

Index for Case: 1999-00515

AS OF : 05/23/02

Huntington Woods Neighborhood Assoc.

Transfer / Sale / Purchase / Merger

Regular

OF SEWAGE TREATMENT FACILITY

IN THE MATTER OF THE APPLICATION FOR TRANSFER OF OWNERSHIP OF SEWAGE TREATMENT FACILITY

CASE NUMBER:

99-515



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-515
HUNTINGTON WOODS NEIGHBORHOOD ASSOC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on June 14, 2000.

Parties of Record:

Jim Owens
5125 Huntington Woods Road
Frankfort, KY. 40601

John P. Fehsal
4800 West Leestown Road
Midway, KY. 40347

Honorable David H. Vance
Attorney for Huntington Woods
Walton & Vance
113 West Main Street
P.O. Box 5036
Frankfort, KY. 40602 5036

Stephanie J. Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HUNTINGTON WOODS)
NEIGHBORHOOD ASSOCIATION, INC.)
FOR TRANSFER OF OWNERSHIP) CASE NO. 99-515
OF THE SEWAGE TREATMENT PLANT)
OWNED BY JOHN AND MARLENE FEHSAL)
LOCATED IN HUNTINGTON WOODS)
SUBDIVISION)

O R D E R

On December 30, 1999, Huntington Woods Neighborhood Association, Inc. ("Applicant") applied to the Commission for authority to transfer ownership of the sewage treatment facilities located in the Huntington Woods Subdivision in Frankfort, Franklin County, Kentucky. Finding that the application did not meet the minimum filing requirements, the Commission informed the Applicant that the filing would have to be brought into compliance before the application would be considered filed. On March 3, 2000, the Applicant filed the required information, and the case was docketed. On May 26, 2000, the Applicant requested approval of the financing required for the acquisition of the sewage treatment facilities.

After review of the Applicant's Articles of Incorporation submitted with the application, Commission Staff requested information from the Applicant regarding its corporate charter. The Applicant responded to Staff's inquiry on May 24, 2000 by filing with the Commission the Articles of Amendment to the Articles of Incorporation that it had caused to be filed in the Office of the Secretary of State that same date. To

provide the Commission adequate time to review the information filed, the Applicant agreed to grant the Commission an extension of time to and including June 16, 2000 to render its decision in this proceeding.

KRS 278.020(4) prohibits any person from acquiring or transferring ownership or control of any utility under the jurisdiction of the Commission without having received prior approval. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. The Commission finds that KRS 278.020(4) and (5) apply to the transaction proposed in the application and that Commission approval is necessary. Therefore, the Commission has before it two questions to be addressed in this Order. The first question is whether the proposed transfer of the sewage treatment facility to Applicant should be approved. The second question is whether, upon completion of the transaction, the Applicant will be a "utility" as defined by KRS 278.010.

John and Marlene Fehsal ("the Fehsals") currently own and operate the utility at issue in this proceeding. The Fehsals' subdivision treatment facility plant provides sewer service for compensation to the residents of the Huntington Woods Subdivision of Franklin County, Kentucky and to the Fast Break Shell station adjacent to the subdivision. Applicant is a non-profit corporation organized under the provisions of KRS Chapter 273 and functioning as a neighborhood association for the Huntington Woods Subdivision.

The Fehsals have completed development of the subdivision and desire to sell the sewage treatment facilities to the Applicant as evidenced by the Asset Purchase Agreement entered into by the parties on December 23, 1999. Under the terms of the

Agreement, Applicant agrees to pay the Fehsals \$60,000 payable in 80 equal monthly installments of \$750 each at no interest unless the Internal Revenue Service charges interest against the loan to the sellers. The debt is to be secured by a mortgage on the real property being conveyed.

The residents of Huntington Woods Subdivision and the Fast Break Shell station depend upon the sewage treatment facilities for sewer service and have a significant financial interest in their maintenance and operation. The Applicant has the authority to assess its members for expenses related to the maintenance and operation of these facilities. This ability to assess its members is adequate evidence of its financial integrity to ensure continuity of service. No third party beneficiary agreement is required. 807 KAR 5:071, Section 3(1)(a).

In order to ensure proper operation of the sewage treatment facilities, the applicant has retained Noel Norton, a certified wastewater treatment plant operator, to operate the sewage treatment facilities.

Based upon the foregoing, it appears that Applicant possesses the financial, technical and managerial capabilities necessary to provide reasonable service. The next issue to be considered is whether, after the transfer is complete, the facilities transferred will remain within this Commission's jurisdiction. In other words, will the Applicant's operation of the facilities constitute service "to the public" pursuant to KRS 278.010?

The characterization of service as public depends "upon whether or not it is open to the use of the public who may require it, to the extent of its capacity." Ambridge v. Pub. Serv. Comm'n of Pennsylvania, 165 A.47, 49 (Pa. Super. 1933). "One offers

service to the 'public' . . . when he holds himself out as willing to serve all who apply up to the capacity of his facilities." North Carolina ex. rel. Utilities Comm'n v. Carolina Tel. & Tel. Co., 148 S.E. 2d 100, 109 (N.C. 1966).

The Applicant stipulates that it will not extend service to any person or commercial entity outside the boundaries of the Huntington Woods Subdivision other than the Fast Break Shell station the Fehsals permitted to access the plant. In addition, the Applicant states that the Fast Break Shell will be allowed to become a full member of the Huntington Woods Neighborhood Association. The Association will be, therefore, an association of persons providing service to themselves rather than "to the public."

After reviewing the application and being otherwise sufficiently advised, the Commission finds that:

1. The proposed transaction is consistent with the public interest, and it will take place in accordance with law and for a proper purpose. KRS 278.020(5).
2. The application demonstrates the Applicant possesses the financial, technical and managerial abilities to provide reasonable service. KRS 278.020(4).
3. After the proposed transfer is completed, the sewage treatment facilities will serve a defined, privileged, and limited group rather than the public. Therefore, the Applicant will not be a "utility." KRS 278.010.
4. No approval by the Commission is required for the financing of the acquisition since the Applicant has been determined to be non-jurisdictional.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of the sewage treatment facilities from Fehsals to the Applicant is approved as outlined in the Asset Purchase Agreement.

2. Within 10 days of the date of completion of transfer, the Applicant shall advise the Commission in writing of its completion.

3. Until the transfer has occurred, the sewage treatment facilities shall remain under the Commission's jurisdiction.

4. Within 30 days of the completion of transfer, the Fehsals shall submit a complete and accurate annual report for the period from January 1, 2000 to the date of the transfer.

5. Upon completion of the transfer, the Applicant will not be a utility subject to Commission jurisdiction. However, any subsequent change in the Applicant's membership policies or its provision of service to persons or entities other than those stipulated by the Applicant to this Commission, may subject the Applicant to Commission jurisdiction.

Done at Frankfort, Kentucky, this 14th day of June, 2000.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
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Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

Paul E. Patton
Governor

May 31, 2000

RECEIVED

MAY 31 2000

PUBLIC SERVICE
COMMISSION

David Vance, Esq.
Walton & Vance
113 West Main Street
Frankfort, Kentucky 40601

RE: Application of Huntington Woods Neighborhood Association, Inc.
Case No. 99-515

Dear Mr. Vance:

Attached is a copy of the memorandum that is being filed into the record of the above-referenced case. If you have any comments that you would like to make regarding the contents of the informal conference memorandum, please do so within seven days of receipt of this letter. Should you have any questions regarding same, please contact Anita Mitchell at (502) 564-3940.

Sincerely,

Martin J. Huelsmann
Executive Director

Attachment
cc Main Case File



INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 99-515

FROM: Anita Mitchell
Staff Attorney

DATE: May 30, 2000

RE: Conference of May 2, 2000

On May 2, 2000, the Commission held a conference in this case at the Commission's offices in Frankfort, Kentucky. Present were:

David Vance	Huntington Woods Neighborhood Assoc.
Jim Owens	Huntington Woods Neighborhood Assoc.
Tom Monarch	Huntington Woods Neighborhood Assoc.
Ray T. Smith	Huntington Woods Neighborhood Assoc.
Bob Amato	PSC Staff
Larry Updike	PSC Staff
Reneé Curry	PSC Staff
Mark Frost	PSC Staff
Anita Mitchell	PSC Staff

Beginning the conference, Anita Mitchell explained the procedure and stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties and that all parties would have the opportunity to submit written comments upon the minutes.

Staff explained that the conference was scheduled at the request of Huntington Woods Neighborhood Association, Inc. ("HWNA"). The purpose of the conference was to provide HWNA information on Commission requirements in the event the Commission approves the transfer to HWNA and determines it to be jurisdictional.

David Vance, attorney for HWNA, stated that HWNA would prefer non-jurisdictional status and wanted to know if HWNA could be structured so that it would be determined non-jurisdictional. He said HWNA would make the commitment to serve no one outside the subdivision with the exception of the one existing business customer that was added to the system by John Fehsal.

Informal Conference Memorandum
Case No. 99-515
Page 2

Mr. Vance stated that HWNA had contracted with Noel Norton to operate the system and that Mr. Norton is certified as a Class III operator. He stated that he would file the contract with the Commission.

The participants then discussed the various requirements of a jurisdictional utility, i.e. adoption notice, tariff filing, annual reports, PSC assessment, etc. Commission Staff also explained the Alternative Rate Filing procedure and responded to questions regarding depreciation.

A brief discussion was then held regarding financing. Commission Staff informed the representatives of HWNA that KRS 278.300 requires jurisdictional utilities to seek Commission approval for long-term financing.

Larry Updike of Commission Staff then described the annual inspection procedure to the representatives of HWNA.

The meeting was then adjourned.

BEFORE THE PUBLIC SERVICE COMMISSION RECEIVED

MAY 26 2000

APPLICATION FOR APPROVAL OF FINANCINGPUBLIC SERVICE
COMMISSION

Comes the applicant, Huntington Woods Neighborhood Association, Inc., and respectfully requests for the approval of financing required for the acquisition of the sewage treatment plant being purchased from John and Marlene Fehsal.

1. The name and address of the Applicant is Huntington Woods Neighborhood Association, Inc., P.O. Box 4034, Frankfort, Kentucky 40604-4034.
2. Articles of Incorporation, as well as Amended Articles of Incorporation, have already been filed in the proceeding Huntington Woods Neighborhood Association, Inc. Case #1999-515 as part of the application for transfer of ownership.
3. The property to be acquired is described in Schedule B and C of the asset purchase agreement attached hereto. The cost of the property will be \$60,000.
4. The indebtedness to be incurred for this purchase will be \$60,000 payable in eighty (80) equal monthly installments of \$750 each at no interest unless the Internal Revenue Service charges interest against the loan to the sellers. The debt is to be secured by a mortgage upon the real property being conveyed.
5. The Applicant has no other current debt outstanding.
6. The Applicant submits its income statement and balance sheet as of December 31, 1999.
7. The Applicant has no corporate or business relationships with a parent corporation, brother or sister corporation or subsidiary.

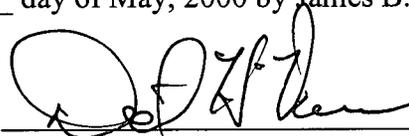
VERIFICATION

I hereby certify that the above is true and correct to the best of my knowledge and belief.



James B. Owens, President
Huntington Woods Neighborhood Association, Inc.

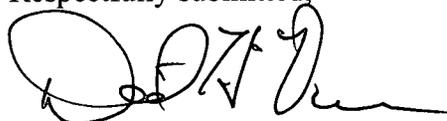
Signed and sworn to before me this the 25th day of May, 2000 by James B. Owens.



Notary Public, State-At-Large

My Commission Expires: June 10, 2001

Respectfully submitted,



David H. Vance
WALTON & VANCE
113 West Main Street,
P.O. Box 5036
Frankfort, Kentucky 40602-5036
502-227-4900

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("agreement") is made and entered into this 23rd day of December, 1999, by and between John P. Fehsal and Marlene A. Fehsal, husband and wife, (the "sellers"), and Huntington Woods Neighborhood Association, Inc., a Kentucky non-profit corporation (the "purchaser").

WITNESSETH:

WHEREAS, the sellers desire to sell, and purchaser desires to purchase, the assets employed by the sellers in the operation of the Huntington Woods Subdivision Sewage Treatment Plant (the "plant"), in accordance with and subject to the terms and provisions of this agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained in this agreement, and intending to be legally bound, the sellers and purchaser agree as follows:

(A) Purchase and sale of assets

At the closing (as defined in section (C) of this agreement), the sellers shall sell to purchaser, and purchaser shall purchase from the sellers, the following assets of the sellers employed in the plant (the "assets"):

- (1) The governmental authorizations listed on schedule A to this agreement, together with any renewals, extensions, or modifications thereof and applications therefor;
- (2) The real property described on schedule B to this agreement;
- (3) The personal property described on schedule C to this agreement (subject to disposals and consumption thereof in the ordinary course of business between the date of this agreement and the closing date) or replacements thereof and alterations thereto in the ordinary course of business between the date of this agreement and the closing date;
- (4) All of the written contracts, agreements, commitments, understandings, or instruments relating to the plant, if any;
- (5) All books and records of the sellers relating to the assets and the plant; and
- (6) Any and all cash or cash equivalents received by the sellers before the closing as advance payment for sewer service for the period beginning January 1, 2000, *minus*

any due sewer fees for month of December, 1999
to sellers on or before January 5th, 2000.

M. F.

(B) Purchase price

The aggregate purchase price for the assets shall consist of \$60,000 (the "purchase price"). The purchase price shall be paid by purchaser to the sellers in 80 equal monthly installments of \$750 each, beginning February 1, 2000, and ending on September 1, 2006. It is understood by the parties that no interest shall be paid on the loan unless the Internal Revenue Service imputes or charges interest against the loan to the sellers. In the event that interest is imputed to the sellers, the sellers shall notify the purchaser of the same and the purchaser shall pay to the sellers any amounts owed, collected or charged as imputed interest to the sellers. The additional payments for imputed interest shall be paid in equal monthly installments following payment of the loan, in amounts not to exceed \$750.00 each and not to exceed a term of an additional twenty-four (24) months. The parties will negotiate in good faith to arrive at the terms of the repayment schedule for any imputed interest. There shall be no penalty for any accelerated payment by the purchaser of any installment or installments. Purchaser's obligation shall be evidenced by a promissory note containing the above terms which shall be secured by a mortgage on the real property and a UCC-1 or lien on personal property in favor of the sellers. The promissory note shall further provide that the sellers will be entitled to a late fee of 5% of the payment in the event that the payment is more than five (5) days late. The note shall also contain standard provisions indemnifying the sellers against any loss and cost in the event of default. Purchaser shall also pay the gas bill for the gas lights on the front entrance wall.

(C) Closing; best efforts

The closing of the transactions contemplated by this agreement (the "closing") shall take place after approval of the transactions by the Kentucky Public Service Commission at a date, time and place upon which purchaser and the sellers shall agree (the "closing date"). The sellers and purchaser covenant and agree that each of them shall use their best efforts to consummate the transactions contemplated by this agreement on the closing date. At the closing, the sellers shall deliver to purchaser a deed or deeds, and a bill of sale to effect the sale, conveyance, and transfer of good and marketable title to the assets from the sellers to purchaser, free and clear of all liens, mortgages, security interests, pledges, charges, and encumbrances.

Pending the approval of the PSC and the closing, the parties agree that the purchaser shall obtain operational control of the plant on January 1, 2000 and shall be responsible for all operational costs and be entitled to all receipts for sewer services generated after that date, including prepaid accounts referenced in paragraph (A)(6). If PSC approval is not received by February 1, 2000, the payments required under paragraph (B) of this agreement shall be remitted to sellers as lease payments until PSC approval is received and shall, after closing, be applied to purchaser's indebtedness.

(D) Representations and warranties of the sellers

The sellers represent and warrant to purchaser, and acknowledges that purchaser relies on such representations and warranties in entering into and proceeding under this agreement, that:

- (1) Title

The sellers possess good and marketable title to the assets.

(2) Non-subdivision tap-ons

The sellers have not permitted nor agreed to permit any tap-on to the plant for properties or developments located outside the boundaries of Huntington Woods Subdivision as platted in Plat Book 2, page 10, as recorded in the office of the Franklin County Clerk, with the exception of the previous tap-on granted to Fast Break Shell on Hwy 151.

(3) Brokers

No person or entity is entitled to any brokerage or finder's fee or commission or other like payment in connection with the negotiations relating to or the transactions contemplated by this agreement, based on any agreement, arrangement, or understanding with the seller, or any of the seller's respective officers, directors, agents, or employees.

(E) Representations and warranties of purchaser

Purchaser represents and warrants to the sellers, and acknowledges that the sellers rely on such representations and warranties in entering into and proceeding under this agreement, that:

(1) Corporate standing

Purchaser is a non-profit corporation, duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full power and authority to enter into this agreement and all other agreements contemplated by this agreement and to consummate the transactions contemplated hereunder and thereunder.

(2) Authorization, execution, and delivery of this agreement

This agreement has been duly authorized by all necessary corporate action of purchaser and has been duly executed and delivered by purchaser. The execution and delivery of this agreement by purchaser and the consummation of the transactions contemplated hereunder will not conflict with or constitute a violation of any provisions of the articles of incorporation or bylaws of purchaser or conflict with or constitute a violation, breach, or default under any material contract, trust agreement, mortgage, indenture, or other agreement or instrument to which purchaser is a party or by which purchaser is bound or to which purchaser or any of its properties is subject.

(3) Consents

No provision of the articles of incorporation or bylaws of purchaser or of any material contract, trust agreement, mortgage, indenture, or other agreement or instrument to which purchaser is a party or by which it is bound or to which purchaser or any of its properties is subject requires the consent or authorization of any other person or entity as a condition precedent to the consummation of the transactions contemplated hereby.

(4) Brokers

No person or entity is entitled to any finder's or brokerage fee or commission or other like payment in connection with the transactions contemplated by this agreement based on agreements, arrangements, or understandings with purchaser, or any of purchaser's respective officers, directors, agents.

(F) Circumstances prior to closing

From the date of this agreement until the closing date, purchaser shall promptly notify the sellers, and the sellers shall promptly notify purchaser, upon receipt of actual notice or knowledge of any fact which would make any representation or warranty contained in this agreement untrue in any material respect.

(1) Obligations of the sellers prior to closing

(a) The sellers shall not permit nor agree to permit any tap-on to the plant for any properties or developments located outside the boundaries of Huntington Woods Subdivision as platted in Plat Book 2 page 10 as recorded in the office of the Franklin County Clerk, without the consent of the purchaser.

(b) From the date of this agreement until the closing date, the sellers shall use their best efforts to:

(i) Afford purchaser, its accountants, counsel, technical advisors, and other representatives free and reasonable access during normal business hours to the equipment, facilities, records, files, contracts, agreements and books of account relating to the assets and the plant and furnish purchaser with all information concerning the assets and the plant as purchaser shall reasonably request;

(ii) Use their best efforts to continue in force policies of insurance which insure the assets and the plant with such amounts of coverage as are reasonably available, and continue in force all bonds, surety contracts, or guaranties relating to the plant set forth in any schedule to this agreement;

(iii) Not enter into any employment agreement relating to the plant with any person unless the sellers have the right to terminate such employment agreement

without liability;

(iv) Not knowingly take any action or omit to take any action which will result in the material violation by the sellers of any law applicable to this transaction or cause a material breach by the sellers of any of the representations and warranties of the sellers set forth in this agreement or any lease, agreement, contract, or commitment to which the sellers are parties;

(v) Use their best efforts to obtain prior to closing all consents by third parties required to be obtained by the sellers with respect to its performance of this agreement and cooperate fully with purchaser in connection with purchaser's requests and applications for the governmental authorizations which are necessary for the ownership and operation of the plant following the closing date;

(vi) Give purchaser written notification of any material changes taking place after the delivery of any schedules and other documents which would have been reflected in such documents had such changes occurred prior to the time such documents were first delivered.

(2) Obligations of purchaser prior to closing

From the date of this agreement until the closing date, purchaser shall:

(a) Not knowingly take any action or omit to take any action which will result in the material violation by purchaser of any law applicable to this transaction or cause a material breach by purchaser of any of the representations and warranties of purchaser set forth in this agreement; and

(b) Use its best efforts to obtain, prior to closing, all consents by third parties and all governmental authorizations which are necessary for purchaser's performance of this agreement or for purchaser's ownership and operation of the plant following the closing date.

(G) Conditions to purchaser's obligation

The obligation of purchaser to consummate on the closing date the transactions contemplated by this agreement will be subject to the satisfaction of each of the following conditions on or prior to the closing date, unless expressly waived by purchaser:

(1) Representations and warranties

The representations and warranties of the sellers contained in section (D) of this agreement shall be true and correct in all material respects on and as of the closing date as if made on and as of the closing date, except for changes resulting

from the ordinary course of the seller's business, or as contemplated by this agreement.

(2) Performance of this agreement

The sellers shall have performed and observed in all material respects its covenants and obligations as set forth in this agreement prior to or on the closing date.

(3) Litigation

There shall be no injunction, decree, or order issued by any court, governmental agency, or authority, or any litigation instituted by any governmental agency or authority challenging or seeking to prohibit or enjoin any of the transactions contemplated by this agreement.

(4) Condition of assets

A material portion of the assets shall not have been damaged or destroyed by fire, flood, or other casualty which is not covered by the seller's insurance.

(5) Material claims

No material claim shall have arisen, of which the sellers are aware, that is not adequately covered by insurance policies maintained by the sellers.

(H) Conditions to the seller's obligation

The obligation of the sellers to consummate on the closing date the transactions contemplated by this agreement will be subject to the satisfaction of each of the following conditions on or prior to the closing date, unless expressly waived by the sellers:

(1) Representations and warranties

The representations and warranties of purchaser contained in section (E) of this agreement shall be true and correct on and as of the closing date.

(2) Performance of this agreement

Purchaser shall have performed and observed in all material respects its covenants and obligations under this agreement prior to or on the closing date.

(3) Litigation

There shall be no injunction, decree, or order issued by any court, governmental

agency, or authority, or any litigation instituted by any governmental agency or authority, challenging or seeking to prohibit or enjoin any of the transactions contemplated by this agreement.

(I) Indemnification

(1) Indemnification by the sellers

After the closing date, the sellers shall indemnify and hold harmless purchaser against and in respect of:

(a) Any damage, deficiency, or costs resulting from any misrepresentation or breach of warranty or any nonfulfillment of any covenant or agreement on the part of the sellers under this agreement;

(b) Any damage, deficiency, or costs resulting from claims accruing prior to the closing date by a person, firm, or corporation other than a party to this agreement; and

(c) Any claim, action, suit, proceeding, demand, judgment, assessment, cost, and expense, including reasonable counsel fees, incident to any of the foregoing.

(2) Indemnification by purchaser

After the closing date, purchaser shall indemnify and hold harmless the seller against and in respect of:

(a) Any damage, deficiency, or costs resulting from any misrepresentation or breach of warranty or any nonfulfillment of any covenant or agreement on the part of purchaser under this agreement;

(b) Any damage, deficiency, or costs resulting from claims accruing after the closing date by a person, firm, or corporation other than a party to this agreement; and

(c) Any claim, action, suit, proceeding, demand, judgment, assessment, cost, and expense, including reasonable counsel fees, incident to any of the foregoing.

(J) Records and further assurances

After the closing, the sellers and purchaser shall make available to the other on reasonable request such books and records of that party as may be appropriate for use in connection with their respective tax returns, including any review thereof, and for any other reasonable purpose. Either party shall, at the other party's request, execute and deliver such other instruments of conveyance and transfer and take such other actions as may be reasonably requested to

effectively carry out the terms and provisions of this agreement.

(K) Billing for year 2000

The parties agree that they will cooperate in coordinating advance invoicing for sewer service for the year 2000, which is contemplated to occur prior to the closing. The seller agrees, if the purchaser desires, to allow the purchaser to prepare and send out invoices in it's own name, in order to affect a smooth transition in billing.

(L) Notices

All notices, requests, consents, and other communications under this agreement shall be in writing and shall be mailed by first class, registered, or certified mail, postage prepaid, or sent via overnight courier service, or delivered personally:

If to purchaser, to:

Jim Owens
5125 Huntington Woods Road
Frankfort, Kentucky 40601

If to the sellers, to:

John P. Fehsal
4800 W. Leestown Rd.
Midway, KY 40347

or to such other address of which the addressee shall have notified the sender in writing. Notices mailed in accordance with this section shall be deemed given when mailed.

(M) Third party rights

It is the intention of the parties that nothing in this agreement shall be deemed to create any right with respect to any person or entity not a party to this agreement.

(N) Parties in interest; assignment

All covenants and agreements contained in this agreement by or on behalf of any of the parties to this agreement shall bind and inure to the benefit of their respective heirs, executors, successors, and assigns, whether so expressed or not. No party to this agreement may assign its rights or delegate its obligations under this agreement to any other person or entity without the express prior written consent of the other party.

(O) Contingency

The parties agree that this agreement is contingent upon approval by the Kentucky Public Service Commission of the sale of the assets to the purchaser.

(P) Construction; governing law

The table of contents and section headings contained in this agreement are inserted as a matter of convenience and shall not affect in any way the construction of the terms of this agreement. This agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.

(Q) Entire agreement; amendment and waiver

This agreement, including the schedules hereto, constitutes and contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes any prior writing by the parties. The parties may, by mutual agreement in writing, amend this agreement in any respect, and any party, as to such party, may in writing (1) extend the time for the performance of any obligations of any other party; (2) waive any inaccuracies in representations and warranties by any other party; (3) waive performance of any obligations by any other party; and (4) waive the fulfillment of any condition that is precedent to the performance by such party of any of its obligations hereunder. No such waiver shall be deemed to constitute the waiver of any other breach of the same or of any other term or condition of this agreement. Any such amendment or waiver must be signed by the party or an officer of the parties or party to such amendment or waiver.

(R) Severability

The invalidity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of the remaining provisions.

(S) Expenses

Each party to this agreement shall pay any and all fees and expenses that such party may incur in connection with the negotiation, execution, or closing of this agreement, ~~and the other transactions contemplated by this agreement shall be borne equally by the sellers and purchaser.~~ Notwithstanding the foregoing, the sellers shall pay any local and state taxes and fees assessed or due in connection with the sale of the assets to purchaser, including any transfer and sales taxes (other than income taxes).

J.F. M

(T) Schedules

The schedules attached to this agreement constitute a part of this agreement and are

incorporated herein by reference in their entirety as if fully set forth in this agreement at the point where first mentioned.

(U) Time of essence

Time is of the essence to the performance of the obligations set forth in this agreement.

(V) Termination

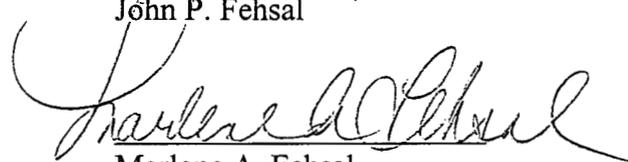
Anything contained in this agreement to the contrary notwithstanding, this agreement may be terminated at any time prior to the date of closing:

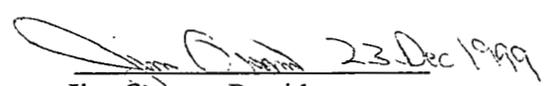
- (1) By the mutual consent of the sellers and the board of directors of the purchaser;
- (2) By any party to this agreement if the other party to this agreement shall have materially breached any of the representations and warranties of such other party set forth in this agreement and such other party shall have failed to cure such breach within 30 days after receipt of written notice of such breach.

(W) Remedies

The sellers and purchaser represent and acknowledge that, because of the unique nature of the plant and the assets, failure of either party to carry out its obligation to perform this agreement on the closing date would cause irreparable injury; the sellers and purchaser accordingly agree that, in addition to any other remedies available to the sellers and purchaser, any such failure by either party to perform this agreement shall be subject to the remedy of specific performance.

IN WITNESS WHEREOF, the sellers and purchaser have caused this asset purchase agreement to be executed by their duly authorized officers as of the day and year first written above.

Sellers: 
John P. Fehsal

Marlene A. Fehsal

Purchaser: 
Huntington Woods Neighborhood Association, Inc.
Jim Owens, President
23 Dec 1999

SCHEDULE A

1. Certificate of convenience and necessity to operate the Huntington Woods Sewage Treatment Plant issued by the Kentucky Public Service Commission.

2. ~~Any and all licenses or approvals issued by Commonwealth of Kentucky Division of Water and/or the Franklin County Health Department, ^{inc}~~

Handwritten signature and scribbles

SCHEDULE B

All of lots 5 and 6 of Huntington Woods Subdivision in Franklin County, Kentucky, and as shown upon the final plat of said subdivision of record in Plat Book 2, Page 10 in the office of County Clerk of Franklin County, Kentucky.

Being a portion of the same property conveyed to John P. Feshal and Marlene A. Feshal by a deed dated September 16, 1988 of record in deed book 356, page 7 in the office of the Franklin County Clerk.

Also all easements of record held by the grantors for the purpose of installing and maintaining sewer lines, equipment or pumping stations within the confines of Huntington Woods Subdivision.

SCHEDULE C

1. All sewer mains and sewer pipes contained within the confines of Huntington Woods Subdivision consisting of approximately 2 miles of 2 inch, 3 inch, 4 inch, 6 inch and 8 inch pipes.
2. One sewer pump station located at the end of Sleepy Hollow Drive.
3. All miscellaneous related items pertaining to the operation of the sewage treatment plant including spare parts.

~~One \$5,000 -~~

~~4. See attached Schedule D~~

4. One 22,500 gallon sewage treatment package plant.
5. One 48,000 gallon sewage treatment package plant.
6. One digester (approx. 7,000 gallons) and filter consisting of six (6) sand filter beds.
7. 12 x 14 utility shed.

JF
MJ

Huntington Woods Sewer Plant

2 Building Lots #5 & #6

1- 22,500 gallon sewage treatment pkg. plant

1- 48,000 gallon " " "

1- digester (approx. 7000 gallons)

sand filter consisting of 6 Sand filter Beds

12 x 14 Utility Shed

Add
to Schedule
C

Also, 2nd page

add GAS lights on front entrance
wall- we get billed for
these from Western Ky gas
each month

Fax

Please deliver immediately to:

Stewart Busch
of *Logan - Oxiner*

Fax number:

875/1113

Fax received from:

Barlene Scheel

of:

Fax number:

695 9228

Date:

12/29/99

Time:

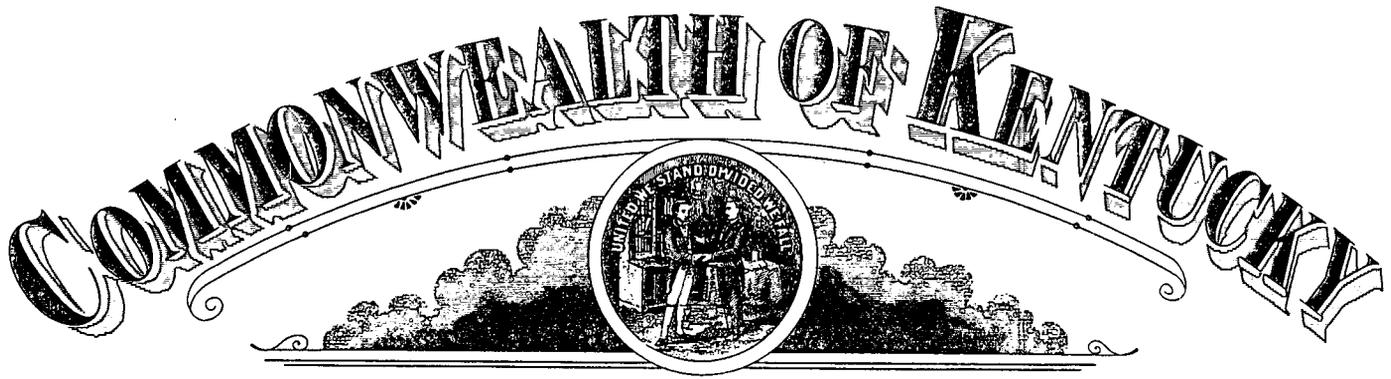
Number of Pages:

3 inc. cover PAGE

Subject:

H. W. Sewer

Message:



John Y. Brown III
Secretary of State

Certificate of Existence

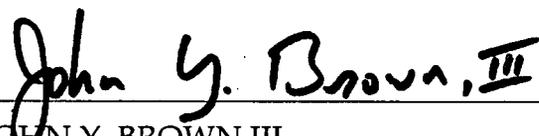
I, JOHN Y. BROWN III, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

HUNTINGTON WOODS ASSOCIATION, INC.

is a nonprofit corporation duly organized and existing under KRS Chapter 273, whose date of incorporation is October 28, 1994 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 29th day of December, 1999.



JOHN Y. BROWN III
Secretary of State
Commonwealth of Kentucky
Tmorgan/0337691

Huntington Woods Neighborhood
 Association, Inc.
 Balance Sheet
 For the Calendar Year Ended December 31,
 1999

ASSETS		LIABILITIES & EQUITY	
Cash-5/3 Checking Acct.	\$ 1,460.40	Liabilities	
		Equity	
		HWNA, Inc.	\$ 1,460.4
			<hr/>
TOTAL ASSETS	\$ 1,460.40	TOTAL LIABILITIES & EQUITY	\$ 1,460.4

Huntington Woods Neighborhood Association, Inc.
 Income Statement
 For the Period January 1, 1999 through December 31,
 1999

REVENUES	
DUES	\$ 1,520.50
EXPENSES	
Copy Expense	\$ 42.00
Meeting Expense	14.10
Filing Fees Expense	<u>4.00</u>
TOTAL EXPENSES	<u>60.10</u>
NET INCOME	\$ 1,460.40

RECEIVED

JUN 1 2000

GENERAL COUNSEL

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION FOR APPROVAL OF FINANCING

99.515

RECEIVED

MAY 26 2000

PUBLIC SERVICE
COMMISSION

Comes the applicant, Huntington Woods Neighborhood Association, Inc., and respectfully requests for the approval of financing required for the acquisition of the sewage treatment plant being purchased from John and Marlene Fehsal.

1. The name and address of the Applicant is Huntington Woods Neighborhood Association, Inc., P.O. Box 4034, Frankfort, Kentucky 40604-4034.
2. Articles of Incorporation, as well as Amended Articles of Incorporation, have already been filed in the proceeding Huntington Woods Neighborhood Association, Inc. Case #1999-515 as part of the application for transfer of ownership.
3. The property to be acquired is described in Schedule B and C of the asset purchase agreement attached hereto. The cost of the property will be \$60,000.
4. The indebtedness to be incurred for this purchase will be \$60,000 payable in eighty (80) equal monthly installments of \$750 each at no interest unless the Internal Revenue Service charges interest against the loan to the sellers. The debt is to be secured by a mortgage upon the real property being conveyed.
5. The Applicant has no other current debt outstanding.
6. The Applicant submits its income statement and balance sheet as of December 31, 1999.
7. The Applicant has no corporate or business relationships with a parent corporation, brother or sister corporation or subsidiary.

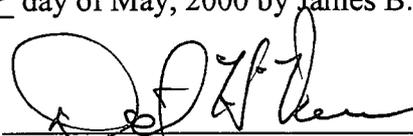
VERIFICATION

I hereby certify that the above is true and correct to the best of my knowledge and belief.



James B. Owens, President
Huntington Woods Neighborhood Association, Inc.

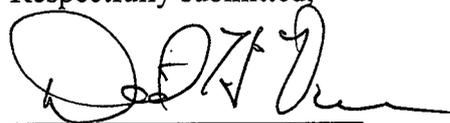
Signed and sworn to before me this the 25th day of May, 2000 by James B. Owens.



Notary Public, State-At-Large

My Commission Expires: June 10, 2001

Respectfully submitted,



David H. Vance
WALTON & VANCE
113 West Main Street,
P.O. Box 5036
Frankfort, Kentucky 40602-5036
502-227-4900

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("agreement") is made and entered into this 23rd day of December, 1999, by and between John P. Fehsal and Marlene A. Fehsal, husband and wife, (the "sellers"), and Huntington Woods Neighborhood Association, Inc., a Kentucky non-profit corporation (the "purchaser").

WITNESSETH:

WHEREAS, the sellers desire to sell, and purchaser desires to purchase, the assets employed by the sellers in the operation of the Huntington Woods Subdivision Sewage Treatment Plant (the "plant"), in accordance with and subject to the terms and provisions of this agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained in this agreement, and intending to be legally bound, the sellers and purchaser agree as follows:

(A) Purchase and sale of assets

At the closing (as defined in section (C) of this agreement), the sellers shall sell to purchaser, and purchaser shall purchase from the sellers, the following assets of the sellers employed in the plant (the "assets"):

- (1) The governmental authorizations listed on schedule A to this agreement, together with any renewals, extensions, or modifications thereof and applications therefor;
- (2) The real property described on schedule B to this agreement;
- (3) The personal property described on schedule C to this agreement (subject to disposals and consumption thereof in the ordinary course of business between the date of this agreement and the closing date) or replacements thereof and alterations thereto in the ordinary course of business between the date of this agreement and the closing date;
- (4) All of the written contracts, agreements, commitments, understandings, or instruments relating to the plant, if any;
- (5) All books and records of the sellers relating to the assets and the plant; and
- (6) Any and all cash or cash equivalents received by the sellers before the closing as advance payment for sewer service for the period beginning January 1, 2000,

any due sewer fees for month of December, 1999, paid to sellers on or before January 5th, 2000.

M. Fehsal

(B) Purchase price

The aggregate purchase price for the assets shall consist of \$60,000 (the "purchase price"). The purchase price shall be paid by purchaser to the sellers in 80 equal monthly installments of \$750 each, beginning February 1, 2000, and ending on September 1, 2006. It is understood by the parties that no interest shall be paid on the loan unless the Internal Revenue Service imputes or charges interest against the loan to the sellers. In the event that interest is imputed to the sellers, the sellers shall notify the purchaser of the same and the purchaser shall pay to the sellers any amounts owed, collected or charged as imputed interest to the sellers. The additional payments for imputed interest shall be paid in equal monthly installments following payment of the loan, in amounts not to exceed \$750.00 each and not to exceed a term of an additional twenty-four (24) months. The parties will negotiate in good faith to arrive at the terms of the repayment schedule for any imputed interest. There shall be no penalty for any accelerated payment by the purchaser of any installment or installments. Purchaser's obligation shall be evidence by a promissory note containing the above terms which shall be secured by a mortgage on the real property and a UCC-1 or lien on personal property in favor of the sellers. The promissory note shall further provide that the sellers will be entitled to a late fee of 5% of the payment in the event that the payment is more than five (5) days late. The note shall also contain standard provisions indemnifying the sellers against any loss and cost in the event of default. Purchaser shall also pay the gas bill for the gas lights on the front entrance wall.

(C) Closing; best efforts

The closing of the transactions contemplated by this agreement (the "closing") shall take place after approval of the transactions by the Kentucky Public Service Commission at a date, time and place upon which purchaser and the sellers shall agree (the "closing date"). The sellers and purchaser covenant and agree that each of them shall use their best efforts to consummate the transactions contemplated by this agreement on the closing date. At the closing, the sellers shall deliver to purchaser a deed or deeds, and a bill of sale to effect the sale, conveyance, and transfer of good and marketable title to the assets from the sellers to purchaser, free and clear of all liens, mortgages, security interests, pledges, charges, and encumbrances.

Pending the approval of the PSC and the closing, the parties agree that the purchaser shall obtain operational control of the plant on January 1, 2000 and shall be responsible for all operational costs and be entitled to all receipts for sewer services generated after that date, including prepaid accounts referenced in paragraph (A)(6). If PSC approval is not received by February 1, 2000, the payments required under paragraph (B) of this agreement shall be remitted to sellers as lease payments until PSC approval is received and shall, after closing, be applied to purchasers indebtedness.

(D) Representations and warranties of the sellers

The sellers represent and warrant to purchaser, and acknowledges that purchaser relies on such representations and warranties in entering into and proceeding under this agreement, that:

- (1) Title

The sellers possess good and marketable title to the assets.

(2) Non-subdivision tap-ons

The sellers have not permitted nor agreed to permit any tap-on to the plant for properties or developments located outside the boundaries of Huntington Woods Subdivision as platted in Plat Book 2, page 10, as recorded in the office of the Franklin County Clerk, with the exception of the previous tap-on granted to Fast Break Shell on Hwy 151.

(3) Brokers

No person or entity is entitled to any brokerage or finder's fee or commission or other like payment in connection with the negotiations relating to or the transactions contemplated by this agreement, based on any agreement, arrangement, or understanding with the seller, or any of the seller's respective officers, directors, agents, or employees.

(E) Representations and warranties of purchaser

Purchaser represents and warrants to the sellers, and acknowledges that the sellers rely on such representations and warranties in entering into and proceeding under this agreement, that:

(1) Corporate standing

Purchaser is a non-profit corporation, duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full power and authority to enter into this agreement and all other agreements contemplated by this agreement and to consummate the transactions contemplated hereunder and thereunder.

(2) Authorization, execution, and delivery of this agreement

This agreement has been duly authorized by all necessary corporate action of purchaser and has been duly executed and delivered by purchaser. The execution and delivery of this agreement by purchaser and the consummation of the transactions contemplated hereunder will not conflict with or constitute a violation of any provisions of the articles of incorporation or bylaws of purchaser or conflict with or constitute a violation, breach, or default under any material contract, trust agreement, mortgage, indenture, or other agreement or instrument to which purchaser is a party or by which purchaser is bound or to which purchaser or any of its properties is subject.

(3) Consents

No provision of the articles of incorporation or bylaws of purchaser or of any material contract, trust agreement, mortgage, indenture, or other agreement or instrument to which purchaser is a party or by which it is bound or to which purchaser or any of its properties is subject requires the consent or authorization of any other person or entity as a condition precedent to the consummation of the transactions contemplated hereby.

(4) Brokers

No person or entity is entitled to any finder's or brokerage fee or commission or other like payment in connection with the transactions contemplated by this agreement based on agreements, arrangements, or understandings with purchaser, or any of purchaser's respective officers, directors, agents.

(F) Circumstances prior to closing

From the date of this agreement until the closing date, purchaser shall promptly notify the sellers, and the sellers shall promptly notify purchaser, upon receipt of actual notice or knowledge of any fact which would make any representation or warranty contained in this agreement untrue in any material respect.

(1) Obligations of the sellers prior to closing

(a) The sellers shall not permit nor agree to permit any tap-on to the plant for any properties or developments located outside the boundaries of Huntington Woods Subdivision as platted in Plat Book 2 page 10 as recorded in the office of the Franklin County Clerk, without the consent of the purchaser.

(b) From the date of this agreement until the closing date, the sellers shall use their best efforts to:

(i) Afford purchaser, its accountants, counsel, technical advisors, and other representatives free and reasonable access during normal business hours to the equipment, facilities, records, files, contracts, agreements and books of account relating to the assets and the plant and furnish purchaser with all information concerning the assets and the plant as purchaser shall reasonably request;

(ii) Use their best efforts to continue in force policies of insurance which insure the assets and the plant with such amounts of coverage as are reasonably available, and continue in force all bonds, surety contracts, or guaranties relating to the plant set forth in any schedule to this agreement;

(iii) Not enter into any employment agreement relating to the plant with any person unless the sellers have the right to terminate such employment agreement

without liability;

(iv) Not knowingly take any action or omit to take any action which will result in the material violation by the sellers of any law applicable to this transaction or cause a material breach by the sellers of any of the representations and warranties of the sellers set forth in this agreement or any lease, agreement, contract, or commitment to which the sellers are parties;

(v) Use their best efforts to obtain prior to closing all consents by third parties required to be obtained by the sellers with respect to its performance of this agreement and cooperate fully with purchaser in connection with purchaser's requests and applications for the governmental authorizations which are necessary for the ownership and operation of the plant following the closing date;

(vi) Give purchaser written notification of any material changes taking place after the delivery of any schedules and other documents which would have been reflected in such documents had such changes occurred prior to the time such documents were first delivered.

(2) Obligations of purchaser prior to closing

From the date of this agreement until the closing date, purchaser shall:

(a) Not knowingly take any action or omit to take any action which will result in the material violation by purchaser of any law applicable to this transaction or cause a material breach by purchaser of any of the representations and warranties of purchaser set forth in this agreement; and

(b) Use its best efforts to obtain, prior to closing, all consents by third parties and all governmental authorizations which are necessary for purchaser's performance of this agreement or for purchaser's ownership and operation of the plant following the closing date.

(G) Conditions to purchaser's obligation

The obligation of purchaser to consummate on the closing date the transactions contemplated by this agreement will be subject to the satisfaction of each of the following conditions on or prior to the closing date, unless expressly waived by purchaser:

(1) Representations and warranties

The representations and warranties of the sellers contained in section (D) of this agreement shall be true and correct in all material respects on and as of the closing date as if made on and as of the closing date, except for changes resulting

from the ordinary course of the seller's business, or as contemplated by this agreement.

(2) Performance of this agreement

The sellers shall have performed and observed in all material respects its covenants and obligations as set forth in this agreement prior to or on the closing date.

(3) Litigation

There shall be no injunction, decree, or order issued by any court, governmental agency, or authority, or any litigation instituted by any governmental agency or authority challenging or seeking to prohibit or enjoin any of the transactions contemplated by this agreement.

(4) Condition of assets

A material portion of the assets shall not have been damaged or destroyed by fire, flood, or other casualty which is not covered by the seller's insurance.

(5) Material claims

No material claim shall have arisen, of which the sellers are aware, that is not adequately covered by insurance policies maintained by the sellers.

(H) Conditions to the seller's obligation

The obligation of the sellers to consummate on the closing date the transactions contemplated by this agreement will be subject to the satisfaction of each of the following conditions on or prior to the closing date, unless expressly waived by the sellers:

(1) Representations and warranties

The representations and warranties of purchaser contained in section (E) of this agreement shall be true and correct on and as of the closing date.

(2) Performance of this agreement

Purchaser shall have performed and observed in all material respects its covenants and obligations under this agreement prior to or on the closing date.

(3) Litigation

There shall be no injunction, decree, or order issued by any court, governmental

agency, or authority, or any litigation instituted by any governmental agency or authority, challenging or seeking to prohibit or enjoin any of the transactions contemplated by this agreement.

(I) Indemnification

(1) Indemnification by the sellers

After the closing date, the sellers shall indemnify and hold harmless purchaser against and in respect of:

(a) Any damage, deficiency, or costs resulting from any misrepresentation or breach of warranty or any nonfulfillment of any covenant or agreement on the part of the sellers under this agreement;

(b) Any damage, deficiency, or costs resulting from claims accruing prior to the closing date by a person, firm, or corporation other than a party to this agreement; and

(c) Any claim, action, suit, proceeding, demand, judgment, assessment, cost, and expense, including reasonable counsel fees, incident to any of the foregoing.

(2) Indemnification by purchaser

After the closing date, purchaser shall indemnify and hold harmless the seller against and in respect of:

(a) Any damage, deficiency, or costs resulting from any misrepresentation or breach of warranty or any nonfulfillment of any covenant or agreement on the part of purchaser under this agreement;

(b) Any damage, deficiency, or costs resulting from claims accruing after the closing date by a person, firm, or corporation other than a party to this agreement; and

(c) Any claim, action, suit, proceeding, demand, judgment, assessment, cost, and expense, including reasonable counsel fees, incident to any of the foregoing.

(J) Records and further assurances

After the closing, the sellers and purchaser shall make available to the other on reasonable request such books and records of that party as may be appropriate for use in connection with their respective tax returns, including any review thereof, and for any other reasonable purpose.

Either party shall, at the other party's request, execute and deliver such other instruments of conveyance and transfer and take such other actions as may be reasonably requested to

effectively carry out the terms and provisions of this agreement.

(K) Billing for year 2000

The parties agree that they will cooperate in coordinating advance invoicing for sewer service for the year 2000, which is contemplated to occur prior to the closing. The seller agrees, if the purchaser desires, to allow the purchaser to prepare and send out invoices in it's own name, in order to affect a smooth transition in billing.

(L) Notices

All notices, requests, consents, and other communications under this agreement shall be in writing and shall be mailed by first class, registered, or certified mail, postage prepaid, or sent via overnight courier service, or delivered personally:

If to purchaser, to:

Jim Owens
5125 Huntington Woods Road
Frankfort, Kentucky 40601

If to the sellers, to:

John P. Fehsal
4800 W. Leestown Rd.
Midway, KY 40347

or to such other address of which the addressee shall have notified the sender in writing. Notices mailed in accordance with this section shall be deemed given when mailed.

(M) Third party rights

It is the intention of the parties that nothing in this agreement shall be deemed to create any right with respect to any person or entity not a party to this agreement.

(N) Parties in interest; assignment

All covenants and agreements contained in this agreement by or on behalf of any of the parties to this agreement shall bind and inure to the benefit of their respective heirs, executors, successors, and assigns, whether so expressed or not. No party to this agreement may assign its rights or delegate its obligations under this agreement to any other person or entity without the express prior written consent of the other party.

(O) Contingency

The parties agree that this agreement is contingent upon approval by the Kentucky Public Service Commission of the sale of the assets to the purchaser.

(P) Construction; governing law

The table of contents and section headings contained in this agreement are inserted as a matter of convenience and shall not affect in any way the construction of the terms of this agreement. This agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.

(Q) Entire agreement; amendment and waiver

This agreement, including the schedules hereto, constitutes and contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes any prior writing by the parties. The parties may, by mutual agreement in writing, amend this agreement in any respect, and any party, as to such party, may in writing (1) extend the time for the performance of any obligations of any other party; (2) waive any inaccuracies in representations and warranties by any other party; (3) waive performance of any obligations by any other party; and (4) waive the fulfillment of any condition that is precedent to the performance by such party of any of its obligations hereunder. No such waiver shall be deemed to constitute the waiver of any other breach of the same or of any other term or condition of this agreement. Any such amendment or waiver must be signed by the party or an officer of the parties or party to such amendment or waiver.

(R) Severability

The invalidity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of the remaining provisions.

(S) Expenses

Each party to this agreement shall pay any and all fees and expenses that such party may incur in connection with the negotiation, execution, or closing of this agreement, ~~and the other transactions contemplated by this agreement shall be borne equally by the sellers and purchaser.~~ Notwithstanding the foregoing, the sellers shall pay any local and state taxes and fees assessed or due in connection with the sale of the assets to purchaser, including any transfer and sales taxes (other than income taxes).

J.F. Mc
U

(T) Schedules

The schedules attached to this agreement constitute a part of this agreement and are

incorporated herein by reference in their entirety as if fully set forth in this agreement at the point where first mentioned.

(U) Time of essence

Time is of the essence to the performance of the obligations set forth in this agreement.

(V) Termination

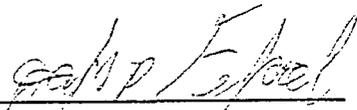
Anything contained in this agreement to the contrary notwithstanding, this agreement may be terminated at any time prior to the date of closing:

- (1) By the mutual consent of the sellers and the board of directors of the purchaser;
- (2) By any party to this agreement if the other party to this agreement shall have materially breached any of the representations and warranties of such other party set forth in this agreement and such other party shall have failed to cure such breach within 30 days after receipt of written notice of such breach.

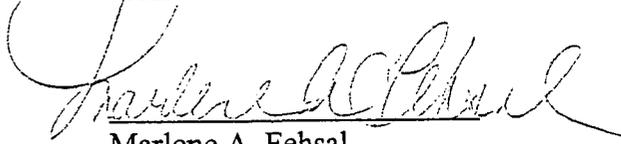
(W) Remedies

The sellers and purchaser represent and acknowledge that, because of the unique nature of the plant and the assets, failure of either party to carry out its obligation to perform this agreement on the closing date would cause irreparable injury; the sellers and purchaser accordingly agree that, in addition to any other remedies available to the sellers and purchaser, any such failure by either party to perform this agreement shall be subject to the remedy of specific performance.

IN WITNESS WHEREOF, the sellers and purchaser have caused this asset purchase agreement to be executed by their duly authorized officers as of the day and year first written above.


John P. Fehsal

Sellers:


Marlene A. Fehsal

Huntington Woods Neighborhood Association, Inc.

Purchaser:


Jim Owens, President

SCHEDULE A

1. Certificate of convenience and necessity to operate the Huntington Woods Sewage Treatment Plant issued by the Kentucky Public Service Commission.

~~2. Any and all licenses or approvals issued by Commonwealth of Kentucky, Division of Water and/or the Franklin County Health Department.~~

SCHEDULE B

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Being a portion of the same property conveyed to John P. Feshal and Marlene A. Feshal by a deed dated September 16, 1988 of record in deed book 356, page 7 in the office of the Franklin County Clerk.

Also all easements of record held by the grantors for the purpose of installing and maintaining sewer lines, equipment or pumping stations within the confines of Huntington Woods Subdivision.

SCHEDULE C

1. All sewer mains and sewer pipes contained within the confines of Huntington Woods Subdivision consisting of approximately 2 miles of 2 inch, 3 inch, 4 inch, 6 inch and 8 inch pipes.
2. One sewer pump station located at the end of Sleepy Hollow Drive.
3. All miscellaneous related items pertaining to the operation of the sewage treatment plant including spare parts.

~~See 35,000 -
See attached Schedule D~~

4. One 22,500 gallon sewage treatment package plant.
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6. One digester (approx. 7,000 gallons) and filter consisting of six (6) sand filter beds.
7. 12 x 14 utility shed.

JF
mf

Huntington Woods Sewer Plant

2 Building Lots #5 & #6

1- 22,500 gallon sewage treatment ptg. plant

1- 48,000 gallon " " "

1- digester (approx. 7000 gallons)

Sand filter consisting of 6 Sand filter Beds

12 x 14 Utility Shed

Add
to Schedule
C

Also; 2nd page

add GAS lights on front entrance
wall- we get billed for
these from western ky gas
each month

Fax

Please deliver immediately to:

Stewart Busch
of *Logan - Painter*

Fax number: *875-1113*

Fax received from:

Marlene Kheel

of:

Fax number: *695-9228*

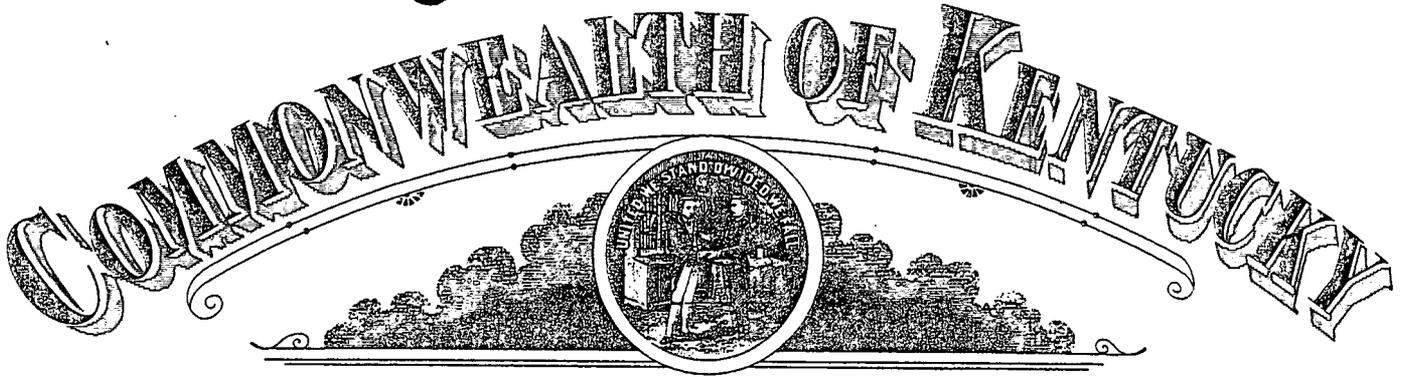
Date: *12/29/99*

Time:

Number of Pages: *3 inc. cover PAGE*

Subject: *H. W. Sewer*

Message:



John Y. Brown III
Secretary of State

Certificate of Existence

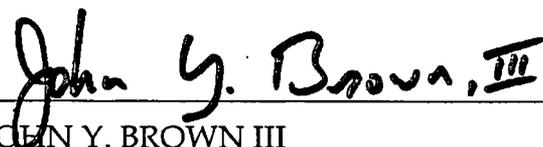
I, JOHN Y. BROWN III, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

HUNTINGTON WOODS ASSOCIATION, INC.

is a nonprofit corporation duly organized and existing under KRS Chapter 273, whose date of incorporation is October 28, 1994 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 29th day of December, 1999.



JOHN Y. BROWN III
Secretary of State
Commonwealth of Kentucky

Tmorgan/0337691

Huntington Woods Neighborhood
 Association, Inc.
 Balance Sheet
 For the Calendar Year Ended December 31,
 1999

ASSETS		LIABILITIES & EQUITY	
Cash-5/3 Checking Acct.	\$ 1,460.40	Liabilities	
		Equity	
		HWNA, Inc.	\$ 1,460.4
TOTAL ASSETS	\$ 1,460.40	TOTAL LIABILITIES & EQUITY	\$ 1,460.4

Huntington Woods Neighborhood Association, Inc.
 Income Statement
 For the Period January 1, 1999 through December 31,
 1999

REVENUES	
DUES	\$ 1,520.50
EXPENSES	
Copy Expense	\$ 42.00
Meeting Expense	14.10
Filing Fees Expense	<u>4.00</u>
TOTAL EXPENSES	<u>60.10</u>
NET INCOME	\$ 1,460.40

LAW OFFICES

WALTON & VANCE

113 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
(502) 227-4900
TELECOPIER (502) 223-7845

DAVID H. VANCE

May 24, 2000

RECEIVED
MAY 24 2000
PUBLIC SERVICE
COMMISSION

Anita L. Mitchell, Staff Attorney
Public Service Commission
211 Sower Boulevard,
P.O. Box 615
Frankfort, Kentucky 40602

Re: Application of Huntington Woods Neighborhood Association, Inc.
Case #99-515

Dear Ms. Mitchell:

Enclosed please find the accepted Articles of Amendment to the association's Articles of Incorporation which expands the purposes of the corporation beyond charitable issues to general issues pertaining to the social welfare of the neighborhood. We believe that this amendment gives the corporation clear authority to pursue the acquisition of the solid waste treatment plant.

Secondly, as you requested, the association is in agreement with granting the commission an additional fifteen (15) days in which to render a decision in this matter. I hope to have a financing approval application to you by the end of the week.

Sincerely,



David H. Vance

cc: Jim Owens

RECEIVED

MAY 24 2000

0465390.09

PUBLIC SERVICE
COMMISSION

ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF HUNTINGTON WOODS NEIGHBORHOOD ASSOCIATION, INC.
John P. Brown III
Secretary of State

Pursuant to the provisions of KRS 273.267, the undersigned corporation hereby executes these articles of amendment to its articles of incorporation.

Received and Filed
05/24/2000 1:25 AM

(A) The name of the corporation is Huntington Woods Neighborhood Association, Inc.

Fee Receipt: \$8.00

(B) The following amendments to the articles of incorporation were adopted by the members of the corporation on the 20th day of May, 2000, at a meeting at which a quorum was present upon a vote of at least two-thirds of the vote of members present or represented by proxy at such meeting, in the manner prescribed by the Kentucky Nonprofit Corporation Acts.

ARTICLE II

The corporation is organized and shall be operated exclusively for social welfare purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1954 (or corresponding provisions of any subsequent Federal tax laws), including for such purposes the making of distributions to organizations and individuals with the purpose of engaging in activity falling within the purposes of the Corporation and permitted for an organization exempt under said Section 501(c)(4).

The purpose of the Corporation shall be to promote and enhance the quality of life and sense of community among residents in the Huntington Woods subdivision area in Western Franklin County Kentucky through the spirit of cooperation; provide a unified voice for property owners on issues affecting the neighborhood and maintain and increase the value of personal and community properties.

ARTICLE IV

In carrying out the Corporate purposes described in Article II, the Corporation shall have all the powers granted by the laws of the State of Kentucky, including in particular those listed in Section 273.171 of the Kentucky Revised Statutes, except as follows and as otherwise stated in these Articles:

- (a) No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office; and
- (b) Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(4) of the Internal Revenue Code of 1954 or the corresponding provision of any subsequent Federal tax laws.

ARTICLE IX

In the event of the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, dispose of all assets of the Corporation exclusively for the purposes of the corporation, in such manner, or to such organizations organized and operated exclusively for purposes as shall at the time qualify as an exempt organization under Section 501(c)(4) of the Internal Revenue Code of 1954 or corresponding provisions of any subsequent Federal tax laws, as the Board of Directors shall determine.

HUNTINGTON WOODS NEIGHBORHOOD ASSOCIATION, INC.

5/20/2000
Date


President

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 05 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF HUNTINGTON WOODS)
NEIGHBORHOOD ASSOCIATION, INC.)
FOR TRANSFER OF OWNERSHIP) CASE NO. 99-515
OF THE SEWAGE TREATMENT PLANT)
OWNED BY JOHN AND MARLENE FEHSAL)
LOCATED IN HUNTINGTON WOODS)
SUBDIVISION)

**SUBMISSION OF ADDITIONAL INFORMATION AND
REQUEST FOR DETERMINATION AS NON-JURISDICTIONAL UTILITY**

Comes the Applicant, Huntington Woods Neighborhood Association, Inc., by counsel, and hereby requests that the Commission, after determining the appropriateness of the transfer to the Applicant, also determine that the Applicant to be considered a non-jurisdictional utility.

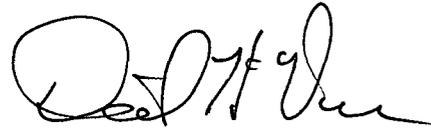
As support for this request, the Applicant would refer the Commission to the fact, as maintained in the Commission's records, that the Huntington Woods sewage treatment plant has formerly been recognized as non-jurisdictional. Only after the plant was purchased by a new developer, Mr. John Fehsal, did the plant come under the Commission's authority. Mr. Fehsal has now completed development of the subdivision and wishes to return the plant to the neighborhood association.

During the time of Mr. Fehsal's ownership of the plant, he has permitted one commercial business to access the plant for sewer services. This business is a gasoline station and convenience store known as Fast Break Shell on Highway 151, adjacent to the neighborhood, owned by WPB Oil, Inc. Of course, the association cannot curtail service to this commercial entity.

Therefore, the association would propose and would stipulate that it would not extend service to any other commercial entity or to any other person outside the boundaries of the Huntington Woods Subdivision. Furthermore, the association would allow Fast Break Shell (WPB Oil, Inc.) to become a full member of the association.

Also, for the Commission's consideration, the association submits the attached contract it has executed with Noel Norton, Class III Water Treatment Operator, for servicing the plant.

Respectfully submitted,



David H. Vance
WALTON & VANCE
113 West Main Street,
P.O. Box 5036
Frankfort, Kentucky 40602-5036

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on the following by placing same in U.S. Mail, postage prepaid, this 5th day of May 2000 to:

John Fehsal
4800 West Leestown Road
Midway, Kentucky 40347



March 12, 1999

Norton Environmental
Waste Water Treatment Plant Operations
Treatment Plant Proposal

To: Huntington Woods
James Owens, Pres.
HW HOA

This contract is agreed to for a period of one-year beginning the 1 day of JANUARY, and extending through the last day of Dec 31ST.

I Noel Norton, being a Kentucky licensed wastewater certified class III operator do hereby agree to perform treatment operations for the entity known as Huntington Woods in Franklin County, Kentucky.

The agreement contained herein will be that Noel Norton will be responsible for the operation and treatment of the plant located at Huntington Woods and owned by the entity HOA, on a daily basis for a total of 30 hours per month at the monthly rate of 700⁰⁰. Mr. Norton will bill any time accumulated by Mr. Norton in excess of the thirty hour month, at a rate of 15⁰⁰ per hour. PER MAN
NN

A) Operations of waste water treatment plant on a daily basis.

- B) Will perform all operations of said plant.
- C) Will check DMR'S, Daily monitoring, Reports, Will take and schedule any sampling of said waste water effluent per your KPDS permit.
- D) Will be responsible to meet with state inspector Probably, on a six month basis.
- E) Will perform any small maintenance needed, to be done, on said plant. Such as changing the blowers, belts, oil, cleaning of sand filters and defusers.

Electric motors, timers, motor starters, and heaters, are to be changed by licensed electricians, to ensure good working order.

The entity known as Hutington Woods will be responsible for the purchasing of any chemicals needed for the plants' operation and the expense of any pump trucks, contract labor or equipment replacement needed that may exceed the responsibility of the licensed operator, Mr. Norton.

In conclusion, the Norton Environmental Operations will perform to its' highest standards as licensed operators.

Agreed to;

By: *[Signature]* ^{HWMA, Inc.}
_{President}

1/11/2000
Date

Representative of: _____

By: *Noel Norton*
Noel Norton
Water Treatment Operator
Class III

Jan - 15 2000
Date

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HUNTINGTON WOODS)
NEIGHBORHOOD ASSOCIATION, INC.)
FOR TRANSFER OF OWNERSHIP) CASE NO. 99-515
OF THE SEWAGE TREATMENT PLANT)
OWNED BY JOHN AND MARLENE FEHSAL)
LOCATED IN HUNTINGTON WOODS)
SUBDIVISION)

O R D E R

On March 3, 1999, Huntington Woods Neighborhood Association, Inc. ("Neighborhood Association") applied to the Commission for authority to transfer ownership of the sewer treatment facility located in the Huntington Woods Subdivision, Frankfort, Franklin County, Kentucky.

On March 13, 2000, Commission Staff requested information, which is still outstanding, from the Neighborhood Association regarding its corporate charter. On April 13, 2000, the Neighborhood Association filed a motion requesting that an informal conference be scheduled.

KRS 278.020(5) requires the Commission to grant, modify, refuse or prescribe terms and conditions to an application for transfer of ownership within 60 days after the filing or on a later date mutually acceptable to the Commission and the acquirer – in this case, Neighborhood Association. On April 19, 2000, the Neighborhood Association filed a letter with the Commission stating that it agreed to grant the Commission a 30-day extension on its statutory review period.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the Neighborhood Association's motion for an informal conference should be granted.

IT IS THEREFORE ORDERED that:

1. An informal conference shall be held on May 2, 2000, at 3:00 p.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky.

2. The time in which the Commission is to render a decision in this case shall be extended to June 1, 2000.

Done at Frankfort, Kentucky, this 1st day of May, 2000.

PUBLIC SERVICE COMMISSION

ATTEST:


Executive Director

LAW OFFICES

WALTON & VANCE

113 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
(502) 227-4900
TELECOPIER (502) 223-7845

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DAVID H. VANCE

APR 20 2000

GENERAL COUNSEL

April 19, 2000

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PUBLIC SERVICE
COMMISSION

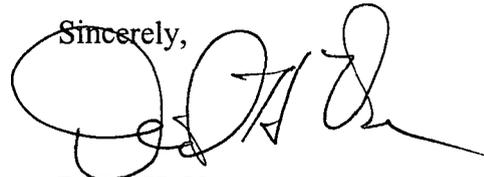
Anita L. Mitchell, Staff Attorney
Public Service Commission
211 Sower Boulevard,
P.O. Box 615
Frankfort, Kentucky 40602

Re: Application of Huntington Woods Neighborhood Association, Inc.
Case #99-515

Dear Anita:

Pursuant to our telephone request, please be advised that I have agreed to a thirty day extension of the time frame for the PSC's consideration of the transfer application referenced above.

Sincerely,



David H. Vance

cc: Jim Owens

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

APR 13 2000

PUBLIC SERVICE
COMMISSION

RE: Case# 1999-515 Huntington Woods Neighborhood Association, Inc.

MOTION FOR INFORMAL CONFERENCE

Comes the applicant, by counsel, and hereby moves for an informal conference with Commission counsel and staff pertaining to the following issues:

1. The ultimate status of the applicant as a jurisdictional or non-jurisdictional utility.
2. If the applicant is determined to be a jurisdictional utility, the nature of the regulatory requirements that would be imposed upon the utility by the commission.

Respectfully submitted,



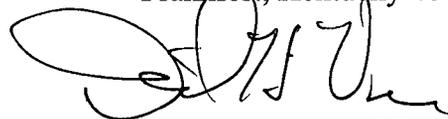
David H. Vance
WALTON & VANCE
113 West Main Street,
P.O. Box 5036
Frankfort, Kentucky 40602-5036

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on the following by placing same in U.S. Mail, postage prepaid, this the 13th day of April, 2000 to:

John Feshal
4800 West Leestown
Midway, Kentucky 40347

Anita Mitchell
P.O. Box 615
Frankfort, Kentucky 40602





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
 211 SOWER BOULEVARD
 POST OFFICE BOX 615
 FRANKFORT, KENTUCKY 40602
 www.psc.state.ky.us
 (502) 564-3940
 Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

Paul E. Patton
Governor

March 23, 2000

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MAR 23 2000

PUBLIC SERVICE
 COMMISSION

David Vance, Esq.
 Walton & Vance
 113 West Main Street
 Frankfort, Kentucky 40601

RE: Application of Huntington Woods Neighborhood Association, Inc.
 Case No. 99-515

Dear Mr. Vance:

In reviewing the Articles of Incorporation filed by Huntington Woods Neighborhood Association, Inc. ("Huntington"), I note that the corporation is organized to operate exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954 (or corresponding provisions of any subsequent Federal tax laws). While the second paragraph of Article II states that the purpose of the corporation is to promote and enhance the quality of life and sense of community among the residents of Huntington Woods subdivision, paragraph (b) of Article IV states that "notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any subsequent Federal tax laws." Section 501(c)(3) provides:

(c) List of exempt organizations. – The following organizations are referred to in subsection (a): . . . (3) Corporations, and any community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation



David Vance, Esq.
March 23, 2000
Page 2

(except as otherwise provided in subsection (h), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

In light of the foregoing explicit limitations on Huntington's corporate authority, Staff requests that you provide a legal opinion explaining whether Huntington can permissibly engage in the provision of sewer service under its current corporate charter.

If you have any questions, please do not hesitate to call me at (502) 564-3940.

Sincerely,



Anita L. Mitchell
Staff Attorney

cc Main Case File ✓





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 15, 2000

Jim Owens
5125 Huntington Woods Road
Frankfort, KY. 40601

John P. Fehsal
4800 West Leestown Road
Midway, KY. 40347

Honorable David H. Vance
Attorney for Huntington Woods
Walton & Vance
113 West Main Street
Frankfort, KY. 40601

RE: Case No. 1999-515
HUNTINGTON WOODS NEIGHBORHOOD ASSOC.

The Commission staff has reviewed your response of March 3, 2000 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-3940.

Sincerely,

Stephanie D. Bell
Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

FILED
JAN 08 2000
PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
DEC 30 1999
PUBLIC SERVICE
COMMISSION

APPLICATION FOR TRANSFER OF OWNERSHIP
OF SEWAGE TREATMENT FACILITY

CASE 99-515

The petition of Huntington Woods Neighborhood Association, Inc. respectfully shows:

(A) That the applicant is a Kentucky non-profit corporation functioning as a neighborhood association for the Huntington Woods Subdivision located in Frankfort, Kentucky, Kentucky.

FILED
MAR 03 2000
PUBLIC SERVICE
COMMISSION

(B) That the post office address of the applicant is P.O. Box 4034, Frankfort, Kentucky 40604-4034.

(C) That the applicant seeks to transfer ownership of the sewage treatment plant currently operated for the benefit of the Huntington Woods Subdivision and currently owned by John and Marlene Fehsal, 4800 West Leestown Road, Midway, Kentucky 40347. The applicant and the Mr. and Mrs. Fehsal have entered into an asset purchase agreement dated December 23, 1999 (attached hereto as exhibit A).

(D) The applicant, Huntington Woods Neighborhood Association, Inc., seeks approval of this transfer and the applicant states that it has the financial, technical and managerial abilities to provide reasonable service. Specifically, the applicant has entered into a contract with a certified sewage treatment plant operator, Noel Norton, to provide the necessary technical and managerial experience needed to run the plant.

(E) The applicant seeks waiver of the requirement for a third party beneficiary agreement or proof of financial integrity, given that it is a neighborhood association which only seeks to provide services to its members.

LAW OFFICES

WALTON & VANCE

113 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
(502) 227-4900
TELECOPIER (502) 223-7845

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MAR 3 2000

GENERAL COUNSEL DAVID H. VANCE

March 2, 2000

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MAR 03 2000

PUBLIC SERVICE
COMMISSION

Anita L. Mitchell, Staff Attorney
Public Service Commission
211 Sower Boulevard,
P.O. Box 615
Frankfort, Kentucky 40602

Re: Application of Huntington Woods Neighborhood Association, Inc.
Case #99-515

Dear Ms. Mitchell:

At your request, I am forwarding additional information to you that will hopefully complete the application of my client, Huntington Woods Neighborhood Association, Inc. This information includes:

- a balance sheet dated December 31, 1999 and an income statement for the year of 1999.
- the restrictions for the Huntington Woods Subdivision
- the bylaws of the Huntington Woods Neighborhood Association, Inc.

In our telephone conversation, you had expressed concern about the financial ability of Huntington Woods Neighborhood Association, Inc. to operate the sewage treatment plant. Please refer to paragraph #15 of the restrictions which authorizes the neighborhood association to assess residents and lot owners for common facilities and services. Please note that the Huntington Woods Neighborhood Association, Inc. is the successor in interest to the former Huntington Woods Subdivision Lot Owners Association.

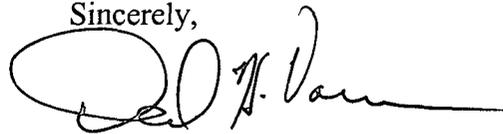
Secondly, you should be aware that, under the agreement for purchase from John and Marlene Fehsal, the association obtained the right to operate the plant beginning January 1, 2000. I specifically discussed this issue with Jerry Weutcher, who indicated that there would not be a problem in beginning operations, as long as an application was pending before the PSC. In beginning operations, the association was able to utilize the funds which had been prepaid for the year 2000 by subdivision residents. These funds have been sufficient to allow for the initial operation of the plant until regular monthly payments were received.

Finally, you should be aware that there is only one non-homeowner which receives

service from the Huntington Woods Sewage Treatment Plant. A few years ago, Mr. Fehsal allowed the owner of commercial property adjacent to the subdivision on Highway 151 to tap into the plant. The neighborhood association would propose to continue providing service to this commercial property (a gas station and convenience store known as Fast Break Shell) only on the condition that this commercial property owner maintain its membership in the neighborhood association.

If you have any other questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "D. H. Vance". The signature is fluid and cursive, with a large initial "D" and a long horizontal stroke at the end.

David H. Vance

cc: Jim Owens

**Huntington Woods Neighborhood
Association, Inc.
Balance Sheet
For the Calendar Year Ended December 31,
1999**

ASSETS		LIABILITIES & EQUITY	
Cash-5/3 Checking Acct.	\$ 1,460.40	Liabilities	
		Equity	
		HWNA, Inc.	\$ 1,460.4

TOTAL ASSETS	\$ 1,460.40	TOTAL LIABILITIES & EQUITY	\$ 1,460.4

**Huntington Woods Neighborhood Association, Inc.
Income Statement
For the Period January 1, 1999 through December 31,
1999**

REVENUES	
DUES	\$ 1,520.50
EXPENSES	
Copy Expense	\$ 42.00
Meeting Expense	14.10
Filing Fees Expense	<u>4.00</u>
TOTAL EXPENSES	<u>60.10</u>
NET INCOME	\$ 1,460.40

RECEIVED

**By-Laws of
Huntington Woods Neighborhood Association, Inc.**

MAR 03 2000

PUBLIC SERVICE
COMMISSION

I. QUARTERLY MEETINGS

Quarterly meetings of the directors of the Association shall be held in the third week of January, April and July. Notice of the time and place of said meetings shall be distributed to all members of the Association by the Secretary and any member may attend. In October each year, there shall be an annual meeting of the members with an election of officers and directors of the Association. The names, addresses and any biographical data, if available, of any nominees for officers of directors positions shall be included in the notice of the regular October meeting, including a statement that additional nominations can be made from the floor by any voting member during the meeting. (Written consent of nominees must be obtained before nomination.)

II. SPECIAL MEETINGS

Irregular or special meetings of the members of the Association shall be called by a majority vote of the Board of Directors of the Association, or by the President upon written request of 25 percent of the voting membership. A call of a special meeting shall be set forth in writing, stating the purpose or purposes of said meeting and no other business shall be transacted at any special meeting. A notice of any special meeting shall be mailed to all members of the Association by the Secretary of the Association, said notice to contain the purpose or purposes of said meeting. The place of said meeting shall be designated by the Board of Directors, if the Board calls the meeting, or by the President of the Association, if the President calls the meeting, provided, however, that said meeting shall be held in Franklin Co., Kentucky.

III. NOTICE OF MEETINGS

Any notice of any meeting as required under these By-laws, shall be personally delivered or mailed to every member of the Association at least one week in advance of the date of the meeting. Upon the unavailability of the Secretary to give proper notice of any meeting called, such notice may be given by any member of the Association.

IV. MEMBERSHIP

Voting Membership:

Voting Membership in the Association shall be extended to home and/or property owners in the geographical area of the Huntington Woods Neighborhood (see map attached) upon payment of annual dues; and may be extended to any interested person or family, if so allowed by a majority vote of the Association Voting Membership, upon payment of annual dues, and may be extended to any group, corporation or association, if so allowed by a majority of vote of the Association Voting Membership, upon payment of annual dues. The payment of dues affords membership for the calendar year in which said dues are paid.

Non-Voting Membership:

Non-voting membership in the Association shall be extended to home or property owners in the geographical area of the Huntington Woods Neighborhood. Non-voting membership is solely for Huntington Woods residents who do not pay annual dues to the Association. Non-voting membership may be extended to any interested persons or families, group, corporation or association. Non-voting membership provides for notice of and attendance at Association meetings and events. Non-voting membership does not provide home and property owners in Huntington Woods a vote on business before the Association at meetings.

V. QUORUMS

Twenty-five percent of the Voting Membership shall constitute a quorum for any meeting of the Association and a majority of the directors shall constitute a quorum for the Board of Directors.

VI. PROXIES

A Voting Member of the Association may cast their vote by proxy.

VII. DUES

Annual dues for Voting members are twenty-five dollars (\$25.00) per property owner or family. Paid up household members are entitled to one vote or proxy at each meeting. Members admitted after January shall pay dues on a quarterly pro-rata basis.

VIII. BOARD OF DIRECTORS

The Board of Directors shall consist of seven(7) Voting Members. At the Annual meeting in October of odd number years, the Voting members of the Association shall elect no less than 3 directors to serve two-year terms. In even numbered years, no less than 4 directors shall be elected for two-year terms. Each director shall be elected according to the rules of voting as set forth in the Bylaws. Each Director must be a voting member of the Huntington Woods Homeowners Association.

IX. DIRECTORS MEETING

The Directors shall meet quarterly in Franklin County, KY or within a reasonable vicinity, whenever called together by the President of the Association, or may be called together by any four(4) Directors, in the same manner that the President may call a meeting. Notice of any meeting of the Board of Directors shall be given in writing, by phone, or in person at least 3 days in advance. Such notice shall contain the time and place of the meeting. Notice of the meeting may be waived by all of the Directors. The Board of Directors shall adopt such rules and regulations for the conduct of its meetings and for the conduct of the business of the Association as are not inconsistent with the laws of the Commonwealth of Kentucky, the Articles of Incorporation, or its By-laws. Meetings shall be conducted by Robert's Rules of Order.

X. EXECUTIVE COMMITTEE

Once seated, the Board of Directors shall elect Officers to serve on an Executive Committee from among themselves for the positions of President, Vice-President, Secretary, and Treasurer. The Board of Directors may combine any two of these offices, or fill the offices on a rotating basis. All such officers shall be voting members of the Board of Directors. The President shall be the Chief Executive Officer in charge of the Association, and shall preside at all meetings of the Board of Directors and at all membership meetings. The Vice President shall assume responsibilities of the President, should the President be absent or incapacitated. The Secretary shall keep minutes of all of the meetings of the Board of Directors and the membership meetings, and shall be in charge of all correspondence of the Association. The Treasurer shall have charge of all financial records of the Association. The immediate past-president, if not a current member of the Board of Directors, is an ex-officio member of the executive committee for one term following service, but does not have a vote at directors meetings.

XI. VACANCIES

If a vacancy occurs on the Board of Directors or in any office before expiration of the current term, the Board of Directors may fill the vacancy for the remainder of the term. The Board of Directors may declare vacant the seat of any board member or officer who fails to attend 3 consecutive board meetings without excuse, and fill the vacancy as described above.

XII. VOTING

A majority vote of voting members present, in person or by proxy, shall determine all questions at any meeting, except in those instances where the manner of procedure set out by By-laws, the Articles of Incorporation, or the laws of the Commonwealth of Kentucky are to the contrary. Any Voting member in good standing may vote on any and all matters at a regular or special meeting of the Corporation, provided however, that each household shall possess one (1) vote for that family, which vote may be cast singularly or fractionally by half (1/2) for that family.

XIII. AMENDMENTS

These By-laws may be amended by a two-thirds (2/3) majority of the Voting members of the Corporation present at a properly called meeting, or present by way of proxy at said properly called meeting; provided, however, that no amendment thereto shall be acted upon at any meeting unless the proposed amendment is set forth at length in the notice of such meeting. Any person desiring to submit an amendment to the By-laws shall furnish a copy of the same to the Secretary of the Corporation two weeks prior to said meeting to allow for distribution by the secretary.

XIV. ASSESSMENTS

Each member shall be assessed an equal portion of any expenses authorized by a majority of the membership which cannot be covered by funds in the Association treasury. However, the Board of Directors may limit assessments to only the members directly affected by small projects.

XV. EXPENSES

The Board of Directors is authorized to spend up to one-hundred dollars \$500.00 per incident to cover expenses related to the operation of the Association or the enforcement of the subdivision deed restrictions.

XVI. ASSOCIATION BOUNDARIES

The Huntington Woods Neighborhood Association will represent home and property owners on Huntington Woods Road, Foxwood Road, Hickory Drive, Cottonwood Drive, Stagecoach Road, Sleepy Hollow Road and Woodcliff Road.

Adopted this 23rd day of January, 1999 by the Board of Directors of Huntington Woods Neighborhood Association, Inc.

Rick Grant / dhw

Secretary

627

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MAR 03 2000

PUBLIC SERVICE
COMMISSION

AMENDED AND SUBSTITUTED
DECLARATION OF RESTRICTIONS
FOR
HUNTINGTON WOODS
SUBDIVISION

FILED

DEC 14 2 26 PM '99

LLOYD T. RUSSELL CPCC
BY

DC

K & T Development, Inc. being the sole owner and developer of all lots in Plats #3 and #4 of Huntington Woods Subdivision intending to establish a general plan for the use, occupancy and enjoyment of said subdivision hereby declare that, for the mutual benefit of its present and future owners, all lots in Plats #3 and #4 of Huntington Woods Subdivision as described on the General Plat of Huntington Woods Subdivision as recorded in Plat Book 2 Page 10, and amendments thereto, of the Franklin County Court Clerk shall be subject to each of the following restrictions, covenants, and provisions:

1) Each lot shall be used exclusively for the purpose of constructing one (1) single-family residence thereon and structures and facilities as authorized herein appurtenant to such residence.

2) No dwelling shall be erected on said property having less than the following minimum square footage requirements; said requirements excluding porches, carports, breezeways, attics, basements, etc.:

One-Story Dwelling	1100 square feet
One and One Half Story	1300 square feet
Two Story and Other Multi-Level Dwellings	1400 square feet

Whenever any question arises as to the classification of any proposed structure or its compliance with the provisions of these restrictions, the decision shall be made by the Huntington Woods Subdivision Lot Owners Association as set out below.

3) No improvements, structures, or other appurtenances shall be placed, constructed or permitted to remain upon any lot until the plans and specifications thereof shall have been submitted to and approved by the Huntington Woods Subdivision Lot Owners Association. Such plans and specifications shall be drawn to scale and shall show as to each such improvement, structure of appurtenance, all floor plans, elevation drawings of every side, the type, style, color, and finish of all materials to be used, a plot plan with grade elevations showing the location of each such improvement, structure, and appurtenance upon such lot, a site plan showing landscape design including driveway, areas to be sodded, and the removal of any trees. The term "appurtenance" shall mean anything placed, constructed, or permitted to remain upon any lot. Approval granted hereunder shall be void six (6) months after the granting thereof unless renewed or substantial construction has commenced. Approval must be in writing and must be obtained prior to commencing construction.

4) All front yard and, on corner lots, the side yard facing the street shall be sodded from the residence to the street as soon as practicable after construction is substantially complete. Variance to this restriction may be granted by the Huntington Woods Subdivision Lot Owners Association at its discretion for good cause.

LAW OFFICES
MATTHEWS
WALTERS NEAL
BRIZENDINE
& STEWART
FOUNTAIN SQUARE
P.O. BOX 47
SHELBYVILLE, KY.
40065
(502) 633-2966

5) All dwellings must have a driveway of asphalt or concrete which will provide for not less than two (2) off street parking spaces. Each driveway entrance shall be constructed so as to follow the contour of the established street-side swale or valley so as to eliminate the use of entrance culverts, unless, because of conditions peculiar to any lot, the Huntington Woods Subdivision Lot Owners Association authorizes the use of a culvert. Driveways will be completed within ninety (90) days of substantial completion of the residence and thereafter maintained in good condition of repair.

6) No animals or livestock other than ordinary household pets, and no animals of any description which constitute a nuisance or a threat of danger to persons or property shall be kept upon any lot, nor shall animals of any description be kept for boarding, breeding or commercial purposes. Permitted animals shall be restrained to the owner's premises at all times unless upon a leash. All animal facilities such as dog houses shall be kept in the rear of the residence in such a manner as to cause them to be screened from view from the street.

7) Except during construction upon a lot, there shall be no burning of trash, and refuse containers shall not be visible from the street. All clothes lines and security lights must be placed to the rear of the residence.

8) No noxious or offensive condition or activity shall be carried on upon any lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. All lots shall be kept mowed and free of trash.

9) Unattached garages shall be permitted if accepted under restriction #3 and must be not less than twenty (20) feet to the rear of the front building line of the principle dwelling and of the same outside material. No accessory buildings may be constructed prior to construction of the principle dwelling. No habitation may commence prior to the completion of the residence.

10) Minimum building lines are as follows, as measured from the property line:

Front Yard Minimum	30 feet
Side Yard Minimum	15 feet
Rear Yard Minimum	40 feet

Dwellings may be placed anywhere within the above minimum requirements as approved by the Huntington Woods Subdivision Lot Owners Association under restriction #3.

11) No trade, business, or commerce of any kind shall be carried on upon any lot. No signs for advertising or for any other purpose shall be displayed on any lot, except one sign advertising the sale or rent thereof; which sign shall not be greater than nine (9) square feet.

12) No tree with a trunk larger than two (2) inches shall be removed from any lot without the prior written consent of the Huntington Woods Subdivision Lot Owners Association.

13) Construction work on any building shall be completed within six (6) months of the commencement thereof.

14) No vehicles which may be wrecked, damaged or inoperable, no vehicles designed or intended for use or customarily used for commercial purposes, no tractors or other farm implements shall be

stored, kept, or left standing upon any lot or street. Recreational vehicles, boats, trailers, etc. shall be stored in such a manner as not to be in view from the street.

15) The Huntington Woods Subdivision Lot Owners Association shall have the right to install and otherwise make available such common facilities and services as may be deemed reasonable or necessary for the general health, safety, welfare, or convenience of the majority of residents and lot owners, or as may be required by any governmental agency and each lot owner shall be liable to the Huntington Woods Subdivision Lot Owners Association for its or their pro-rata portion of the reasonable cost of providing, continuing, maintaining, serving, repairing and replacing such facilities and service, including a reasonable fee for administering same. The amount chargeable against each lot owner shall be an amount which bears the same proportion to the total of all such costs as the lots owned by such lot owner bears to the total lots covered herein. Said amount shall constitute a lien, enforceable by the Huntington Woods Subdivision Lot Owners Association. - see DB290 P516

16) It shall be lawful for any person or persons owning any real property situated in said subdivision to prosecute any proceedings in law or in equity against the person or persons violating or attempting to violate any of the covenants herein and either to prevent it or them from so doing, or to recover damages or other dues for such violation. Violation of any of the restrictions shall give the Huntington Woods Subdivision Lot Owners Association or its designee the right to enter unto the property upon which violation exists and to abate summarily, at the expense of its owner, anything or any condition that may exist there in violation of these restrictions, and the Huntington Woods Subdivision Lot Owners Association or its designee shall not thereby be deemed guilty of trespass for such entry and abatement. Said expense of the owner shall be a lien against his real property on which the violation occurs, enforceable by Huntington Woods Subdivision Lot Owners Association.

17) The Huntington Woods Subdivision Lot Owners Association shall consist of the developer K & T Development, Inc., through its President, W. Timothy Finn, II, and four (4) other lot owners of Huntington Woods Subdivision, who shall be elected by all lot owners by a plurality vote. The formation of the Huntington Woods Subdivision Lot Owners Association shall occur one year after the date of the first lot sale of Huntington Woods Subdivision. Until that time all decisions set out herein to be made by the Huntington Woods Subdivision Lot Owners Association shall be made by the developer whose decision shall be final.

A majority of the association may designate a representative to act for it and may adopt rules, by laws, and procedures to perform the duties set out for them herein. In the event of death or resignation of any member of the association, the remaining members shall have full authority to designate a successor or successors, said successor must be a lot owner.

The association's approval or disapproval as required by those restrictions shall be in writing. In the event the association fails to approve or disapprove within 30 days after a question or plans and specifications has been submitted to it, approval will not be required and the restrictions shall be deemed to have been fully complied with.

18) It is the intent of these provisions to insure, among other things, that the improvements placed upon any lot shall be suited to the site on which placed, and in harmony with the character and design of improvements placed upon other lots. The herein enumerated restrictions, rights, reservations, limitations, agreements, covenants, and conditions shall be deemed as covenants and shall run with the land and shall bind the Grantee, its successors and assigns until the 1st day of January 1987. Said covenants

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& STEWART
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P.O. BOX 47
SHELBYVILLE, KY.
40065
(502) 633-2966

shall be automatically extended for successive periods of ten (10) years, unless by vote of the majority of the then owners of the lots of said property it is agreed to change the covenants in whole or in part.

19) Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect. The above covenants shall be incorporated by reference in every deed hereafter issued conveying any lot.

K & T DEVELOPMENT, INC.

By: W. Timothy Finn, II, President
W. TIMOTHY FINN, II

Attest: Ken W. Marshall Secretary
Ken W. Marshall

STATE OF KENTUCKY
COUNTY OF

On this 23rd day of November, 1976, before me personally came W. Timothy Finn, II of K & T Development, Inc. and Ken W. Marshall of K & T Development, Inc., to me known who, being duly sworn, did jointly and severally depose and say that they are respectively the President and Secretary of the K & T Development, Inc., the Corporation described in and which executed the foregoing instrument and that they have signed their names to said instrument as the act and deed of said Corporation.

My commission expires 9-5-78

This instrument was prepared by
Matthews Walters Neal Brizendine
and Stewart, Attorneys at Law,
P. O. Box 47, Shelbyville, Kentucky

By: Gregg Neal

Gregg Neal
NOTARY PUBLIC, State of Kentucky KENTUCKY

STATE OF KENTUCKY } SCT.
COUNTY OF FRANKLIN }
I, LLOYD T. RUSSELL, CLERK OF SAID
COUNTY COURT, HEREBY CERTIFY
THAT THE FOREGOING INSTRUMENT
HAS BEEN DULY RECORDED Deed
BOOK 276 PAGE 927 IN MY
SAID OFFICE 12/14/76
LLOYD T. RUSSELL, CLERK
BY G. Neal D. C.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

Paul E. Patton
Governor

February 17, 2000

David Vance, Esq.
Walton & Vance
113 West Main Street
Frankfort, Kentucky 40601

RE: Application of Huntington Woods Neighborhood Association, Inc.
Case No. 99-515

Dear Mr. Vance:

This letter is to commemorate our telephone conversation of Tuesday, February 15, 2000, wherein I informed you that further review of the application filed by Huntington Woods Neighborhood Association, Inc. ("Huntington Woods") revealed certain filing deficiencies. I understand that a letter was sent to you in error on February 3, 2000 stating that the minimum filing requirements had been met. I sincerely apologize to you and your client for this oversight.

As I informed you, Huntington Woods must file financial information sufficient for the Commission to make a determination that Huntington Woods has the financial ability to provide reasonable service. As we discussed, an income statement, a balance sheet, and documentation stating that Huntington Woods has the authority to collect dues from its members are all examples of the type of information required. In addition to supplying this information, you agreed to file the By-Laws and/or Restrictions of Huntington Woods.

The statutory time period in which the Commission must process this case will not commence until all filing requirements have been met. I again apologize for any delay this may cause your client. However, I assure you that once all the filing requirements are satisfied, the Commission will process your application as expeditiously as possible.

Sincerely,


Anita L. Mitchell
Staff Attorney

cc Main Case File





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

February 3, 2000

Jim Owens
5125 Huntington Woods Road
Frankfort, KY. 40601

John P. Fehsal
4800 West Leestown Road
Midway, KY. 40347

Honorable David H. Vance
Attorney for Huntington Woods
Walton & Vance
113 West Main Street
Frankfort, KY. 40601

RE: Case No. 1999-515
HUNTINGTON WOODS NEIGHBORHOOD ASSOC.

The Commission staff has reviewed your response of January 6, 2000 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

FILED
JAN 03 2000
PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION

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DEC 30 1999
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COMMISSION

APPLICATION FOR TRANSFER OF OWNERSHIP
OF SEWAGE TREATMENT FACILITY

Case 99-515

The petition of Huntington Woods Neighborhood Association, Inc. respectfully shows:

(A) That the applicant is a Kentucky non-profit corporation functioning as a neighborhood association for the Huntington Woods Subdivision located in Frankfort, Franklin County, Kentucky.

(B) That the post office address of the applicant is P.O. Box 4034, Frankfort, Kentucky 40604-4034.

(C) That the applicant seeks to transfer ownership of the sewage treatment plant currently operated for the benefit of the Huntington Woods Subdivision and currently owned by John and Marlene Fehsal, 4800 West Leestown Road, Midway, Kentucky 40347. The applicant and the Mr. and Mrs. Fehsal have entered into an asset purchase agreement dated December 23, 1999 (attached hereto as exhibit A).

(D) The applicant, Huntington Woods Neighborhood Association, Inc., seeks approval of this transfer and the applicant states that it has the financial, technical and managerial abilities to provide reasonable service. Specifically, the applicant has entered into a contract with a certified sewage treatment plant operator, Noel Norton, to provide the necessary technical and managerial experience needed to run the plant.

(E) The applicant seeks waiver of the requirement for a third party beneficiary agreement or proof of financial integrity, given that it is a neighborhood association which only seeks to provide services to its members.

LAW OFFICES

WALTON & VANCE

113 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
(502) 227-4900
TELECOPIER (502) 223-7845

DAVID H. VANCE

January 6, 2000

RECEIVED

JAN 06 2000

PUBLIC SERVICE
COMMISSION

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

CASE 99-515

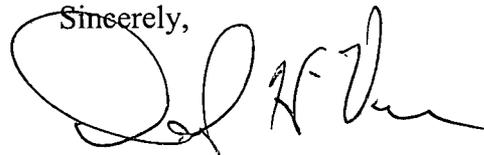
Re: Application of Huntington Woods Neighborhood Association, Inc.

To whom it may concern:

After filing of the application of Huntington Woods Neighborhood Association, Inc. for transfer of ownership of the sewage treatment facility, it came to our attention that the Certificate of Existence was attached to the application for Huntington Woods Association, Inc., which is the incorrect corporation. Therefore, I have attached the original and ten copies of the certified Articles of Incorporation of Huntington Woods Neighborhood Association, Inc. which should be substituted for the erroneous document.

Please call if you have any questions.

Sincerely,



David H. Vance

JAN 06 2000

PUBLIC SERVICE
COMMISSION



JOHN Y. BROWN III
SECRETARY OF STATE

CERTIFICATE

I, JOHN Y. BROWN III, Secretary of State for the Commonwealth of Kentucky, do certify that the foregoing writing has been carefully compared by me with the original record thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of ARTICLES OF INCORPORATION OF

HUNTINGTON WOODS NEIGHBORHOOD ASSOCIATION, INC. FILED NOVEMBER 30, 1998.

IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal.

Done at Frankfort this 4TH day of

JANUARY, 20 00

John Y. Brown III
 Secretary of State, Commonwealth of Kentucky

0465390

RECEIVED & FILED
8.00

Nov 30 3 33 PM '96

SECRET

ARTICLES OF INCORPORATION
for

HUNTINGTON WOODS NEIGHBORHOOD ASSOCIATION, INC.

The undersigned incorporator executes these articles of incorporation for the purpose of forming and does hereby form a nonprofit corporation under the laws of the Commonwealth of Kentucky, KRS 273.161 et seq. in accordance with the following provisions.

ARTICLE I

The name of the corporation is Huntington Woods Neighborhood Association, Inc.

ARTICLE II

The corporation is organized and shall be operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954 (or corresponding provisions of any subsequent Federal tax laws), including for such purposes the making of distributions to organizations and individuals of the purpose of engaging in activity falling within the purposes of the Corporation and permitted for an organization exempt under said Section 501(c)(3).

The purpose of the Corporation shall be to promote and enhance the quality of life and sense of community among residents in the Huntington Woods subdivision area in Western Franklin County Kentucky through the spirit of cooperation; provide a unified voice for property owners on issues affecting the neighborhood and maintain and increase the value of personal and community properties.

ARTICLE III

The Corporation shall be irrevocably dedicated to and operated exclusively for non-profit purposes. No part of the net earnings of the Corporation shall inure to the benefit of or be distributed to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article II herein.

ARTICLE IV

In carrying out the Corporate purposes described in Article II, the Corporation shall have all the powers granted by the laws of the State of Kentucky, including in particular those listed in Section 273.171 of the Kentucky Revised Statutes, except as follows and as otherwise stated in

these Articles:

- a) no substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office, and
- b) notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any subsequent Federal tax laws.

ARTICLE V

The business and affairs of the corporation shall be governed by a board of directors. The twelve members of the initial board of directors shall serve until the first annual election of directors and until their successors are elected and qualify. The names and mailing addresses of the initial directors are:

Charlie Bonta
1220 Fox Wood Rd
Frankfort, KY 40601

Ferry Gabhart
5368 Sleepy Hollow Rd
Frankfort, KY 40601

Jim Owens
5125 Huntington Woods Rd
Frankfort, KY 40601

Bill Buckman
1429 Stagecoach Rd
Frankfort, KY 40601

Rick Grant
5222 Huntington Woods Rd
Frankfort, KY 40601

Ray Smith
5204 Huntington Woods Rd
Frankfort, KY 40601

Brad Chase
5041 Huntington Woods Rd
Frankfort, KY 40601

Jodie Hillard
1428 Stagecoach Rd
Frankfort, KY 40601

Jennie Smither
5325 Sleepy Hollow Rd
Frankfort, KY 40601

Jerry Clevinger
5009 Huntington Woods Rd
Frankfort, KY 40601

Sherry Johnson
5313 Sleepy Hollow Rd
Frankfort, KY 40601

Marty White
1416 Stagecoach Rd
Frankfort, KY 40601

ARTICLE VI

The street address of the initial registered office of the corporation is 5356 Sleepy Hollow Drive, Frankfort, Kentucky 40601.

The name of the initial registered agent at that address is David H. Vance.

ARTICLE VII

The mailing address of the principal office of the corporation is 5368 Sleepy Hollow Drive, Frankfort, Kentucky 40601.

ARTICLE VIII

The officers and members of this Corporation shall not be held personally liable for any debt or obligation of the Corporation solely because of their position as officers and members of the Corporation.

ARTICLE IX

In the event of the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, dispose of all assets of the Corporation exclusively for the purposes of the corporation, in such manner, or to such organizations organized and operated exclusively for charitable or education purposes as shall at the time qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954 or corresponding provisions of any subsequent Federal tax laws, as the Board of Directors shall determine.

The remaining assets, if any, shall be disposed of by the Circuit Court of the county of Franklin exclusively for such purposes or to such organizations as said Court shall determine are organized and operated exclusively for such purposes.

ARTICLE X

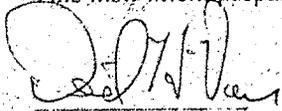
The name and address of the incorporator is David H. Vance, 5356 Sleepy Hollow Drive, Frankfort, Kentucky 40601.

Signed by the incorporator at Frankfort, Kentucky, this 30 date of March 1998.



David H. Vance

This instrument prepared by



David H. Vance
Walton & Vance
113 West Main Street
Frankfort, Kentucky 40601



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 6, 2000

Jim Owens
5125 Huntington Woods Road
Frankfort, KY. 40601

John P. Fehsal
4800 West Leestown Road
Midway, KY. 40347

RE: Case No. 1999-515
HUNTINGTON WOODS NEIGHBORHOOD ASSOC.
(Transfer/Sale/Purchase/Merger) OF SEWAGE TREATMENT FACILITY

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received December 30, 1999 and has been assigned Case No. 1999-515. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/jc

FILED
JAN 06 2000
PUBLIC SERVICE
COMMISSION

RECEIVED
DEC 30 1999
PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION

**APPLICATION FOR TRANSFER OF OWNERSHIP
OF SEWAGE TREATMENT FACILITY**

Case 99-515

The petition of Huntington Woods Neighborhood Association, Inc. respectfully shows:

(A) That the applicant is a Kentucky non-profit corporation functioning as a neighborhood association for the Huntington Woods Subdivision located in Frankfort, Kentucky, Kentucky.

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MAR 02 2000
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(B) That the post office address of the applicant is P.O. Box 4034, Frankfort, Kentucky 40604-4034.

(C) That the applicant seeks to transfer ownership of the sewage treatment plant currently operated for the benefit of the Huntington Woods Subdivision and currently owned by John and Marlene Fehsal, 4800 West Leestown Road, Midway, Kentucky 40347. The applicant and the Mr. and Mrs. Fehsal have entered into an asset purchase agreement dated December 23, 1999 (attached hereto as exhibit A).

(D) The applicant, Huntington Woods Neighborhood Association, Inc., seeks approval of this transfer and the applicant states that it has the financial, technical and managerial abilities to provide reasonable service. Specifically, the applicant has entered into a contract with a certified sewage treatment plant operator, Noel Norton, to provide the necessary technical and managerial experience needed to run the plant.

(E) The applicant seeks waiver of the requirement for a third party beneficiary agreement or proof of financial integrity, given that it is a neighborhood association which only seeks to provide services to its members.

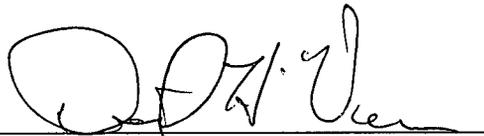
VERIFICATION

I hereby certify that the above is true and correct to the best of my knowledge and belief.

 23 Dec 1999

James B. Owens, President
Huntington Woods Neighborhood
Association, Inc.

Signed and sworn to before me this the 23rd day of December, 1999 by James B. Owens.



NOTARY PUBLIC, STATE-AT-LARGE

My Commission Expires: June 10, 2001

Respectfully submitted,



David H. Vance,
Counsel for Huntington Woods Neighborhood Association, Inc.
WALTON & VANCE
113 West Main Street
P.O. Box 5036
Frankfort, Kentucky 40602-5036
502-227-4900

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("agreement") is made and entered into this 23rd day of December, 1999, by and between John P. Fehsal and Marlene A. Fehsal, husband and wife, (the "sellers"), and Huntington Woods Neighborhood Association, Inc., a Kentucky non-profit corporation (the "purchaser").

WITNESSETH:

WHEREAS, the sellers desire to sell, and purchaser desires to purchase, the assets employed by the sellers in the operation of the Huntington Woods Subdivision Sewage Treatment Plant (the "plant"), in accordance with and subject to the terms and provisions of this agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained in this agreement, and intending to be legally bound, the sellers and purchaser agree as follows:

(A) Purchase and sale of assets

At the closing (as defined in section (C) of this agreement), the sellers shall sell to purchaser, and purchaser shall purchase from the sellers, the following assets of the sellers employed in the plant (the "assets"):

- (1) The governmental authorizations listed on schedule A to this agreement, together with any renewals, extensions, or modifications thereof and applications therefor;
- (2) The real property described on schedule B to this agreement;
- (3) The personal property described on schedule C to this agreement (subject to disposals and consumption thereof in the ordinary course of business between the date of this agreement and the closing date) or replacements thereof and alterations thereto in the ordinary course of business between the date of this agreement and the closing date;
- (4) All of the written contracts, agreements, commitments, understandings, or instruments relating to the plant, if any;
- (5) All books and records of the sellers relating to the assets and the plant; and
- (6) Any and all cash or cash equivalents received by the sellers before the closing as advance payment for sewer service for the period beginning January 1, 2000, *minus any due sewer fees for month of December, 1999 owed to sellers on or before January 5th, 2000.*

M. S.F.

(B) Purchase price

The aggregate purchase price for the assets shall consist of \$60,000 (the "purchase price"). The purchase price shall be paid by purchaser to the sellers in 80 equal monthly installments of \$750 each, beginning February 1, 2000, and ending on September 1, 2006. It is understood by the parties that no interest shall be paid on the loan unless the Internal Revenue Service imputes or charges interest against the loan to the sellers. In the event that interest is imputed to the sellers, the sellers shall notify the purchaser of the same and the purchaser shall pay to the sellers any amounts owed, collected or charged as imputed interest to the sellers. The additional payments for imputed interest shall be paid in equal monthly installments following payment of the loan, in amounts not to exceed \$750.00 each and not to exceed a term of an additional twenty-four (24) months. The parties will negotiate in good faith to arrive at the terms of the repayment schedule for any imputed interest. There shall be no penalty for any accelerated payment by the purchaser of any installment or installments. Purchaser's obligation shall be evidenced by a promissory note containing the above terms which shall be secured by a mortgage on the real property and a UCC-1 or lien on personal property in favor of the sellers. The promissory note shall further provide that the sellers will be entitled to a late fee of 5% of the payment in the event that the payment is more than five (5) days late. The note shall also contain standard provisions indemnifying the sellers against any loss and cost in the event of default. Purchaser shall also pay the gas bill for the gas lights on the front entrance wall.

(C) Closing; best efforts

The closing of the transactions contemplated by this agreement (the "closing") shall take place after approval of the transactions by the Kentucky Public Service Commission at a date, time and place upon which purchaser and the sellers shall agree (the "closing date"). The sellers and purchaser covenant and agree that each of them shall use their best efforts to consummate the transactions contemplated by this agreement on the closing date. At the closing, the sellers shall deliver to purchaser a deed or deeds, and a bill of sale to effect the sale, conveyance, and transfer of good and marketable title to the assets from the sellers to purchaser, free and clear of all liens, mortgages, security interests, pledges, charges, and encumbrances.

Pending the approval of the PSC and the closing, the parties agree that the purchaser shall obtain operational control of the plant on January 1, 2000 and shall be responsible for all operational costs and be entitled to all receipts for sewer services generated after that date, including prepaid accounts referenced in paragraph (A)(6). If PSC approval is not received by February 1, 2000, the payments required under paragraph (B) of this agreement shall be remitted to sellers as lease payments until PSC approval is received and shall, after closing, be applied to purchaser's indebtedness.

(D) Representations and warranties of the sellers

The sellers represent and warrant to purchaser, and acknowledges that purchaser relies on such representations and warranties in entering into and proceeding under this agreement, that:

(1) Title

The sellers possess good and marketable title to the assets.

(2) Non-subdivision tap-ons

The sellers have not permitted nor agreed to permit any tap-on to the plant for properties or developments located outside the boundaries of Huntington Woods Subdivision as platted in Plat Book 2, page 10, as recorded in the office of the Franklin County Clerk, with the exception of the previous tap-on granted to Fast Break Shell on Hwy 151.

(3) Brokers

No person or entity is entitled to any brokerage or finder's fee or commission or other like payment in connection with the negotiations relating to or the transactions contemplated by this agreement, based on any agreement, arrangement, or understanding with the seller, or any of the seller's respective officers, directors, agents, or employees.

(E) Representations and warranties of purchaser

Purchaser represents and warrants to the sellers, and acknowledges that the sellers rely on such representations and warranties in entering into and proceeding under this agreement, that:

(1) Corporate standing

Purchaser is a non-profit corporation, duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full power and authority to enter into this agreement and all other agreements contemplated by this agreement and to consummate the transactions contemplated hereunder and thereunder.

(2) Authorization, execution, and delivery of this agreement

This agreement has been duly authorized by all necessary corporate action of purchaser and has been duly executed and delivered by purchaser. The execution and delivery of this agreement by purchaser and the consummation of the transactions contemplated hereunder will not conflict with or constitute a violation of any provisions of the articles of incorporation or bylaws of purchaser or conflict with or constitute a violation, breach, or default under any material contract, trust agreement, mortgage, indenture, or other agreement or instrument to which purchaser is a party or by which purchaser is bound or to which purchaser or any of its properties is subject.

(3) Consents

No provision of the articles of incorporation or bylaws of purchaser or of any material contract, trust agreement, mortgage, indenture, or other agreement or instrument to which purchaser is a party or by which it is bound or to which purchaser or any of its properties is subject requires the consent or authorization of any other person or entity as a condition precedent to the consummation of the transactions contemplated hereby.

(4) Brokers

No person or entity is entitled to any finder's or brokerage fee or commission or other like payment in connection with the transactions contemplated by this agreement based on agreements, arrangements, or understandings with purchaser, or any of purchaser's respective officers, directors, agents.

(F) Circumstances prior to closing

From the date of this agreement until the closing date, purchaser shall promptly notify the sellers, and the sellers shall promptly notify purchaser, upon receipt of actual notice or knowledge of any fact which would make any representation or warranty contained in this agreement untrue in any material respect.

(1) Obligations of the sellers prior to closing

(a) The sellers shall not permit nor agree to permit any tap-on to the plant for any properties or developments located outside the boundaries of Huntington Woods Subdivision as platted in Plat Book 2 page 10 as recorded in the office of the Franklin County Clerk, without the consent of the purchaser.

(b) From the date of this agreement until the closing date, the sellers shall use their best efforts to:

(i) Afford purchaser, its accountants, counsel, technical advisors, and other representatives free and reasonable access during normal business hours to the equipment, facilities, records, files, contracts, agreements and books of account relating to the assets and the plant and furnish purchaser with all information concerning the assets and the plant as purchaser shall reasonably request;

(ii) Use their best efforts to continue in force policies of insurance which insure the assets and the plant with such amounts of coverage as are reasonably available, and continue in force all bonds, surety contracts, or guaranties relating to the plant set forth in any schedule to this agreement;

(iii) Not enter into any employment agreement relating to the plant with any person unless the sellers have the right to terminate such employment agreement

without liability;

(iv) Not knowingly take any action or omit to take any action which will result in the material violation by the sellers of any law applicable to this transaction or cause a material breach by the sellers of any of the representations and warranties of the sellers set forth in this agreement or any lease, agreement, contract, or commitment to which the sellers are parties;

(v) Use their best efforts to obtain prior to closing all consents by third parties required to be obtained by the sellers with respect to its performance of this agreement and cooperate fully with purchaser in connection with purchaser's requests and applications for the governmental authorizations which are necessary for the ownership and operation of the plant following the closing date;

(vi) Give purchaser written notification of any material changes taking place after the delivery of any schedules and other documents which would have been reflected in such documents had such changes occurred prior to the time such documents were first delivered.

(2) Obligations of purchaser prior to closing

From the date of this agreement until the closing date, purchaser shall:

(a) Not knowingly take any action or omit to take any action which will result in the material violation by purchaser of any law applicable to this transaction or cause a material breach by purchaser of any of the representations and warranties of purchaser set forth in this agreement; and

(b) Use its best efforts to obtain, prior to closing, all consents by third parties and all governmental authorizations which are necessary for purchaser's performance of this agreement or for purchaser's ownership and operation of the plant following the closing date.

(G) Conditions to purchaser's obligation

The obligation of purchaser to consummate on the closing date the transactions contemplated by this agreement will be subject to the satisfaction of each of the following conditions on or prior to the closing date, unless expressly waived by purchaser:

(1) Representations and warranties

The representations and warranties of the sellers contained in section (D) of this agreement shall be true and correct in all material respects on and as of the closing date as if made on and as of the closing date, except for changes resulting

from the ordinary course of the seller's business, or as contemplated by this agreement.

(2) Performance of this agreement

The sellers shall have performed and observed in all material respects its covenants and obligations as set forth in this agreement prior to or on the closing date.

(3) Litigation

There shall be no injunction, decree, or order issued by any court, governmental agency, or authority, or any litigation instituted by any governmental agency or authority challenging or seeking to prohibit or enjoin any of the transactions contemplated by this agreement.

(4) Condition of assets

A material portion of the assets shall not have been damaged or destroyed by fire, flood, or other casualty which is not covered by the seller's insurance.

(5) Material claims

No material claim shall have arisen, of which the sellers are aware, that is not adequately covered by insurance policies maintained by the sellers.

(H) Conditions to the seller's obligation

The obligation of the sellers to consummate on the closing date the transactions contemplated by this agreement will be subject to the satisfaction of each of the following conditions on or prior to the closing date, unless expressly waived by the sellers:

(1) Representations and warranties

The representations and warranties of purchaser contained in section (E) of this agreement shall be true and correct on and as of the closing date.

(2) Performance of this agreement

Purchaser shall have performed and observed in all material respects its covenants and obligations under this agreement prior to or on the closing date.

(3) Litigation

There shall be no injunction, decree, or order issued by any court, governmental

agency, or authority, or any litigation instituted by any governmental agency or authority, challenging or seeking to prohibit or enjoin any of the transactions contemplated by this agreement.

(I) Indemnification

(1) Indemnification by the sellers

After the closing date, the sellers shall indemnify and hold harmless purchaser against and in respect of:

- (a) Any damage, deficiency, or costs resulting from any misrepresentation or breach of warranty or any nonfulfillment of any covenant or agreement on the part of the sellers under this agreement;
- (b) Any damage, deficiency, or costs resulting from claims accruing prior to the closing date by a person, firm, or corporation other than a party to this agreement; and
- (c) Any claim, action, suit, proceeding, demand, judgment, assessment, cost, and expense, including reasonable counsel fees, incident to any of the foregoing.

(2) Indemnification by purchaser

After the closing date, purchaser shall indemnify and hold harmless the seller against and in respect of:

- (a) Any damage, deficiency, or costs resulting from any misrepresentation or breach of warranty or any nonfulfillment of any covenant or agreement on the part of purchaser under this agreement;
- (b) Any damage, deficiency, or costs resulting from claims accruing after the closing date by a person, firm, or corporation other than a party to this agreement; and
- (c) Any claim, action, suit, proceeding, demand, judgment, assessment, cost, and expense, including reasonable counsel fees, incident to any of the foregoing.

(J) Records and further assurances

After the closing, the sellers and purchaser shall make available to the other on reasonable request such books and records of that party as may be appropriate for use in connection with their respective tax returns, including any review thereof, and for any other reasonable purpose. Either party shall, at the other party's request, execute and deliver such other instruments of conveyance and transfer and take such other actions as may be reasonably requested to

effectively carry out the terms and provisions of this agreement.

(K) Billing for year 2000

The parties agree that they will cooperate in coordinating advance invoicing for sewer service for the year 2000, which is contemplated to occur prior to the closing. The seller agrees, if the purchaser desires, to allow the purchaser to prepare and send out invoices in it's own name, in order to affect a smooth transition in billing.

(L) Notices

All notices, requests, consents, and other communications under this agreement shall be in writing and shall be mailed by first class, registered, or certified mail, postage prepaid, or sent via overnight courier service, or delivered personally:

If to purchaser, to:

Jim Owens
5125 Huntington Woods Road
Frankfort, Kentucky 40601

If to the sellers, to:

John P. Fehsal
4800 W. Leestown Rd.
Midway, KY 40347

or to such other address of which the addressee shall have notified the sender in writing. Notices mailed in accordance with this section shall be deemed given when mailed.

(M) Third party rights

It is the intention of the parties that nothing in this agreement shall be deemed to create any right with respect to any person or entity not a party to this agreement.

(N) Parties in interest; assignment

All covenants and agreements contained in this agreement by or on behalf of any of the parties to this agreement shall bind and inure to the benefit of their respective heirs, executors, successors, and assigns, whether so expressed or not. No party to this agreement may assign its rights or delegate its obligations under this agreement to any other person or entity without the express prior written consent of the other party.

(O) Contingency

The parties agree that this agreement is contingent upon approval by the Kentucky Public Service Commission of the sale of the assets to the purchaser.

(P) Construction; governing law

The table of contents and section headings contained in this agreement are inserted as a matter of convenience and shall not affect in any way the construction of the terms of this agreement. This agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.

(Q) Entire agreement; amendment and waiver

This agreement, including the schedules hereto, constitutes and contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes any prior writing by the parties. The parties may, by mutual agreement in writing, amend this agreement in any respect, and any party, as to such party, may in writing (1) extend the time for the performance of any obligations of any other party; (2) waive any inaccuracies in representations and warranties by any other party; (3) waive performance of any obligations by any other party; and (4) waive the fulfillment of any condition that is precedent to the performance by such party of any of its obligations hereunder. No such waiver shall be deemed to constitute the waiver of any other breach of the same or of any other term or condition of this agreement. Any such amendment or waiver must be signed by the party or an officer of the parties or party to such amendment or waiver.

(R) Severability

The invalidity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of the remaining provisions.

(S) Expenses

Each party to this agreement shall pay any and all fees and expenses that such party may incur in connection with the negotiation, execution, or closing of this agreement, ~~and the other transactions contemplated by this agreement shall be borne equally by the sellers and purchaser.~~ Notwithstanding the foregoing, the sellers shall pay any local and state taxes and fees assessed or due in connection with the sale of the assets to purchaser, including any transfer and sales taxes (other than income taxes).

J.F. M
J

(T) Schedules

The schedules attached to this agreement constitute a part of this agreement and are

incorporated herein by reference in their entirety as if fully set forth in this agreement at the point where first mentioned.

(U) Time of essence

Time is of the essence to the performance of the obligations set forth in this agreement.

(V) Termination

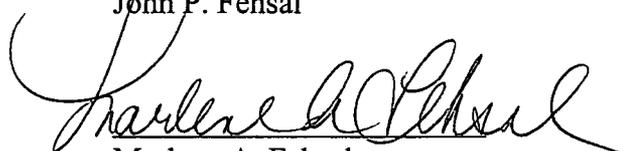
Anything contained in this agreement to the contrary notwithstanding, this agreement may be terminated at any time prior to the date of closing:

- (1) By the mutual consent of the sellers and the board of directors of the purchaser;
- (2) By any party to this agreement if the other party to this agreement shall have materially breached any of the representations and warranties of such other party set forth in this agreement and such other party shall have failed to cure such breach within 30 days after receipt of written notice of such breach.

(W) Remedies

The sellers and purchaser represent and acknowledge that, because of the unique nature of the plant and the assets, failure of either party to carry out its obligation to perform this agreement on the closing date would cause irreparable injury; the sellers and purchaser accordingly agree that, in addition to any other remedies available to the sellers and purchaser, any such failure by either party to perform this agreement shall be subject to the remedy of specific performance.

IN WITNESS WHEREOF, the sellers and purchaser have caused this asset purchase agreement to be executed by their duly authorized officers as of the day and year first written above.

Sellers: 
John P. Fehsal

Marlene A. Fehsal

Purchaser:  23 Dec 1999
Huntington Woods Neighborhood Association, Inc.
Jim Owens, President

SCHEDULE A

1. Certificate of convenience and necessity to operate the Huntington Woods Sewage Treatment Plant issued by the Kentucky Public Service Commission.

~~2. Any and all licenses or approvals issued by Commonwealth of Kentucky Division of Water and/or the Franklin County Health Department, *min*~~

JF, MJ

→

SCHEDULE B

All of lots 5 and 6 of Huntington Woods Subdivision in Franklin County, Kentucky, and as shown upon the final plat of said subdivision of record in Plat Book 2, Page 10 in the office of County Clerk of Franklin County, Kentucky.

Being a portion of the same property conveyed to John P. Feshal and Marlene A. Feshal by a deed dated September 16, 1988 of record in deed book 356, page 7 in the office of the Franklin County Clerk.

Also all easements of record held by the grantors for the purpose of installing and maintaining sewer lines, equipment or pumping stations within the confines of Huntington Woods Subdivision.

SCHEDULE C

1. All sewer mains and sewer pipes contained within the confines of Huntington Woods Subdivision consisting of approximately 2 miles of 2 inch, 3 inch, 4 inch, 6 inch and 8 inch pipes.
2. One sewer pump station located at the end of Sleepy Hollow Drive.
3. All miscellaneous related items pertaining to the operation of the sewage treatment plant including spare parts.

~~One \$5,000 -~~

~~4. See D Hochmuth Schedule D~~

4. One 22,500 gallon sewage treatment package plant. JF
5. One 48,000 gallon sewage treatment package plant. MF
6. One digester (approx. 7,000 gallons) and filter consisting of six (6) sand filter beds.
7. 12 x 14 utility shed.

Huntington Woods Sewer Plant

2 Building Lots #5 & #6

1- 22,500 gallon sewage treatment pkg. plant

1- 48,000 gallon " " "

1- digester (approx. 7000 gallons)

sand filter consisting of 6 sand filter beds

12 x 14 utility shed

Add
to Schedule
C

Also, 2nd page

add gas lights on front entrance
wall- we get billed for
these from western ky gas
each month

Fax

Please deliver immediately to:

Stewart Bruch

of: *Logan - Printer*

Fax number: *875-1113*

Fax received from:

Pauline Schul

of:

Fax number: *695 9228*

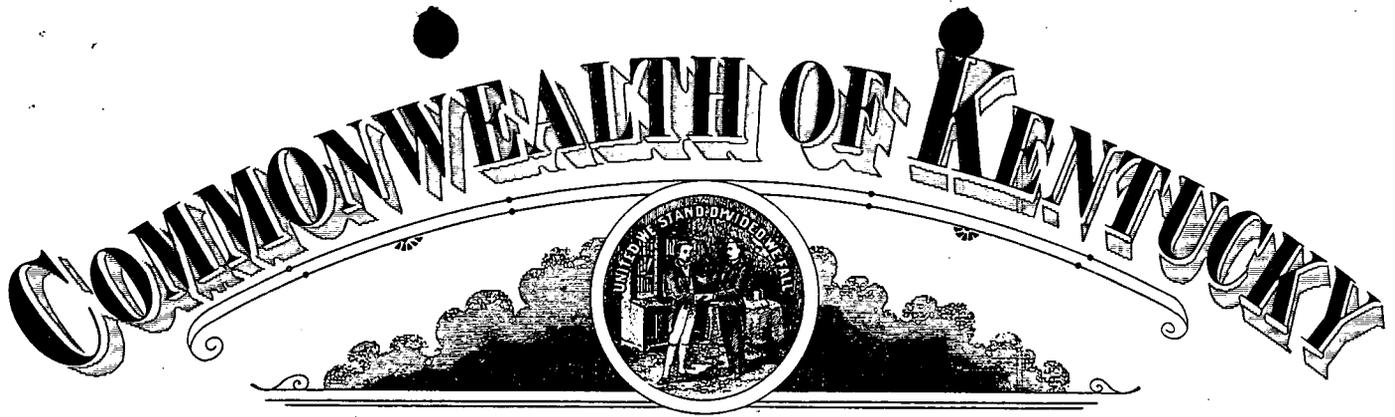
Date: *12/29/99*

Time:

Number of Pages: *3 inc. cover PAGE*

Subject: *H. W. Sewer*

Message:



**John Y. Brown III
Secretary of State**

Certificate of Existence

I, JOHN Y. BROWN III, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

HUNTINGTON WOODS ASSOCIATION, INC.

is a nonprofit corporation duly organized and existing under KRS Chapter 273, whose date of incorporation is October 28, 1994 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 29th day of December, 1999.

John Y. Brown, III

JOHN Y. BROWN III
Secretary of State
Commonwealth of Kentucky

Tmorgan/0337691