



December 15, 2010

Mr. Richard Reis, CPA
119 Brynmoor Court
Goshen, CT 06756

Dear Mr. Reis,

First, let me thank you for contacting me regarding services for the Woodridge Lake Sewer District. I enjoyed our phone conversation and, as promised, have provided the following information on the services we discussed.

LOCKBOX

Union Savings Bank is currently providing lockbox service for the tax and utility payments for several towns in Fairfield County. Union Savings Bank's municipal tax/utility lockbox remittances are processed by the bank's data processor, FiServ, in Wallingford. All items received each day are processed and there are no deposit deadlines. A pre-edit is performed based on the acceptance and rejection criteria for payments which has been provided by the Sewer District and communicated to the processor. Payment information contained on the bill, usually consisting of the bill number, amount, payment code, etc., is used to create the payment file. The file is transmitted to the Sewer district each day via secure email. The payment file is produced in the format required for input to the Quality Data System software used by the Sewer District's office. The processed bill copies are sent by mail the day following processing. The checks are scanned daily and a file is produced that is provided to the Sewer District at the end of the taxing period. Should a copy of a check not be available on the scanned file, the bank will make a best effort to retrieve a copy from the bank's deposit processing imaging system, as requested by the Sewer district. Items received at the processing center that are outside the lockbox processing system are returned to the Sewer district with the processed work.

All items processed in the lockbox receive next day availability which allows funds to be available the morning following processing. If the lockbox account is utilizing a sweep account, the balance is transferred to the sweep account at the end of the processing day, providing immediate availability for interest generation.

The fee for the lockbox service per tax period is based on the following components:

Per Item Charge	\$.30
Lockbox File Transmission	\$15.00 per transmission
CD ROM Imaging CD per CD	1 CD @ \$30.00
CD ROM Imaging CD per item	\$.01
Unprocessable Items per Item	\$.10

As an example, if, during the months of June and July 2010, Union Savings had processed 1,250 lockbox items and 100 unprocessable items over 30 business days, the cost for the tax period would be \$877.50. During the month of January 2010 (the second half payments) if the lockbox processed 750 items and 50 unprocessable items over a 30 business day period the cost for that tax period would be \$717.50. If compensating balances are used to offset the banking services, the semi-annual lockbox charges can be averaged over a twelve month period for purposes of determining the required monthly compensating balance level. For example, assuming, the two processing periods were estimated at a total of \$1,600.00, a monthly average cost of \$133 would be used to compute a monthly compensating balance level. This method eliminates radical swings in the balances required to offset the charges.

REMOTE DEPOSIT SERVICE

As an alternative to the lockbox service, Union Savings Bank can provide a remote deposit capture service that will allow the Sewer District to create deposits from payments received at the district's office. The checks are processed through a scanner, creating images of the checks which are then submitted for processing and delivery to the paying bank. Checks processed via the remote deposit service also receive next-day availability. The remote deposit service is accessed via a module on the bank's iLink system. The system will compare the numerical amount with the written amount eliminating the need to key the amount field. Images of the scanned checks are available for five days and can be downloaded to a CD for storage and research. An Excel file of the check information along with data, such as the bill number or payor name, keyed at the time the check is scanned, can be produced to create additional deposit reports. Union Savings Bank will also automatically redeposit any checks that are returned unpaid NSF or uncollected.

During the two semi-annual collection periods, a scanner could be installed in the tax collector's office for the remote deposit of over-the-counter transactions. Union Savings will provide the necessary training to appropriate personnel.

The fees for remote deposit are as follows:

Monthly Maintenance Fee	\$75.00
Per Item Fee	\$.16
Monthly Scanner Rental	\$75.00

As with the lockbox service, we would provide the scanner and remote deposit service for approximately a four-month period. The estimated annual fee for the service would be \$920 which, when averaged over a 12-month period as with the lockbox, would be approximately \$80.00 per month.. There is a one-time set up and training charge of \$175.00.

CONSUMER-INITIATED ELECTRONIC PAYMENTS

Union Savings Bank can facilitate the ability of your tax payers to pay their sewer payments on-line. The tax can be paid by credit/debit card or as an e-check (ACH). Union Savings Bank is currently working with Quality Data Systems and a strategic business partner to implement the QDS electronic presentment of tax liability information directly to the taxpayer via an accessible website. This will eliminate the need for the taxpayer to enter tax bill information and allow information to flow without error. An added advantage to the QDS system is the provision of file backup due to the daily interchange of file information.

ON-LINE ACCESS

Union Savings Bank iLink system not only serves as the platform for the remote deposit service, but can also provide the Sewer District the following capabilities:

1. Placing stop payments (Note: stop payments will be automatically removed after 180 days. Removal of stop payments sooner than 180 days must be initiated by calling Union Savings Bank's Client Services Department at 203-830-4200.
2. Obtaining the account balance and activity Balances and transaction are reported through the close of business for the previous banking day. As of January 2011, the system will report activity on a real-time basis.
3. Researching the status of checks and obtaining check copies. Check images are available for a period of 63 days via the bank's iLink system.

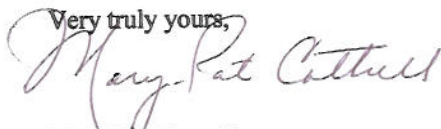
ACCOUNT ANALYSIS

Assuming that the Sewer District will use their balances to offset the fees, Union Savings Bank will provide a monthly account analysis statement of the services, volumes applicable, cost of each service, total cost and balances maintained. I have enclosed a sample of the account analysis for the lockbox service and a statement for the remote deposit service.

The average balance in the Woodridge Sewer District account at the end of November was \$282,774.92. Based on the analyses, the service fees for either service would be offset by the balances maintained in the account. The lockbox service is slightly more expensive, but the Sewer District does not incur the labor associated with the deposit function and the service creates the QDS file to account updating.

I hope that I have adequately addressed the services that we discussed. I would be pleased to meet with you and to answer any questions you or the staff of the Sewer District might have. Thank you again for taking the time to speak with me on the phone and I look forward from hearing from you.

Very truly yours,



Mary-Pat Cottrell
Senior Vice President

Union Savings Bank
226 Main Street
P. O. Box 647
Danbury, Ct 06813-0647

Account Information

Balance Summary

Average Balance After Services	\$13,897.43
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Service Charge Amount	-\$11.58
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Total Charge for Services and Balance Required	\$200.50	\$240,600.00
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The fee for the Lockbox service has been averaged over a 12-month period.

Union Savings Bank
226 Main Street
P. O. Box 647
Danbury, Ct 06813-0647

Account Information

Balance Summary

Average Balance After Services	\$82,057.43
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Service Charge Amount	-\$68.38
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Service Description	Number	Per Unit	Charge for	Balance
<u>Account Services</u>	<u>Units</u>	<u>Charge</u>	<u>Service</u>	<u>Required</u>
Account Maintenance	1	10.00	\$10.00	\$12,000.00
Checks Paid	60	0.15	\$9.00	\$10,800.00
Checks Deposited	170	0.15	\$25.50	\$30,600.00
Deposited Items Returned	0	10.00	\$0.00	\$0.00
Phone Stop Payments	0	20.00	\$0.00	\$0.00
ACH Origination Services				
ACH Credit Origination	0	0.10	\$0.00	\$0.00
ACH File Input-Transmission	0	10.00	\$0.00	\$0.00
ACH Monthly Maintenance	0	10.00	\$0.00	\$0.00
Remote Deposit Services*				
Monthly Maintenance	1	25.00	\$25.00	\$30,000.00
Scanner Rental	1	25.00	\$25.00	\$30,000.00
Items Deposited	170	0.16	\$27.20	\$32,640.00
Information Reporting				
Balance and Transaction Reporting	1	12.00	\$12.00	\$14,400.00
iLink Image Module	1	10.00	\$10.00	\$12,000.00
Images Retrieved	0	0.40	\$0.00	\$0.00
Misc Services				

Total Charge for Services and Balance Required	\$143.70	\$172,440.00
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* The fee for the Remote Deposit Service has been averaged over a 12-month period.