City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 1

Approved January 12, 2017

RESOLVED, That pursuant to R.I. Gen. Laws § 46-30-1 *et seq.*, the Providence Water Supply Board ("PWSB") is hereby authorized to annex the water distribution system of the East Smithfield Water District ("District"), an independent statutory water district, incorporated under the provisions of Rhode Island Public Laws of 1934 - An Act to Incorporate the East Smithfield Water District, to the water distribution system of PWSB, and to merge the District into PWSB.

NOW, THEREFORE, BE IT RESOLVED, That His Honor the Mayor, is hereby authorized to execute an agreement between the City of Providence, on behalf of PWSB, and the District, for the annexation of the District's water supply system to the water supply system of PWSB, and the merger of the District into PWSB, and to execute any other documents in furtherance of effectuating said annexation and merger.

IN CITY COUNCIL

JAN 05 2017

READ AND PASSED

PRES.

CLERK

I HEREBY APPROVE.

Mayor

Date: 1/12/17

PROVIDENCE WATER

October 31, 2016

Council President Luis A. Aponte
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Re: Annexation and Merger of the East Smithfield Water District into the Providence Water Supply Board

Dear President Aponte:

In 2015, the East Smithfield Water District, a wholesale customer of the Providence Water Supply Board (PWSB), approached PWSB to discuss the possibility of PWSB acquiring East Smithfield Water District customers on a retail basis. Negotiations with the East Smithfield Water District have resulted in a proposed annexation and merger agreement with the following terms:

- Ownership of the East Smithfield Water District (District) will be transferred (annexation and merger) to the Providence Water Supply Board and the District, as an entity, will cease to exist.
- All of the assets and liabilities of the District will be transferred to the PWSB.
- Following the annexation and merger, PWSB will assume responsibility for the operations and maintenance of the District system.
- PWSB will be responsible for District system upgrades. PWSB has agreed to spend no less than $4 million upgrading the District system over the next ten years. The commitment of $4 million includes the engineering, labor and construction costs associated with the necessary upgrades.
- PWSB will assume responsibility for the payment of outstanding District debt including Clean Water Finance Agency loans related to previous District capital improvement projects.
- Following the annexation and merger, the approximately 2,400 District customers will be directly charged current PWSB retail water rates. In addition, District customers will be charged a monthly assessment/annexation fee not to exceed $0.36 per HCF to cover any unforeseen system capital improvements and payment of District debt. The assessment will continue at PWSB's discretion, but no longer than ten years if certain criteria are met.

At the meeting of the Providence Water Supply Board held on October 19, 2016, all Board members present voted to approve the annexation and merger of the East Smithfield Water District into PWSB. We are requesting that this matter be placed on the November 17, 2016 City Council meeting docket for approval. A copy of the Annexation and Merger Agreement is attached.

Respectfully,
PROVIDENCE WATER SUPPLY BOARD

Ricky Caruolo, General Manager

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

BOARD OF DIRECTORS

Xaykham Khamsyvoravong
Chairperson

Joseph D. Cataldi
Vice Chairperson

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Councilperson

Sabina Matos
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Lawrence J. Mancini
Ex-Officio

Cristen L. Raucci, Esq.
Member

Kerri Lynn Thurber
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

MEMBER

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

An EPA WaterSense Partner

(401) 521-6300

552 Academy Avenue
Providence, RI 02908

www.provwater.com

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PLDW
PANNONE LOPES DEVEREAUX & WEST LLC
counselors at law

Benjamin L. Rackliffe, Esquire
401.824.5183
brackliffe@pldw.com

January 23, 2017

City Clerk
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Re: Merger and Annexation Agreement

Dear Clerk:

Enclosed is a copy of the fully executed Merger and Annexation Agreement between the City of Providence, for and through the Providence Water Supply Board, and the East Smithfield Water District for the City's records.

Please contact me if you have any questions or need anything further. Thank you.

Sincerely,

Benjamin L. Rackliffe

BLR/tsf
Enclosure

Cc: Mayor Jorge O. Elorza

317 Iron Horse Way, Suite 301 Providence, RI 02908
tel 401 824 5100 • fax 401 824 5123

MERGER AND ANNEXATION AGREEMENT

THIS MERGER AND ANNEXATION AGREEMENT ("Agreement") is entered into as of the 13 day of January, 2017 by and between the City of Providence, a municipal corporation, for and through the Providence Water Supply Board, with a principal business address at 552 Academy Avenue, Providence RI 02908 ("PWSB"), and the East Smithfield Water District, an independent statutory water district, incorporated under the provisions of the Public Laws of 1934 – An Act to Incorporate the East Smithfield Water District - with a principal address at 307 Waterman Avenue, Smithfield RI 02917 ("District"). The District and PWSB are sometimes individually referred to herein as a "Party" and, collectively, as "Parties."

W I T N E S S E T H:

WHEREAS, the District owns and operates a water distribution system serving portions of the Towns of Smithfield and North Providence, Rhode Island (the "District System"); and

WHEREAS, PWSB owns and operates a large water distribution system ("PWSB System") serving diverse localities within the State of Rhode Island ("State"), as well as the Scituate Reservoir which serves as a critical source of potable water for much of the State; and

WHEREAS, the District is a wholesale customer of PWSB in that the District System has no source of potable water of its own and is supplied water solely by PWSB through the PWSB System; and

WHEREAS, Rhode Island General Laws § 46-30-1 *et seq*. provides a mechanism to merge small public water bodies and their supply systems and/or annex small systems to adjacent water supplies and systems in order to provide viable water supplies capable of meeting federal and state drinking water regulations; and

WHEREAS the Parties desire to merge and annex the District and District System to and into PWSB and the PWSB System in order to continue to provide a viable water supply capable of meeting federal and state drinking water regulations to the District System users (the "Annexation").

NOW, THEREFORE, in consideration of these premises, the respective representations, warranties, covenants, consideration and agreements of PWSB and the District set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
TRANSFER OF OWNERSHIP, MERGER AND ANNEXATION

1.01 Transfer. Subject to the provisions of this Agreement, at the Closing (as defined in Section 1.07 hereof), the District shall convey, assign, transfer and deliver to PWSB, and PWSB shall acquire and accept from The District, all of the assets of the District, including but by no

means limited to the following (collectively, the "Annexed Assets"): all facilities, pumping stations, pipes, mains, valves, connections, conduits, hydrants, machinery, equipment, inventory, materials, records, miscellaneous devices, appurtenances, all water rights in connection with the District System, all rights and benefits accrued in relation to the District System arising out of federal assistance or federal funding available in relation to the District System, and all other tangible and intangible property of the District related, directly or indirectly, to the operations maintenance, improvement and management of the District System (the "Business"), including, without limitation, the Real Estate (as hereinafter defined) and all other items set forth on Schedule 1.01 attached hereto.

1.02 Assumption of Certain Liabilities. In connection with the acquisition of the Annexed Assets, PWSB shall not assume any existing or prospective liabilities of the District, except for the obligations of the District set forth on Schedule 1.02 attached hereto ("Assumed Liabilities").

1.03 Excluded Liabilities. "Excluded Liabilities" shall mean all liabilities and obligations of any nature, fixed or contingent, known or unknown, of The District other than the Assumed Liabilities.

1.04 Merger and Annexation. It is the intent of the Parties hereto that the Annexation be treated as both a merger and annexation pursuant to the Public Water Supply Systems Act of 1995, Rhode Island General Laws § 46-30-1 *et seq.* (the "Act"). Accordingly, the Parties hereby agree that the provisions of the Act shall supplement this Agreement, and in the event any term of this Agreement conflicts with the requirements of the Act, the requirements of the Act shall be deemed to govern so as to effectuate the merger and annexation of the District and the District System to and into PWSB and the PWSB System in order to continue to provide a viable water supply capable of meeting federal and state drinking water regulations to the District System users. PWSB shall be the surviving entity following the merger and annexation.

1.05 Effect of Merger. Following the merger contemplated herein:

(a) The identity, existence, purposes, powers, objects, franchises, rights and immunities of PWSB shall continue unaffected and unimpaired by the merger hereby provided for, and the identity, existence, purposes, powers, objects, franchises, rights and immunities of the District shall be continued in and merged into PWSB and PWSB shall be fully vested therewith;

(b) PWSB shall possess all rights, privileges and powers of the District, including but not limited to any and all rights of tax-exemption, except as otherwise herein provided, and except as otherwise provided by law.

(c) PWSB shall be vested with all property, real, personal or mixed, and all debts due to the District on whatever account as well as all their causes in action belonging to the District; and

(d) All property, rights, privileges, powers and franchises of the District shall be thereafter as effectually the property of PWSB as they were of the District.

1.06 Time and Place of Closing. The closing and effective date of the Annexation provided for in this Agreement ("Closing") shall be held on December 30, 2016 at the offices of Pannone Lopes Devereaux & West LLC, 317 Iron Horse Way, Suite 301, Providence, Rhode Island 02908, or such time and place as may be mutually agreed upon by the Parties in writing ("Closing Date"); or alternatively, the Closing will take place by an exchange of closing documents to be coordinated by PWSB's counsel.

1.07 Transfer of Annexed Assets. At the Closing, but immediately prior to the filing of the Merger Certificate (as hereinafter defined), the District shall deliver or cause to be delivered to PWSB, or its nominee, through good and sufficient instruments of assignment or transfer to PWSB, or its nominee, title to all the Annexed Assets, any beneficial rights or privileges related to the same or the District's system, as well as all right, title and interests in all real estate, real property leases, licenses and easements held by the District, all of which are set forth and identified by the District in Schedule 1.01 ("Real Estate").

Such instruments of transfer shall include, without limitation:

(a) Bills of Sale and Assignment for all Annexed Assets duly executed by the District, in substantially the form of Exhibit A;

(b) Assignment and Assumption Agreements duly executed by the District, in substantially the form of Exhibit B; and

(c) Deeds or Assignments, as applicable, of all District Real Estate as attached as Exhibit C.

The Parties acknowledge and agree that it is anticipated that the recording of the Deeds and Assignments may be unnecessary to record given the merger contemplated herein which is intended to effectively vest in PWSB all rights, title and interests in and to the District Real Estate as of the Closing. However, PWSB may, in its discretion record the Deeds and Assignments as it deems necessary or desirable following the Closing. Notwithstanding anything in this Section 1.07 to the contrary, the instruments of transfer identified in this Section 1.07 shall effectively vest in PWSB, good and marketable title to all the Annexed Assets, and all rights, title and interest in and to the Real Estate, free and clear of all liens, restrictions and encumbrances not specifically disclosed hereunder or in the applicable Schedules hereto.

1.08 Delivery of Records and Contracts. At the Closing. the District shall deliver or cause to be delivered to PWSB, or its nominee, all copies of The District's business records, books and other data relating to the Annexed Assets, the Real Estate and the Business. The District shall take all requisite steps to put PWSB in actual possession and operating control of the Annexed Assets and the Real Estate. After the Closing, the District shall afford to PWSB and its accountants and attorneys, at PWSB's sole expense, reasonable access to the books and records of the District related to the Business and shall permit PWSB to make extracts and copies therefrom for the purpose of preparing such tax returns of PWSB as may be required after the Closing and for other proper purposes approved by PWSB.

1.09 Rules, Regulations and Rates. Following the Closing, and subject to the annexation fee provided for in Section 1.10, District customers will be subject to the same rates, rules, regulations, municipal, state and federal laws to which all other customers of PWSB are subject.

1.10 Annexation Fee. In accordance with R.I.G.L. § 46-30-4 of the Act, it is intended by the Parties that a fee be imposed on District service area customers, following the Annexation, over and above the existing PWSB water rate per HCF (the "Annexation Fee"). The Annexation Fee shall be sufficient to cover the debt payments associated with all Rhode Island Clean Water Finance Agency loans outstanding as of the date of this Agreement, such other capital costs, operational expenses and management support costs associated with upgrades to the District System, operational and management responsibilities of PWSB to bring the system into compliance with the applicable regulations and on parity with the existing facilities of PWSB, and for such other purposes as are permitted under the Act. For the avoidance of doubt, any monies received by PWSB from the sale of the District's office/garage, Farnum Pike pump station facility or other real property to which title is held by the District prior to the Closing, shall be placed in a restricted fund by PWSB for the prepayment of the existing Clean Water Finance Agency loans. The Annexation Fee shall not exceed $0.36 per HCF. Further, it is the intent of the Parties that the Annexation Fee shall cease upon the earlier to occur of the following: (i) the full payment of: (A) all debt payments associated with all Rhode Island Clean Water Finance Agency loans outstanding as of the date of this Agreement, (B) such other capital costs, operational expenses and management support costs associated with upgrades to the District System, (C) operational and management responsibilities of PWSB to bring the system into compliance with the applicable regulations and on parity with the existing facilities of PWSB, and (D) any liabilities of the District which are expressly assumed herein or which are deemed assumed by PWSB as a matter of law following the merger and greater Annexation; or (ii) within ten (10) years from the effective date of the Annexation. Notwithstanding anything in this Agreement to the contrary, the ten (10) year limitations period set forth in the preceding sentence may be extended by PWSB so that it may continue to collect the Annexation Fee for such reasonable time as PWSB deems necessary, in its reasonable discretion, to address any liabilities undisclosed by the District herein, as well as any unforeseen liabilities, costs and expenses for which the charge or assessment of the Annexation Fee is permitted under the Act.

1.11 Application of $4 Million Infrastructure Improvement Commitment.

Following the Closing, PWSB commits to investing a minimum of Four Million and 00/100 ($4,000,000.00) Dollars over a ten (10) year period in the former District service area. To the extent feasible, as determined by PWSB in its sole but reasonable discretion, priority will be given to the following projects:

a. No. Elmore Pump Station Area (address aging station in a prudent manner);
b. Clean and Line Old Country Road: Esmond Street to End of CL Main;
c. New 8" Main at Whitman Street (Waterman to Fenwood);
d. New 8" Main on Whipple Ave. (Wolf Hill Rd to River Street);
e. Replace A/C main on Julia Drive with new DI main (Sherri Dr. to Polly Dr., North Providence);
f. Clean and Line Farnum Pike: Former Pump Station to P.O.;

g. Clean and Line Waterman Avenue/Farnum Pike: Esmond Street to Pump Station;
h. Clean and Line Dean Avenue;
i. Clean and Line Waterman Avenue: Centredale to Smithfield Line;
j. Clean and Line Waterman Avenue: Smithfield Line to Esmond Street; and
k. Meter Replacement.

PWSB agrees that during periods in which the Annexation Fee is charged or assessed against customers in the former District service area, it will publish an annual listing on its website or in a newspaper of general weekly circulation in Smithfield and North Providence of specific infrastructure projects in the former District service area during the previous year.

1.12 Employees. It is contemplated that the three (3) full time employees of the District – one customer service and two engineering project coordinators – will be retained by PWSB. The retention of these employees, based upon their extensive knowledge of the District customer base, billing and meter reading software and infrastructure, will allow PWSB to continue to serve the District service area in an efficient and cost-effective manner. The three employees are currently covered by the Town of Smithfield's health care plan, and the District agrees to continue the coverage and prepay the health care premiums for the three (3) employees to the Town of Smithfield for a period of sixty (60) days subsequent to their transfer to PWSB – at a total cost of $2,170.00 per month, but then to cancel the Smithfield plan coverage, at which point PWSB will assume health care coverage for the employees.

1.13 Merger. The Parties agree that, following the Closing, PWSB shall file with the Rhode Island Office of Secretary of State, a certification ("Merger Certificate") that the District has been merged into PWSB in accordance with R.I.G.L. § 46-30-5 of the Act.

1.14 Further Assurances. In the unexpected event that the merger contemplated herein is not effectuated by the filing of the Merger Certificate, or any rights, title or interest in the Annexed Assets are not fully or properly vested, the District, from time to time after the Closing at the request of PWSB and without further consideration, shall execute and deliver further instruments of transfer and assignment (in addition to those delivered under Section 1.07) and take such other action as PWSB may reasonably require to more effectively transfer and assign to, and vest in, PWSB each of the Annexed Assets and the Real Estate, to effectuate the merger and greater Annexation, and to otherwise carry out the tenor and purposes of this Agreement. To the extent that the assignment of any contract, commitment or right shall require the consent of other parties thereto, this Agreement shall not constitute an assignment thereof; however, the District shall use best commercial efforts before and after the Closing to obtain any necessary consents or waivers to assure PWSB of the benefits of such contracts, commitments or rights. Nothing herein shall be deemed a waiver by PWSB of its right to receive at the Closing an effective assignment of each of the contracts, commitments or rights of the District with respect to the Annexed Assets.

1.15 Bulk Transfer Laws. PWSB and the District waive compliance with any applicable bulk transfer laws in connection with the transactions contemplated hereby.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE DISTRICT

2.01 Making of Representations and Warranties. The District makes to PWSB the representations and warranties contained in this Article II. The term "knowledge" as used in this Agreement means the actual knowledge of a particular fact or other matter by any of the officers, managers or directors of The District (as the case may be).

2.02 Organization; Qualifications of the District. The District is an independent statutory water district, incorporated under the provisions of the Public laws of 1934 – An Act to Incorporate the East Smithfield Water District - duly organized, validly existing and in good standing under the laws of the State with full power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it. The District is not a public utility within the meaning of State law.

2.03 Authority of the District. The District has full right, authority and power to enter into this Agreement and each agreement, document and instrument to be executed and delivered by the District pursuant to this Agreement and to carry out the transactions contemplated hereby. All necessary action, corporate or otherwise, has been taken by the District to authorize the execution, delivery and performance of this Agreement, and the same is the valid and binding obligation of the District in accordance with its terms. The execution, delivery and performance of this Agreement do not and will not:

(a) violate any provision of the Public Laws of 1934 - An Act to Incorporate the East Smithfield Water District – as amended, nor the By-laws of, nor any other controlling governance document or agreement of the District;

(b) violate any federal laws or laws of the state of formation or other jurisdiction that applies to the District or requires the District to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made;

(c) except as set forth in Schedule 2.03, violate any provision of, or result in a breach of or a default under, any mortgage, lien, lease agreement, contract, Material Contract (as defined herein), instrument, order, arbitration award, judgment or decision to which the District is a party or by which it is bound; or

(d) result in the imposition of any lien or other encumbrance upon any of the Annexed Assets.

2.04 Title to Properties: Liens. Except as specifically disclosed in Schedule 2.04 attached hereto, the District has good and marketable title to the Annexed Assets. The District has all right, power and authority to convey, assign, transfer, and deliver the Annexed Assets to PWSB in accordance with the terms of this Agreement. Except as set forth in the attached Schedule 2.04,

none of the Annexed Assets will be subject to any mortgage, pledge, lien, conditional sale agreement, security title, encumbrance or other charge upon transfer of title to PWSB.

2.05 Financial Statements.

(a) The District has delivered to PWSB the following financial statements, copies of which are attached hereto as Schedule 2.05:

(i) An audited balance sheet of the District for the fiscal year ending March 31, 2016 for the twelve (12) month period then ending ("Base Balance Sheet"), and statements of income, retained earnings and cash flows for such period, together with appropriate footnotes, if any, as prepared by the District (collectively the "Financial Statements").

(ii) To the District's knowledge, said financial statements are prepared in accordance with GAAP except to the extent that the District's historical method for calculating its inventory obsolescence reserve is not in accordance with GAAP.

(b) Except as set forth on Schedule 2.05(b), as of the date of the Base Balance Sheet, the District has had no liabilities of any nature, whether accrued, absolute, contingent or otherwise, asserted or un-asserted, known or unknown (including, without limitation, liabilities as guarantor or otherwise with respect to obligations of others, or liabilities for taxes due or then accrued, or to become due or contingent, relating to activities of the District or the conduct of its business prior to the date of the Base Balance Sheet, regardless of whether claims in respect thereof had been asserted as of such date), except liabilities stated or adequately reserved against on the Base Balance Sheet.

2.06 Payment of Taxes. Except as set forth on Schedule 2.06, the District has caused to be paid all federal, state, local, foreign, or other taxes, including without limitation, income, transfer, sales, excise, use, value-added, franchise, employment and payroll-related, withholding, environmental, property, or other taxes payable by the District (collectively, "Taxes") to any jurisdiction through the date hereof, whether disputed or not, except for Taxes which have not yet accrued or otherwise become due, the non-payment of which would not result in a lien upon the Annexed Assets. Neither the Internal Revenue Service nor any other taxing authority is now asserting, or to the knowledge of the District threatening to assert against the District, any deficiency or claim for additional Taxes or interest thereon or penalties in connection therewith. There are no security interests on any of the Annexed Assets that arose in connection with any failure (or alleged) failure to pay any Taxes. The District agrees that it shall pay the entire tangible tax bill related to all tangible assets of the District at or prior to the Closing Date.

2.07 Absence of Certain Changes. Except as disclosed in Schedule 2.07, since the date of the Base Balance Sheet there has not been, with respect to the Annexed Assets:

(a) any mortgage, encumbrance or lien which remain in existence on the date hereof or on the date of the Closing;

(b) any obligation or liability incurred by the District in connection with the District System, and the operation, maintenance or management thereof, other than obligations and liabilities incurred in the ordinary course of business consistent with the terms of this Agreement;

(c) any purchase, sale or other disposition, or any agreement or other arrangement for the purchase, sale or other disposition, of any of the properties or assets of the Business other than in the ordinary course of business;

(d) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the properties, assets or business of the District;

(e) any labor trouble or claim of unfair labor practices involving the District or in connection with the District System, and the operation, maintenance or management thereof, nor any change in the compensation payable or to become payable by the District to any of its officers, employees, agents or independent contractors other than normal merit increases in accordance with its usual practices, or any bonus payment or arrangement made to or with any of such officers, employees, agents or independent contractors; or

(f) any other transaction entered into by the District other than transactions in the ordinary course of business.

2.08 Ordinary Course. Since the date of the Base Balance Sheet, the District has conducted its business only in the ordinary course and consistent with historical practices.

2.09 Material Contracts. Except for contracts, commitments, plans, agreements and licenses described in Schedule 2.09 ("Material Contracts") (true and complete copies of which have been delivered to PWSB), the District is not a party to or subject to:

(a) Any plan or contract providing for bonuses, pensions, options, stock purchases, deferred compensation, retirement payments, profit sharing, collective bargaining or the like, or any contract or agreement with any labor union;

(b) Any employment contract with any employee to be employed by PWSB or contract for services that requires the payment of more than Fifteen Thousand and 00/100 ($15,000.00) Dollars annually or that is not terminable within thirty (30) days by the District without liability for any penalty or severance payment;

(c) Any contract or agreement for the sale or lease of products or services not made in the ordinary course of business;

(d) Any contract with any sales agent or distributor of products or services of the District;

(e) Any contract containing covenants that limits the freedom of the District to compete in any line of business or with any person or entity;

(f) Any license agreement (as licensor or licensee);

(g) Any indenture, mortgage, promissory note, loan agreement, guaranty or other agreement or commitment for borrowing money;

(h) Any contract granting any person a lien on all or any part of the Annexed Assets;

(i) Any contract granting to any person a first refusal, first offer, or similar preferential right to purchase or acquire any of the Annexed Assets;

(j) Any joint venture or partnership agreement; and

(k) Any contract or agreement with any officer, employee, director or partner of the District or with any persons or organizations controlled by or affiliated with the District.

Except as set forth in Schedule 2.09, to the District's knowledge, each Material Contract is a valid and binding obligation of the District, enforceable in accordance with its terms, and is in full force and effect, subject only to bankruptcy, reorganization, receivership and other laws affecting creditors' rights generally and equitable principles generally and limitations on the availability of equitable remedies. Except as set forth in Schedule 2.09, the District is not in default under or in breach of any of the Material Contracts and the District has no knowledge of conditions or facts that, with notice or passage of time, or both, would constitute a breach or default thereunder.

2.10 Annexed Assets. The Annexed Assets are operable, in good working order, and fit for the purpose(s) for which they are presently used. To the best of the District's knowledge none of the Annexed Assets have been subjected to deferred maintenance, are below quality for the industry or otherwise are defective or are anticipated to be defective following the Closing.

2.11 Litigation. Except for matters described in Schedule 2.11 attached hereto, there is no litigation, governmental or administrative proceeding, or investigation pending or, to the knowledge of the District, threatened against or affecting the District, or in connection with the District System, and the operation, maintenance or management thereof, or the Annexed Assets which may have any material adverse effect on the respective properties, assets or business of the District or which would prevent or hinder the consummation of the Annexation or any other transaction contemplated by this Agreement. With respect to each matter set forth therein, Schedule 2.11 sets forth a description of the matter, the forum (if any) in which it is being conducted, the parties thereto and the type and amount of relief sought.

2.12 Compliance with Laws. Except as set forth in Schedule 2.12 attached hereto,

(a) The District is in full compliance in all material respects with all laws and regulations which apply to the conduct of the operation of the District System, including all laws and regulations relating to employment and the environment;

(b) The District has not received notice of any asserted past or present failure to comply with any law, ordinance, regulation, permit, order or requirement;

(c) The District is not subject to any judgment, writ, injunction, decree or other judicial order; and

(d) The District is not aware of or does not know of any proposed law or regulation or any event or condition of any character which would or could materially and adversely affect the District System, and the operation, maintenance or management thereof, nor the future operation, maintenance or management of the District System.

2.13 Warranty or Other Claims. Except as disclosed in Schedule 2.13, there are no existing or, to the knowledge of the District, warranty or other similar claims, or any facts upon which a material claim of such nature could be based, against the District for services that are defective or fail to meet any service warranties. No claim has been asserted against the District for renegotiation or price redetermination of any business transaction, and there are no facts upon which any such claim could be based.

2.14 Intentionally Omitted.

2.15 Permits; Burdensome Agreements. The District holds all licenses, permits, franchises, certifications, authorizations, rights, permissions and other approvals (collectively, "Approvals") which are required to permit the District to conduct its Business and to operate, maintain and manage the District System and Real Estate and all such Approvals are valid and in full force and effect. Except as disclosed in Schedule 2.15, all such Approvals will be available and assigned to PWSB and remain in full force and effect upon PWSB's purchase of the Annexed Assets and Real Estate, and no further Approvals will be required in order for PWSB to conduct the business currently conducted by the District nor to operate, maintain and manage the District System subsequent to the Closing. Except as disclosed in Schedule 2.15, the District is not subject to or bound by any agreement which may materially and adversely affect the business or prospects of the District, condition, financial or otherwise, or any of the Annexed Assets and Real Estate.

2.16 Intentionally Omitted.

2.17 Employee Benefit Plans, Employment Agreements and Similar Arrangements.

(a) Schedule 2.17 lists all Employee Benefit Plans (as defined below), which the District maintains or to which they are contributing. "Employee Benefit Plan" means any (a) Pension Plan (as defined below); (b) Welfare Plan (as defined below); and (c) any other material employee benefit, fringe benefit, perquisite, deferred compensation, retirement, profit sharing, bonus, severance, change-of-control, incentive or employee stock option, stock purchase or stock ownership plan, agreement or arrangement whether or not subject to ERISA maintained,

contributed to, or required to be contributed to by the District for the benefit of any employee, former employee, director or officer of the District. "Pension Plan" means any qualified or non-qualified employee pension benefit plan (including any multiemployer plan as defined in Section 3(37) of ERISA), as such term is defined in Section 3(2) of ERISA. "Welfare Plan" means any employee welfare benefit plan, as such term is defined in Section 3(1) of ERISA.

(b) *Title IV Plans.* No plan listed in Schedule 2.17 is a plan subject to Title IV of ERISA, and the District does not now and has never maintained, contributed to, or had the obligation to contribute to a defined benefit pension plan that will result in liability to PWSB.

(c) *Multiemployer Plans.* No plan listed in Schedule 2.17 is a "multiemployer plan" (within the meaning of Section 3(37) of ERISA). The District has never contributed to, or had an obligation to contribute to, any multiemployer plan that will result in liability to PWSB.

(d) *Health Plans.* All group health plans listed in Schedule 2.17 have been operated in material compliance with the group health plan continuation coverage requirements of Sections 601 to 606 of ERISA and Section 4980B of the Code to the extent such requirements are applicable. Each health plan listed in Schedule 2.17 is in material compliance with HIPAA, including the portability requirements and the privacy regulations.

(e) *Post-Retirement Medical Benefits.* The District does not maintain or provide post-termination or retirement medical benefits to any current employee or any present or future retiree, except to the extent required by COBRA or except under a plan which may be amended or terminated at any time.

(f) For purposes of this section "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

2.18 Labor Matters: Health and Safety. Except to the extent set forth in Schedule 2.18,

(a) to the District's knowledge, the District is in material compliance with all applicable laws relating to employment practices, terms and conditions of employment and wages (including overtime wages) and hours;

(b) to the District's knowledge, the District is not engaged in any unfair labor practice and no action against the District is pending before the National Labor Relations Board; and

(c) to the District's knowledge, none of the District's respective employees are represented by any union, nor is any union organizing campaign underway or threatened.

2.19 Environmental Matters

(a) Except as set forth in Schedule 2.19(a),

(i) The District has never generated, transported, used, stored, treated, disposed of, or managed any Hazardous Waste (as defined below), except as necessary in the ordinary course of business, and in all cases in compliance with applicable Environmental Laws;

(ii) To the District's knowledge, no Hazardous Material (as defined below) has ever been or is threatened to be spilled, released or disposed of at any site presently or formerly owned, operated, leased or used by the District, or has ever been located in the soil or groundwater at any such site;

(iii)Except as necessary in the ordinary course of business, and in all cases in compliance with applicable Environmental Laws, no Hazardous Material has ever been transported from any site presently owned, operated, leased or used by the District for treatment, storage or disposal at any other place; and

(iv) No lien has ever been imposed by any governmental agency on any property, facility, machinery or equipment owned, operated, leased or used by the District in connection with the presence of any Hazardous Material.

(b) Except as set forth in Schedule 2.19(b),

(i) to The District's knowledge, the District has no liability under, nor has The District ever violated, any Environmental Law (as defined below);

(ii) to the District's knowledge, any property owned, operated, leased or used by The District, and any facilities and operations thereon are presently in compliance with all applicable Environmental Laws;

(iii) The District has never entered into or been subject to any judgment, consent decree, compliance order or administrative order with respect to any environmental or health and safety matter or received any request for information, notice, demand letter, administrative inquiry or formal or informal complaint or claim with respect to any environmental or health and safety matter or the enforcement of any Environmental Law; and (iv) the District has no knowledge or reason to know that any of the items enumerated in clause (iii) of this subsection will be forthcoming.

(c) For purposes of this Section 2.19,

(i) "Hazardous Material" shall mean and include any hazardous waste, hazardous material, hazardous substance, petroleum product, oil, toxic substance, pollutant,

contaminant or other substance that may pose a threat to the environment or to human health or safety, as defined or regulated under any Environmental Law;

(ii) "Hazardous Waste" shall mean and include any hazardous waste as defined or regulated under any Environmental Law; and (iii) "Environmental Law" shall mean any environmental or health and safety-related law, regulation, rule or ordinance at the foreign, federal, state or local level, including without limitation the Occupational Safety and Health Act of 1970, as amended, whether existing as of the date hereof, previously enforced or subsequently enacted.

2.20 Copies of Documents. The District has made available for inspection and copying by PWSB and its agents and representatives true and correct copies of all documents referred to in this Article II or in the Schedules delivered to PWSB pursuant to this Agreement. The District shall also make available for inspection and copying by PWSB and its agents and representatives true and correct copies of other business records that would assist in PWSB's operation of the District's business and to operate, maintain and manage the District System.

2.21 Disclosures. No representation or warranty in this Agreement, and no statement contained in any Schedule, Appendix, Exhibit, Certificate or other document furnished or to be furnished to PWSB pursuant hereto or in connection with the transactions contemplated hereby contains or at the Closing will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make it not misleading.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PWSB

3.01 Making of Representations and Warranties. PWSB hereby makes the representations and warranties contained in this Article III.

3.02 Organization of PWSB. PWSB is validly existing and in good standing under the laws of the State of Rhode Island with full power to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it.

3.03 Authority of PWSB. All necessary action has been taken by PWSB to authorize the execution, delivery and performance of this Agreement, and this Agreement is the valid and binding obligation of PWSB in accordance with its respective terms, subject to bankruptcy, insolvency or other laws of general application affecting creditor's rights.

3.04 Transaction Not a Breach. The execution, delivery and performance by PWSB of this Agreement, or any other agreement or instrument contemplated hereby, and the consummation of the transaction contemplated hereby and thereby will not violate the provisions of, or constitute a breach or default whether upon lapse of time and/or the occurrence of any act or event or otherwise under PWSB's enabling legislation.

ARTICLE IV
COVENANTS OF THE DISTRICT

4.01 Making of Covenants and Agreements. The District makes the covenants and agreements set forth in this Article IV.

4.02 Access. The District will authorize and permit PWSB and its representatives (which term shall be deemed to include its independent accountants and counsel) to have reasonable access during normal business hours, upon reasonable notice and in such manner as will not unreasonably interfere with the conduct of The District's Business, to all of its books, records, operating instructions and procedures, and all other information with respect to each of the above only to the extent such information relates solely to the Business as PWSB may from time to time reasonably request, and to make copies of such books, records and other documents and to discuss the Business with The District's respective directors, officers, employees, accountants and counsel, as PWSB considers necessary or appropriate for the purposes of familiarizing itself with the Business, obtaining any necessary approvals of or permits for the transaction contemplated by this Agreement and conducting an evaluation of the Business. All information provided by The District to PWSB pursuant to this Section 4.02 shall be subject to the confidentiality provisions contained in Section 10.06 hereof.

4.03 Conduct of Business. Between the date of this Agreement and the date of Closing, The District will do the following (unless PWSB shall otherwise consent in writing, which consent shall not be unreasonably withheld):

(a) conduct the Business only in the ordinary course and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with past practices;

(b) refrain from making any purchase, sale, liquidation, or other disposition of any of the Annexed Assets and from mortgaging, pledging, subjecting to a lien or otherwise encumbering any of the Annexed Assets;

(c) unless such act is in the ordinary course of business, not amend, terminate, renew/fail to renew or renegotiate any Assumed Contract or Material Contract and not default in any of The District's obligations under any Assumed Contract or Material Contract and not enter into any new Material Contract;

(d) refrain from incurring any contingent liability as a guarantor or otherwise with respect to the obligations of others, and from incurring any other contingent or fixed obligations or liabilities except those that are usual and normal in the ordinary course of business;

(e) unless such act is in the ordinary course of business, refrain from making any changes in the compensation payable to any of The District's respective officers, employees or agents;

(f) use commercially reasonable efforts to keep intact its business organization, to keep available the present employees of the Business and to preserve the goodwill of all suppliers, customers and others having business relations with the Business;

(g) have in effect and maintain at all times all insurance policies maintained by or for the benefit of The District;

(h) not fail to maintain or repair any of the Annexed Assets in accordance with past procedures;

(i) furnish PWSB with unaudited monthly balance sheets and statements of income and retained earnings and cash flows of The District within twenty (20) days after each month end, for each month ending more than ten (10) days prior to the Closing; and

(j) consult with PWSB in good faith prior to The District opening any new employment positions or terminating such positions with The District, interviewing candidates for such employment position openings, or make any employment hiring or termination of employment decisions.

4.04 Authorization from Others. Prior to the date of Closing, The District will have obtained all authorizations, approvals, consents and permits of others required to permit the consummation by The District of the transactions contemplated by this Agreement; except that The District shall use commercially reasonable efforts to obtain consents of The District's vendors and consumers prior to the Closing Date to the extent the same are necessary. If any such authorization, approval, consent or permit is not obtained prior to the Closing and PWSB elects nevertheless to Close, the District shall continue to use best efforts to obtain such authorization, approval, consent or permit to effectuate the merger and greater Annexation.

4.05 Consummation of Agreement. The District shall use its commercially reasonable efforts to perform and fulfill all conditions and obligations on their part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out.

4.06 Intentionally Omitted.

4.07 Breach of Representations and Warranties. At any time prior to Closing, promptly upon the occurrence of, or promptly upon The District becoming aware of the impending or threatened occurrence of any event which would cause or constitute a breach, or would have caused or constituted a breach had such event occurred or been known to The District prior to the date hereof, of any of the representations and warranties of The District contained in or referred to in this Agreement or in any Schedule referred to in this Agreement, The District shall give detailed written notice thereof to PWSB and shall use its reasonable best efforts to prevent or promptly remedy the same.

4.08 Customer Relationships. Immediately prior to or concurrently with a Closing, The District shall notify its consumers of the Transaction and to the extent not disclosed on

Schedule 1.01 hereof, shall furnish PWSB a list of each consumer's name and contact information. The District shall in good faith encourage each consumer to utilize PWSB after Closing.

4.09 The District's Liabilities/Payment of Debts. The District shall discharge, at or prior to the Closing, all debts and other liabilities which are not Assumed Liabilities hereunder.

ARTICLE V
COVENANTS OF PWSB

5.01 Making of Covenants and Agreements. PWSB makes the following covenants and agreements set forth in this Article V.

5.02 Authorization from Others. Prior to the Closing, PWSB will have obtained all authorizations, consents and permits of others required to permit the consummation by PWSB of the transactions contemplated by this Agreement.

5.03 Consummation of Agreement. PWSB shall use its commercially reasonable efforts to perform and fulfill all conditions and obligations on its part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out.

ARTICLE VI
CONDITIONS

6.01 Conditions Precedent to the Obligations of PWSB. The obligation of PWSB to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations; Warranties; Covenants. Each of the representations, warranties contained in Article II of this Agreement shall be true and correct as though made on and as of the date of the Closing; The District shall, on or before the date of the Closing, have performed all of its respective obligations and complied with all covenants and conditions hereunder which by the terms hereof are to be performed on or before the date of the Closing; and The District shall have delivered to PWSB a certificate dated as of the date of the Closing to the foregoing effect ("The District's Closing Certificate"). Notwithstanding the foregoing, to the extent any of the representations and warranties of The District are not true and correct as of the date of the Closing, or to the extent The District has not performed any of its obligations and complied with any covenants and conditions hereunder which are to be performed on or before the date of the Closing, The District shall disclose the inaccuracy of such representation and warranties and their failure to perform such covenants or satisfy such conditions on The District's Closing Certificate;

(b) Consent to Assumed Contracts. PWSB shall have received consent from the parties to any Assumed Contract, commitment or right being assigned to PWSB hereunder in form and substance satisfactory to counsel to PWSB and The District and stating that

such contract is in full force and effect in accordance with its terms and is not in default and consenting to the assignment of same by The District to PWSB;

(c) Approvals and Permits. The District shall have obtained and provided to PWSB evidence of the receipt of all Approvals required by PWSB under Section 2.15 of this Agreement;

(d) Additional Deliveries. At the Closing, The District shall have delivered to PWSB:

(i) Board Votes. A copy of the certified votes of the board of directors of The District certified as having been duly and validly adopted and as being in full force and effect and authorizing execution and delivery of this Agreement and performance by The District of the transactions contemplated hereby;

(ii) Good Standing Certificate. Certificates of good standing, dated not more than thirty (30) days prior to the Closing, with respect to The District, issued by the Secretary of State of the State of Rhode Island and Providence Plantations;

(iii) Opinion of The District's Counsel. The opinion of counsel for The District as to the authorization, execution and delivery of this Agreement and performance by The District of the transactions contemplated hereby; and

(iv) Other Documents. Such other documents and instruments as PWSB or its counsel reasonably shall deem necessary to consummate the transaction contemplated hereby.

(e) Approval of PWSB's Counsel. All actions, proceedings, instruments and documents required to carry out this Agreement and all related legal matters contemplated by this Agreement shall be approved by Pannone Lopes Devereaux & West LLC, counsel for PWSB, provided that the approval of such counsel shall not be unreasonably withheld;

(f) Licensing, Registration, and Certification. PWSB having obtained, at or prior to the Closing Date, all licenses, registrations, certifications and/or permissions, as the case may be, in order to acquire the Annexed Assets and effectuate the Annexation;

(g) Intentionally Omitted;

(h) Employee Disbursements. The District having made any and all necessary payments and other distributions in relation to all employee paid time off, employee benefit, retirement and other pension plans in existence prior to the Closing Date;

(i) Real Estate. The District having prepared all Deeds, Assignments or other transfer documents for all Real Estate, previously defined, which is owned by the District;

(j) PWSB having received valid authorization from the Providence City Council to merge and annex/ and consummate the transactions contemplated within this Agreement; and

(k) the Transaction, and the consummation thereof, meeting the requirements of R.I. Gen. Laws § 46-30-1 et seq.

(l) notice of the Annexation and transfer of assets having been given to the Rhode Island Department of Labor and Training as provided for by applicable law;

(m) notice of the Annexation and transfer of assets having been given to the Rhode Island Division of Taxation as may be required by applicable law;

(n) All employees of the District identified in Section 1.12 as anticipated by the Parties as transferring over to PWSB, having begun employment with PWSB; and

(o) The District having provided proof of directors and officers tail policy coverage for a term of no less than three (3) years.

(p) The District, having provided proof of general liability tail policy coverage for a term of no less than three (3) years.

(q) The District having provided proof of prepayment of healthcare premiums pursuant to Section 1.12 hereof.

6.02 Conditions Precedent to Obligations of the District. The District's obligation to consummate this Agreement and the transactions contemplated hereby is subject to the fulfillment, prior to or at the date of Closing, of the following conditions precedent:

(a) Representations; Warranties; Covenants. Each of the representations and warranties of PWSB contained in Article IV hereof shall be true and correct as though made on and as of the date of Closing; PWSB shall, on or before the date of Closing, have performed all of its obligations and complied with all covenants and conditions hereunder which by the terms hereof are to be performed on or before the date of Closing; and PWSB shall have delivered to The District a certificate dated as of the date of Closing to the foregoing effect; and

(b) Approval of The District's Counsel. All actions, proceedings, instruments and documents required to carry out this Agreement and all related legal matters contemplated by this Agreement shall be approved by Ralph E. Iannitelli, Esq., counsel for The District, provided that the approval of such counsel shall not be unreasonably withheld.

ARTICLE VII
TERMINATION OF AGREEMENT

7.01 Termination. At any time prior to Closing, this Agreement may be terminated:

(a) by mutual agreement of the Parties hereto;

(b) by PWSB if there has been a material misrepresentation, breach of warranty or breach of covenant by The District in its representations, warranties and covenants set forth herein;

(c) by The District if there has been a material misrepresentation, breach of warranty or breach of covenant by PWSB in its representations, warranties and covenants set forth herein;

(d) by PWSB if the conditions stated in Section 6.01 have not been satisfied at or prior to the Closing Date; or

(e) by The District if the conditions stated in Section 6.02 have not been satisfied at or prior to the Closing Date.

7.02 Effect of Termination. In the event that this Agreement shall be terminated pursuant to Section 7.01, all further obligations of the Parties under this Agreement shall terminate without further liability of any Party to another. Notwithstanding the foregoing, a termination under Section 7.01 shall not relieve any party of any liability for a material breach of, or for any misrepresentation under this Agreement, or be deemed to constitute a waiver of any available remedy (including specific performance if available) for any such breach or misrepresentation. Nothing in this Section 7.02 shall relieve either Party to this Agreement of liability for a breach of a material covenant or obligation under this Agreement prior to the Closing; provided, however, that such liability in all events shall be limited to the non-breaching Party's reasonable out-of-pocket expenses incurred in connection with the investigation of the transaction contemplated hereby, the negotiation and preparation of this Agreement and the preparation for the closing of the transaction contemplated hereby. In the event that this Agreement is so terminated, each Party will return, within five (5) days of the termination, all papers, documents, financial statements and other data furnished to it by or with respect to each other Party to such other Party (including any copies thereof or work product based thereon and made by the first Party).

ARTICLE VIII
RIGHTS AND OBLIGATIONS SUBSEQUENT TO CLOSING

8.01 Survival of Representations and Warranties. The representations and warranties contained in or made pursuant to this Agreement shall survive indefinitely.

8.02 Post Closing Obligations of the Parties. The District and PWSB each agree that after the Closing they will hold in trust and promptly transfer and deliver to the other, from time to time as and when received by them, any cash, checks with appropriate endorsements (and will not convert such checks to cash), or such other property as belongs to the other Party, and will account not less than monthly to the other for all such receipts. In furtherance of the foregoing, The District agrees that any payments received by The District relating solely to services fulfilled by PWSB on and after the Closing shall be endorsed to PWSB and transmitted to PWSB by an overnight delivery service. PWSB's and The District's obligations set forth in this Section 8.02 shall survive indefinitely.

ARTICLE IX
INDEMNIFICATION

9.01 Indemnification by The District. Subject to the knowledge and other qualifications contained in the Agreement, including the limits of liability outlined in Sections 9.04 and 9.05, The District agrees to defend, indemnify and hold PWSB harmless from and against any damages, liabilities, losses and expenses (including reasonable counsel fees) of any kind or nature whatsoever which may be sustained or suffered by PWSB based upon a breach of any representation, warranty or covenant made by The District in this Agreement or in any Schedule, Exhibit, Closing Certificate or Financial Statement delivered hereunder and attached to or specifically referred to in a Schedule attached to this Agreement, or by reason of any third party claim, action or proceeding asserted or instituted in a matter which is a breach of such representations, warranties or covenants, including without limitation amounts which PWSB has paid or are payable with respect to tax liabilities of The District for any periods and other liabilities of The District not disclosed to PWSB or existing in breach of The District's representations, warranties or covenants hereunder.

9.02 Indemnification by PWSB. Subject to the knowledge and other qualifications contained in the Agreement, PWSB agrees to defend, indemnify and hold The District harmless from and against any damages, liabilities, losses and expenses (including reasonable counsel fees) of any kind or nature whatsoever which may be sustained or suffered by The District based upon a breach of any representation, warranty or covenant made by PWSB in this Agreement or in any Schedule, Exhibit, or Closing Certificate delivered hereunder and attached to or specifically referred to in a Schedule attached to this Agreement, or by reason of any third party claim, action or proceeding asserted or instituted in a matter which is a breach of such representations, warranties or covenants.

9.03 Notice: Defense of Claims. Any Party seeking indemnification under this Article IX ("Indemnified Party") shall give prompt written notice to the other Party ("Indemnifying Party"), of each claim for indemnification hereunder, specifying the amount and nature of the claim, and of any matter which in the opinion of the Indemnified Party is likely to give rise to an indemnification claim. The Indemnifying Party shall have the right to participate at their own expense in the defense of any such matter or its settlement. Failure to give notice of a matter which may give rise to an indemnification claim shall not affect the rights of the Indemnified Party to collect such claim from the Indemnifying Party so long as such failure does not materially adversely affect the Indemnifying Party's ability to defend such claim. The District agrees that PWSB has the absolute right to set off, against all or any portion of amounts to be paid by PWSB hereunder (if any), the full undisputed amount due under Section 9.01 hereof.

9.04 Limitations on Indemnification. Notwithstanding the foregoing, PWSB shall not be liable to The District for any claims for indemnification or breaches of representations and warranties hereunder until such claims (including reasonable counsel fees) exceed Ten Thousand and 00/100 ($10,000.00) Dollars.

9.05 Survival of Indemnification Obligations; Releases.

(a) The District's obligation to indemnify PWSB hereunder shall survive the Closing and remain in full force and effect for a period through the expiration of the applicable statute of limitations (or, if a claim has been asserted prior to such expiration, until three (3) months after its final resolution).

(b) PWSB's obligation to indemnify The District hereunder shall survive the Closing and remain in full force and effect for a period through the expiration of the applicable statute of limitations (or, if a claim has been asserted prior to such expiration, until three (3) months after its final resolution).

ARTICLE X
MISCELLANEOUS

10.01 Fees and Expenses. Subject to Article IX hereof, each of the Parties will bear its own expenses in connection with the negotiation and the consummation of the transactions contemplated by this Agreement, and no expenses of The District relating in any way to the Transaction shall be charged to or paid by PWSB or included in any account of The District as of the Closing.

10.02 Law Governing; Jurisdiction. This Agreement shall be construed under and governed by the laws of the State of Rhode Island and the state courts of the State of Rhode Island shall have jurisdiction with respect to any disputes between the Parties hereto.

10.3 Notices. All notices and communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt of (i) hand-delivery; (ii) United States mail (certified mail, return receipt requested); (iii) overnight courier service; or (iv) telecopy transmission with confirmation of receipt, to the party to whom notice should be given at the address set forth below:

If to PWSB:	Providence Water Supply Board 552 Academy Avenue Providence, Rhode Island 02908 Attention: General Manager Telephone: (401) 521-5070 Facsimile: N/A
With a copy to:	Pannone Lopes Devereaux & West LLC 317 Iron Horse Way, Suite 301 Providence, Rhode Island 02908 Attention: William E. O'Gara, Esquire Telephone: (401) 824-5100 Facsimile: (914) 824-5123
If to The District:	East Smithfield Water District

307 Waterman Avenue
Smithfield RI 02917
Attention: Raymond DiSanto
Telephone: (401) 231-0510
Facsimile: (401) 231-7053

With a copy to:

Iannitelli Law Offices
PO Box 284
Greenville, Rhode Island 02828
Attention: Ralph E. Iannitelli, Esq.
Telephone: (401) 949-2442
Facsimile: (401) 949-5930

or to such other address of which the parties may, by registered mail or overnight courier service, notify the other party or parties.

10.04 Entire Agreement. This Agreement, including the Schedules and Exhibits referred to herein constitutes the entire Agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, representations, warranties, covenants and conditions of the Parties in connection therewith; and all promises, representations, understandings, warranties and agreements with reference to the subject matter hereof, and all inducements to the making of this Agreement relied upon by either Party hereto, have been expressed herein or in such Schedules or Exhibits.

10.05 Assignability. This Agreement may not be assigned by either Party without the prior written consent of the other. This Agreement shall be enforceable by, and shall inure to the benefit of, the Parties hereto and their permitted successors and assigns, and no others.

10.06 Confidentiality. Each of the Parties hereto agree that PWSB and The District, and their respective officers, directors, agents and representatives, as applicable, will hold in strict confidence, and will not use any confidential or proprietary data or information obtained from the other Party with respect to the business or financial condition of the other Party except for the purpose of evaluating, negotiating and completing the transactions contemplated hereby. Information generally known in The District's industry or that has been disclosed to PWSB by third parties who have a right to do so shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, each Party shall return to the other Party (or certify that it has destroyed) all copies of such data and information, including, but not limited to, financial information, customer lists, business and corporate records, worksheets, test reports, tax returns, lists, memoranda and other documents prepared by or made available to each Party in connection with the transaction contemplated by this Agreement as well as any work product produced or made from productions of the other Party.

10.07 Publicity and Disclosures. No press releases or public disclosure, either written or oral, of the transactions contemplated by this Agreement, shall be made without the prior knowledge and written consent of the Parties hereto.

10.08 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or PDF, such signature shall create a binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or PDF signature were the original thereof.

[THIS SPACE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

WITNESS:

THE DISTRICT:

East Smithfield Water District:

By: TODD S. MANNI
Its: CHAIRMAN

Approved as to form:

By: Ralph E. Iannitelli, Esq.
Its: Legal Counsel

PWSB:

City of Providence:

By: Jorge O. Elorza
Its: Mayor

Providence Water Supply Board:

By: Ricky Caruolo
Its: General Manager

Approved as to form:

By: William E. O'Gara
Its: Legal Counsel to Providence Water Supply Board

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Schedule 1.01
Annexed Assets

All facilities, pumping stations, pipes, mains, valves, connections, conduits, hydrants, machinery, equipment, miscellaneous devices and all other appurtenances, including all water right in connection with the District System. See also attached depreciation schedule for additional Annexed Assets.

Real Estate list:

All right, title and interest in and to any and all real property, leases, licenses, easements, options or the like held by the District, including but not limited to those related to:

1. Deed for 307 Waterman Avenue and water system from Esmond Mills; recorded 5/31/38, Smithfield Book 15 Page 799
2. North Elmore Street Pump Station, recorded 5/22/74 North Providence Land Evidence Records
3. Deed for Farnum Pike Pump Station from Georgiaville Baptist Church; recorded 11/20/75 Smithfield Book 50 page 332
4. Inter-Agency Agreement: ESWD/Smithfield Water Supply Board (Ridgeland Estates) recorded 11/2/09 Smithfield Book 713 Page 239
5. Utility Easement: Esmond Street to Hillside Avenue; recorded 8/30/12 Smithfield Book 863 Page 325
6. Lease for Waltham Street Pump Station from Timberlane Condominium Association dated 12/12/12, recorded 4/10/13 in Smithfield Book 905 Page 96, together with pre-paid receipt and Memorandum of Understanding.

Schedule 1.02
Assumed Liabilities

1. Rhode Island Clean Water Finance Age (nka RI Infrastructure Bank) $200,000 proceeds dated October 23, 2008, maturity date June 30, 2029;
2. Rhode Island Clean Water Finance Age (nka RI Infrastructure Bank) $400,000 proceeds dated September 01, 2009, maturity date September 01, 2024;
3. Rhode Island Clean Water Finance Age (nka RI Infrastructure Bank) $600,000 proceeds dated August 05, 2013, maturity date September 01, 2033; and
4. USBank – Equipment Lease: Xerox WorkCentre 6605 Color Multifunctional Printer (with stand)

Schedule 2.03
Violations/Defaults

None.

Schedule 2.04
Liens/Encumbrances

Navigant Credit Union: $150,000 line of Credit ($0 balance): secured by District real estate located at 307 Waterman Avenue, Smithfield, RI 02917

Schedule 2.05
Financial Statements

(a)

1. Audited Financial Statements for Fiscal Year Ending March 31, 2016

2. Unaudited Financial Statements covering the period April, 1, 2016 through September 30, 2016

(b)

No liabilities are undisclosed on the Base Balance Sheet.

Schedule 2.06
Unpaid Taxes

District is liable for sales taxes only for water sales to commercial customers. District is current on such sales taxes. The District is otherwise tax-exempt on local, state and federal levels.

Schedule 2.07
Undisclosed Changes

None.

Schedule 2.09
Material Contracts

Cf Schedule 2.04 (Line of Credit)

Cf Schedule 1.01 (Real Estate):North Elmore Street pump station property and Waltham Street pump station

The foregoing are valid, binding and enforceable in accordance with their respective terms. The District is not in default under or in breach of any of the Material Contracts and the District has no knowledge of conditions or facts that with notice or passage of time, or both, would constitute a breach or default thereunder.

Schedule 2.11
Litigation

None.

Schedule 2.12
Compliance with Laws

RI Department of Health Sanitary Survey conducted February 28, 2013: Listed as a "Minor Deficiency" the partial flooding of the Waterman Avenue Meter Pit. District is otherwise in full compliance in all material aspects with all laws and regulations.

Schedule 2.13
Warranty Claims

None.

Schedule 2.15
Approvals

No further approvals required.

Schedule 2.17
Employee Benefit Plan

District is a member of the Municipal Employee Retirement System of Rhode Island.

District employees are participants in the Town of Smithfield health and dental plans.

All employees are necessarily participants in Social Security and Medicare programs.

Schedule 2.18
Labor Matters

District is in compliance with all Federal and State Labor Laws. No District employee is represented by a union, nor is any union organizing campaign underway or threatened.

Schedule 2.19(a)
Environmental Matters

District is in compliance, in as much as there is no use or storage of Hazardous Materials, or release, spill or threatened release or spill of Hazardous Materials on District property, and no lien has ever been imposed upon the District in connection with the presence of any Hazardous Waste.

Schedule 2.19(b)
Violations of Environmental Laws

The District and any property owned or leased by the District, has never been in violation of any environmental law, or been subject to any environmental lien, judgment, or compliance order with respect to any environmental or health and safety issue.

CO-0000000
04/01/2013 - 03/31/2014

Sorted: General - category

[02220344500] Depreciation Expense

Federal
04/01/2013 - 03/31/2014

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Note: This schedule is an export from ProFX Fixed Asset software which is maintained by CLA. This schedule was used to populate the fixed asset footnote at 1700.07

System No	S	Description	Date In Service	Method /	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
Building Improvements												
1		ROOF	3/31/2003	SL / N/A	15.0000	3,600.00	100.0000	0.00	0.00	2,706.00	240.00	2,952.00
2		BUILDING IMPROVEMENTS	7/21/2004	SL / N/A	15.0000	4,394.70	100.0000	0.00	0.00	2,539.16	292.98	2,832.14
3		BUILDING IMPROVEMENTS	7/12/2006	SL / N/A	10.0000	700.85	100.0000	0.00	0.00	473.11	70.09	543.20
4		LANDSCAPING OFFICE	6/4/2008	SL / N/A	5.0000	2,500.00	100.0000	0.00	0.00	2,416.67	83.33	2,500.00
5		Boiler	11/19/2010	SL / N/A	15.0000	7,790.83	100.0000	0.00	0.00	1,211.91	519.39	1,731.30
6		Roof & Garage Wall	11/10/2011	SL / N/A	15.0000	7,189.83	100.0000	0.00	0.00	639.09	479.32	1,118.41
7		Lighting Fixtures	12/19/2011	SL / N/A	7.0000	2,599.67	100.0000	0.00	0.00	463.94	371.15	835.09
Subtotal: Building Improvements						28,864.28		0.00	0.00	10,449.88	2,062.26	12,512.14
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: Building Improvements						28,864.28		0.00	0.00	10,449.88	2,062.26	12,512.14
						Note 4					Note 4	Note 4
Equipment												
8		GENERATOR	3/30/2004	SL / N/A	5.0000	1,499.00	100.0000	0.00	0.00	1,499.00	0.00	1,499.00
9		EQUIPMENT IMPROVEMENTS	9/9/2005	SL / N/A	10.0000	8,280.86	100.0000	0.00	0.00	6,279.68	828.09	7,107.77
10		EQUIPMENT IMPROVEMENTS	11/18/2005	SL / N/A	10.0000	4,601.27	100.0000	0.00	0.00	3,374.29	460.13	3,834.42
11		EQUIPMENT IMPROVEMENTS	12/31/2006	SL / N/A	10.0000	916.66	100.0000	0.00	0.00	664.61	91.67	756.28
12		EQUIPMENT	6/9/2006	SL / N/A	7.0000	924.70	100.0000	0.00	0.00	902.08	22.62	924.70
13		EQUIPMENT	3/23/2007	SL / N/A	10.0000	975.00	100.0000	0.00	0.00	585.00	97.50	682.50
14		METER READER	3/30/2007	SL / N/A	10.0000	7,595.27	100.0000	0.00	0.00	4,557.18	759.53	5,316.71
15		Equipment	5/10/2007	SL / N/A	10.0000	1,140.84	100.0000	0.00	0.00	674.97	114.08	789.05
16		Equipment	9/27/2007	SL / N/A	10.0000	1,735.92	100.0000	0.00	0.00	954.42	173.53	1,127.95
17		Leak detection equipment	10/6/2011	SL / N/A	7.0000	6,100.00	100.0000	0.00	0.00	1,307.15	871.43	2,178.58
18		Generator motor and transfer switch	3/14/2012	SL / N/A	5.0000	3,037.70	100.0000	0.00	0.00	659.17	607.54	1,266.71
90		Equipment - Pipe Location Tool	5/17/2013	SL / N/A	5.0000	2,777.00	100.0000	0.00	0.00	0.00	277.70	277.70
Subtotal: Equipment						39,503.01		0.00	0.00	21,457.15	4,303.22	25,760.37
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: Equipment						39,503.01		0.00	0.00	21,457.15	4,303.22	25,760.37
						Note 4					Note 4	Note 4
Meters												
19		METERS	3/31/1994	SL / N/A	10.0000	32,999.00	100.0000	0.00	0.00	32,999.00	0.00	32,999.00
20		METERS	3/31/1996	SL / N/A	10.0000	13,200.00	100.0000	0.00	0.00	13,200.00	0.00	13,200.00
21		METERS	3/31/1999	SL / N/A	10.0000	7,100.00	100.0000	0.00	0.00	7,100.00	0.00	7,100.00
22		METERS	3/15/1995	SL / N/A	10.0000	33,366.00	100.0000	0.00	0.00	33,366.00	0.00	33,366.00
23		METERS	3/31/1997	SL / N/A	10.0000	24,200.00	100.0000	0.00	0.00	24,200.00	0.00	24,200.00
24		METERS	3/31/1998	SL / N/A	10.0000	27,075.00	100.0000	0.00	0.00	27,075.00	0.00	27,075.00
Subtotal: Meters						137,940.00		0.00	0.00	137,940.00	0.00	137,940.00
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: Meters						137,940.00		0.00	0.00	137,940.00	0.00	137,940.00
						(2)						(1)
Office Equipment												
25		OFFICE FURNITURE	11/18/2005	SL / N/A	7.0000	79.99	100.0000	0.00	0.00	79.99	0.00	79.99
26		BILLING SOFTWARE	9/26/2005	SL / N/A	7.0000	11,380.00	100.0000	0.00	0.00	11,380.00	0.00	11,380.00
27		BILLING SYSTEM	6/28/2006	SL / N/A	5.0000	1,420.77	100.0000	0.00	0.00	1,420.77	0.00	1,420.77

CO-0000000
04/01/2013 - 03/31/2014

Sorted: General - category

[02220344500] Depreciation Expense

Federal
04/01/2013 - 03/31/2014

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System No	S	Description	Date In Service	Method /	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
Office Equipment												
28		BILLING SYSTEM	11/17/2006	SL / N/A	5.0000	1,084.99	100.0000	0.00	0.00	1,084.99	0.00	1,084.99
29		OFFICE EQUIPMENT	3/29/2007	SL / N/A	5.0000	389.91	100.0000	0.00	0.00	389.91	0.00	389.91
30		BACKFLOW SOFTWARE	5/30/2008	SL / N/A	5.0000	1,510.00	100.0000	0.00	0.00	1,459.67	50.33	1,510.00
31		COMPUTER	5/30/2008	SL / N/A	5.0000	1,605.00	100.0000	0.00	0.00	1,551.50	53.50	1,605.00
32		Office Equipment	7/26/2007	SL / N/A	5.0000	1,000.00	100.0000	0.00	0.00	1,000.00	0.00	1,000.00
33		Continental Meter Module	6/16/2009	SL / N/A	5.0000	2,000.00	100.0000	0.00	0.00	1,533.33	400.00	1,933.33
34		ACS Processor	9/23/2010	SL / N/A	5.0000	1,136.00	100.0000	0.00	0.00	507.50	227.00	734.50
35		New Server & computer equipment	1/31/2012	SL / N/A	5.0000	8,405.00	100.0000	0.00	0.00	1,961.17	1,681.00	3,642.17
36		Telephone Equipment	9/15/2013	SL / N/A	5.0000	2,498.25	100.0000	0.00	0.00	41.64	499.65	541.29
Subtotal: Office Equipment						32,508.91		0.00	0.00	22,470.47	2,911.48	25,381.95
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00

Net for: Office Equipment					32,508.91		0.00	0.00	22,470.47	2,911.46	25,381.93
					Note 4					Note 4	Note 4
System Improvements											
37	SYSTEM IMPROVEMENTS	3/31/1994	SL / N/A	99.0000	8,647.00	100.0000	0.00	0.00	1,859.47	87.34	1,746.81
38	SYSTEM IMPROVEMENTS	3/31/1995	SL / N/A	75.0000	17,907.00	100.0000	0.00	0.00	4,297.68	238.76	4,536.44
39	SYSTEM IMPROVEMENTS	3/31/1996	SL / N/A	30.0000	5,870.00	100.0000	0.00	0.00	3,326.39	195.67	3,522.06
40	SYSTEM IMPROVEMENTS	3/31/1996	SL / N/A	75.0000	85,260.00	100.0000	0.00	0.00	19,326.60	1,136.80	20,462.40
41	SYSTEM IMPROVEMENTS	3/31/1997	SL / N/A	75.0000	18,047.00	100.0000	0.00	0.00	3,850.08	240.63	4,090.71
42	SYSTEM IMPROVEMENTS	3/31/1998	SL / N/A	75.0000	70,361.00	100.0000	0.00	0.00	14,072.25	938.15	15,010.40
43	SYSTEM IMPROVEMENTS	3/31/1999	SL / N/A	75.0000	49,373.00	100.0000	0.00	0.00	9,216.34	658.31	9,874.65
44	SYSTEM IMPROVEMENTS	3/31/2000	SL / N/A	75.0000	66,901.54	100.0000	0.00	0.00	8,035.30	892.62	8,928.20
45	SYSTEM IMPROVEMENTS	3/31/2000	SL / N/A	75.0000	119,855.00	100.0000	0.00	0.00	20,774.91	1,598.07	22,372.98
46	SYSTEM IMPROVEMENTS	3/31/2001	SL / N/A	75.0000	17,989.00	100.0000	0.00	0.00	2,878.30	239.85	3,118.05
47	SYSTEM IMPROVEMENTS	3/31/2002	SL / N/A	75.0000	303,071.00	100.0000	0.00	0.00	44,450.45	4,040.95	48,491.40
48	System Impr - Hennas St	6/30/2009	SL / N/A	75.0000	255,203.66	100.0000	0.00	0.00	12,760.20	3,402.72	16,162.92
49	SYSTEM IMPROVEMENTS	3/31/2003	SL / N/A	75.0000	295,858.57	100.0000	0.00	0.00	39,451.80	3,945.18	43,396.98
50	System Impr - Hebe Rd	7/23/2009	SL / N/A	75.0000	11,873.83	100.0000	0.00	0.00	570.72	158.35	728.37
51	SYSTEM IMPROVEMENTS	3/31/1995	SL / N/A	30.0000	11,460.00	100.0000	0.00	0.00	6,088.00	382.67	7,270.73
52	SYSTEM IMPROVEMENTS	11/1/2004	SL / N/A	75.0000	20,710.87	100.0000	0.00	0.00	2,324.18	276.14	2,600.32
53	SYSTEM IMPROVEMENTS	4/21/2001	SL / N/A	75.0000	6,201.50	100.0000	0.00	0.00	737.37	82.69	820.01
54	SYSTEM IMPROVEMENTS	5/3/2004	SL / N/A	75.0000	12,569.01	100.0000	0.00	0.00	1,494.34	167.59	1,661.93
55	SYSTEM IMPROVEMENTS	1/2/2005	SL / N/A	75.0000	71,772.60	100.0000	0.00	0.00	7,695.00	956.97	8,651.97
56	SYSTEM IMPROVEMENT	6/10/2005	SL / N/A	75.0000	11,178.00	100.0000	0.00	0.00	1,130.22	149.04	1,279.26
57	SYSTEM IMPROVEMENTS	4/28/2006	SL / N/A	75.0000	61,259.00	100.0000	0.00	0.00	6,465.30	816.67	7,281.97
58	SYSTEM IMPROVEMENT	12/31/2005	SL / N/A	30.0000	4,980.10	100.0000	0.00	0.00	1,805.46	166.27	1,971.73
59	SYSTEM IMPROVEMENTS	6/28/2006	SL / N/A	30.0000	2,662.65	100.0000	0.00	0.00	603.59	89.42	693.01
60	SYSTEM IMPROVEMENTS	11/30/2006	SL / N/A	30.0000	5,406.12	100.0000	0.00	0.00	1,141.27	180.20	1,321.47
61	SYSTEM IMPROVEMENTS 21-23	12/27/2006	SL / N/A	30.0000	1,781.75	100.0000	0.00	0.00	371.19	59.39	430.58
62	SYSTEM IMPROVEMENTS - 2ND	1/4/2007	SL / N/A	75.0000	44,078.00	100.0000	0.00	0.00	3,673.10	587.71	4,260.00
63	Topography	5/17/2007	SL / N/A	75.0000	1,200.00	100.0000	0.00	0.00	97.24	16.07	113.31
64	Meters	6/21/2007	SL / N/A	15.0000	9,284.61	100.0000	0.00	0.00	3,559.08	618.97	4,178.05
65	Meters	2/21/2008	SL / N/A	15.0000	5,035.00	100.0000	0.00	0.00	1,706.32	335.67	2,041.99
66	Meters	2/20/2008	SL / N/A	15.0000	880.83	100.0000	0.00	0.00	298.49	58.72	357.21

Sy ste m	S	Description	Date In Service	Method /	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
System Improvements												
67		System Improvements	6/30/2007	SL / N/A	75.0000	76,720.65	100.0000	0.00	0.00	5,711.41	1,022.94	6,734.35
68		METER - RIDGE RD	10/30/2008	SL / N/A	15.0000	10,000.00	100.0000	0.00	0.00	2,944.46	666.67	3,611.13
69		METERS	3/19/2009	SL / N/A	15.0000	17,149.34	100.0000	0.00	0.00	4,573.16	1,143.29	5,716.45
70		SYSTEM IMPROVEMENTS -	1/20/2009	SL / N/A	75.0000	74,323.87	100.0000	0.00	0.00	4,129.06	990.96	5,120.02
71		SYSTEM IMPROVEMENTS -	11/20/2008	SL / N/A	75.0000	45,431.80	100.0000	0.00	0.00	2,624.96	605.76	3,230.72
72		SYSTEM IMPROVEMENTS -	10/30/2008	SL / N/A	50.0000	47,540.28	100.0000	0.00	0.00	4,199.41	950.81	5,150.22
73		SYSTEM IMPROVEMENTS - MISC	3/31/2009	SL / N/A	75.0000	13,434.63	100.0000	0.00	0.00	716.48	179.12	895.60
74		System Improv - Country View	8/4/2009	SL / N/A	75.0000	8,690.90	100.0000	0.00	0.00	180.44	49.21	229.65
75		Meters	10/20/2009	SL / N/A	15.0000	248,153.15	100.0000	0.00	0.00	56,523.76	16,543.54	73,067.30
76		Hydrants	5/1/2009	SL / N/A	50.0000	20,586.90	100.0000	0.00	0.00	1,613.43	411.94	2,025.37
77		Meters	11/5/2010	SL / N/A	15.0000	160,834.55	100.0000	0.00	0.00	26,878.69	11,122.30	38,001.19
78		N Elmore Pump Station Upgrades	9/1/2010	SL / N/A	30.0000	11,945.88	100.0000	0.00	0.00	977.02	378.20	1,355.22
79		Minto St Water Main	9/15/2010	SL / N/A	75.0000	75,033.20	100.0000	0.00	0.00	2,612.03	1,011.11	3,623.14
80		Arnold Ave Water Main	9/15/2010	SL / N/A	75.0000	33,109.42	100.0000	0.00	0.00	1,140.44	441.46	1,581.90
81		Hydrants - Homestead Ave	9/7/2010	SL / N/A	40.0000	8,110.24	100.0000	0.00	0.00	394.63	152.76	547.39
82		Strainer Pressure Reducing Valve	9/2/2010	SL / N/A	30.0000	1,235.00	100.0000	0.00	0.00	106.38	41.17	147.55
83		Meters	9/30/2011	SL / N/A	15.0000	7,771.57	100.0000	0.00	0.00	777.15	518.10	1,295.25
84		Hydrants	6/1/2011	SL / N/A	40.0000	3,637.81	100.0000	0.00	0.00	166.74	90.95	257.69
85		System Improvements	4/1/2012	SL / N/A	50.0000	3,451.50	100.0000	0.00	0.00	69.02	69.02	138.04
86		Meters	11/20/2012	SL / N/A	15.0000	11,185.73	100.0000	0.00	0.00	248.79	746.38	995.17
87		Fernwood Ave Main - cleaning &	10/18/2012	SL / N/A	75.0000	163,444.60	100.0000	0.00	0.00	918.03	2,170.26	3,087.29
89		System Improvements - Blow Offs	5/29/2013	SL / N/A	50.0000	8,531.00	100.0000	0.00	0.00	0.00	65.31	65.31
Subtotal: System Improvements						2,644,197.23		0.00	0.00	341,755.41	62,095.97	403,851.38
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: System Improvements						2,644,197.23		0.00	0.00	341,755.41	62,095.97	403,851.38
						(2)					Note 4	(1)
Vehicles												
88		2012 Ford F350	4/19/2012	SL / N/A	5.0000	39,452.00	100.0000	0.00	0.00	7,232.87	7,890.40	15,123.27
Subtotal: Vehicles						39,452.00		0.00	0.00	7,232.87	7,890.40	15,123.27
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: Vehicles						39,452.00		0.00	0.00	7,232.87	7,890.40	15,123.27
						Note 4					Note 4	Note 4
Subtotal:						2,922,546.03		0.00	0.00	541,305.78	79,260.30	620,566.11
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Grand Totals:						2,922,546.03 (A)		0.00	0.00	541,305.78	79,260.30	620,566.11

Construction in progress as of 3/31/13 (prior year F/S)	57,340.00	
Current year construction in progress additions (1700.01)	309,177.00	
Construction in progress retainage per 1700.00	29,496.00	
Total construction in progress cost basis	396,013.00	Note 4

Sum of (A) – 3,318,559 **Total Cost Basis of Fixed Assets as of 3/31/14**

Sum of (1) = [redacted] **Note 4 - System Improvements accumulated depreciation**

Sum of (2) = [redacted] **Note 4 - System Improvements cost basis**

Jan 09 17 03:26p

Exhibit A

Bills of Sale and Assignment

Attached Hereto.

BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE AND ASSIGNMENT ("Bill of Sale") is entered into as of the 13th day of January, 2017 by and between the City of Providence, a municipal corporation, for and through the Providence Water Supply Board., with a principal business address at 552 Academy Avenue, Providence RI 02908 ("PWSB"), and the East Smithfield Water District, an independent statutory water district, incorporated under the provisions of the Public Laws of 1934 – An Act to Incorporate the East Smithfield Water District - with a principal address at 307 Waterman Avenue, Smithfield RI 02917 ("District"). The District and PWSB are sometimes individually referred to herein as a "Party" and, collectively, as "Parties."

W I T N E S S E T H:

WHEREAS, PWSB and the District entered into that certain Merger and Annexation Agreement dated as of the 13th day of January, 2017 ("Annexation Agreement"); and

WHEREAS, pursuant to the Annexation Agreement, the District has agreed to assign, convey, transfer and deliver to PWSB, and PWSB has agreed to accept from the District, all of the District's right, title and interest in and to the Annexed Assets as defined in the Annexation Agreement, and as further described in Exhibit A.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. The District does hereby assign, convey, transfer and deliver, as of the date hereof pursuant to the terms and subject to the conditions of the Annexation Agreement, all of its respective right, title and interest in and to the Annexed Assets, free and clear of any and all liabilities and any and all liens, unto PWSB.

2. This Bill of Sale is subject in all events to the terms and conditions of the Annexation Agreement and shall not in any way expand, alter or limit any of the rights, obligations and responsibilities of any of the Parties to the Annexation Agreement.

3. In the event of a conflict or inconsistency between this Bill of Sale and the Annexation Agreement, the terms of the Annexation Agreement shall prevail. Notwithstanding anything herein to the contrary, the terms and conditions of the Annexation Agreement shall survive the execution and delivery of this Bill of Sale in accordance with the terms of the Annexation Agreement.

4. This Bill of Sale inures to the benefit of PWSB and its successors and assigns and shall be binding on the District and its successors and assigns.

5. This Bill of Sale is governed by and construed in accordance with the laws of the State of Rhode Island, without regard to any conflict-of-laws provisions thereof.

6. All capitalized terms not otherwise defined herein shall have the respective

meanings provided them in the Annexation Agreement.

7. This Bill of Sale may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of such shall together constitute one and the same instrument.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

WITNESS:

THE DISTRICT:

East Smithfield Water District:

By: TODD S. MANNI
Its: CHAIRMAN

Approved as to form:

By: Ralph E. Iannitelli, Esq.
Its: Legal Counsel

PWSB:

City of Providence:

By: Jorge O. Elorza
Its: Mayor

Providence Water Supply Board:

By: Ricky Caruolo
Its: General Manager

Approved as to form:

By: William E. O'Gara
Its: Legal Counsel to Providence Water Supply Board

{P0420007 V 2}

Exhibit A

Annexed Assets

All facilities, pumping stations, pipes, mains, valves, connections, conduits, hydrants, machinery, equipment, inventory, materials, records, miscellaneous devices, appurtenances, all water rights in connection with the District System, all rights and benefits accrued in relation to the District System arising out of federal assistance or federal funding available in relation to the District System, and all other tangible and intangible property of the District related, directly or indirectly, to the operations maintenance, improvement and management of the District System, including, without limitation, the Real Estate and all other items set forth on the attached.

00-0000000
04/01/2013 - 03/31/2014

Sorted: General - Category

[02220344500]
Depreciation Expense

Federal
04/01/2013 - 03/31/2014

6/11/2014
12:29:56 PM

Note: This schedule is an export from ProFX Fixed Asset software which is maintained by CLA. This schedule was used to populate the fixed asset footnote at 1700.07

System No	S	Description	Date In Service	Method /	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
Building Improvements												
1		ROOF	3/31/2003	SL / N/A	15.0000	3,690.00	100.0000	0.00	0.00	2,706.00	246.00	2,952.00
2		BUILDING IMPROVEMENTS	7/7/2004	SL / N/A	15.0000	4,394.70	100.0000	0.00	0.00	2,539.16	292.98	2,832.14
3		BUILDING IMPROVEMENTS	7/12/2006	SL / N/A	10.0000	700.85	100.0000	0.00	0.00	473.11	70.09	543.20
4		LANDSCAPING OFFICE	8/4/2008	SL / N/A	5.0000	2,500.00	100.0000	0.00	0.00	2,416.67	83.33	2,500.00
5		Boiler	11/19/2010	SL / N/A	15.0000	7,790.83	100.0000	0.00	0.00	1,211.91	519.39	1,731.30
6		Roof & Garage Wall	11/16/2011	SL / N/A	15.0000	7,189.83	100.0000	0.00	0.00	639.09	479.32	1,118.41
7		Lighting Fixtures	12/19/2011	SL / N/A	7.0000	2,598.07	100.0000	0.00	0.00	463.94	371.15	835.09
Subtotal: Building Improvements						28,864.28		0.00	0.00	10,449.88	2,062.26	12,512.14
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: Building Improvements						28,864.28		0.00	0.00	10,449.88	2,062.26	12,512.14
						Note 4					Note 4	Note 4
Equipment												
8		GENERATOR	3/30/2004	SL / N/A	5.0000	1,499.00	100.0000	0.00	0.00	1,499.00	0.00	1,499.00
9		EQUIPMENT IMPROVEMENTS	3/3/2005	SL / N/A	10.0000	8,280.85	100.0000	0.00	0.00	6,279.08	828.09	7,107.77
10		EQUIPMENT IMPROVEMENTS	11/18/2005	SL / N/A	10.0000	4,601.27	100.0000	0.00	0.00	3,374.29	460.13	3,834.42
11		EQUIPMENT IMPROVEMENTS	12/31/2005	SL / N/A	10.0000	916.66	100.0000	0.00	0.00	664.61	91.67	756.28
12		EQUIPMENT	6/6/2006	SL / N/A	7.0000	924.70	100.0000	0.00	0.00	902.68	22.02	924.70
13		EQUIPMENT	3/23/2007	SL / N/A	10.0000	975.00	100.0000	0.00	0.00	585.00	97.50	682.50
14		METER READER	3/30/2007	SL / N/A	10.0000	7,595.27	100.0000	0.00	0.00	4,557.18	759.53	5,316.71
15		Equipment	5/10/2007	SL / N/A	10.0000	1,140.84	100.0000	0.00	0.00	674.97	114.08	789.05
16		Equipment	9/27/2007	SL / N/A	10.0000	1,785.32	100.0000	0.00	0.00	954.42	173.53	1,127.95
17		Leak detection equipment	10/5/2011	SL / N/A	7.0000	6,100.00	100.0000	0.00	0.00	1,307.15	871.43	2,178.58
18		Generator motor and transfer switch	3/14/2012	SL / N/A	5.0000	3,037.70	100.0000	0.00	0.00	659.17	607.54	1,266.71
90		Equipment - Pipe Location Tool	5/17/2013	SL / N/A	5.0000	2,777.00	100.0000	0.00	0.00	0.00	277.70	277.70
Subtotal: Equipment						39,563.61		0.00	0.00	21,457.15	4,303.22	25,760.37
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: Equipment						39,563.61		0.00	0.00	21,457.15	4,303.22	25,760.37
						Note 4					Note 4	Note 4
Meters												
19		METERS	3/31/1994	SL / N/A	10.0000	32,999.00	100.0000	0.00	0.00	32,999.00	0.00	32,999.00
20		METERS	3/31/1996	SL / N/A	10.0000	13,200.00	100.0000	0.00	0.00	13,200.00	0.00	13,200.00
21		METERS	3/31/1999	SL / N/A	10.0000	7,100.00	100.0000	0.00	0.00	7,100.00	0.00	7,100.00
22		METERS	3/15/1995	SL / N/A	10.0000	33,366.00	100.0000	0.00	0.00	33,366.00	0.00	33,366.00
23		METERS	3/31/1997	SL / N/A	10.0000	24,200.00	100.0000	0.00	0.00	24,200.00	0.00	24,200.00
24		METERS	3/31/1998	SL / N/A	10.0000	27,075.00	100.0000	0.00	0.00	27,075.00	0.00	27,075.00
Subtotal: Meters						137,940.00		0.00	0.00	137,940.00	0.00	137,940.00
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: Meters						137,940.00		0.00	0.00	137,940.00	0.00	137,940.00
						(2)						(1)
Office Equipment												
25		OFFICE FURNITURE	11/18/2005	SL / N/A	7.0000	79.99	100.0000	0.00	0.00	79.99	0.00	79.99
26		BILLING SOFTWARE	9/26/2006	SL / N/A	7.0000	11,380.00	100.0000	0.00	0.00	11,380.00	0.00	11,380.00
27		BILLING SYSTEM	6/28/2006	SL / N/A	5.0000	1,420.77	100.0000	0.00	0.00	1,420.77	0.00	1,420.77

00-0000000
04/01/2013 - 03/31/2014

Sorted: General - Category

[02220344500]
Depreciation Expense

Federal
04/01/2013 - 03/31/2014

6/11/2014
12:29:56 PM

System No	S	Description	Date In Service	Method /	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
Office Equipment												
28		BILLING SYSTEM	11/17/2006	SL / N/A	5.0000	1,684.99	100.0000	0.00	0.00	1,084.99	0.00	1,084.99
29		OFFICE EQUIPMENT	3/28/2007	SL / N/A	6.0000	389.91	100.0000	0.00	0.00	389.91	0.00	389.91
30		BACKFLOW SOFTWARE	5/30/2008	SL / N/A	5.0000	1,510.00	100.0000	0.00	0.00	1,459.67	50.33	1,510.00
31		COMPUTER	5/30/2008	SL / N/A	5.0000	1,605.00	100.0000	0.00	0.00	1,551.50	53.50	1,605.00
32		Office Equipment	7/26/2007	SL / N/A	5.0000	1,000.00	100.0000	0.00	0.00	1,000.00	0.00	1,000.00
33		Continental Meter Module	6/15/2009	SL / N/A	5.0000	2,000.00	100.0000	0.00	0.00	1,533.33	400.00	1,933.33
34		ACS Processor	9/23/2010	SL / N/A	5.0000	1,135.00	100.0000	0.00	0.00	567.50	227.00	794.50
35		New Server & computer equipment	1/31/2012	SL / N/A	5.0000	8,405.00	100.0000	0.00	0.00	1,961.17	1,681.00	3,642.17
36		Telephone Equipment	3/15/2013	SL / N/A	5.0000	2,499.25	100.0000	0.00	0.00	41.64	499.85	541.49
Subtotal: Office Equipment						32,598.91		0.00	0.00	22,470.47	2,911.48	25,381.95
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00

Net for: Office Equipment					37,508.91	0.00	0.00	22,470.47	2,911.48	25,381.95
					Note 4				Note 4	Note 4
System Improvements										
37	SYSTEM IMPROVEMENTS	3/31/1994	SL / N/A	90.0000	8,647.00	100.0000	0.00	0.00	1,959.47	97.34	1,746.81
38	SYSTEM IMPROVEMENTS	3/31/1995	SL / N/A	75.0000	17,907.00	100.0000	0.00	0.00	4,297.68	238.76	4,536.44
39	SYSTEM IMPROVEMENTS	3/31/1996	SL / N/A	30.0000	5,870.00	100.0000	0.00	0.00	3,356.39	195.67	3,522.06
40	SYSTEM IMPROVEMENTS	3/31/1998	SL / N/A	75.0000	85,260.00	100.0000	0.00	0.00	19,325.60	1,136.80	20,462.40
41	SYSTEM IMPROVEMENTS	3/31/1997	SL / N/A	75.0000	18,017.00	100.0000	0.00	0.00	3,850.08	240.63	4,090.71
42	SYSTEM IMPROVEMENTS	3/31/1998	SL / N/A	75.0000	70,361.00	100.0000	0.00	0.00	14,072.20	938.15	15,010.40
43	SYSTEM IMPROVEMENTS	3/31/1999	SL / N/A	75.0000	49,373.00	100.0000	0.00	0.00	9,216.34	658.31	9,874.65
44	SYSTEM IMPROVEMENTS	3/31/2004	SL / N/A	75.0000	66,961.54	100.0000	0.00	0.00	8,035.38	892.82	8,928.20
45	SYSTEM IMPROVEMENTS	3/31/2000	SL / N/A	75.0000	119,655.60	100.0000	0.00	0.00	20,774.91	1,596.07	22,372.98
46	SYSTEM IMPROVEMENTS	3/31/2001	SL / N/A	75.0000	17,930.00	100.0000	0.00	0.00	2,878.30	239.35	3,118.05
47	SYSTEM IMPROVEMENTS	3/31/2002	SL / N/A	75.0000	303,071.00	100.0000	0.00	0.00	44,450.45	4,040.95	48,491.40
48	System Impr - Hanna St	6/30/2009	SL / N/A	75.0000	255,203.66	100.0000	0.00	0.00	12,760.20	3,402.72	16,162.92
49	SYSTEM IMPROVEMENTS	9/31/2003	SL / N/A	75.0000	295,898.57	100.0000	0.00	0.00	39,451.80	3,946.18	43,390.98
50	System Impr - Ridge Rd	7/29/2009	SL / N/A	75.0000	11,673.83	100.0000	0.00	0.00	570.72	155.85	726.57
51	SYSTEM IMPROVEMENTS	9/31/1995	SL / N/A	30.0000	11,460.00	100.0000	0.00	0.00	6,888.06	382.67	7,270.73
52	SYSTEM IMPROVEMENTS	11/1/2004	SL / N/A	75.0000	20,710.87	100.0000	0.00	0.00	2,324.18	276.14	2,600.32
53	SYSTEM IMPROVEMENTS	4/31/2001	SL / N/A	75.0000	6,201.50	100.0000	0.00	0.00	737.32	82.69	820.01
54	SYSTEM IMPROVEMENTS	5/3/2004	SL / N/A	75.0000	12,588.01	100.0000	0.00	0.00	1,494.34	167.59	1,661.93
55	SYSTEM IMPROVEMENTS	1/2/2005	SL / N/A	75.0000	71,772.60	100.0000	0.00	0.00	7,695.00	956.97	8,651.97
56	SYSTEM IMPROVEMENT	8/18/2005	SL / N/A	75.0000	11,170.00	100.0000	0.00	0.00	1,130.22	149.04	1,279.26
57	SYSTEM IMPROVEMENTS	4/30/2005	SL / N/A	75.0000	61,250.00	100.0000	0.00	0.00	6,465.30	816.67	7,281.97
58	SYSTEM IMPROVEMENT	12/31/2005	SL / N/A	30.0000	4,988.10	100.0000	0.00	0.00	1,205.46	166.27	1,371.73
59	SYSTEM IMPROVEMENTS	6/29/2006	SL / N/A	30.0000	2,682.65	100.0000	0.00	0.00	603.59	89.42	693.01
60	SYSTEM IMPROVEMENTS	11/30/2006	SL / N/A	30.0000	5,406.12	100.0000	0.00	0.00	1,141.27	180.20	1,321.47
61	SYSTEM IMPROVEMENTS 21-23	12/27/2006	SL / N/A	30.0000	1,761.75	100.0000	0.00	0.00	371.19	58.39	430.58
62	SYSTEM IMPROVEMENTS - 2ND	1/16/2007	SL / N/A	75.0000	41,078.00	100.0000	0.00	0.00	3,673.19	587.71	4,260.90
63	Tcoodrabhr	5/17/2007	SL / N/A	75.0000	1,250.00	100.0000	0.00	0.00	97.24	16.67	113.91
64	Meters	6/21/2007	SL / N/A	15.0000	9,284.61	100.0000	0.00	0.00	3,559.08	618.97	4,178.05
65	Meters	2/21/2008	SL / N/A	15.0000	5,035.00	100.0000	0.00	0.00	1,706.32	335.67	2,041.99
66	Meters	2/20/2008	SL / N/A	15.0000	863.84	100.0000	0.00	0.00	298.49	58.72	357.21

Sy ste m	S	Description	Date In Service	Method /	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
System Improvements												
67		System Improvements	8/30/2007	SL / N/A	75.0000	78,720.65	100.0000	0.00	0.00	5,711.41	1,022.94	6,734.35
68		METER - RIDGE RD	10/30/2008	SL / N/A	15.0000	10,000.00	100.0000	0.00	0.00	2,944.46	666.67	3,611.13
69		METERS	3/19/2009	SL / N/A	15.0000	17,149.34	100.0000	0.00	0.00	4,573.16	1,143.29	5,716.46
70		SYSTEM IMPROVEMENTS -	1/20/2009	SL / N/A	75.0000	74,323.87	100.0000	0.00	0.00	4,129.06	990.98	5,120.05
71		SYSTEM IMPROVEMENTS -	11/20/2008	SL / N/A	75.0000	45,491.80	100.0000	0.00	0.00	2,624.96	605.76	3,230.72
72		SYSTEM IMPROVEMENTS -	10/30/2008	SL / N/A	50.0000	47,540.28	100.0000	0.00	0.00	4,193.41	950.81	5,150.22
73		SYSTEM IMPROVEMENTS - MISC	3/30/2009	SL / N/A	75.0000	18,430.63	100.0000	0.00	0.00	716.48	179.12	895.60
74		System Improv - Country View	9/4/2009	SL / N/A	75.0000	9,690.80	100.0000	0.00	0.00	180.44	49.21	229.65
75		Meters	10/28/2009	SL / N/A	15.0000	248,153.15	100.0000	0.00	0.00	56,523.76	16,543.54	73,067.30
76		Hydrants	5/1/2009	SL / N/A	50.0000	29,566.93	100.0000	0.00	0.00	1,613.43	411.81	2,025.37
77		Meters	11/5/2010	SL / N/A	15.0000	166,834.55	100.0000	0.00	0.00	26,878.89	11,122.30	38,001.19
78		N Elmore Pump Station Upgrades	9/1/2010	SL / N/A	30.0000	11,345.89	100.0000	0.00	0.00	977.02	378.20	1,355.22
79		Maple St Water Main	9/15/2010	SL / N/A	75.0000	75,833.28	100.0000	0.00	0.00	2,612.03	1,011.11	3,623.14
80		Arnold Ave Water Main	9/15/2010	SL / N/A	75.0000	33,109.42	100.0000	0.00	0.00	1,140.44	441.46	1,581.90
81		Hydrants - Homestead Ave	9/7/2010	SL / N/A	40.0000	6,110.24	100.0000	0.00	0.00	394.63	152.76	547.39
82		Strainer Pressure Reducing Valve	9/2/2010	SL / N/A	30.0000	1,235.00	100.0000	0.00	0.00	106.38	41.17	147.53
83		Meters	9/30/2011	SL / N/A	15.0000	7,771.57	100.0000	0.00	0.00	777.15	518.10	1,295.25
84		Hydrants	6/1/2011	SL / N/A	40.0000	3,637.61	100.0000	0.00	0.00	166.74	90.95	257.69
85		System Improvements	4/1/2012	SL / N/A	50.0000	3,451.00	100.0000	0.00	0.00	69.02	69.02	138.04
86		Meters	11/28/2012	SL / N/A	15.0000	11,195.73	100.0000	0.00	0.00	248.79	746.38	995.17
87		Fenwood Ave Main - cleaning &	10/18/2012	SL / N/A	75.0000	163,444.60	100.0000	0.00	0.00	608.03	2,179.26	3,087.29
89		System Improvements - Blow Offs	5/29/2013	SL / N/A	50.0000	6,521.00	100.0000	0.00	0.00	0.00	65.31	65.31
Subtotal: System Improvements						2,644,197.23		0.00	0.00	341,755.41	62,095.97	403,851.38
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: System Improvements						2,644,197.23		0.00	0.00	341,755.41	62,095.97	403,851.38
						(2)					Note 4	(I)
Vehicles												
88		2012 Ford F350	4/19/2012	SL / N/A	5.0000	39,452.00	100.0000	0.00	0.00	7,232.87	7,890.40	15,123.27
Subtotal, Vehicles						39,452.00		0.00	0.00	7,232.87	7,890.40	15,123.27
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Net for: Vehicles						39,452.00		0.00	0.00	7,232.87	7,890.40	15,123.27
						Note 4					Note 4	Note 4
Subtotal:						2,922,546.03		0.00	0.00	541,305.78	79,269.33	620,569.11
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
Grand Totals:						2,922,546.03 (A)		0.00	0.00	541,305.78	79,269.33	620,569.11

Construction in progress as of 3/31/13 (prior year 1/5)	57,340.00	
Current year construction in progress additions (1700.01)	309,177.00	
Construction in progress retainage per 1700.06	29,496.00	
Total construction in progress cost basis	396,013.00	Note 4

Sum of (A) – 3,318,559 Total Cost Basis of Fixed Assets as of 3/31/14

Sum of (1) = [redacted] Note 4 - System Improvements accumulated depreciation

Sum of (2) = [redacted] 2,782,137 Note 4 - System Improvements cost basis

Exhibit B

Assignment and Assumption Agreements

None presently needed. PWSB reserves the right to request the same at or following Closing.

Exhibit C

Real Estate Transfer Instruments

To be provided by the District and approved by PWSB and its counsel prior to Closing.

WARRANTY DEED

EAST SMITHFIELD WATER DISTRICT, an independent statutory water district, with a principal address at 307 Waterman Avenue, in the Town of Smithfield, County of Providence and State of Rhode Island, for consideration paid, grants to the City of Providence, a municipal corporation, by and through the **PROVIDENCE WATER SUPPLY BOARD** , with a principal business address of 552 Academy Avenue, in the City and County of Providence and State of Rhode Island **WITH WARRANTY COVENANTS**

Those certain lots or parcels of land together with all the buildings and other improvements thereon situated in the Town of Smithfield, County of Providence, State of Rhode Island, further described as follows:

PARCEL I:

Beginning at a point in the easterly line of Waterman Avenue at the northwest corner of land now or formerly of William A.L. Mathewson, thence running northerly bounding westerly on said Waterman Avenue two hundred (200) feet; thence turning a right angle and running easterly bounding northerly on land belonging now or formerly to the Smithfield Franco-American Association, one hundred (100) feet; thence turning a right angle and running southerly bounding easterly on other land now or formerly of The Esmond Mills, two hundred twenty and 76/100 (220.76) feet to land now or formerly of William A.L. Mathewson; thence turning an angle and running westerly bounding southerly on said Mathewson land, one hundred two and 13/100 (102.13) feet to the point of beginning. Said tract contining twenty-one thousand thirty eight (231,038) square feet of land more or less

Also, all rights to install, keep, maintain, replace and repair mains, pipes, lines, hydrants, valves and conduits on private property or in the streets in said Village of Esmond as reserved unto the Esmond Mills and/or Smithfield Water Company as set out on those certain plans entitled, "Plan of Dwelling property owned by the Esmond Mills by Waterman Engineering Company, October 8, 1935" and recorded in said Records of Land Evidence for the Town of Smithfield on Plat Card 66.

Subject to an easement of record contained in, and being the same tract of land described in, a certain deed recorded on May 31, 1938 in Book 15, Page 799 in the Records of Land Evidence of said Town of Smithfield.

PARCEL II:

That certain lot of land situated on the westerly side of the Farnum Pike, in the Town of Smithfield, County of Providence, State of Rhode Island, bounded and described as follows:

Beginning at a granite bound on the westerly side of said Farnum Pike, said point being the northwest corner of land now or formerly of Mabel G. Black, and the southeasterly corner of the premises herein described; thence running southwesterly along the northerly line of said Black land One hundred twenty-five (125) feet to a granite bound for a corner; thence turning an

interior angle of 186° and running southwesterly along the northerly line of said Black land Two hundred fifty (250) feet to a point for a corner; thence turning an interior angle of 79° and running northerly along the westerly line of said Black land One hundred twenty-five (125) feet to a granite bound for a corner, said point being the northwesterly corner of the parcel herein described and the southeasterly corner of land now or lately of Charles A. Corey; thence turning an interior angle of 95° and running easterly bounding northerly on land now or formerly of the Georgiaville Baptist Church Three hundred forty-four and 5/10 (344.05) feet more or less to the westerly line of the Farnum Pike; thence running southeasterly long the westerly line of said Farnum Pike One hundred (100) feet to the point and place of beginning.

EXCLUDING from this conveyance any portion of said land taken by the State of Rhode Island for highway purposes.

Subject to water rights of record and to certain restrictions and being the same tract of land contained in a certain deed recorded on November 20, 1975 in Book 50, Page 332 in the Records of Land Evidence of said Town of Smithfield.

Grantor hereby certifies that the grantor is a Rhode Island independent statutory water district, in compliance with R.I. Gen. Laws Section 44-30-71.3 and that no withholding is required. This transfer is such that no tax revenue or documentary stamps are required. Grantor further certifies that the real estate conveyed by this transaction is non-residential property and not subject to the provisions of Section 8 of the of the Rhode Island Fire Safety Code regarding inspection of smoke and carbon monoxide detectors.

WITNESS MY HAND this 13th day of January, 2017.

EAST SMITHFIELD WATER DISTRICT

By: _____
Todd S. Manni, Chairman of Executive Board

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In Providence, in said County and State, on the 13TH day of January, 2017, before me personally appeared Todd S. Manni, Chairman of the Executive Board of the East Smithfield Water District, to me known and known by me to be the party executing the

foregoing instrument, and he acknowledged said instrument, by him executed, to be his free act and deed and the free act and deed of the Eatst Smithfield Water District.

Ralph E. Iannitelli
Notary Public
My Commission expires: 6/24/2017

Property Address:
307 Waterman Avenue
Smithfield RI 02917
AP 26, Lot 49

and

98 Farnum Pike
Smithfield RI 02917
AP 33, Lot 40

WARRANTY DEED

EAST SMITHFIELD WATER DISTRICT, an independent statutory water district, with a principal address at 307 Waterman Avenue, in the Town of Smithfield, County of Providence and State of Rhode Island, for consideration paid, grants to the City of Providence, a municipal corporation, by and through the **PROVIDENCE WATER SUPPLY BOARD** , with a principal business address of 552 Academy Avenue, in the City and County of Providence and State of Rhode Island **WITH WARRANTY COVENANTS**

Those certain lots or parcels of land together with all the buildings and improvements thereon situated on the northerly side of Sherwood Avenue in the Town of North Providence, County of Providence, State of Rhode Island, comprising the southerly thirty (30) feet in depth by the entire width of Lot No. 245 (two hundred forty-five) and the easterly five (5) feet in width by thirty (30) feet in depth of Lot No. 244 (two hundred forty-four) on that plat entitled, "Centredale Village Park North Providence, R.I. Owned by J.W. Wilbur Aug 3, 1903 A.L. Eliot, Engineer. Boston Mass.", which plat is recorded with the Records of Land Evidence in said Town of North On Plat Card 37.

Subject to valid restrictions of record. Being the same premises described in a certain deed from John Arbour and wife Alice Arbour to the grantor recorded in the Reocrds of Land Evidence of the Town of North Providence on May 22, 1974 at 11:21 A.M.

Grantor hereby certifies that the grantor is a Rhode Island independent statutory water district, in compliance with R.I. Gen. Laws Section 44-30-71.3 and that no withholding is required. This transfer is such that no tax revenue or documentary stamps are required. Grantor further certifies that the real estate conveyed by this transaction is non-residential property and not subject to the provisions of Section 8 of the of the Rhode Island Fire Safety Code regarding inspection of smoke and carbon monoxide detectors.

WITNESS MY HAND this 13th day of January, 2017.

EAST SMITHFIELD WATER DISTRICT

By: _____
Todd S. Manni, Chairman of the Executive Board

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In Providence, in said County and State, on the 13th day of January, 2017, before me personally appeared Todd S. Manni, Chairman of the Executive Board of the East Smithfield Water District, to me known and known by me to be the party executing the

foregoing instrument, and he acknowledged said instrument, by him executed, to be his free act and deed and the free act and deed of the Eatst Smithfield Water District.

Ralph E. Iannitelli
Notary Public
My Commission expires: 6/24/2017

ASSIGNMENT

KNOW ALL BY THESE PRESENTS, that **EAST SMITHFIELD WATER DISTRICT**, an independent statutory water district, with a principal address at 307 Waterman Avenue, in the Town of Smithfield, County of Providence and State of Rhode Island, for consideration paid, does hereby assign, set over and transfer to the City of Providence, a municipal corporation, by and through the **PROVIDENCE WATER SUPPLY BOARD** , with a principal business address of 552 Academy Avenue, in the City and County of Providence and State of Rhode Island, its successors and assigns, the following:

1. All rights of grantor under a certain unrecorded deed of easement between Isabel Ricard and Mary E. Smith dated May 17, 1961 and attached hereto.
2. All rights of grantor under a certain water utility easement between Barbara S. O'Donnell and George A. Brouillette & Annette D. Brouillette recorded June 15, 1973 in the Smithfield Land Evidence Records in Book 45, Page 496, together with a certain hold harmless Agreement dated June 14, 1973 between George A. Brouillette & Annette D. Brouillette and the East Smithfield Water District, which is attached hereto.
3. All rights of grantor in a certain Inter-Agency Agreement between the East Smithfield Water District and the Town of Smithfield/Smithfield Water Supply Board regarding Ridgeland Estates recorded November 2, 2009 in the Smithfield Land Evidence Records in Book 713 Page 239.
4. All rights of grantor under a certain water utility easement from 28 Farnum Pike, LLC to the East Smithfield Water District recorded August 30, 2012 in the Smithfield Land Evidence Records in Book 863, page 325.
5. All rights of grantor under a certain Lease for the Waltham Street Pump Station from the Timberlane Condominium Association dated December 12, 2012 and recorded April 10, 2013 in the Smithfield Land Evidence Records in Book 905, Page 96.
6. Any and all other easements, rights of access, rights of use, rights of maintainance, licenses or other rights, title or interest vested or to be vested in the East Smithfield Water District.

IN WITNESS WHEREOF, the said **EAST SMITHFIELD WATER DISTRICT** has caused this Assignment to be signed by it duly authorized representative on the 13th day of January, 2017.

EAST SMITHFIELD WATER DISTRICT

By: _____
Todd S. Manni, Chairman of Executive Board

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In PROVIDENCE, in said County and State, on the 13TH day of January, 2017, before me personally appeared Todd S. Manni, Chairman of the Executive Board of the East Smithfield Water District, to me known and known by me to be the party executing the foregoing instrument, and he acknowledged said instrument, by him executed, to be his free act and deed in his capacity, as aforesaid, and the free act and deed of the Eatst Smithfield Water District.

Ralph E. Iannitelli
Notary Public
My Commission expires: 6/24/2017

DEED of EASEMENT

COPY

I, ISABEL F. RICARD, resident in the Town of Smithfield in the State of Rhode Island, for consideration paid, grant to MARY E. SMITH, resident in said Smithfield, her heirs and assigns forever, an EASEMENT over and through land which I own in said Town of Smithfield, being lots 13, 12, and part of lot numbered 11 on that plat of land entitled Pine Heights Plat which is recorded in the land records of the Town of Smithfield; for the purpose of giving to said Mary E. Smith, her heirs and assigns water service through pipes laid in my said land from the main water pipes of East Smithfield Water District on Oakdale Street to land of said Mary E. Smith, being lots 9, 10, and part of lot numbered 11 on said plat, with a right of entry upon my said land in said Mary E. Smith, her heirs and assigns, their servants and agents from time to time and at all times for the purpose of making repairs or renewals to said piping.

The extension of piping from the shut off as now located on lot 11 of my land to be made in such course and manner as may be determined by me, said Isabel F. Ricard, said Mary E. Smith, and East Smithfield Water District.

WITNESS my hand and seal this 17th. day of May, 1961.

Isabel F. Ricard

STATE of RHODE ISLAND
COUNTY of PROVIDENCE.

In Smithfield on the 17th. day of May, 1961, before me personally appeared Isabel F. Ricard, to me known and known by me to be the person executing the foregoing instrument, and she acknowledged said instrument by her signed, to be her free act and deed.

NOTARY PUBLIC.

COPY

AGREEMENT

Agreement made this 14th day of June, 1973, by and between GEORGE A. BROUILLETTE and wife ANNETTE D. BROUILLETTE, of the Town of Smithfield, Rhode Island, hereinafter called the "Owners", and EAST SMITHFIELD WATER DISTRICT, a Rhode Island corporation, hereinafter called the "District";

W I T N E S S E T H

Whereas, said Owners own real estate situated in the Town of Smithfield, being portions of Lots numbered Forty-five (45) and Forty-six (46) on "Lakeside Terrace Plat of William A.H. Potter Smithfield, R.I. Scale 1"=40' October 1932. Henry Walsh, Engineer", and

Whereas, said owners were granted an easement by Barbara S. O'Donnell and John C. O'Donnell, and

Whereas, the Owners, in accepting said easement, have agreed to repair any damages done to the real estate owned by said O'Donnells, and

Whereas, said District has agreed to install a water line over said easement to the Owners real estate.

NOW, THEREFORE, it is mutually agreed that said Owners will hold said District harmless for any claim or claims for damages made against the District as a result of said installation or future repairs on said installation.

Witness our hands the day and year first above written.

George A. Brouillette
George A. Brouillette

Annette A. Brouillette
Annette A. Brouillette

Witness:

EAST SMITHFIELD WATER DISTRI
By William Demaine-Chairm

Dec 28 16 01:09p

BILL OF SALE FOR MOTOR VEHICLE

KNOW ALL MEN BY THESE PRESENTS, that **the EAST SMITHFIELD WATER DISTRICT**, an independent statutory water district, with a principal address at 307 Waterman Avenue, Smithfield RI 02917 ("Seller"), for valuable consideration paid to it by the City of Providence, a municipal corporation, by and through **the PROVIDENCE WATER SUPPLY BOARD** ("Buyer"), with a principal business address of 552 Academy Avenue. Providence, Rhode Island, the receipt of which is hereby acknowledged, does hereby bargain, sell, transfer and deliver unto said **Buyer:**

a 2003 Ford motor vehicle Model F-150, VIN:2FTRX17W93CB00291

AND the Seller covenants with **the Buyer** that it is the lawful owner of said above described personal property; that it has the right to sell or transfer the same; that said personal property is free from all encumbrances, and **the Seller** will warrant and defend the same against the lawful claims and demands of all persons, and **the Seller** further certifies that the odometer reading of said motor vehicle as of the 13TH day of January, 2017 is: 116550.

IN WITNESS WHEREOF, the EAST SMITHFIELD WATER DISTRICT has caused this Bill of Sale to be executed on this 13TH day of January, 2017.

EAST SMITHFIELD WATER DISTRICT

By: _____
Todd S. Manni, Chairman

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In Providence, on the 13TH day of January, 2017, before me personally appeared Todd S. Manni, Chairman of the East Smithfield Water District to me known and known by me to be the party executing the foregoing instrument, and he acknowledged said instrument, by him executed, to be his free act and deed and the free act and deed of the East Smithfield Water District.

_____
Ralph E. Iannitelli
Notary Public
My Commission expires: 6/24/2017

BILL OF SALE FOR MOTOR VEHICLE

KNOW ALL MEN BY THESE PRESENTS, that **the EAST SMITHFIELD WATER DISTRICT,** an independent statutory water district, with a principal address at 307 Waterman Avenue, Smithfield RI 02917 ("Seller"), for valuable consideration paid to it by the City of Providence, a municipal corporation, by and through **the PROVIDENCE WATER SUPPLY BOARD** ("Buyer"), with a principal business address of 552 Academy Avenue. Providence, Rhode Island, the receipt of which is hereby acknowledged, does hereby bargain, sell, transfer and deliver unto said **Buyer:**

a 2012 Ford motor vehicle, Model F-350, VIN:2FTRF3B64CEB35904

AND the Seller covenants with **the Buyer** that it is the lawful owner of said above described personal property; that it has the right to sell or transfer the same; that said personal property is free from all encumbrances, and **the Seller** will warrant and defend the same against the lawful claims and demands of all persons, and **the Seller** further certifies that the odometer reading of said motor vehicle as of the 13TH day of January, 2017 is: 34642.

IN WITNESS WHEREOF, the EAST SMITHFIELD WATER DISTRICT has caused this Bill of Sale to be executed on this 13TH day of December, 2016.

EAST SMITHFIELD WATER DISTRICT

By: _____
Todd S. Manni, Chairman

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In PROVIDENCE, on the 13TH day of December, 2016, before me personally appeared Todd S. Manni, Chairman of the East Smithfield Water District to me known and known by me to be the party executing the foregoing instrument, and he acknowledged said instrument, by him executed, to be his free act and deed and the free act and deed of the East Smithfield Water District.

_____
Ralph E. Iannitelli
Notary Public
My Commission expires: 6/24/2017

PROVIDENCE WATER

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

BOARD OF DIRECTORS

Xaykham Khamsyvoravong
Chairperson

Joseph D. Cataldi
Vice Chairperson

Michael J. Correia
Councilperson

Sabina Matos
Councilperson

Lawrence J. Mancini
Ex-Officio

Cristen L. Raucci, Esq.
Member

Kerri Lynn Thurber
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

MEMBER

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

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(401) 521-6300

552 Academy Avenue
Providence, RI 02908

www.provwater.com

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CERTIFICATE OF SECRETARY

I, Carissa R. Richard, do upon oath say:

1. That I am the duly appointed Secretary of the Providence Water Supply Board (PWSB), an entity established by the Home Rule Charter of the City of Providence.

2. That at the meeting of the PWSB held on Wednesday, October 19, 2016, the following was voted by all members of the Providence Water Supply Board present:

RESOLVED: That the Board of Directors voted to approve the annexation and merger of the East Smithfield Water District into Providence Water and authorize the General Manager to execute all necessary documentation.

In Witness Whereof, I have set my hand this 31st day of October 2016.

Carissa R. Richard

Carissa R. Richard
Secretary
Providence Water Supply Board

STATE OF RHODE ISLAND
PROVIDENCE, sc.

In Providence on the 31st day of October 2016, there personally appeared before me the above-named, Carissa R. Richard, individually and in her capacity as Secretary of the Providence Water Supply Board, and she acknowledged the execution of this certificate to be her free act and deed and in her said capacity.

Notary Public: Joseph P. Murphy
My Commission Expires: 4-17-18
Lic #57857