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May 3, 2013

Mr. William Eggen
U. S. 60 Water District of Shelby and Franklin Counties
P. O. Box 97
Bagdad, Kentucky 40003

Donald T. Prather, Esq.
Mathis, Riggs & Prather, P.S.C
P.O. Box 1059
Shelbyville, Kentucky 40066-1059

Re: Case No. 2013-00153
U. S. 60 Water District of Shelby and Franklin Counties

Gentlemen:

The enclosed document has been filed in the record of the above-referenced case. Any objections to this action should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

gw
Enclosure

U.S. 60 WATER BOARD
Board of Commissioners Meeting
February 19, 2013

The regular meeting of the Board of Commissioners of the U.S. 60 Water District of Shelby and Franklin Counties, Kentucky was held at 6:30 p.m. on February 19, 2013, at the district office. Present were William Eggen, Chairman; Pat Hargadon, Treasurer; Stephen D. Miller, Secretary; Commissioners Hobart Hearn, and John W. Roberts; Pete Hedges, Manager; Jeremy A. Carmack, Assistant Manager; Donald Prather, Attorney; and Guests David Jenkins and Dwight Salsbury.

The Cash Transactions Report for the various bank accounts for January, including two Transaction Detail by Account lists of the payroll checks and the operation and maintenance checks, respectively, written during January; January bill from North Shelby Water Company; Cash Transaction Spreadsheet for January for the various bank accounts, including the water purchase, sales, loss, and certificate of deposit information; January Balance Sheet; January Profit & Loss Statement; and the January A/R Balance sheet showing accounts receivable adjustments, were either e-mailed or mailed to the Commissioners prior to the meeting. These documents were approved as evidenced by the signed cover sheet attached to these minutes.

Guests - League of Cities RD Debt Financing Proposal. David Jenkins and Dwight Salsbury, with Ross Sinclair & Associates, LLC addressed the Commissioners regarding refinancing the District's Rural Development debt through the League of Cities bond program. Their proposal was to refinance all of the District's RD debt, including its 1986, 1992, 1998 and 2002 bonds into a 25-year repayment plan, with the final payment being due in 2038. The program could also finance new construction projects. The proposal would result in a true interest cost of 3.384% after refinancing. After their presentation, Mr. Jenkins and Mr. Salsbury departed the meeting.

Refinancing RD Debt through KRWFC. The Commissioners conducted a lengthy and in-depth discussion of the new Kentucky League of Cities ("KLC") refinancing proposal and the already pending Kentucky Rural Water Finance Corporation ("KRWFC") refinancing process. The KRWFC refinancing is for only 20 years and at a true interest cost of 2.89%, whereas the KLC would have a 25 year payoff loan term at a true interest rate of 3.384%. The KRWFC refinancing proposal does not include the 2002 bonds because, it was said, the lower interest rates on those bonds did not justify the expense of refinancing. On the other hand, the KLC proposal included refinancing the 2002 bonds, but was at a higher true interest cost. After discussion, upon motion duly seconded, the Commissioners approved refinancing the 1986, 1992 and 1998 RD bonds through KRWFC and adopted the Resolution attached hereto as Exhibit A.

Minutes. The January 15, 2013 regular Board meeting minutes were approved.

Treasurer's Report. Hargadon presented the Treasurer's Report. The water report for January is as follows:

Bought:	12,968,900 gallons
Sold:	10,670,600 gallons
Leaks:	385,359 gallons
Flushing:	1,094,483 gallons
Fire Department:	62,500 gallons
Unaccounted-for Water Loss	6%

After discussion, upon motion duly seconded, the Treasurer's Report was approved.

New Water Tank. It appears Broughman has still not contacted Shelby County Judge Executive Rob Rothenburger regarding transfer of the proposed tank site to the District. The District would be deeded the site and would have an access easement from the road to the site. All agreed it was urgent that Broughman finalize the details so that the opportunity to acquire this site is not lost.

Non-Recurring Charges. Hedges advised the Commissioners that North Shelby Water Company's Board has adopted increases in its non-recurring charges. Most of those charges have not changed in 19 years for either North Shelby or the District. As an example, North Shelby's and the District's current tap-on fee for a 5/8" x 3/4" meter is \$600. The cost analysis presented by North Shelby's engineer indicated the charge should be increased to a minimum of \$1,000. This would be for a simple meter installation, without any rock excavation or other complications. The new cost includes the increased cost of the new low-lead meters. Most neighboring water utilities are already charging between \$1,000 and \$1,500. It was the consensus of the Board that Broughman and Hedges perform the calculations and submit to the Board proposed new non-recurring charges, as well as comparative costs presently charged by surrounding utilities.

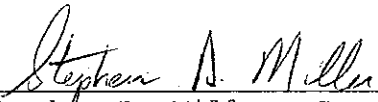
Scrapped Meter Sales. Carmack reported employees had disassembled the District's old outdated meters and sold them as scrap metal for \$1,650.

Frankfort Pass-Through Rate Increase. Eggen reported Broughman had requested the Board approve a pass-through rate increase effective April 1, 2013 for the upcoming increase by Frankfort in its wholesale water rate. Upon motion, duly seconded, Broughman was directed to prepare and submit to PSC an application for this pass-through rate increase.

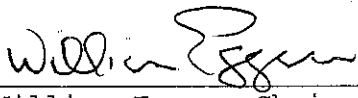
There being no further business and upon motion duly seconded, the meeting was adjourned.

The next meeting will be Tuesday March 19, 2013 at 6:30 p.m.

Respectfully Submitted,



Stephen D. Miller, Secretary



William Eggen, Chairman