higher in 2009...

### 4Q:2009 Returns

| Equities |      |      |      | Bonds |      |      |      | "Safe" Assets |       |
|----------|------|------|------|-------|------|------|------|---------------|-------|
| 8.5%     | 6.0% | 2.2% | 0.0% | 5.2%  | 3.3% | 2.4% | 1.5% | 0.6%          | -1.3% |

EM US EAFE Global High Yield US GMBS Market Debt Emerging Debt Global Investment Grade Corp Japan Govt Euro Govt US Govt

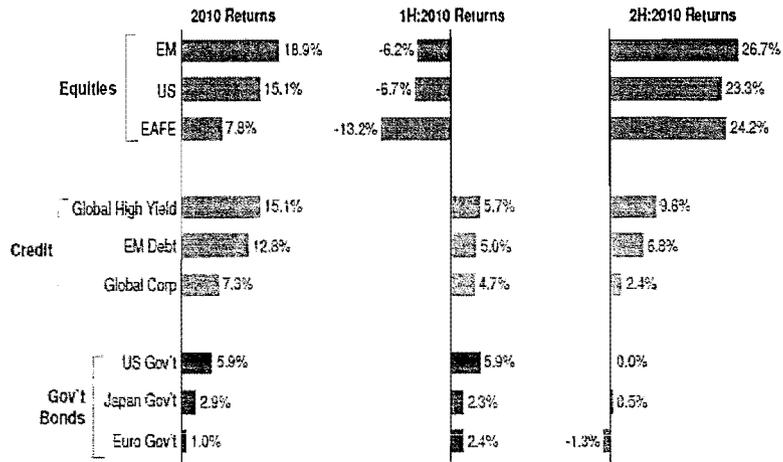


SUMMIT  
FINANCIAL  
CORPORATION

Past performance does not guarantee future results.  
As of December 31, 2009  
Individuals cannot invest directly in an index. Please see slide 27 for index definitions.  
Source: Bloomberg, Barclays Capital, MSCI, S&P and AllianceBernstein

# 2010 Powerful Second-Half

Returns in USD



Past performance does not guarantee future results.  
 Through December 31, 2010.  
 All non-USD asset class returns are shown in hedged USD terms.  
 Individuals cannot invest directly in an index. Please see the end of the presentation for index definitions.  
 Source: Barclays Capital, Bloomberg, MSCI, S&P and iMacros/Berkstein

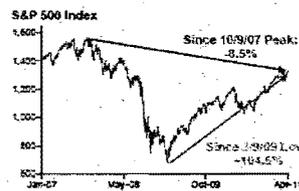
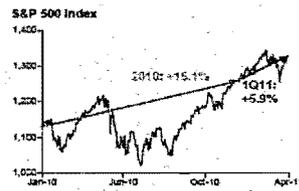
# Returns by Style

MARKET INSIGHTS

Returns by Style

Charts reflect index levels (price change only). All returns and annotations reflect total return, including dividends.

Equities



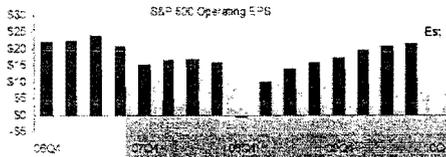
|       | 1Q 2011                          |       |        | 2010                          |        |        |
|-------|----------------------------------|-------|--------|-------------------------------|--------|--------|
|       | Value                            | Blend | Growth | Value                         | Blend  | Growth |
| Large | 6.5%                             | 5.9%  | 6.0%   | 15.5%                         | 15.1%  | 16.7%  |
| Mid   | 7.4%                             | 7.6%  | 7.9%   | 24.8%                         | 25.5%  | 26.4%  |
| Small | 6.6%                             | 7.9%  | 9.2%   | 24.5%                         | 26.9%  | 29.1%  |
|       | Since Market Peak (October 2007) |       |        | Since Market Low (March 2009) |        |        |
| Large | -14.7%                           | -8.5% | 1.0%   | 112.7%                        | 104.5% | 106.0% |
| Mid   | 1.1%                             | 3.9%  | 5.7%   | 158.2%                        | 150.7% | 144.4% |
| Small | 0.9%                             | 4.8%  | 8.1%   | 149.6%                        | 152.6% | 155.2% |

Source: Russell Investment Group, Standard & Poor's, FactSet, J.P. Morgan Asset Management.  
 All calculations are cumulative total return, including dividends reinvested for the stated period. Since Market Peak represents period 10/9/07 - 3/31/11, illustrating market returns since the most recent S&P 500 index high on 10/9/07. Since Market Low represents period 3/9/09 - 3/31/11, illustrating market returns since the S&P 500 index low on 3/9/09. Returns are cumulative returns, not annualized. For all time periods, total return is based on Russell-style indices with the exception of the large blend category, which is reflected by the S&P 500 index. Past performance is not indicative of future results.  
 Data as of 3/31/11.

J.P.Morgan

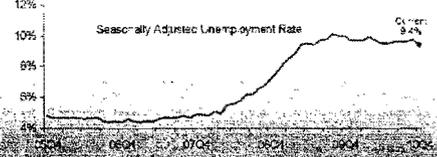
## U.S. Economy Gains Traction in 2010, Encouraged By Monetary & Fiscal Stimulus Job and Housing Markets Remain at Recessionary Levels

**Corporate Earnings** — S&P 500 company earnings have improved steadily since the fourth quarter of 2008, which saw the weakest quarterly earnings in the index's history

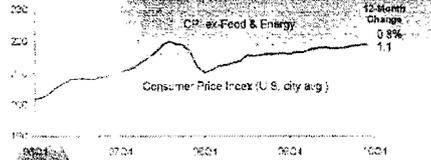


Source: Standard & Poor's Compustat

**Unemployment** — Although U.S. employers added fewer jobs than forecast in December, unemployment fell to its lowest level since July 2009. The Fed's view is that it will take years for the labor market to fully recover.

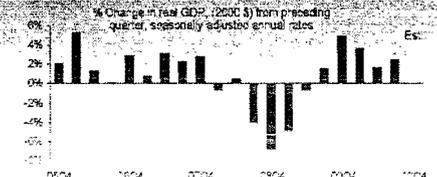


**Price Levels** — The Fed's policy of raising the money supply to 10 percent in 2009, followed by a 1.5 percent increase in the money supply, has led to a huge stimulus-induced increase in the money supply. The Fed expects inflation will remain subdued for some time.



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

**GDP Growth** — The economy has returned to growth after the deepest recession in seven decades, but growth hasn't been robust enough to measurably bring down unemployment.



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

## Equity Portfolio – 60%

|                | Value  | Blend  | Growth   |
|----------------|--|--|--|
| Large<br>38%   | Alliance Bernstein/ Mellon<br>10%                          | Boston Company International Value<br>Julius Baer 6% | 10%<br>INTECH<br>Geewax, Terker & Company                    |
| Internl<br>12% | Vanguard Value Index 9%                                    | Vanguard International Index<br>6%                   | Vanguard Growth Index<br>9%                                  |
| Mid<br>6%      |  | Vanguard Mid Cap Index<br>6%                         |  |
| Small<br>4%    | All Pro Small Value<br>1%<br>Vanguard Small Value Index 1% |  | All Pro Small Growth<br>1%<br>Vanguard Small Growth Index 1% |

SUMMIT FINANCIAL CORPORATION

## Fixed Income Portfolio 40%

| Short             | Intermediate  | Long   |                        |
|-------------------|---|--|------------------------|
| 15%<br>Fixed Fund | 10%<br>All Pro Diversified Bond<br>BlackRock Financial Management<br>Western Asset Management | 5%<br>Vanguard<br>Inflation<br>Protected<br>Securities | High<br>Quality<br>30% |
|                   | 7%<br>Vanguard Total Bond Index   | N/A  | Medium<br>7%           |
|                   | 3%<br>Vanguard High Yield Bond Index  | N/A  | Low<br>3%              |

SUMMIT  
FINANCIAL  
CORPORATION

## Performance ending 12/31/10

- Portfolio return: 12.38% for one year ending 12/31/10

- **Benchmark Return 10.18%**

(48% S&P, 12% FAFE, 15% Treasury, 17% Barclays Agg, 3% Barclay HY, 5% Barclay Government)

- Portfolio return: 3/31/11: 3.85%

SUMMIT  
FINANCIAL  
CORPORATION

# Funding Ratio

- 1/1/11 76%
- 1/1/10 70%
- 1/1/09 58%
- 1/1/08 81%
- 1/1/07 87%
- 1/1/06 89%

SUMMIT  
FINANCIAL  
CORPORATION

# Proposed 60%/ 40%

|  | VALUE   | BLEND   | GROWTH  |
|--|---|---|---|
| <b>LARGE-CAP</b><br>29%<br><b>Internationa</b><br>112% | American Funds American Mutual R6 - 7%<br>Vanguard Value Index - 7%   | Oppenheimer Developing Markets Y - 4%<br>American Funds EuroPacific Growth R6 - 4%<br>Vanguard Developed Markets Index - 4% | American Funds AMCAP R6 - 7%<br>Vanguard Growth Index - 3%          |
| <b>MID-CAP</b> 9%                                      |   | Vanguard Mid Cap Index - 9%   |   |
| <b>SMALL-CAP</b><br>6%                                 | American Beacon - 1%<br>Vanguard Small Value Index - 5%   |   | F. Ross Price New Horizons - 1%<br>Vanguard Small Growth Index - 5% |
| <b>Specialty</b>                                       | Vanguard REIT Index - 2%<br>Vanguard Precious Metals and Mining - 1%<br>Goldman Sachs Commodity Strategy - 1% |   |   |
|  | SHORT TERM  | INTERMEDIATE TERM   | LONG TERM   |
| <b>HIGH QUALITY</b>                                    | Fixed Fund 15%  | Vanguard Total Bond Market Index - 10%  | Vanguard Inflation Protected Securities - 3%                        |
| <b>MEDIUM QUALITY</b>                                  |   | Oppenheimer International Bond Y - 4%   |   |
| <b>LOW QUALITY</b>                                     |   | Vanguard High Yield Corporate Bond - 8%   |   |

SUMMIT  
FINANCIAL  
CORPORATION

# Questions???

## Summit Financial Corporation

We can't predict. We can help you prepare.

Please note this information is provided for plan sponsor use only in meeting fiduciary obligations to help employees prepare for retirement. It is not to be construed as advertising or sales literature and is not for distribution to plan participants. Securities offered through Ogilvie Securities Advisors Chicago Illinois.



## A Word About Risk

**Past performance is no guarantee of future results.** The investment return and principal value of an investment in any Fund will fluctuate as the prices of the individual securities in which they invest fluctuate, so that shares, when redeemed, may be worth more or less than their original cost.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be "value" stocks are able to turn their business around or successfully employ corrective strategies that would result in stock prices that rise as initially expected.

Investments in foreign securities may magnify fluctuations due to changes in foreign exchange rates and the possibility of substantial volatility due to political and economic uncertainties in foreign countries. Because a Fund may invest in emerging markets and in developing countries, an investment also has the risk that market changes or other factors affecting emerging markets and developing countries, including political instability and unpredictable economic conditions, may have a significant effect on a Fund's net asset value.

While a fund may invest primarily in common stocks and other equity securities, in order to achieve its investment objectives, a fund may at times use certain types of investment derivatives, such as options, futures, forwards and swaps. These instruments involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments. These risks are fully discussed in each Fund's prospectus.

Fixed-income securities may lose value if interest rates rise or fall - long-term securities tend to rise and fall more than short-term securities. The values of mortgage-related and asset-backed securities are particularly sensitive to changes in interest rates due to prepayment risk.



## Important Fund Disclosure Information

**You should consider the investment objectives, risks, charges and expenses of any fund/portfolio carefully before investing. For free copies of any prospectuses, which contain this and other information, visit us online at ([www.nationwide.com](http://www.nationwide.com).) Please read the prospectus carefully before investing.**

  
SUMMIT  
FINANCIAL  
CORPORATION