Petrarca and McGair, Inc.

From: Open Meetings Admin [openMeetings@sos.ri.gov]
Sent: Friday, June 22, 2012 1:10 PM
To: jjm@petrarcamcgair.com; openMeetings@sos.ri.gov
Subject: SOS Open Meetings : Meeting Minutes

May 2012 minutes

June 22, 2012

This is your electronic confirmation for the electronic filing of meeting minutes for the Kent County Water Authority. The meeting minutes filed are in for the meeting held on: May 17, 2012 15:30:00.

This notice was electronically filed on the Secretary of State Open Meetings Website on: June 22, 2012 01:10:18 pm.

Please retain this message as your official proof of electronic filing.

Sincerely,

The Open Meetings Team at
Office of Secretary of State A. Ralph Mollis State House Room 38 Providence, RI 02903
(401) 222-2357
(401) 222-1404
TTY: 711
openmeetings@sos.ri.gov
sos.ri.gov

Agenda

Agenda

BOARD MEETING AGENDA
MAY 17, 2012 – 3:30 P.M.
OFFICES OF KENT COUNTY WATER AUTHORITY

Approval - Minutes of Meeting: Board Meeting – April 19, 2012

Legal Counsel: Legal Matters

Director of Finance Report: Cash Report April 2012
March Closing

Point of Personal Privilege & Communication:

General Manager/Chief Engineer's Report:

Old Business: Bond Refinancing (Status)

- Moody's Analyst Review
- S & P Analyst Review
- Schedule For Sale
- Division Filing

New Business: Fiscal Year 2012/2013 Legal Services
Plant Operations, Requirements
Open Positions, Fill for Plant Operations
Operating Revenue Allowance
Approval: Board resolution to refinance all or a portion of Authority's outstanding 2001A & 2002 Series A Bond issues
2011 Water Quality Report
Approval Braver PC, Auditing Contract

Capital Projects: CIP-1C Mishnock Well Treatment Plant (Construction Status)
CIP-1B Mishnock Transmission (Contract Administration Services Approval, Task Order # 3)

Infrastructure Projects: IFR 2009B (Construction Status)
IFR 2010A (Construction Status)
Quaker Lane P. S. Upgrade (Status)
IFR 2010B Design (Finalization of Design)
Tech Park Storage Tank Painting (Legal Action)
Water Street Replacement (Construction Status)

Board Organization: Election of Secretary

Executive Session 5:00 p.m. In Accordance with 42-46-5(a)(1)
Employees Performance Review, Employment Status

The offices of the Kent County Water Authority are handicapped accessible. Individuals requesting interpreter services for the hearing impaired must contact the offices of the Kent County Water Authority 72 hours before the meeting at 821-9300. (Telecommunications device for the hearing impaired available).

Revised Agenda Posted May 10, 2012.

1. KCWA Main Entry Office Public Bulletin Board
2. KCWA Side Entry Door Entrance
3. West Warwick Town Hall Public Bulletin Board

Revised Agenda Sent Via U. S. Post Office May 10, 2012 for Posting on Public Bulletin Board

1. City of Warwick
2. Town of Coventry
3. Town of East Greenwich
4. Town of West Warwick
5. Town of West Greenwich

Petrarca and McGair, Inc.

From: Open Meetings Admin [openMeetings@sos.ri.gov]
Sent: Tuesday, May 15, 2012 12:26 PM
To: jjm@petrarcamcgair.com; openMeetings@sos.ri.gov
Subject: SOS Open Meetings : Meeting Notice

May 15, 2012

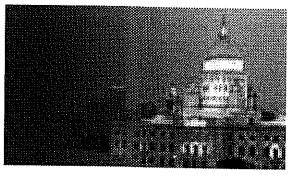
This is your electronic confirmation for the electronic filing of meeting notice for the Kent County Water Authority. The meeting notice filed is for the meeting on: May 17, 2012 3:30:00 pm.

This notice was electronically filed on the Secretary of State Open Meetings Website on: May 15, 2012 12:25:42 pm.

Please retain this message as your official proof of electronic filing.

Sincerely,

The Open Meetings Team at
Office of Secretary of State A. Ralph Mollis State House Room 38 Providence, RI 02903
(401) 222-2357
(401) 222-1404
TTY: 711
openmeetings@sos.ri.gov
sos.ri.gov



Welcome Joseph McGair

Login | Options | Log Out

The meeting notice details are successfully updated to the database. Click to view the PDF.

Public Information
State House, Room 38
Providence, RI 02903
Open: Monday-Friday, 8:30 a.m. to 4:30 p.m.
Phone: (401) 222-3983
Fax: (401) 222-1404
TTY: 711
Email: openmeetings@sos.ri.gov

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

May 17, 2012

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 May 17, 2012.

Chairman, Robert B. Boyer opened the meeting at 3:38 p.m. Board Members, Mr. Gallucci, Mr. Giorgio, Board Member Inman and Mr. Masterson were present together with the General Manager, Timothy J. Brown, Director of Administration, Technical Service Director, John R. Duchesneau and Finance, Jo-Ann Gershkoff and Legal Counsel, Lewis J. Paras. Board Member Gallucci led the group in the pledge of allegiance.

The minutes of the Board meeting minutes of April 19, 2012 were moved for approval by Board Member Masterson and seconded by Board Member Gallucci and were unanimously approved.

LEGAL MATTERS

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. 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. On May 13, 2011 Legal Counsel sent a letter to Counsel for potential buyer inquiring as to the status of the sale. Legal Counsel

followed up with counsel for Buyer on June 14, 2011 regarding response to May 13, 2011 correspondence. On July 18, 2011 Legal Counsel was informed by Buyer's Counsel that the sale is on hold pending resolution of Supreme Court Appeals in receivership case. There has been no further word as of April 18, 2012. Legal Counsel forwarded correspondence to Attorney for Buyer on April 17, 2012 for status report. As of May 15, 2012 no response has been received.

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 18, 2012. Legal Counsel forwarded correspondence to Attorney DeAngelis on April 17, 2012 requesting status. Attorney DeAngelis was replaced by Attorney Indeglia and correspondence was sent to Attorney Indeglia on May 2, 2012 requesting status.

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 18th 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 pursuant to Mr. Law of Rockwood. After receiving no reply, Legal Counsel sent a follow up letter to Mr. Poppish on April 13, 2011. On May 16, 2011, Legal Counsel called Lincoln General and Mr. Poppish is no longer with the company and was directed to Mr. Bob Griffith and Legal Counsel spoke with him and was asked to send the correspondence to him which was accomplished on even date. No response was received from Mr. Griffith and Legal Counsel sent a follow up letter on June 9, 2011.

On July 14, 2011 Legal Counsel had a telephone conference with Bob Griffith from Lincoln General who stated that he would get something out to Legal Counsel the beginning of the week of July 18, 2011 and a letter was received on July 17, 2011 stating that he would discuss it with his insured and would respond thereafter. On August 5, 2011, Legal Counsel sent a follow up letter to Mr. Griffith since no response was received. A second follow up letter was sent to Mr. Griffith on November 16, 2011 since there has been no response.

A complaint was filed in Kent County Superior Court and served on Defendants Rockwood Corporation and Lincoln General Insurance Company on February 23, 2012. Defendants requested an extension to answer per Stipulation and their answer was due April 2, 2012 and was received by Legal Counsel on April 2, 2012. The parties are discussing the possibility of mediation.

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 was 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 appeared at the May 19, 2011 Board Meeting and the staffs are working together with the Developer and Legal Counsel. Mr. Resnick will draft agreements with respect to flushing and constructing the water line. On August 15, 2011 Legal Counsel left a message with Mr. Resnick for status update and as of May 14, 2012 Legal Counsel has not received a response.

DPUC – Gregory Decubellis

Legal Counsel received from the DPUC on March 12, 2012 an entry of

appearance for John A. Pagliarini.

There was a meeting between the parties on April 30, 2012 at the offices of Kent County Water Authority which said meeting was recommended by the hearing office prior to commencing discovery. This matter is in the process of discovery.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Statement of Revenues, Expenditures and Change in Fund Balance as of March, 2012, Cash Location FY 2011-2012 and Cash Receipts and Disbursements FY 2011-2012 attached as **"A"**, and after thorough discussion with regard to the sales and revenue. The restricted accounts were all funded for the period and collections have exceeded forecasts.

Board Member Gallucci moved and seconded by Board Member Giorgio 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 and Statement of Revenues, Expenditure and Change in Fund Balance as of March, 2012, Cash Location FY 2011-2012 and Cash receipts and Disbursements FY 2011-2012 attached as **"A"** be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege and Communications:

Board Member Masterson offered congratulations to General Manager, Timothy J. Brown, on working towards achieving the new bond rating of double A (Aa3). Board Member Masterson acknowledged that this was a significant accomplishment and the General Manager should be congratulated on all the efforts put into putting the Authority in a position to achieve this bond rating.

Board Member Masterson also acknowledged a "thank you" letter regarding the high service request at 795 Tillinghast Road from Brad Ingegneri that was approved at the Board meeting of April 19, 2012. Board Member Masterson acknowledged that it was the first time since he has been serving on the Board that a customer or someone requesting water service has taken the time to thank the Authority in writing for granting of service.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT
Old Business:

Bond Refinancing (Status)
Moody's Analyst Review

The General Manager outlined the Moody's investor service opinion dated May 14, 2012 as evidenced and attached as "**B**" whereby Moody's assigned a Aa3 rating to Kent County Water Authority $22 million general revenues refunding bonds, 2012 Series A. The General Manager indicated that this was a significant positive for the Authority in that this is a step below triple A rating which has become too expensive to try to achieve so that this is now the best rating that can be received short of a triple A bond rating.

S&P Analyst Review

The General Manager indicated that he would be communicating with S&P on May 18, 2012 regarding the review by S&P. The General Manager indicated that he anticipates that S&P will give an A+ or AA3 rating to the Authority.

Schedule for Sale

The General Manager indicated that the 2012 Series A bonds will be scheduled for sale after the June 4, 2012 hearing before the DPUC with the anticipation that the sale will occur shortly thereafter.

Division Filing

The General Manager indicated that there is a hearing scheduled for June 4, 2012 for DPUC approval of the refinancing of the bonds.

New Business:

Fiscal Year 2012/2013 Legal Services

The Chairman stated that a request for qualifications should be issued regarding the Fiscal Year 2012/2013 Legal Services. The request will be for a General Counsel to work for the Authority. Once the request is issued and the Board receives the responses, the General Manager should review the proposals and select the most promising ones and then the Board can conduct interviews of the candidates. The General Manager inquired as to whether an amount should be included in the request with regard to the cost of legal services and the Chairman stated that would not be necessary. Board Member Gallucci suggested that the same flat fee should be charged for Bond Counsel and General Counsel and after further discussion, it was agreed that the request for legal services should be for General Counsel in that the Bond Counsel is used only as needed for revenue issues. This was confirmed by Board Member Inman who recalled his experience with the State of Rhode Island.

Plant Operations, Requirements
Open Positions, Fill for Plant Operations

The General Manager gave an overview of the staffing requirements for the plant

operations which will include a staff engineer, treatment manager and production operator. The General Manager indicated that the openings would be first posted within the Authority and then postings outside the Authority if the positions can not be filled in house.

Operating Revenue Allowance

The General Manager stated that the Authority has an unrestricted Operating Revenue Allowance of 1.5% which converts to an annual allowance of $291,657.00. There has been expenditure of funds from this unrestricted account as noted on the Operating Revenue Allowance Dockets 3942 and 4142 Report as evidenced and attached as "**C**" resulting from the denial of the DPUC to allow salary increases for 2008 to be included as a cost of service. Salary increase for 2009, 2010, and 2011 had to be expended from the unrestricted Operating Revenue Allowance. The General Manager stated that the historical relevance of the unrestricted Operating Revenue Allowance was to save the Authority from multiple rate cases with regard to certain increase costs such as salary increases which are outlined in the unrestricted Operating Revenue Allowance section of the budget.

Approval: Board resolution to refinance all or a portion of Authority's outstanding 2001A & 2002A Series Bond issues

Normand Benoit, Esq. appeared as Bond Counsel for Kent County Water Authority and reviewed and distributed the Kent County Water Authority Series Resolution as evidenced and attached as "**D**". Mr. Benoit indicated that the adoption and sale of these bonds will result in redeeming the 2001 Series A bonds with an outstanding balance of $6,135,000 and the 2002 Series A bonds with an outstanding balance of $16,680,000. Mr. Benoit reviewed the remainder of the distribution outlining the highlights including the sample bond as outlined on pages 8-15 of his presentation. In response to questions by the Chairman, that it is the Chairman who has to sign the actual bonds but the Secretary or Secretary Pro Tempore would sign the resolution.

Board Member Gallucci commended Mr. Benoit on his work in putting together the Bond Series resolution noting that he had worked with Mr. Benoit in the past while he was retained by the City of Warwick in a similar capacity.

It was moved by Board Member Gallucci and seconded by Board Member Inman to adopt and approve "A Resolution of the Kent County Water Authority to Authorize the Issuance of Bonds for Capital Expenditures and to Authorize the Issuance of Refunding Bonds to Refinance All or a Portion of the Authority Outstanding 2001A and 2002A Series Issues" as evidenced and attached as "**D**" and it was unanimously,

> VOTED: To adopt and approve "A Resolution of the Kent County Water Authority to Authorize the Issuance of Bonds for Capital Expenditures and to Authorize the Issuance of Refunding Bonds to Refinance All or a Portion of the Authority Outstanding 2001A and 2002A Series Issues" as

evidenced and attached as "**D**".

2011 Water Quality Report

The General Manager briefly highlighted the Kent County Water Authority Consumer Confidence Water Quality Annual Report 2011 as distributed in pamphlet form to the customers and he directed attention to pages 8 and 9 of the report which highlights the quality data and that the Authority has had no water quality violations. However, there was a reporting violation which consisted of failure to monitor for contaminants between July 1st and September 30, 2011 due to mechanical and electrical interruptions.

Approval Braver PC, Auditing Contract

The General Manager recommended approval of the Braver, PC Auditing Contract as evidenced and attached as "**E**" which would call for the audit of the financial statements of the Authority and audit of Providence Water Supply protection funds annual reconciliation as of and for the year ending June 30, 2012. The fee for the auditing services will be $26,000.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to approve the Braver PC Auditing Contract as evidenced and attached as "**E**" and it was unanimously,

VOTED: To approve the Braver PC Auditing Contract as evidenced and attached as "**E**".

Employee Review (5:00 p.m.)

The Chairman stated that the employee affected was notified in writing on May 10, 2012 by regular mail and certified mail that a discussion concerning job performance was to be held in executive (closed) session at 5:00 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.

Board Member Masterson 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).

CAPITAL PROJECTS:
INFRASTRUCTURE PROJECTS

CIP-1B Mishnock Transmission (Contract Administration Services Approval, Task Order 3)

The General Manager recommended the approval of Task Order No. 3 by James J. Geremia & Associates, Inc. for the Mishnock area water system transmission main project and it was recommended by the General Manager as necessary, fair and reasonable as evidenced together with the report of the General Manager and attached as **"F".**

It was moved by Board Member Masterson and seconded by Board Member Giorgio to approve Task Order No. 3 and to have the Chairman execute Task Order No. 3 on behalf of Kent County Water Authority together with the report of the General Manager as evidenced and attached as "**F**" and it was unanimously,

VOTED: To approve Task Order No. 3 and to have the Chairman execute Task Order No. 3 on behalf of Kent County Water Authority together with the report of the General Manager as evidenced and attached as "**F**".

All other Capital 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 "**G**".

Bond Organization

Election of Secretary

Discussion ensued with the General Manager indicating that an election of secretary was not needed at this time as the Board meeting minutes are still being prepared by Secretary Pro Tempore. There was no further discussion and a secretary was not elected at this time.

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

VOTED: To adjourn the meeting at 6:10 p.m.

Secretary Pro Tempore

EXHIBIT A

Kent County Water Board Meeting

May 17, 2012

Kent County Water Authority
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

AS OF 03/2012

ACCOUNT DESCRIPTION	CURRENT MONTH BUDGET	CURRENT MONTH ACTUAL	CURRENT MONTH ACTUAL OVER/ UNDER BUDGET	YEAR-TO-DATE BUDGET	YEAR-TO-DATE ACTUAL	YEAR-TO-DATE ACTUAL OVER/ UNDER BUDGET
TOTALS FOR CUSTOMER ACCT. EXPENSES	31165.99	23912.10	7253.89	288130.91	253677.27	34453.64
1-9200 ADM & GENERAL SALARIES	26274.41	25483.22	791.19	242706.69	238146.70	4559.99
1-9210 OFFICE SUPPLIES & EXP	11083.33	9453.13	1630.20	99749.97	104449.38	-4699.41
1-9230 OUTSIDE SERVICES	10416.66	3016.50	7400.16	93749.94	75761.55	17988.39
1-9240 PROPERTY INSURANCE		71.00	-71.00	234287.00	177276.23	57010.77
1-9250 INJURIES & DAMAGES	50.83		50.83	457.47	102.38	355.09
1-9260 EMPLOYEE PENSION & BENEF	54868.58	54005.01	863.57	715817.26	746839.33	-31022.07
1-9280 REGULATORY COMM EXP	5625.00		5625.00	50625.00	53179.26	-2554.26
1-930B MISC GENERAL EXPENSE	1125.00	1272.25	-147.25	10125.00	11303.34	-1178.34
1-930C MISC GENERAL EXPENSE	3000.00		3000.00	27000.00		27000.00
1-932A MAINT GENERAL PLANT	9166.66	8670.31	496.35	82499.94	96181.15	-13681.21
1-932B MAINT VEHICLES	12416.66	11147.26	1269.40	111749.94	132911.89	-21161.95
1-9330 UNASSIGNED TIME VAC HOL	17901.91	10012.80	7889.11	161117.19	194916.49	-33799.30
1-9340 UNCOLLECTIBLE (WRITE OFF)					475.94	-475.94
TOTALS FOR ADM. & GENERAL EXPENSES	151929.04	123131.48	28797.56	1829885.40	1831543.64	-1658.24
1-4030 DEPRECIATION EXPENSE	96666.66	96666.67	-.01	869999.94	870000.03	-.09
1-4080 TAXES OTHER THAN INCOME	12541.66	22609.39	-10067.73	112874.94	215469.45	-102594.51
1-4270 INTEREST-LONG TERM DEBT	107157.00	107157.00		964413.00	964413.00	
1-4280 AMORTIZATION OF DEBT DISC	5833.33	5833.33		52499.97	52499.97	
TOTALS FOR OTHER EXPENSES	222198.65	232266.39	-10067.74	1999787.85	2102382.45	-102594.60
TOTALS FOR EXPENDITURES	975271.11	967514.31	7756.80	9283466.03	9178837.11	104628.92
EXCESS OF REVENUE OVER EXPENDITURES FOR general	941423.36	892786.35	-48637.01	5574783.70	6458186.66	883402.96

Kent Count ater Authority
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

AS OF 03/2012

ACCOUNT DESCRIPTION	CURRENT MONTH BUDGET	CURRENT MONTH ACTUAL	CURRENT MONTH ACTUAL OVER/ UNDER BUDGET	YEAR-TO-DATE BUDGET	YEAR-TO-DATE ACTUAL	YEAR-TO-DATE ACTUAL OVER/ UNDER BUDGET
REVENUES						
1-4150 MERCHANDISING & JOBBING	416.66	1396.00	979.34	3749.94	4393.57	643.63
1-4160 M & J COSTS & EXPENSES	1500.00	52651.72	51151.72	13500.00	60025.89	46525.89
1-4190 INTEREST & DIVIDEND INC.	7500.00	10200.99	2700.99	67500.00	36749.42	-30750.58
1-4210 MISC. NON-OPER. INCOME	2083.33		-2083.33	18749.97	17113.86	-1636.11
TOTALS FOR OTHER INCOME	11499.99	64248.71	52748.72	103499.91	118282.74	14782.83
1-461A METERED SALES - GC	1136282.83	960937.89	-175344.94	10226545.47	10981875.74	755330.27
1-461B METERED SALES - IC	290093.66	340302.96	50209.30	2610842.94	2541683.69	-69159.25
1-4620 PRIVATE FIRE PROTECTION	48112.25	44947.72	-3164.53	144336.75	137516.56	-6820.19
1-4630 PUBLIC FIRE PROTECTION	325554.50	325415.11	-139.39	976663.50	976245.33	-418.17
1-4640 SALES -PUBLIC AUTHORITIES	62229.08	85086.94	22857.86	560061.72	598337.13	38275.41
1-4660 SALES FOR RESALE	25000.00	25986.93	986.93	75000.00	117785.43	42785.43
1-4710 MISC. SERVICE REVENUE	14172.16	9757.15	-4415.01	127549.44	132325.81	4776.37
1-4740 OTHER WATER REVENUES	3750.00	3617.25	-132.75	33750.00	32971.34	-778.66
TOTALS FOR OPERATING REVENUE ACCTS.	1905194.48	1796051.95	-109142.53	14754749.82	15518741.03	763991.21
TOTALS FOR REVENUES	1916694.47	1860300.66	-56393.81	14858249.73	15637023.77	778774.04
EXPENDITURES						
1-6020 PURCHASED WATER	402500.00	441315.56	-38815.56	3622500.00	3545855.87	76644.13
1-6140 MAINTENANCE OF WELLS	20.00		20.00	180.00	489.98	-309.98
TOTALS FOR SOURCE OF SUPPLY EXPENSES	402520.00	441315.56	-38795.56	3622680.00	3546345.85	76334.15
1-6210 FUEL FOR PUMPING	95.83	167.51	-71.68	862.47	4068.03	-3205.56
1-6230 POWER PURCHASED	36500.00	35626.78	873.22	328500.00	246954.67	81545.33
1-624A PUMPING LABOR	3333.33	4422.98	-1089.65	29999.97	45082.08	-15082.11
1-624B PUMPING EXPENSES	289.16		289.16	2602.44	3032.30	-429.86
1-6310 MAINT STRUCT & IMPROVE	2358.33	5370.43	-3012.10	21224.97	43665.70	-22440.73

Kent County Water Authority
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

AS OF 03/2012

ACCOUNT DESCRIPTION	CURRENT MONTH BUDGET	CURRENT MONTH ACTUAL	CURRENT MONTH ACTUAL OVER/ UNDER BUDGET	YEAR-TO-DATE BUDGET	YEAR-TO-DATE ACTUAL	YEAR-TO-DATE ACTUAL OVER/ UNDER BUDGET
1-6330 MAINT PUMPING EQUIPMENT	3166.66	2159.33	1007.33	28499.94	27751.53	748.41
TOTALS FOR PUMPING EXPENSES	45743.31	47747.03	-2003.72	411689.79	370554.31	41135.48
1-6410 CHEMICALS	13775.00	8556.22	5218.78	123975.00	94055.30	29919.70
1-642A OPERATION LABOR	6391.66	6447.21	-55.55	57524.94	56217.35	1307.59
1-642B OPERATION EXPENSES	3041.66	3451.05	-409.39	27374.94	33730.05	-6355.11
1-6510 MAINT STRUCT & IMPROVE					253.35	-253.35
1-6520 MAINT WATER TREAT EQUIP	133.33		133.33	1199.97	2703.86	-1503.89
TOTALS FOR WATER TREATMENT EXPENSES	23341.65	18454.48	4887.17	210074.85	186959.91	23114.94
1-662A T & D LABOR	2108.33	184.40	1923.93	18974.97	11065.13	7909.84
1-662B T & D SUPPLIES & EXP	5354.16	3400.92	1953.24	48187.44	50018.43	-1830.99
1-663A T & D METER LABOR	3829.16	3362.58	466.58	34462.44	29559.06	4903.38
1-663B T & D METER SUPP & EXP	1095.83		1095.83	9862.47	14202.56	-4340.09
1-6650 T & D MISC	937.50		937.50	8437.50	1966.44	6471.06
1-6710 MAINT STRUCT & IMPROV	520.83		520.83	4687.47	4999.00	-311.53
1-6720 MAINT RESERVOIR & STDPIPE	1041.66	960.40	81.26	9374.94	12232.48	-2857.54
1-6730 MAINT T & D MAINS	48893.75	45067.43	3826.32	440043.75	406600.78	33442.97
1-6750 MAINT SERVICES	22208.33	22690.94	-482.61	235739.97	189469.96	46270.01
1-6760 MAINT METERS	6060.83	3754.17	2306.66	54547.47	83716.89	-29169.42
1-6770 MAINT HYDRANTS	7250.00	1266.43	5983.57	65250.00	84048.32	-18798.32
1-6790 TRANSFER TO CONSTRUCTION	-927.91		-927.91	-8351.19	-505.37	-7845.82
TOTALS FOR TRANS. & DISTR. EXPENSES	98372.47	80687.27	17685.20	921217.23	887373.68	33843.55
1-902A METER READING LABOR	10516.75	6916.67	3600.08	101509.75	72246.31	29263.44
1-902B METER READING SUPP & EXP	186.25		186.25	1676.25	216.73	1459.52
1-903A CUSTOMER RECORDS LABOR	14779.66	16265.39	-1485.73	133794.94	144948.44	-11153.50
1-903B CUSTOMER RECORDS SUPP	5683.33	730.04	4953.29	51149.97	36265.79	14884.18

KENT COUNTY WATER AUTHORITY
CASH RECEIPTS & DISBURSEMENTS
FY 2011 - 2012

	JULY 2011	AUGUST 2011	SEPTEMBER 2011	OCTOBER 2011	NOVEMBER 2011	DECEMBER 2011	JANUARY 2012	FEBRUARY 2012	MARCH 2012	APRIL 2012	MAY 2012	JUNE 2012
BEGINNING MONTH BALANCE	37,726,775	34,181,115	34,175,000	34,235,508	35,184,171	35,514,748	34,910,053	34,978,412	34,932,401	34,953,868		
CASH RECEIPTS:												
Collections	1,966,570	1,533,789	1,507,240	3,333,369	1,967,940	1,472,113	2,290,840	1,468,633	1,066,268	1,865,384		
Interest Earned	24,595	287	312	265	300	1,577	242	281	10,201	280		
Other												
TOTAL CASH RECEIPTS	39,717,940	35,715,191	35,682,553	37,569,141	37,152,410	36,988,438	37,201,135	36,447,326	36,008,870	36,819,532	-	-
CASH DISBURSEMENTS:												
Purchased Water	619,643	317,621	298,557	849,466	298,580	331,457	393,445	331,244	370,886	354,435		
Electric Power	24,408	25,012	34,274	37,769	27,363	27,356	29,204	30,268	35,627	32,697		
Payroll	143,753	186,550	149,225	134,783	166,162	141,808	245,253	161,782	141,763	141,257		
Operations	67,012	78,251	42,183	75,936	78,684	94,784	39,473	55,983	62,336	52,770		
Employee Benefits	282,802	109,906	53,346	57,148	55,556	54,861	54,971	56,985	55,663	65,241		
Legal	2,856	1,765	2,715	3,634	4,039	2,570	3,514	3,109	2,899	3,017		
Materials	166,404	129,947	51,562	79,855	77,651	46,567	33,319	47,385	37,429	226,346		
Insurance	60,983	122,022	1,048		-		-					
Sales Taxes	27,682	12,489	11,623	40,586	14,062	11,067	28,412	10,047	8,132	23,671		
Refunds	251	7,874	547	1,607	564	1,427	394	461	350	242		
Rate Case												
Conservation												
Pilot	8,265											
Capital Expenditures (Other)				91,750				117,664	-			
Mishnock Well/Storage/Pump/T 221C	7,666	8,257	12,282	32,458	35,551	51,146	71,167	52,459	39,506	53,579		
Mishnock Treatment Facility 230A				378,429	358,196	365,857	366,452	581,119	221,585	340,791		
Read School House 234C			148,807						8,935			
CIP Update 235A				780	1,020	2,550	1,235	2,773				
Read School House Tank 236C						177,925						
Quaker Lane 240C				2,490	11,920		332		2,055	765		
2007 Infrastructure 284B	213,665								2,757			
2009 A Infrastructure 243C	270,845											
2009 B Infrastructure 248C	316,733	488,950	590,595	485,362	444,797	723,483	317,886	4,771		5,132		
2010 Infrastructure Design 249C				2,575			1,020	2,487	3,502	1,465		
Water Street EG 250C						3,016		124				
U. S. Bank - Debt Service (P. & I.)	3,264,328						616,556					
Water Protection	59,527.62	51,547	50,282	110,342	63,517	42,511	20,089	56,263	61,576	48,807		
TOTAL DISBURSEMENTS	5,536,825	1,540,191	1,447,045	2,384,971	1,637,663	2,078,385	2,222,722	1,514,925	1,055,001	1,350,214	-	-
BALANCE END OF MONTH	34,181,115	34,175,000	34,235,508	35,184,171	35,514,748	34,910,053	34,978,412	34,932,401	34,953,868	35,469,317	-	-
	-								-	-		

	RATE REVENUE FY 10-11	RATE REVENUE FY 11-12
JUL	1,608,840	1,458,444.12
AUG	1,588,117	1,422,222.99
SEP	3,697,980	3,425,570.55
OCT	1,740,472	1,773,750.10
NOV	1,193,207	1,293,229.87
DEC	2,315,872	2,252,906.16
JAN	977,667	1,145,952.53
FEB	943,649	1,054,939.90
MAR	1,879,971	1,782,677.55
APR	1,119,045	1,149,993.00
MAY	912,317	
JUN	2,042,267	
	-	

CASH RECEIPTS DISBURSEMENTS FY 2012Detail
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CASH LOCATION
FISCAL YEAR 2011-2012

	JUL 2011	AUG 2011	SEP 2011	OCT 2011	NOV 2011	DEC 2011	JAN 2012	FEB 2012	MAR 2012	APR 2012	MAY 2012	JUN 2012
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		
Fleet Bank - Deposit	305,831.16	64,248.86	150,908.96	1,046,044.68	78,477.24	165,309.32	670,726.30	55,436.12	93,330.57	333,479.99		
Fleet Bank - Checking	156,293.32	3,350.65	199,148.91	73,321.40	136,350.06	202,743.97	144,229.70	159,183.79	291,103.43	221,920.54		
	502,124.48	107,599.51	390,057.87	1,159,366.08	254,827.30	408,053.29	854,956.00	254,619.91	424,434.00	595,400.53	0.00	0.00
U. S Bank - Project Funds												
Revenue	1,431,740.63	1,456,433.84	1,131,621.93	1,041,850.80	2,658,199.96	2,298,204.62	2,391,272.32	2,841,214.72	2,103,199.32	1,977,838.43		
Infrastructure Fund	8,424,924.93	8,428,020.46	8,319,036.54	8,362,425.08	8,214,922.08	7,998,651.81	8,174,706.13	8,624,773.65	9,074,838.73	9,524,912.18		
Operation Reserve Allowance	364,593.01	388,900.55	413,208.33	437,516.25	461,824.40	486,132.68	510,440.96	534,750.09	559,058.82	583,368.10		
Operation & Maintenance Reserve	2,367,556.27	2,367,576.41	2,367,596.56	2,373,447.05	2,373,467.19	2,373,486.69	2,373,506.87	2,373,527.02	2,373,545.87	2,373,566.02		
Renewal & Replacement Fund	343,057.93	351,394.00	359,730.18	368,066.47	239,442.31	247,778.17	256,113.62	139,315.30	147,650.19	155,984.71		
Renewal & Replacement Reserve	786,143.95	786,150.71	786,157.49	1,023,851.04	1,023,858.05	1,023,866.59	1,023,876.57	1,023,885.25	1,023,893.37	1,023,902.05		
Debt Service Fund - 2001	94,044.99	159,660.15	225,273.46	290,887.12	358,053.57	424,056.43	339,057.44	405,060.83	471,063.92	537,067.79		
Debt Service Reserve - 2001	781,148.43	781,148.43	781,148.43	781,148.43	781,148.43	781,148.43	781,148.43	781,148.43	781,148.43	781,148.43		
General Project - 2002	15,562,632.13	15,562,764.25	15,414,089.25	15,035,787.90	14,578,687.11	14,035,284.92	13,668,955.12	13,087,954.94	12,857,541.86	12,516,861.02		
Debt Service Fund - 2002	213,944.89	370,804.93	527,660.62	684,517.42	840,975.75	997,735.24	748,973.71	905,734.28	1,062,494.11	1,219,255.65		
Debt Service Reserve - 2002	1,823,614.72	1,823,614.72	1,823,614.72	1,823,614.72	1,823,614.72	1,823,614.72	1,823,614.72	1,823,614.72	1,823,614.72	1,823,614.72		
Debt Service Fund - 2004	182,706.53	288,050.43	393,390.58	498,731.55	602,740.26	707,749.68	752,728.91	857,739.91	962,751.19	1,067,763.85		
Debt Service Reserve - 2004	1,302,166.08	1,302,882.73	1,302,921.82	1,302,960.91	1,302,986.97	1,304,289.97	1,279,061.84	1,279,061.84	1,288,633.67	1,288,633.67		
	$ 34,180,398.97	34,175,001.12	34,235,507.78	35,184,170.82	35,514,748.10	34,910,053.24	34,978,412.64	34,932,400.89	34,953,868.20	35,469,317.15	0.00	0.00

CASH location interest earned FY 2012Detail
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EXHIBIT B

Kent County Water Board Meeting

May 17, 2012

MOODY'S
INVESTORS SERVICE

New Issue: MOODY'S ASSIGNS INITIAL Aa3 RATING TO KENT COUNTY WATER AUTHORITY'S (RI) $22 MILLION GENERAL REVENUE REFUNDING BONDS, 2012 SERIES A

Global Credit Research - 14 May 2012

KENT COUNTY WATER AUTHORITY, RI
Water Enterprise
RI

Moody's Rating

ISSUE	RATING
General Revenue Refunding Bonds, 2012 Series A	Aa3

Sale Amount	$22,000,000
Expected Sale Date	05/16/12
Rating Description	General Obligation

Moody's Outlook NOO

Opinion

NEW YORK, May 14, 2012 --Moody's Investors Service has assigned an initial Aa3 rating to Kent County Water Authority's (RI) $22 million General Revenue Refunding Bonds, 2012 Series A. The authority has a total of $28 million in debt outstanding. The bonds are secured by a pledge of net revenues of the water system. Proceeds from this issue will be used to currently refund the Series 2001 A and Series 2002 A bonds for an estimated net present value savings of 11% without extension of maturity.

SUMMARY RATINGS RATIONALE

The Aa3 rating reflects the bond's satisfactory security features, manageable debt position with additional borrowing plans, strong coverage ratios that are expected to decline over the near term, and a mature and diverse customer base.

STRENGTHS

-Mature, diverse customer base

-Strong debt service coverage

-Manageable debt burden

CHALLENGES

-Additional borrowing plans

-Projected declines in the debt service coverage ratio

DETAILED CREDIT DISCUSSION

ADEQUATE BONDHOLDER PROTECTIONS

Legal bondholder protections include a 1.25 times rate covenant on all debt outstanding and an additional bonds test of the same. The debt service reserve fund requirement of maximum annual debt service (MADs) will be cash-

funded.

MATURE SYSTEM WITH ADEQUATE SUPPLY

The water system's mature and diverse customer base contributes to its financial stability, serving 26,560 customers in Kent County and certain portions of towns located on the county's borders. The top 10 customers comprise 8.2% of operating revenues and 10% of water use. The majority of the authority's base (83% of water use) is comprised of retail customers, with the exception of the City of Warwick, which is its only wholesale purchaser (17% of water use). Average customer growth over recent years has remained largely unchanged given the mature nature of the service area.

The water system consists of approximately 403 miles of water mains, 4 pumping stations and 9 storage tanks that provide a combined storage capacity of 15 MGD, or approximately 157% of average daily MGD (9.5 MGD). The system has an ample supply of water from various sources including the wholesale purchase of 80% of distributed water from the Providence Water Supply Board (PWSB) and the remaining 20% coming from four wells owned by the authority, which together provide sufficient supply to meet the average daily demand of 9.5 MGD with a peak demand of 20.5 MGD. An additional source, Mishnock Wells, is currently undergoing construction and is expected to produce 2.2 MGD when completed in November of 2012.

STRONG DEBT SERVICE COVERAGE LEVELS PROJECTED TO DECLINE OVER NEAR TERM

The authority's financial operations are expected to remain healthy despite muted growth in the customer base and the projected decline in coverage ratios due to planned additional debt. Average debt service coverage was 2.4 times on all outstanding indebtedness between fiscal year 2009 and 2011. Coverage increased to 2.74 times in fiscal 2011 from 2.03 times in 2008, and is expected to approximate 2.7 times in fiscal 2012. The authority's current debt service declines and therefore MADs coverage is equal to the current coverage ratio. The system's net working capital of approximately $14.6 million includes $13.9 million of unrestricted cash and investments, and provides ample liquidity for the system, equivalent to approximately 145% of operating expenses in fiscal 2011. Inclusive of the new debt service (estimated to be an additional $2.4 million per year starting in early fiscal 2013), the coverage ratio could potentially fall below 2.0 times net revenues in future years if significant rate increases were not implemented to offset the new debt service.

The board reviews rates annually and has demonstrated a willingness to increase rates for operational and debt service purposes. Rate increases of 22%, 1.53% and 10.3% were implemented for fiscal 2009, 2010 and 2011 respectively, and although no increase was approved in fiscal 2012, management projects a 10-15% increase for fiscal 2013. Future rating reviews will incorporate the system's ability and willingness to increase rates in order to maintain an adequate debt service coverage ratio.

MANAGEABLE DEBT BURDEN IS EXPECTED TO INCREASE

The system's debt position is expected to remain manageable despite future borrowing plans. The fiscal 2010 debt ratio was a manageable 22.1%, below average for similarly-sized water systems. The authority anticipates issuing revenue bonds in the range of $15 to $20 million in late 2012 or early 2013 in order to finance its capital infrastructure plan, increasing the debt ratio to an estimated 30% to 35%, which is still manageable. Principal retirement is rapid with 99% retired within ten years. The authority currently does not have any variable rate debt or swaps outstanding.

WHAT COULD MAKE THE RATING GO UP

-Improved and sustained debt service coverage and liquidity position

-Multi-year adopted rate increases that improve system flexibility

WHAT COULD MAKE THE RATING GO DOWN

-Reduced debt service coverage and liquidity

-Significant new debt borrowings that further leverage the system

KEY FACTS:

funded.

MATURE SYSTEM WITH ADEQUATE SUPPLY

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-Reduced debt service coverage and liquidity

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KEY FACTS:

Security: Net Revenues

System: Water Enterprise

Service Area Population (2010): 166,000

Water System Accounts: 26,560

2011 Operating Ratio: 48.7%

2011 Debt Ratio: 22%

2011 Total Debt Service Coverage Ratio: 2.74x

2012 Total Debt Service Coverage Ratio (unaudited pro-forma): 2.70x

Payout of Principal: 10 years: 99%

Debt Outstanding: $28 million of rated debt

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was Analytical Framework For Water And Sewer System Ratings published in August 1999. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

The Global Scale Credit Ratings on this press release that are issued by one of Moody's affiliates outside the EU are endorsed by Moody's Investors Service Ltd., One Canada Square, Canary Wharf, London E 14 5FA, UK, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moodys.com.

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Information sources used to prepare the rating are the following: parties involved in the ratings and public information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

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The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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MOODY'S
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be a member of the board of directors of a shareholder of Moody's Corporation; however, Moody's has not independently verified this matter.

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Analysts

Vito Galluccio
Lead Analyst
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Contacts

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Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
USA

MOODY'S
INVESTORS SERVICE

EXHIBIT C

Kent County Water Board Meeting

May 17, 2012

Kent County Water Authority
Operating Revenue Allowance
Dockets 3942 and 4142

Unrestricted Operating Revenue Allowance 1.5%:

Annual Allowance	$	291,657.00

Unrestricted Funds Expended:

Salary Increase Effective July 1, 2008 (Actual 3.2% Allowed 2%) 1.2%=	$	24,884.20
Salary Increase Effective July 1, 2009 3.2%		57,309.60
Salary Increase Effective July 1, 2010 (employees eligible for step only)		7,404.80
Salary Increase July 1, 2011 4.3%		79,040.71
2010 and 2011 Workers' Comp and TDI Differential Claims Paid 2012		49,740.95
Total Expended	$	218,380.26

C[illegible]T TO	
BOA[illegible]RS	4/26/12
CHA[illegible]	

EXHIBIT D

Kent County Water Board Meeting

May 17, 2012

Kent County Water Authority

A RESOLUTION OF THE KENT COUNTY WATER AUTHORITY TO AUTHORIZE THE ISSUANCE OF BONDS FOR CAPITAL EXPENDITURES AND TO AUTHORIZE THE ISSUANCE OF REFUNDING BONDS TO REFINANCE ALL OR A PORTION OF THE AUTHORITY'S OUTSTANDING 2001A AND 2002 SERIES A ISSUES.

WHEREAS, the Kent County Water Authority a public corporation created by the State of Rhode Island under Title 39 Chapter 16 of the General Laws (the "Authority"), is an operator of a public water supply system; and

WHEREAS, the Authority desires to make certain capital improvements and upgrades to the system; and

WHEREAS, it is the intent of the Authority to borrow funds for the proposed capital improvements and upgrade of the system; and

WHEREAS, the Authority desires to issue bonds to refund all or a portion of the Authority's $10,000,000 General Revenue Bonds, 2001 Series A of which $6,135,000 remains outstanding and $24,390,000 General Revenue Bonds, 2002 Series A of which $16,680,000 remains outstanding in order to take advantage of the lower interest rates which currently are prevailing.

NOW, THEREFORE, BE IT RESOLVED:

1. This Resolution reaffirms the Authority's intention to authorize the issuance of bonds to finance capital improvements and upgrades to the system, and to reimburse expenditures from the proceeds of the bonds as provided in the Authority's Resolution adopted May 17, 2012.

2. That the Authority hereby authorizes the Authority's Bond Counsel, Financial Advisor and Rate Counsel to proceed with structuring one or more series of bonds to effectuate the borrowing for capital improvements and the refinancing of all or a portion of the Authority's $10,000,000 General Revenue Bonds, 2001 Series A of which $6,135,000 remains outstanding and $24,390,000 General Revenue Bonds, 2002 Series A of which $16,680,000 remains outstanding. The issuance of the refunding bonds shall be conditioned on the realization of a net present value benefit of at least 3% of the refunded principal.

3. This resolution shall take effect upon passage.

The above and foregoing was duly adopted and approved at the meeting of the Kent County Water Authority held on May 17, 2012 by vote of the members of the Kent County Water Authority present.

_____

Secretary
Kent County Water Authority

PO Box 192
West Warwick, RI 02893-0192
401-821-9300
www.kentcountywater.org

EXHIBIT E

Kent County Water Board Meeting

May 17, 2012

Braver PC
Accountants & Advisors

May 3, 2012

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

Dear Mr. Boyer,

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

Objectives and Limitations of Services

Audit Services

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

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

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

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

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

Internal Control over Financial Reporting

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

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

Registration Statements and Other Offering Documents

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

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

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

Our Responsibility to Communicate with the Directors

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

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

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

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

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

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

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

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

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

Management Responsibilities

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

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

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

Dispute Resolution

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

Dispute Resolution (Continued)

Any dispute or claim arising out of or relating to this letter between the parties, the services provided thereunder, or any other services provided by or on behalf of BRAVER PC or any of its subcontractors or agents to the Authority or at its request (including any dispute or claim involving any person or entity for whose benefit the services in question are or were provided) shall be resolved in accordance with the dispute resolution procedures set forth in Appendix II attached hereto, which constitute the sole methodologies for the resolution of all such disputes. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction. Mediation, if selected, may take place at a location to be designated by the parties. Arbitration shall take place in Warwick, Rhode Island. Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction.

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

Other Matters

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

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

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

Reports and Fees, for Services

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

* * * * *

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

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

Very truly yours,

BRAVER PC

Braver PC
James D. Wilkinson CPA

James D. Wilkinson, CPA
Shareholder

ACCEPTED:

Kent County Water Authority

_____

_____
Title

_____
Date

Appendix I

Fees for Services

Based upon our discussions with and representations of management, our fees for services we will perform are as follows:

Audit of the financial statements of the Authority and audit of Providence Water supply Water Protection Funds Annual Reconciliation as of and for the year ended June 30, 2012.	$26,000.00

As outlined in the Request for Proposals ("RFP"), BRAVER PC will conduct the audit in accordance with generally accepted auditing standards and will conduct an audit of the Water Protection Fund in accordance with the Rules of Procedures, R.I. Water Resources Board Corporate, The Public Drinking Water Protection Program, Section 2.4 g.ii and 2.4 g.iii. At the conclusion of our audit we will issue the following reports:

- An opinion on the Authority's financial statements;
- An agreed upon procedures report related to the Water Protection Fund reconciliation;
- An agreed upon procedures report relative to compliance with bond debt covenants; and
- A management letter containing our comments and recommendations regarding the Authority's internal control structure.

The above estimates are based on the level of experience of the individuals who will perform the services and include all routine expenses. Circumstances encountered during the performance of these services that warrant additional time or, expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Appendix II

Dispute Resolution Procedures

The following procedures are the sole methodologies to be used to resolve any controversy or claim ("dispute"). If any of these provisions are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

Mediation

Any party may request mediation of a dispute by providing a written Request for Mediation to the other party or parties. The mediator, as well as the time and place of the mediation, shall be selected by agreement of the parties. Absent any other agreement to the contrary, the parties agree to proceed in mediation using the American Arbitration Association ("AAA") Dispute Resolution Rules for Professional Accounting and Related Services Disputes (As Amended and Effective September 15, 2005) (the "AAA Rules"). As provided in the AAA Rules, the mediation shall be conducted as specified by the mediator and as agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with facilitation by the mediator, to reach a consensual resolution of the dispute. The mediation shall be treated as a settlement discussion and shall be confidential. The mediator may not testify for any party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceeding. Each party shall bear its own costs in the mediation. Absent an agreement to the contrary, the fees and expenses of the mediator shall be shared equally by the parties.

Arbitration

Arbitration shall be used to settle the following disputes: (1) any dispute not resolved by mediation 90 days after the issuance by one of the parties of a written Request for Mediation (or, if the parties have agreed to enter or extend the mediation, for such longer period as the parties may agree) or (2) any dispute in which a party declares, more than 30 days after receipt of a written Request for Mediation, mediation to be inappropriate to resolve that dispute and initiates a Request for Arbitration. Once commenced, the arbitration will be conducted either (1) in accordance with the procedures in this document and the AAA rules as in effect on the date of the engagement letter or contract between the parties, or (2) in accordance with other rules and procedures as the parties may designate by mutual agreement. In the event of a conflict, the provisions of this document and the AAA Rules will control.

The arbitration will be conducted before a panel of three arbitrators, two of whom may be designated by the parties using either the AAA National Panel of Accounting and Related Services Arbitrators or the Arbitration Rosters maintained by any JAMS in the United States. If the parties are unable to agree on the composition of the arbitration panel, the two arbitrators who have been designated by the parties pursuant to the preceding sentence shall designate a third arbitrator. Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are in valid or unenforceable, shall governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

The arbitration panel shall issue its final award in writing. The panel shall have no power to award non-monetary or equitable relief of any sort. Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages, shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only as provided in the AAA Rules. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

The award reached as a result of the arbitration will be binding on the parties, and confirmation of the arbitration award may be sought in any court having jurisdiction.

HEINOLD-BANWART, LTD.
Certified Public Accountants

Riverfront Office Center 2400 N. Main Street East Peoria, IL 61611-1795 Tel 309.694.4251 Fax 309.694.4202

System Review Report

June 16, 2011

To the Shareholders of
Braver PC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Braver PC (the firm) applicable to non-SEC issuers in effect for the year ended September 30, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Braver PC applicable to non-SEC issuers in effect for the year ended September 30, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Braver PC has received a peer review rating of *pass*.

Heinold-Banwart, Ltd.

EXHIBIT F

Kent County Water Board Meeting

May 17, 2012

TASK ORDER NO. 3
AGREEMENT BETWEEN
KENT COUNTY WATER AUTHORITY
AND
ENGINEER FOR SERVICES

This **Task Order No. 3** is attached to and made part of the Agreement dated **8 April 2009** between James J. Geremia & Associates, Inc. (ENGINEER) and Kent County Water Authority (OWNER) for the **Mishnock Area Water System Transmission Main Project**. This Task Order describes the Scope of Services, Time Schedule, Charges, Payment Conditions, and required Insurances for the Task Order. In addition, ENGINEER'S original proposal (Exhibit 2) is made part of this Task Order.

1. SCOPE OF SERVICES

ENGINEER shall provide to OWNER the services outlined in the ENGINEER'S original proposal dated **March 11, 2009** as follows:

1.4 CONSTRUCTION ADMINISTRATION SERVICES:

ENGINEER will provide Engineering Services related to Contract Administration including the following:

A. Shop Drawing Review

ENGINEER shall:

1. Review and approve or reject shop drawings, diagrams, illustrations, samples and schedules, the results of tests and inspections, and other data which the contractor is required to submit to demonstrate conformance with the design concept of the Project in writing. These reviews will be coordinated with the OWNER.

   Approval shall only be for conformance with Contract plans and specifications, the design concept of the Project and compliance with the terms and conditions of the Contract Documents. The Contractor is responsible for all dimensions, quantities and performance requirements to be confirmed and correlated at the job site; for all information that pertains solely to the fabrication processes or to techniques of construction; and for all coordination of the work of all trades.

2. Approval of drawings or items shall not relieve the Contractor of the responsibility for complying with all requirements of the Contract Documents.

B. Consult and Advise Construction Matters

ENGINEER shall:

1. Conduct a pre-construction conference.

As of May 10, 2012

PLANNING DOCUMENT $25,000/YEAR ALLOCATION	
PROJECT	**STATUS**
Water Supply System Management Plan WSSMP	**Approved**
Hunt River Interim Management & Action Plan	**Approved**
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	Construction Ongoing
Mishnock Transmission Mains CIP - 1B	Contract Administration Services Approval Task Order #3
Mishnock Treatment Plant CIP - 1C	Construction Ongoing
East Greenwich Well Treatment Plant – CIP-2	Preliminary Design Report Completed/Future Bond Project
Clinton Avenue Pump Station Rehabilitation CIP - 7A	**Completed**
Read School House Road Tank CIP - 7B	**Completed**
Read School House Road Main CIP 7c, 7d, 8a	**Completed**

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	**Closed Out**
IFR 2009 A	**2009 A - Closed Out**
2009 B	2009 B, Construction Status
IFR 2010A	Construction Status
IFR 2010B	Finalization of Design - Selection Bid Date
Prospect Street	**Completed**
PWSB 78" / Johnson Blvd. P.S. Modification	**Completed**
Greenwich Avenue Replacement	**Completed**
Hydraulic Tank Evaluation	**Completed**
Quaker P. S. Design	Construction Status
Tech Park Tank Recoating	Legal Action Proceeding
Tiogue Tank Re-Service	**Completed**
Hydrant Painting	Start-up
SCADA Upgrade	Added to Quaker P. S. Construction
Water Street Replacement	Construction Status

EXHIBIT G

Kent County Water Board Meeting

May 17, 2012

Acceptance of the terms of this Task Order is acknowledged by the following authorized signatures of the parties to the Agreement.

OWNER	**ENGINEER**
KENT COUNTY WATER AUTHORITY	**JAMES J. GEREMIA & ASSOCIATES, INC.**
By:	By:
ROBERT B. BOYER	JAMES J. GEREMIA, P.E.
Title: CHAIRMAN	Title: PRESIDENT
Date:	Date: MARCH 21, 2012

submit to the construction contractor a list of observed items requiring correction or completion.

b. Conduct final inspection in the company of ENGINEER, the OWNER, and the construction contractor and prepare a final list of items to be corrected.

c. Verify that all items on final list have been completed or corrected and make recommendations to ENGINEER concerning acceptance.

1.6 PROJECT MANAGEMENT:

A. ENGINEER will provide written monthly project status reports to the OWNER.

B. Copies of the daily field inspection reports will be consolidated and forwarded to the OWNER weekly.

C. ENGINEER will attend a total of ten (10) meetings with the OWNER over the project's construction phase.

3. COMPENSATION INVOICING

3.1.3A For services performed through December 31, 2012 and as outlined in Section 1 (Scope of Services) of this Task Order, the OWNER will pay the ENGINEER monthly as charges accrue at an hourly rate as presented herein. These rates are inclusive of payroll, fringe benefits, overhead and profit.

Principal	$ 127.00	CADD Technician	$ 55.00
Project Manager	$ 101.00	Clerical	$ 60.00
Engineer	$ 75.00	Resident Inspector	$ 55.00

Mileage during construction: $0.50/mile.

3.1.3B For services performed from January 1, 2013 through December 31, 2013 and as outlined in Section 1 (Construction Services) of this Task Order, the OWNER will pay the ENGINEER monthly as charges accrue at an hourly rate as presented herein. These rates are inclusive of payroll, fringe benefits, overhead and profit.

Principal	$ 131.00	CADD Technician	$ 60.00
Project Manager	$ 105.00	Clerical	$ 62.00
Engineer	$ 77.00	Resident Inspector	$ 60.00

Mileage during construction: $0.55/mile.

1) Check the accuracy of the elevation at which construction will commence which is established by the OWNER (starting elevation).

2) Investigate and check, as the work progresses, the accuracy of lines and grades established by the OWNER.

3) Conduct a visual inspection to confirm that all pipe lines are properly aligned horizontally and that no negative slopes or other obvious errors have occurred. The alignment shall be visually checked as the work progresses between every two manholes before construction of the next manhole is completed.

4) Check condition of subsoil prior to placing any pipe lines.

5) Coordinate the taking of in-place density tests and laboratory proctor tests to assure that backfill is compacted as specified.

6) Mark-up plans to reflect as-built drawings and one set of blue line drawings.

3. Reports:

a. Furnish ENGINEER and the OWNER daily reports of the progress of the work and of the construction contractor's compliance with the approved progress schedule and schedule of shop drawing submissions.

b. Consult with ENGINEER and the OWNER in advance of scheduled major tests, inspections or start of important phases of work.

c. Prepare change orders and extra work orders, obtaining all backup material. Recommend to ENGINEER change orders, extra work orders, and field changes.

4. Payment Requisitions: Review applications for payment with the construction contractor for compliance with the established procedure for their submission and forward them with recommendations to ENGINEER, noting particularly their relation to the schedule of values, work completed and materials and equipment delivered at the site, but not incorporated in the work. The review will be based on making measurements and preparing monthly and final payment computations for work done by the construction contractor.

5. Completion:

a. Before ENGINEER issues a Certificate of Substantial Completion,

2. Prepare record drawings by revising the original AutoCAD design to show the field measurements obtained during construction and all major changes in the work. Data for the record drawings will be taken from both the construction contractor's and the Resident Inspector's marked prints.

3. From time to time during the construction period, ENGINEER will review the construction Contractor's marked prints to review the completeness and timeliness of data recorded thereon. ENGINEER will notify the OWNER in the event the Contractor is not keeping good records of field measurements and major changes on these prints.

1.5 RESIDENT INSPECTION SERVICES

The Resident Inspector is ENGINEER's agent and will act under the supervision of ENGINEER. He will confer with ENGINEER regarding his actions. His dealings in matters pertaining to on-site work will in general be with ENGINEER and the construction contractor keeping the OWNER's designated representative advised as indicated below and as necessary. His dealings with the subcontractors will only be through or with the full knowledge of the construction contractor or his superintendent. He shall generally communicate with the OWNER with the knowledge of the staff of ENGINEER.

A. Duties and Responsibilities

The Resident Inspector will:

1. Liaison:

   a. Serve as ENGINEER's liaison with the construction contractor, working principally through the construction contractor's designated on-site representatives and assist him in understanding the intent of the Contract Documents.

      Assist ENGINEER in serving as the OWNER's liaison with the construction contractor when the construction contractor's designates on-site operations.

   b. Assist in obtaining from the OWNER additional details or information when required at the job site for proper execution of the work.

2. Review of Work, Rejection of Defective Work, Inspections and Tests:

   a. Conduct daily on-site inspections of the work in progress, or as necessary, to determine (1) if the work is proceeding in general accordance with the Contract Documents and (2) that completed work conforms to the Contract Documents. The Resident Inspector will be responsible to:

2. Coordinate with the Contractor for needed control line and grade surveys.

3. Provide consultation and advice on construction matters to the OWNER. The Project Manager shall conduct weekly visits to the construction site to observe the progress and quality of the executed work, and to determine if the work is proceeding in general accordance with the Contract Documents.

4. The Project Manager shall conduct bi-weekly meetings with the Contractor and the OWNER. Each meeting shall be followed up with a written report for distribution to each participant.

5. Prepare and submit contract change orders to the OWNER for review.

6. Prepare preliminary sketches and supplementary sketches required to resolve actual field conflicts encountered.

7. Certify estimates for payments under the construction contracts, as approved by the Resident Engineer. The OWNER shall approve format of payment forms, which must show material on-site and category breakdown. Prepare supporting documentation required for State and Federal loan payments.

8. Provide specialists for checkout and final testing of equipment and other items in the Project.

9. Make final technical inspection of the Project for compliance with the requirements of the Contract Documents. This final inspection will be made in company with the OWNER's representatives.

10. Prepare a written summary report each month to the OWNER on the status of construction and on the status of engineering services. Said report will supplement reports prepared by the Resident Inspector. Said report shall advise the OWNER on observations, findings, problem areas and other relevant information gathered under items of this subsection and other relevant aspects of the services provided under this contract.

11. Determine dates of substantial and final completion in consultation with the OWNER, assemble written guarantees and related documents which are to be provided by the contractor, and issue the final certificate of payment. Final completion shall be construed to include accomplishment and acceptance of all punchlist items.

C. Record Drawings

1. Procure the construction Contractor's marked prints showing revisions during construction prepared as required under Record Plans of the General Requirements in the Contract Documents.