

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

JUL 05 2017
PUBLIC SERVICE
COMMISSION

In the Matter of:

The Application of Cumberland) Case No. 2017-00268
Falls Highway Water District for Approval of)
Financing and Issuance of a)
Certificate of Convenience and Necessity)

APPLICATION

Cumberland Falls Highway Water District (Cumberland Falls), by counsel, pursuant to KRS 278.020 and 278.300, petitions the Commission for an order approving the construction of certain water facilities and the financing of the improvements through a loan from the Kentucky Infrastructure Authority.

1. Cumberland Falls is a regulated utility district formed under KRS Chapter 74. It has no articles of incorporation. It provides water service to customers in Whitley County.

Its contact information is:

Cumberland Falls Water District
Jimmy Creekmore, Chairman
6726 Cumberland Falls Highway
Corbin, KY 40701
Email: cfhwd@yahoo.com
Telephone: 606-528-0222
Fax: 606-528-9875

2. It currently serves approximately 3,200 customers in Whitley County.

3. A description of its water system and its property stated at original cost by accounts is contained in its Annual Report, which is incorporated by reference - 807 KAR

5:001(17)(1) and 807 KAR 5:001(18)(b). No material changes have occurred since the end of the latest 12 month period. 807 KAR 5:001(12).

4. The proposed construction will include approximately 2,825 LF of 6-inch PVC waterline; approximately 32,545 LF of 4-inch PVC waterline; approximately 11,760 LF of 3-inch PVC waterline; and associated appurtenances such as gate valves, blow-off assemblies, air release valves, residential meter settings, leak detection meters, etc. Some short segments of polyethylene pipe will be installed at directionally bored stream crossings and environmentally sensitive areas. The water mains will primarily be constructed along the county and state highway right-of-way's. The facilities have been designed to provide the customers with a minimum pressure of 30 psi at the meter at peak flow conditions.

The new water line will replace approximately 39,300 linear feet of existing water distribution line that is undersized and/or has been prone to excessive leaking. Much of the line to be replaced was initially installed by private home owners 20 plus years ago to serve only the residences that existed at the time and was never intended to serve growth or be extended. This work should also lower CFHWD's water loss.

Detailed description of the project is provided in Exhibit A (Copies of the Maps, Plans, Specifications and Bid Documents are provided as a separate document along with a petition for confidentiality). 807 KAR 5:001 (15(2)(a)(c)(d).

5. The construction is in the public interest and is required to allow Cumberland Falls to continue to provide adequate service to additional residents of the county. Fifteen new customers will be served by the project.

6. The total project cost is approximately \$1,720,500. The District is financing the project with a \$1,720,500 loan from the Kentucky Infrastructure Authority (KIA). See Exhibit D. 807 KAR 5:001(15)(2)(e).

7. Easements and rights of way have been acquired, see Exhibit B. The DOW approval letter is included in Exhibit B.

8. This service will not compete with any other utility in the area.

9. The proposed project, identified in Exhibit A, is scheduled to begin construction August 15, 2017 or upon PSC approval and be completed by March 13, 2018. Bid information is included with Exhibit B. **Bids valid for 90 days were opened June 1, and the contract awarded June 19.**

10. No new franchises are required. The DOW and encroachment permits are attached as Exhibit B. 807 KAR 5:001(20)(b).

11. Construction descriptions are in Exhibit A and Bid Documents, Exhibit F. Facts relied on to justify the public need are included in the project descriptions in Exhibit A and the Final Engineering Report, Exhibit C.

12. Maps of the area showing location of the proposed facilities are in Exhibit A.

13. Estimated operating costs for operation and maintenance, depreciation and debt service after construction to the extent that there are any are shown in Exhibit E. 807 KAR 5:001(15)(2)(f).

14. Bid tabulations are provided in Exhibit F.

15. A full description of the route, location of the project, description of construction and related information is in Exhibits A and C.

16. The start date for construction; proposed in-service date; and total estimated cost of construction at completion are included in Exhibit A.

17. No rate adjustment is being proposed.

18. The following information is provided in response to 807 KAR 5:001 (14)(2):

a. Articles of Incorporation – None. Cumberland Falls is a statutorily created water district under KRS Chapter 74;

19. The following information is supplied pursuant to 807 KAR 5:001(9):

a. Facts relied upon to show that the application is in the public interest: See Exhibits A and C.

20. The following information is provided as required by 807 KAR 5:001 (17):

a. A general description of the property is contained in the Annual Report.

The 2016 Report and audited financial information is the latest available from the District.

b. No stock is to be issued; No bonds are to be issued in this case;

c. There is no refunding or refinancing;

d. The proceeds of the KIA financing are to construct the property described in Exhibits A and D.

e. The par value, expenses, use of proceeds, interest rates and other information is not applicable because no bonds are being issued.

21. The following exhibits are provided pursuant to 807 KAR 5:001 (18)(2):

a. There are no trust deeds. All notes, indebtedness and mortgages are included in Exhibits G and H.

b. No property is to be acquired. 807 KAR 5:001(18)(2)(c).

22. The following information is provided pursuant to 807 KAR 5:001(12)(2):

- a. No stock is authorized.
- b. No stock is issued.
- c. There are no stock preferences.
- d. Mortgages are listed in Exhibit G.
- e. Bonds are listed in Exhibit H.
- f. Notes are listed in Exhibit G.
- g. Other indebtedness is listed in Exhibit G.
- h. No dividends have been paid.
- i. Current balance sheet and income statement are attached as Exhibit G.

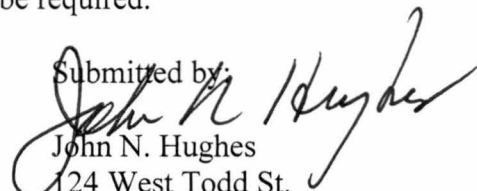
23. Plant additions will be classified according to USoA "Water Utility Plant Accounts": 331.

24. The Kentucky Debt Officer has been notified of the KIA loan. See Exhibit D. 807 KAR 5:001(18)(g).

25. A deviation pursuant to 807 KAR 5:001(22) is requested for use of financial information greater than 90 days old and for any other filing requirement not essential for the review and approval of the application.

For these reasons, Cumberland Falls requests an order approving the financing and the certificate and other authorizations that may be required.

Submitted by:



John N. Hughes
124 West Todd St.
Frankfort, KY 40601
(502) 227 7270
jnhughes@johnnhughespsc.com

Attorney for Cumberland Falls
Highway Water District

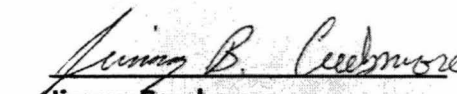
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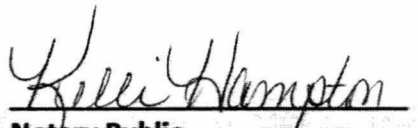
COMMONWEALTH OF KENTUCKY

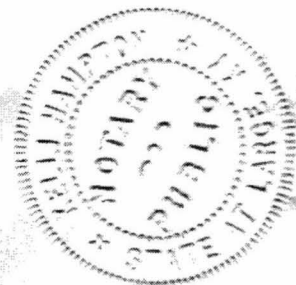
COUNTY OF WHITLEY

Jimmy Creekmore, after being sworn, states that he is Chairman of Cumberland Falls Highway Water District, that he is authorized to file this application and the statements in the application are true and correct to the best of his knowledge.

Sworn, acknowledged and subscribed before me the 3rd day of July, 2017.


Jimmy Creekmore


Notary Public
Registration Number: 541153



My commission expires: 8-31-19

RECEIVED

JUL 05 2017

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Application of Cumberland Falls) Case No. 2017-00 268
Highway Water District for Approval of)
Financing and Issuance of a)
Certificate of Convenience and Necessity)

PETITION FOR CONFIDENTIALITY

Cumberland Falls Highway Water District (CFHWD), by counsel, petitions the Commission ("Commission"), pursuant to 807 KAR 5:001, Section 13, and all other applicable law, for confidential treatment of the Engineering Plans, Diagrams and Drawings included in Exhibit A of the Application, which are provided in a separate packet. The information in those documents contains strategic analysis of the CFHWD distribution and transmission systems, including diagrams and maps of the system. CFHWD also requests that the PDF electronic copy be maintained as confidential.

KRS Chapter 61 requires information filed with the Commission to be available for public inspection unless specifically exempted by statute. Exemptions from public disclosure of the information relevant to this petition are provided in KRS 61.878(1)(m). Under the Kentucky Open Records Act, the Commission is entitled to withhold from public disclosure information disclosed to it to the extent that open disclosure would "have a reasonable likelihood of threatening the public safety by exposing a vulnerability in preventing, protecting against, mitigating, or responding to a terrorist act and limited

to: . . . ,

(f) infrastructure records that expose a vulnerability referred to in this subparagraph through the disclosure of the location, configuration, or security of critical systems, including public utility critical systems. These critical systems shall include but not be limited to information technology, communications, electrical, fire suppression, ventilation, **water**, wastewater, sewage, and gas systems and;

(g) The following records when their disclosure will expose a vulnerability referred to in this subparagraph: **detailed drawings, schematics, maps**, or **specifications of structural elements**, floor plans, and operating, utility, or security systems of any building or facility owned, occupied, leased, or maintained by a public agency.”

This Commission has recognized that similar reports with diagrams and maps "are infrastructure records that disclose the location, configuration, or security of public utility systems" and therefore, should be treated as confidential. See Case No. 2014-00166 *In the Matter of 2104 Integrated Resource Plan of Big Rivers Electric Corporation*, KY PSC Order, p. 7 (August 26, 2014).

The information contained in the specified documents provides detailed information about CFHWD's distribution system and the location of critical components; as such, the disclosure of which could threaten the public safety generally and provide sensitive information relevant to the security against terroristic events. CFHWD petitions the Commission to classify as confidential and protect from public disclosure the requested report. Because of the nature of the documents, providing a redacted copy

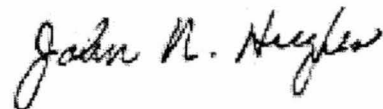
for public view would be uninformative and of no practicable value to anyone. CFHWD seeks a deviation pursuant 807 KAR 5:001(22) to allow the entire documents to be considered redacted and an exemption from filing a partially redacted version of the documents for the public record.

The information for which the Company is seeking confidential treatment is not disseminated within the Company except to those employees with a legitimate business need to know and act upon the information and is generally recognized as confidential and proprietary information in the industry.

If the Commission disagrees with this request for confidential protection, CFHWD requests that it hold an evidentiary hearing (a) to protect the Company's due process rights and (b) to supply the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., Ky. App., 642 S.W.2d 591, 592-94 (1982).

CFHWD requests that the information be kept confidential for an indefinite period.

For these reasons, CFHWD petitions the Commission to treat as confidential, indefinitely, the information referenced in this petition in its entirety



John N. Hughes
124 West Todd Street
Frankfort, Kentucky 40601
502-227-7270
inhughes@johnnhughespsc.com
Attorney for Cumberland Falls
Highway Water District

Exhibits

- A) Plans and Specifications: Two (2) hard copies and one (1) PDF Disk
Construction Required by Public Convenience or Necessity
- B) KDOW Authorization to Bid
KDOW Construction Approval
KY Transportation Encroachment Permits
Whitley Co. Fiscal Court Right-of-Way Resolution
- C) Project Narrative
Final Engineering Report
- D) Project Funding:
KIA Conditional Commitment Letter
KIA Board Meeting Minutes November 5, 2015
KIA Loan Resolution
KIA Time Extension Approval Letter
KIA Funding Application
KY Debt Officer Notification
- E) Estimated Cost of Operation
- F) Engineer's Letter of Recommendation
Tabulation of Bids Received
Estimated Project Costs (As-Bid Budget)
- G) 2016 Audit
May 31, 2017 Financial Statement
- H) Existing Long Term Debt

EXHIBIT A

ENGINEERING REPORT

TWO PAPER COPIES AND ONE PDF DISK
CONFIDENTIAL

SPECIFICATIONS

TWO PAPER COPIES AND ONE PDF DISK

PUBLIC CONVENIENCE OR NECESSITY

The Cumberland Falls Highway Water District (CFHWD) was originally formed to provide a safe, dependable supply of potable water to the citizens in the rural areas of Whitley County. Since its inception, the CFHWD has grown until it now serves more than 3,250 customers over a large portion of Whitley County. WCWD has nearly reached its goal of making treated water available to every citizen within its boundary, with only a few small and/or low population density areas left unserved.

The proposed construction will include approximately 2,825 LF of 6-inch PVC waterline; approximately 32,545 LF of 4-inch PVC waterline; approximately 11,760 LF of 3-inch PVC waterline; and associated appurtenances such as gate valves, blow-off assemblies, air release valves, residential meter settings, leak detection meters, etc. Some short segments of polyethylene pipe will be installed at directionally bored stream crossings and environmentally sensitive areas. The water mains will primarily be constructed along the county and state highway right-of-ways. The facilities have been designed to provide the customers with a minimum pressure of 30 psi at the meter at peak flow conditions. The construction is now scheduled to begin by August 15, 2017 and be completed by March 13, 2018.

The new water line will replace approximately 39,300 linear feet of existing water distribution line that is undersized and/or has been prone to excessive leaking. Much of the line to be replaced was initially installed by private home owners 20 plus years ago to serve only the residences that existed at the time and was never intended to serve growth or be extended. This work should also lower CFHWD's water loss.

The project funding will also allow the District to purchase radio read meters to replace the last of the conventional meters in its distribution system and upgrade its SCADA system. These will enhance the overall efficiency of operation of the distribution system

Approximately 15 new customers will be served by the project and approximately 245 existing underserved customers will directly benefit from improved service and CFHWD's entire customer base will benefit financially from lower costs. The project will reduce purchased water costs by replacing existing leak prone lines; reduce maintenance costs resulting from frequent leak repairs; and reduce transportation/personnel costs associated with the monthly meter reading. It will also improve service to users on small undersized lines who experience significant pressure loss during times of peak system use and when leaks occur in the system.

Exhibit B

**KY DOW Authorization to Bid
KY DOW Construction Approval
KY Transportation Cabinet Encroachment Permits
and
Whitley County Fiscal Court Right-of-Way Resolution**

MATTHEW G. BEVIN
GOVERNOR



CHARLES G. SNAVELY
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

AARON B. KEATLEY
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

June 28, 2017

Jimmy Creekmore, Chairman
Cumberland Falls Water District
6926 Cumberland Falls Highway
Corbin (Whitley), Kentucky 40701

Re: F16-002
Cumberland Falls Hwy Water District--34132
Activity ID: FGL20160007
Project Name: Line Replacement & Reinforcement
Authority to Award

Dear Mr. Creekmore:

The Project Review and Cost Summary which you submitted for your Drinking Water State Revolving Fund project has been reviewed and is approved for selection of the lowest acceptable bidder:

Contract Number:	Contract #1
Contractor's Name:	Clay Pipeline, Inc.
Amount of Contract:	\$779,543.50

The documentation for Disadvantaged Business Enterprise (DBE) participation will be approved under a separate letter.

The documentation for Davis-Bacon Contract Award Information and Project Wage Rates will also be approved separately.

You may award contracts and issue work orders to begin construction. Our approval of contracts is not required prior to issuance of a work order. The executed contract documents shall contain the contractor's payment and construction schedules.

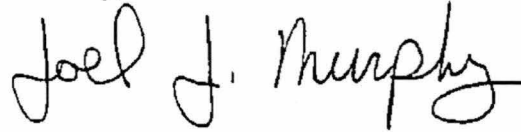
Payments cannot be processed until the loan agreement has been executed by all parties. All payments must be requested by you and supported by adequate documentation of costs and labor compliance.

You are reminded that this project is subject to the requirements of Executive Order 11246 which prohibits discrimination based on race, color, religion, sex, or national origin and requires contractors and subcontractors on federally assisted construction projects to take affirmative action to employ women and minorities and to ensure that discrimination does not occur. The Office of Federal Contract Compliance, U.S. Department of Labor, published additional Regulations, 41 CFR 60-4, in the April 7, 1978, Federal Register, Vol. 43, No. 68, to further implement Title VI of the Civil Rights Act of 1964, as amended, and Executive Order 11246, as amended. As recipient, you are to ensure that contracts under this loan are administered so as to be in compliance with these requirements.

All change orders must have the approval of this office. If another contract in which participation is desired will be let, a new Project Review and Cost Summary must be submitted.

Your construction of this project is a step forward in protecting our valuable water resources. Do not hesitate to contact Joel Murphy, Project Manager, at (502) 782-7024.

Sincerely,

A handwritten signature in black ink that reads "Joel J. Murphy". The signature is written in a cursive style with a large, prominent "J" and "M".

for Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:jjm

c: Kentucky Infrastructure Authority
Ken Taylor, Kenvirons
Timothy Schwendeman, Cumberland Valley ADD



MATTHEW G. BEVIN
GOVERNOR

CHARLES G. SNAVELY
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

AARON B. KEATLEY
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

May 11, 2017

Mr. Howard Moses
Cumberland Falls Water District
6926 Cumerland Falls Hwy
Corbin, KY 40701

RE: CFHWD Line Replacement and
Reinforcement Project
F16-002
Whitley County, KY
Cumberland Falls Hwy Water District
AI #: 34132, FGL20160005

Dear Mr. Moses:

The Kentucky Division of Water (DOW) has reviewed for completeness and adequacy the construction plans and specifications submitted for the above referenced contract(s). The DOW has previously granted technical approval on October 14, 2016. The plans consist of approximately 2,825 linear feet of 6 inch PVC, 380 linear feet of 6-inch PE, 33,780 linear feet of 4 inch PVC, and 10,205 linear feet of 3 inch PVC water line. The approval conditions and a list of eligible/ineligible items are enclosed. Please note that ineligible items cannot be funded using State Revolving Fund (SRF) monies, and must be paid by other funding sources.

We have previously sent one (1) set of approved plans and specifications. An identical set should be made available at the project site at all times. If modifications are made to these plans and specifications before bidding, two (2) complete sets of as-bid plans and specifications must be submitted to the DOW for approval. A second DOW construction approval must be issued by separate correspondence before proceeding with advertising for bids. Any red line changes that were made by DOW personnel on the approved plans shall be incorporated into the bid set plans unless an alternative is approved.

You may now advertise for bids on the construction of this project. In addition to other notifications, this project must be advertised in the newspaper of the largest daily circulation in the project area.

You are cautioned not to advertise unless you have a proper wage decision. The Federal Davis-Bacon wage rates are applicable for this project. Please contact all other funding sources for their requirements pertaining to federal wage rates.

CFHWD Line Replacement and Reinforcement Project

F16-002

Whitley County, KY

Cumberland Falls Hwy Water District

AI #: 34132, FGL20160005

Page 2 of 3

You are reminded that the construction contracts are subject to the equal employment opportunity requirements contained in Executive Order 11246. Equal employment opportunity affirmative action by the prime contractors and all subcontractors is mandated throughout the duration of the contract. Documentation of efforts to comply with Executive Order 11246, Equal Employment Opportunity is required to be kept by the borrower.

Review the attached Project Review and Cost Summary form for details of the information to be collected and retained in your files or to be submitted to DOW for review and approval. This form must be completed, signed by the recipient, and with the necessary information be then forwarded to the DOW. This signature will certify that all the information to be retained by the recipient has been secured and is available for review by the Division at the pre-construction conference. The required information must be approved by the DOW before executing any contracts.

Along with the Project Review and Cost Summary form, the following items must be submitted to the DOW for review and approval before executing any contracts:

- The bid advertisement
- Revised Project Budget
- Certified bid tabulation
- Documentation of compliance with DBE Good Faith Effort in accordance with 40 CFR 33.301

These items will be reviewed as a part of the Authority to Award process. The DOW will authorize you to award the contracts once these documents are approved

After the Notice to Proceed is signed, the DOW will need a copy of the executed contract documents, including plans and specifications.

Changes orders will require approval from the DOW before payment can be authorized from the State Revolving Fund. Submission of plans and specifications may be required for change order work.

Upon completion of the project, as-built drawings shall be provided to the DOW. As-builts shall be stamped, signed and dated by a professional engineer. A written certification stating that the project was constructed according to the approved plans shall be provided to the DOW by a professional engineer.

The previously issued construction permit has been issued under the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies.

CFHWD Line Replacement and Reinforcement Project
F16-002
Whitley County, KY
Cumberland Falls Hwy Water District
AI #: 34132, FGL20160005
Page 3 of 3

You are cautioned that the advertisement and award of this contract will be subject to the laws and regulations that govern the State Revolving Fund (SRF) and to the conditions of your loan agreement. If we can be of further assistance, please call Daniel Kulik, Project Engineer, at (502) 782-6998.

Sincerely,



Terry Humphries, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

TH:DK
Enclosures

Eligible List, Ineligible List, Approval Conditions
Project Review and Cost Summary Form
1 set plans and specification

C: Kenvirons, Inc.
Kentucky Infrastructure Authority
Cabinet for Economic Development
Whitley County Health Department
Division of Plumbing

F16-002
Cumberland Falls Water District

SRF ELIGIBLE ITEMS:

Contract: The plans consist of approximately 2,825 linear feet of 6 inch PVC, 380 linear feet of 6-inch PE, 33,780 linear feet of 4 inch PVC, and 10,205 linear feet of 3 inch PVC water line.

SRF INELIGIBLE ITEMS:

NA

APPROVAL CONDITIONS:

1. Provide Clear Site Certificates
2. Complete and return the Project Review and Cost Summary Form.



MATTHEW G. BEVIN
GOVERNOR

CHARLES G. SNAVELY
SECRETARY

ENERGY AND ENVIRONMENT CABINET
Department for Environmental Protection

Aaron B. Keatley
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

October 14, 2016

Mr. Howard Moses
Cumberland Falls Hwy Water District
6926 Cumberland Hwy
Corbin, KY 40701

RE: CFHWD Line Replacement and
Reinforcement Project
Cumberland Falls Hwy Water District
AI # 34132, APE20160001
PWSID # 1180093-16-001
Whitley County, KY

Dear Mr. Moses:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 2,825 linear feet of 6 inch PVC, 380 linear feet of 6-inch PE, 33,780 linear feet of 4 inch PVC, and 10,205 linear feet of 3 inch PVC water line. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

Based on DOW records, this project is being funded by a State Revolving Fund (SRF) loan. Therefore, this approval is for the technical aspects of the project only. Currently, an Environmental Review related to your funding application is under review. **Therefore, you are NOT authorized to advertise for bids at this time. Should you choose to proceed with the bidding and award a contract prior to DOW approval, this will be at your own risk and payment from the SRF program is not guaranteed**

If you have any questions concerning this project, please contact Daniel Kulik at 502-782-6998.

Sincerely,

Terry Humphries, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

TH:DK
Enclosures

C: Kenvirons Inc
Whitley County Health Department
Public Service Commission
Division of Plumbing

Distribution-Major Construction
Cumberland Falls Hwy Water District
Facility Requirements

Activity ID No.:APE20160001

Page 1 of 5

PORT0000000021 (Water Line) 2,825 linear feet of 6 inch PVC, 380 linear feet of 6 inch PE, 33,780 linear feet of 4 inch PVC, and 10,205 linear feet of 3 inch PVC water line:

Narrative Requirements:

Condition No.	Condition
T-1	Construction of this project shall not result in the water system's inability to supply consistent water service in compliance with 401 KAR 8:010 through 8:600. [401 KAR 8:100 Section 5]
T-2	The public water system shall not implement a change to the approved plans without the prior written approval of the cabinet. [401 KAR 8:100 Section 4(3)]
T-3	A proposed change to the approved plans affecting sanitary features of design shall be submitted to the cabinet for approval in accordance with Section 2 of this administrative regulation. [401 KAR 8:100 Section 4(2)]
T-4	During construction, a set of approved plans and specifications shall be available at the job site. Construction shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 3(1)]
T-5	Unless construction begins within two (2) years from the date of approval of the final plans and specifications, the approval shall expire. [401 KAR 8:100 Section 3(3)]
T-6	Upon completion of construction, a professional engineer shall certify in writing that the project has been completed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 4(1)]
T-7	The system shall be designed to maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow. [Recommended Standards for Water Works 8.2.1, Drinking Water General Design Criteria IV.1.a]
T-8	Water lines should be hydraulically capable of a flow velocity of 2.5 ft/s while maintaining a pressure of at least 20 psi. [Drinking Water General Design Criteria IV.1.b]
T-9	The normal working pressure in the distribution system at the service connection shall not be less than 30 psi under peak demand flow conditions. Peak demand is defined as the maximum customer water usage rate, expressed in gallons per minute (gpm), in the pressure zone of interest during a 24 hour (diurnal) time period. [Drinking Water General Design Criteria IV.1.d]
T-10	When static pressure exceeds 150 psi, pressure reducing devices shall be provided on mains or as part of the meter setting on individual service lines in the distribution system. [Drinking Water General Design Criteria IV.1.c]
T-11	The minimum size of water main in the distribution system where fire protection is not to be provided should be a minimum of three (3) inch diameter. Any departure from minimum requirements shall be justified by hydraulic analysis and future water use, and can be considered only in special circumstances. [Recommended Standards for Water Works 8.2.2, Drinking Water General Design Criteria IV.2.b]

Distribution-Major Construction
Cumberland Falls Hwy Water District
Facility Requirements

Activity ID No.:APE20160001

Page 2 of 5

PORT000000021 (Water Line) 2,825 linear feet of 6 inch PVC, 380 linear feet of 6 inch PE, 33,780 linear feet of 4 inch PVC, and 10,205 linear feet of 3 inch PVC water line:

Narrative Requirements:

Condition No.	Condition
T-12	Water mains not designed to carry fire-flows shall not have fire hydrants connected to them. [Recommended Standards for Water Works 8.4.1.b]
T-13	Flushing devices should be sized to provide flows which will give a velocity of at least 2.5 feet per second in the water main being flushed. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-14	No flushing device shall be directly connected to any sewer. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-15	Pipe shall be constructed to a depth providing a minimum cover of 30 inches to top of pipe. [Drinking Water General Design Criteria IV.3.a]
T-16	Water mains shall be covered with sufficient earth or other insulation to prevent freezing. [Recommended Standards for Water Works 8.7]
T-17	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a depth of at least six inches below the bottom of the pipe. [Recommended Standards for Water Works 8.7]
T-18	Water line installation shall incorporate the provisions of the AWWA standards and/or manufacturer's recommended installation procedures. [Recommended Standards for Water Works 8.7]
T-19	All materials used for the rehabilitation of water mains shall meet ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-20	Packing and jointing materials used in the joints of pipe shall meet the standards of AWWA and the reviewing authority. [Recommended Standards for Water Works 8.1]
T-21	All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.7]
T-22	All materials including pipe, fittings, valves and fire hydrants shall conform to the latest standards issued by the ASTM, AWWA and ANSI/NSF, where such standards exist, and be acceptable to the Division of Water. [Recommended Standards for Water Works 8.1]
T-23	Water mains which have been used previously for conveying potable water may be reused provided they meet the above standards and have been restored practically to their original condition. [Recommended Standards for Water Works 8.1]

Distribution-Major Construction
Cumberland Falls Hwy Water District
Facility Requirements

Activity ID No.:APE20160001

Page 3 of 5

PORT000000021 (Water Line) 2,825 linear feet of 6 inch PVC, 380 linear feet of 6 inch PE, 33,780 linear feet of 4 inch PVC, and 10,205 linear feet of 3 inch PVC water line:

Narrative Requirements:

Condition No.	Condition
T-24	Manufacturer approved transition joints shall be used between dissimilar piping materials. [Recommended Standards for Water Works 8.1]
T-25	Pipes and pipe fittings containing more than 8% lead shall not be used. All products shall comply with ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-26	The minimum size of water main which provides for fire protection and serving fire hydrants shall be six-inch diameter. [Recommended Standards for Water Works 8.2, Drinking Water General Design Criteria IV.2.a]
T-27	Gaskets containing lead shall not be used. Repairs to lead-joint pipe shall be made using alternative methods. [Recommended Standards for Water Works 8.1]
T-28	Pipe materials shall be selected to protect against both internal and external pipe corrosion. [Recommended Standards for Water Works 8.1]
T-29	Dead end mains shall be equipped with a means to provide adequate flushing. [Recommended Standards for Water Works 8.2]
T-30	The hydrant lead shall be a minimum of six inches in diameter. Auxiliary valves shall be installed on all hydrant leads. [Recommended Standards for Water Works 8.4.3]
T-31	A sufficient number of valves shall be provided on water mains to minimize inconvenience and sanitary hazards during repairs. [Recommended Standards for Water Works 8.3]
T-32	Wherever possible, chambers, pits or manholes containing valves, blow-offs, meters, or other such appurtenances to a distribution system, shall not be located in areas subject to flooding or in areas of high groundwater. Such chambers or pits should drain to the ground surface, or to absorption pits underground. The chambers, pits and manholes shall not connect directly to any storm drain or sanitary sewer. Blow-offs shall not connect directly to any storm drain or sanitary sewer. [Recommended Standards for Water Works 8.6]
T-33	At high points in water mains where air can accumulate provisions shall be made to remove the air by means of air relief valves. [Recommended Standards for Water Works 8.5.1]
T-34	Automatic air relief valves shall not be used in situations where flooding of the manhole or chamber may occur. [Recommended Standards for Water Works 8.5.1]

Distribution-Major Construction
Cumberland Falls Hwy Water District
Facility Requirements

Activity ID No.:APE20160001

Page 4 of 5

PORT000000021 (Water Line) 2,825 linear feet of 6 inch PVC, 380 linear feet of 6 inch PE, 33,780 linear feet of 4 inch PVC, and 10,205 linear feet of 3 inch PVC water line:

Narrative Requirements:

Condition No.	Condition
T-35	The open end of an air relief pipe from automatic valves shall be extended to at least one foot above grade and provided with a screened, downward-facing elbow. [Recommended Standards for Water Works 8.5.2.c]
T-36	Discharge piping from air relief valves shall not connect directly to any storm drain, storm sewer, or sanitary sewer. [Recommended Standards for Water Works 8.5.2.d]
T-37	Water pipe shall be constructed with a lateral separation of 10 feet or more from any gravity sanitary or combined sewer measured edge to edge where practical. If not practical a variance may be requested to allow the water pipe to be installed closer to the gravity sanitary or combined sewer provided the water pipe is laid in a separate trench or undisturbed shelf located on one side of the sewer with the bottom of the pipe at least 18 inches above the top of the gravity sanitary or combined sewer pipe. [Drinking Water General Design Criteria IV.3.b]
T-38	Water lines crossing sanitary, combined or storm sewers shall be laid to provide a minimum vertical distance of 18 inches between the outside of the water main and the outside of the sanitary, combined or storm sewer with preference to the water main located above the sanitary, combined or storm sewer. [Drinking Water General Design Criteria IV.3.c]
T-39	At crossings, one full length of water pipe shall be located so both joints will be as far from the sewer as possible. [Recommended Standards for Water Works 8.8.3.b]
T-40	There shall be no connection between the distribution system and any pipes, pumps, hydrants, or tanks whereby unsafe water or other contaminating materials may be discharged or drawn into the system. [Recommended Standards for Water Works 8.10.1]
T-41	Water utilities shall have a cross connection program conforming to 401 KAR 8. [Recommended Standards for Water Works 8.10.1]
T-42	Installed pipe shall be pressure tested and leakage tested in accordance with the appropriate AWWA Standards. [Recommended Standards for Water Works 8.7.6]
T-43	New, cleaned and repaired water mains shall be disinfected in accordance with AWWA Standard C651. The specifications shall include detailed procedures for the adequate flushing, disinfection, and microbiological testing of all water mains. In an emergency or unusual situation, the disinfection procedure shall be discussed with the Division of Water. [Recommended Standards for Water Works 8.7.7]
T-44	A minimum cover of five feet shall be provided over pipe crossing underwater. [Recommended Standards for Water Works 8.9.2]

Distribution-Major Construction
Cumberland Falls Hwy Water District
Facility Requirements

Activity ID No.:APE20160001

PORT0000000021 (Water Line) 2,825 linear feet of 6 inch PVC, 380 linear feet of 6 inch PE, 33,780 linear feet of 4 inch PVC, and 10,205 linear feet of 3 inch PVC water line:

Narrative Requirements:

Condition No.	Condition
T-45	Valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair; the valves shall be easily accessible, and not subject to flooding for pipes crossing underwater. [Recommended Standards for Water Works 8.9.2.b]
T-46	Permanent taps or other provisions to allow insertion of a small meter to determine leakage and obtain water samples on each side of the valve closest to the supply source for pipes crossing. [Recommended Standards for Water Works 8.9.2.c]



Kentucky Transportation Cabinet
 Department of Highways
 Division of Maintenance
 Permits Branch

TC 99-1 (B)
 03/2016
 Page 1 of 1

ENCROACHMENT PERMIT

KEPT No.: 11-2016-00139

Permittee: Cumberland Falls Hwy. Water District

Permit Type / Subtype: Utilities / Water

Work Completion Date: 8/26/2017

INDEMNITIES		
Type	Amount Required	Tracking Number
Performance Bond	\$0.00	
Cash / Check	\$0.00	
Self-Insured	\$0.00	
Payment Bond	\$0.00	
Liability Insurance	\$0.00	

This permit has been: **APPROVED** **DENIED**

Joel Holcomb	D11 Engineering Support - TEEM	8/29/2016
SIGNATURE	TITLE	DATE

The TC 99-1(B), including the application TC-99 1(A) and all related and accompanying documents and drawings make up the permit. It is not a permit unless both the TC 99-1(A) and TC 99-1(B) are both present.

LOCATION(S)			
Description	County - Route	Latitude	Longitude
Whitley Co - KY 90 - Mp 7.1	Whitley - KY 90	36.845690	-84.246012



Matthew G. Bevin
Governor

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
Department of Highways, District 11 Office
603 Railroad Avenue
Manchester, Kentucky 40962
(606) 598-2145
www.transportation.ky.gov/

Greg Thomas
Secretary

August 29, 2016

Cumberland Falls Hwy. Water District
6926 Cumberland Falls Highway
Corbin, Kentucky 40701

Subject: Permit #: 11-2016-00139
Permit Type: Utilities - Water
Approval

Dear Applicant:

Attached is your permit approval and documentation for the subject permit.

Be advised that all work must be done in conformity with permit and application conditions. If you have any questions, please contact the Permits Section at this office.

Sincerely,

Joel Holcomb
D11 Engineering Support - TEBM

Attachments



An Equal Opportunity Employer M/F/D

NOTICE OF COMPLETION OF ENCROACHMENT PERMIT WORK

PERMITEE

Name: Cumberland Falls Hwy. Water District
Contact Person:
Address: 6926 Cumberland Falls Highway
City: Corbin
State: Kentucky
Zip: 40701
Telephone: (606) 528-0222

PROJECT IDENTIFICATION

Permit Number: 11-2016-00139

I wish to notify the Department of Highways that the above mentioned permit work and any necessary right-of-way restoration have been completed and are ready for final inspection.

Applicant

Please return this form to the address below when work is completed and ready for final inspection.

Please Return to: Permit Engineer
Department of Highways, District 11 Office
603 Railroad Avenue
Manchester, Kentucky 40962
(606) 598-2145
www.transportation.ky.gov/

LOCATION(S)			
Description	County - Route	Latitude	Longitude
Whitley Co - KY 90 - Mp 7.1	Whitley - KY 90	36.845690	-84.246012



Kentucky Transportation Cabinet
Department of Highways
Permits Branch

MAILED
8-29-16

TC 99-1 (A)
8/2012
Page 1 of 4

APPLICATION FOR ENCROACHMENT PERMIT

Permittee Information		KYTC No. <u>11-2016-00139</u>	
Name	Cumberland Falls Hwy. Water District	Permit Information	
Address	6926 Cumberland Falls Highway	Address	
City	Corbin	City	Corbin/Williamsburg
State	KY	State	KY
Zip	40701	Zip	40701
Phone#	606 528-0222	County	Whitley
Contact	Les Moses	Road No.	KY 90
Phone	606 528-0222	Mile-Point	7.10
Cell	606 344-3844	Longitude (X)	-84d 14' 46" - <u>84.246012</u>
Email	cfhwd@yahoo.com	Latitude (Y)	36d 50' 44" <u>36.845690</u>
Contact		<i>Information below to be filled out by KYTC</i>	
Phone		<input type="checkbox"/> Air Right	<input type="checkbox"/> Entrance
Email		<input checked="" type="checkbox"/> Utilities	<input type="checkbox"/> Other: <u>Water</u>
		<input type="checkbox"/> Left	<input type="checkbox"/> Right
		<input type="checkbox"/> Full	<input type="checkbox"/> Partial
			<input checked="" type="checkbox"/> by Permit

General Description of Work:

MM 7.05 to MM 7.16: Installation of 3" Waterline on North side of KY 90 and parallel.

THE UNDERSIGNED PERMITTEE(S) (being duly authorized representative(s) or owner(s)) DO AGREE TO ALL TERMS AND CONDITIONS ON THE TC 99-1 (A).

Signature

Les Moses

Date

8-25-2016

This is not a permit unless and until the permittee(s) receives an approved TC 99-1(B) from KYTC. This application will become void if not approved by the cancellation date. The cancellation date will be one year from the date the permittee submits their application.



APPLICATION FOR ENCROACHMENT PERMIT

TERMS AND CONDITIONS

1. The permit, including this application and all related and accompanying documents and drawings making up the permit, remains in effect and is binding upon the Applicant/Permittee, its successors and assigns, as long as the encroachment(s) exists and also until the permittee is finally relieved by the Department of Highways from all its obligations.
2. Applicant shall meet all requirements of the Clean Water Act if the project will disturb one acre or more, the applicant shall obtain a KPDES KYR10 Permit from the Kentucky Division of Water. All disturbed areas shall meet the requirements of the Department of Highway's Standard Specifications, Sections 212 and 213, as amended.
3. **INDEMNITY:**
 - A. **PERFORMANCE BOND:** The permittee shall provide to the Department a performance bond according to the Permits Manual, Section PE-203 as a guarantee of conformance with the Department's Encroachment Permit requirements.
 - B. **PAYMENT BOND:** At the discretion of the department, a payment bond will be required of the permittee to ensure payment of liquidated damages assessed to the permittee.
 - C. **LIABILITY INSURANCE:** Liability insurance will be required of the permittee (in an amount approved by the department) to cover all liabilities associated with the encroachment.
 - D. It shall be the responsibility of the permittee, its successors and assigns, to maintain all indemnities in full force and effect until the permittee is authorized to release the indemnity by the Department.
4. A copy of this application and all related documents making up the approved permit will be given to the applicant and shall be made readily available for review at the work site at all times.
5. Perpetual maintenance of the encroachment is the responsibility of the permittee, its successors and assigns, with the approval of the Department as required, unless otherwise stated.
6. Permittee, its successors and assigns, shall comply with and agrees to be bound by the requirements and terms of (a) this application and all related documents making up the approved permit, (b) by the Department's Permits Manual, and (c) by the Manual on Uniform Traffic Control Devices, both manuals as revised to and in effect on the date of issuance of the permit, all of which documents are made a part thereof by this reference. Compliance by the permittee, its successors and assigns, with subsequent revisions to applicable provisions of either manual or other policy of the Department may be made a condition of allowing the encroachment to persist under the permit.
7. Permittee agrees that this and any encroachment may be ordered removed by the Department at any time, and for any reason, upon thirty days written notice to the last known address of the applicant or to the address at the location of the encroachment. The permittee agrees that the cost of removing and of restoring the associated right-of-way is the responsibility of the permittee, its successors and assigns.
8. Permittee, its successors and assigns, agree that if the Department determines that motor vehicular safety deficiencies develop as a result of the installation or use of the encroachment, the permittee, its successors and assigns, shall provide and bear the expenses to adjust, relocate, or reconstruct the facilities, and/or add signs, auxiliary lanes, or other corrective measures reasonably deemed necessary by the Department within a reasonable time after receipt of a written notice of such deficiency. The period within which such adjustments, relocations, additions, modifications, and/or other corrective measures must be completed will be specified in the notice.
9. Where traffic signals are required as a condition of granting the requested permit or are thereafter required to correct motor vehicular safety deficiencies, as determined by the Department, the costs for signal equipment and



APPLICATION FOR ENCROACHMENT PERMIT

Installation(s) shall be borne by the permittee, its successors and assigns, and/or the Department in its reasonable discretion and only in accordance with the Department's current policy set forth in the Traffic Operations Manual and Permits Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, its successors and assigns, at no expense to the Department.

10. The requested encroachment shall not infringe on the frontage rights of an abutting owner without their written consent as hereinafter described. Each abutting owner shall express their consent, which shall be binding on their successors and assigns, by the submission of a notarized statement as follows, "I _____ (we),

_____ hereby consent to the granting of the permit requested by the applicant along Route _____, which permit does affect frontage rights along my (our) adjacent real property." By _____ signature(s) subscribed and sworn by _____ on this date _____.

11. The permit, if approved, is subject to the agreement that it shall not interfere with any similar rights or permit(s) previously granted to any other party, except as otherwise provided by law.

12. Permittee shall include documentation which describes the facilities to be constructed. Permittee, its successors and assigns, agrees as a condition of the granting of the permit to construct and maintain any and all permitted facilities or other encroachments in strict accordance with the submitted and approved permit documentation and the policies and procedures of the Department. Permittee, its successors and assigns, shall not use facilities authorized herein in any manner contrary to that prescribed by the approved permit. Only normal usage as contemplated by the parties and by this application and routine maintenance are authorized by the permit.

13. Permittee, its successors and assigns, at all times from the date permitted work is commenced until such time as all permitted facilities or other encroachments are removed from the right-of-way and the right-of-way restored, shall defend, protect, indemnify and save harmless the Department from any and all liability claims and demands arising out of the work, encroachment, maintenance, or other undertaking by the permittee, its successors and assigns, related or undertaken pursuant to the granted permit, due to any claimed act or omission by the permittee, its servants, agents, employees, or contractors. This provision shall not inure to the benefit of any third party nor operate to enlarge any liability of the Department beyond that existing at common law or otherwise if this right to indemnity did not exist.

14. Upon a violation of any provision of the permit, or otherwise in its reasonable discretion, the Department may require additional action by the permittee, its successors and assigns, up to and including the removal of the encroachment and restoration of the right-of-way. In the event additional actions required by the Department under the permit are not undertaken as ordered and within a reasonable time, the Department may in its discretion cause those or other additional corrective actions to be undertaken and the Department may and shall recover the reasonable costs of those corrective actions from the permittee, its successors and assigns.

15. Permittee, its successors and assigns, shall use the encroachment premises in compliance with all requirements of federal law and regulation, including those imposed pursuant to Title VI of the Civil Right Act of 1964 (42 U.S.C. § 2000d et seq.) and the related regulations of the U.S. Department of Transportation in Title 49 C.F.R. Part 21, all as amended.

16. Permittee, its successors and assigns, agree that if the Department determines it is necessary for the facilities or other encroachment authorized by the permit to be removed, relocated or reconstructed in connection with the reconstruction, relocation or improvement of a highway, the Department may revoke permission for the



APPLICATION FOR ENCROACHMENT PERMIT

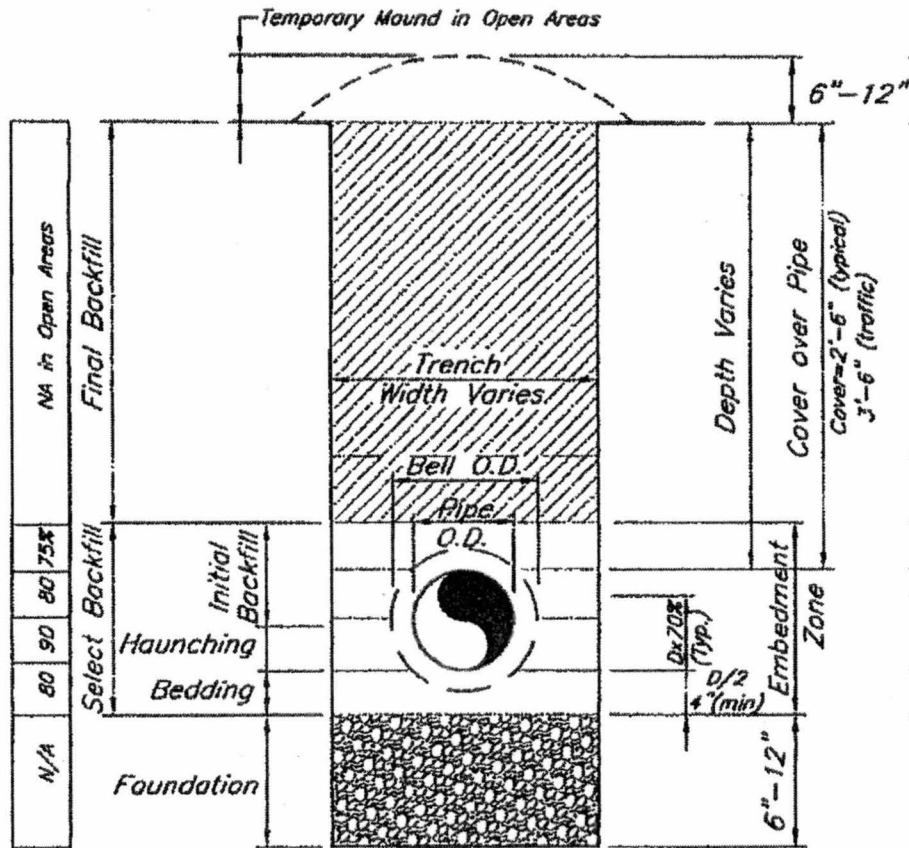
encroachment to remain under the permit and may order its removal, relocation or reconstruction by the permittee, its successors and assigns, at the expense of the permittee, except where the Department is required by law to pay any or all of those costs.

17. Permittee agrees that the authorized permit is personal to the permittee and shall remain in effect until such time as (a) the permittee's rights to the adjoining real property to have benefitted from the requested encroachment have been relinquished, (b) until all permit obligations have been assumed by appropriate successors and assigns, and (c) unless and until a written release from permit obligations has been granted by the Department. The permit and its requirements shall also bind the real property to have benefitted from the requested encroachment to the extent permitted by law. The permit and the related encroachment become the responsibility of the successors and assigns of the permittee and the successors and assigns of each property owner benefitting from the encroachment, or the encroachment may not otherwise permissibly continue to be maintained on the right-of-way. (Does not apply to utility encroachments serving the general public.)

18. If work authorized by the permit is within a highway construction project in the construction phase, it shall be the responsibility of the permittee to make personal contact with the Department's Engineer on the project in order to coordinate all permitted work with the Department's prime contractor on the project.

19. This permit is not intended to, nor shall it, affect, alter or alleviate any requirement imposed upon the permittee, its successors and assigns, by any other agency.

20. Permittee, its successors and assigns, agrees to contain and maintain all dirt, mud, and other debris emanating from the encroachment away from the surrounding right-of-way and the travel way of the highway hereafter and at all times that its obligations under the permit remain in effect.



Typically, open areas are final graded, dressed and seeded following two soaking rains...excluding KYTC road ROW's

Unless otherwise specified, material excavated from trench may be used for final backfill provided it is relatively free of large rock (>8"), or mixed with sufficient dirt to minimize voids and settlement, and free of other unsuitable materials... as approved by the Engineer

The Engineer may require selective placement of an extra buffer layer for extremely rocky backfill to prevent migration

Select backfill, lightly compacted (bucket shoving) using suitable on-site material, or dumped sand.

Sand or very select material, hand tamped

Haunching to be carefully placed - Sand or sandy/clay soil. No. 9's may be required if weak foundation is encountered

Bedding to be sand or approved equivalent, (except No. 57's may be required if weak foundation encountered) hand placed and smoothed to uniform grade for support of pipe

In soft, wet, muddy or otherwise yielding foundation conditions, undercutting and replacement with No. 2 Stone and/or Class II channel lining, or equivalent, will be required. Objective is to provide a trench bottom free of large stones, clods, frozen material, etc. which is unyielding.

NOTES: No rocks larger than 1-1/2" allowed in embedment zone.

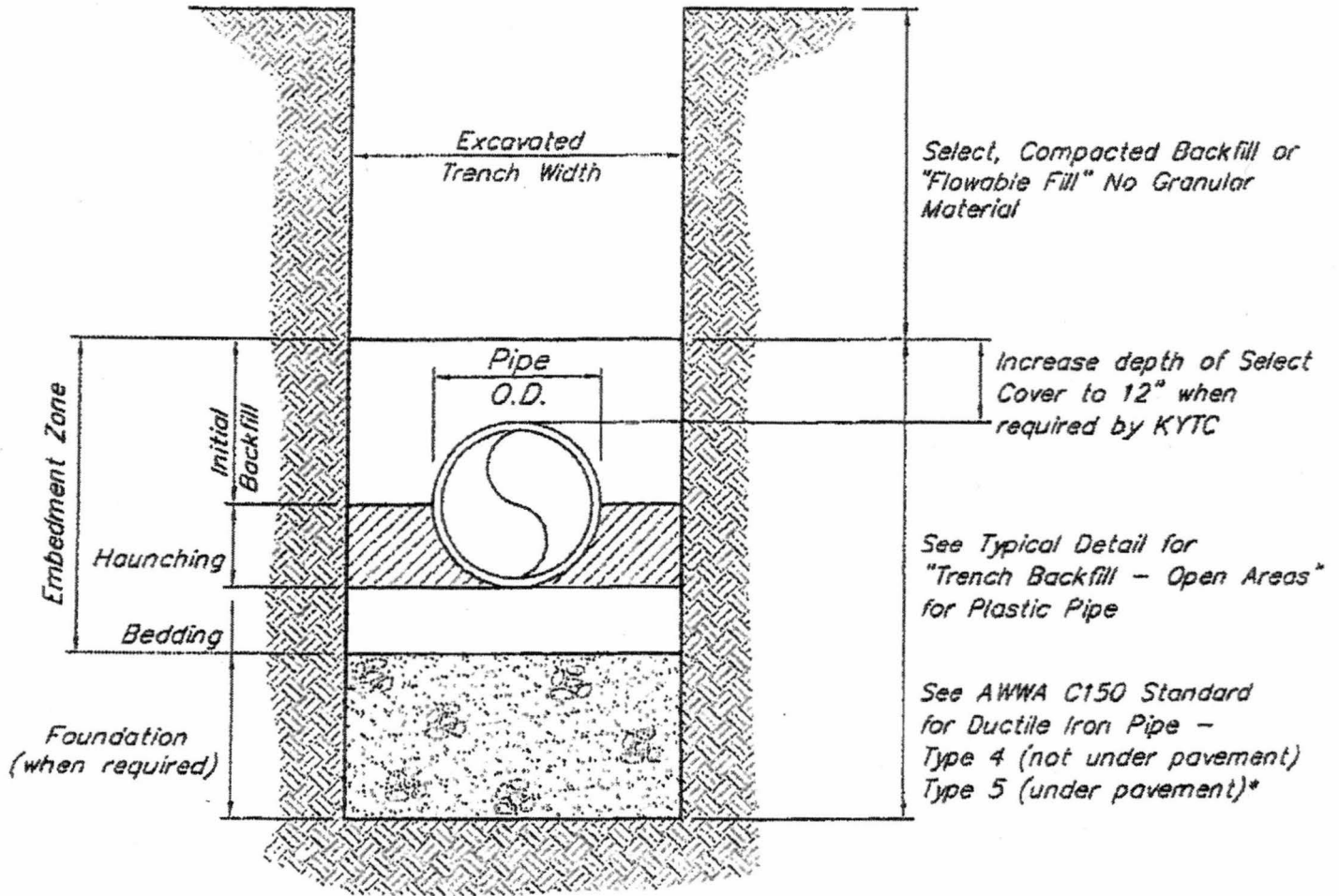
Typical desired densities in open areas are depicted above in the boxes to the left of the figure. In other laying situations, more stringent selection, placement and compaction will be required.

Trench width should be no wider than necessary for adequate work room and to assure safe working conditions. Nominal outside diameter (O.D.) pipe plus 6" on each side is typically considered minimal, with 8" minimum on each side for gravity sewer installation. For gravity sewer, pipe to be bedded on No. 9 stone and remainder of embedment zone to be backfilled with sand.

TRENCH BACKFILL OPEN AREAS - PLASTIC PIPE

Mar., 2011

Scale: 3/4" = 1'-0"

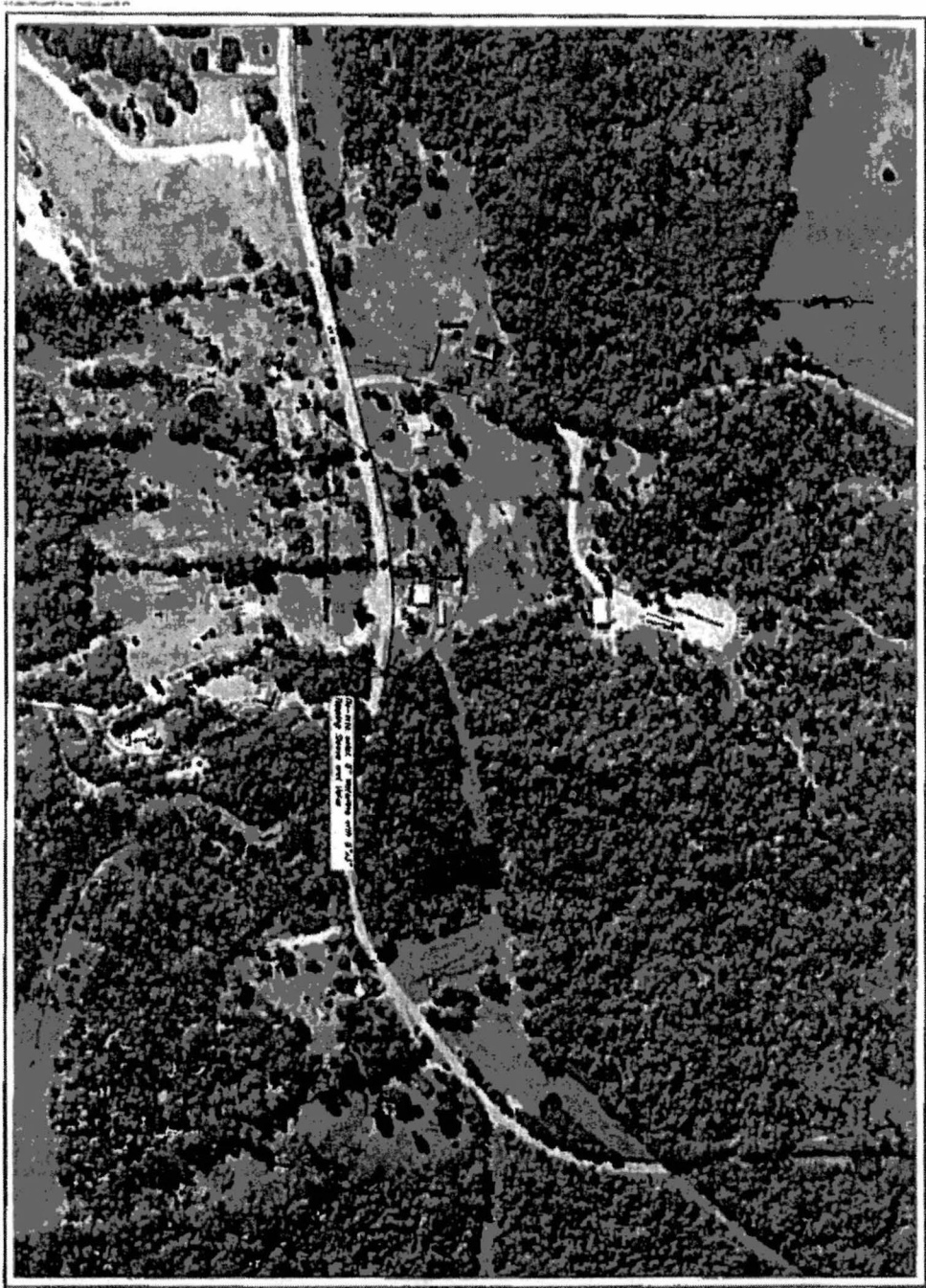


* When "Open-cutting" of State Highway is permitted, pipe laying, encasement requirements, backfill placement, pavement replacement, etc. shall be as required by the encroachment permit issued by the Kentucky Transportation Cabinet (KYTC). By reference, such permit(s) shall become part of the contract. It shall be the CONTRACTOR'S responsibility to maintain a copy of KYTC permit(s) on the job site at all times.

TRENCH BACKFILL ON HIGHWAY ROW

Dec., 2010

N.T.S.



<p>91 on 12/10/10 KENTUCKY STATE ENGINEERING EXAMINER</p>	 <p>KENVIRONS, INC. FRANKFORT, KENTUCKY</p>		<p>CUMBERLAND FALLS HIGHWAY WATER DISTRICT WATER SYSTEM EXTENSIONS, REPLACEMENTS AND REINFORCEMENTS WHITLEY COUNTY, KENTUCKY</p>
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Kentucky Transportation Cabinet
 Department of Highways
 Division of Maintenance
 Permits Branch

TC 99-1 (B)
 03/2016
 Page 1 of 1

ENCROACHMENT PERMIT

KEPT No.: 11-2016-00140

Permittee: Cumberland Falls Hwy. Water District

Permit Type / Subtype: Utilities / Water

Work Completion Date: 8/26/2017

INDEMNITIES		
Type	Amount Required	Tracking Number
Performance Bond	\$0.00	
Cash / Check	\$0.00	
Self-Insured	\$0.00	
Payment Bond	\$0.00	
Liability Insurance	\$0.00	

This permit has been: **APPROVED** **DENIED**

Joel Holcomb	D11 Engineering Support - TEBM	8/29/2016
SIGNATURE	TITLE	DATE

The TC 99-1(B), including the application TC-99 1(A) and all related and accompanying documents and drawings make up the permit. It is not a permit unless both the TC 99-1(A) and TC 99-1(B) are both present.

LOCATION(S)			
Description	County - Route	Latitude	Longitude
Whitley Co - US 25W - Mp 26.89	Whitley - US 25 W	36.900586	-84.173324



Matthew G. Bevin
Governor

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
Department of Highways, District 11 Office
603 Railroad Avenue
Manchester, Kentucky 40962
(606) 598-2145
www.transportation.ky.gov/

Greg Thomas
Secretary

August 29, 2016

Cumberland Falls Hwy. Water District
6926 Cumberland Falls Highway
Corbin, Kentucky 40701

Subject: Permit #: 11-2016-00140
Permit Type: Utilities - Water
Approval

Dear Applicant:

Attached is your permit approval and documentation for the subject permit.

Be advised that all work must be done in conformity with permit and application conditions. If you have any questions, please contact the Permits Section at this office.

Sincerely,

Joel Holcomb
D11 Engineering Support - TEBM

Attachments



An Equal Opportunity Employer M/F/D

NOTICE OF COMPLETION OF ENCROACHMENT PERMIT WORK

PERMITEE

Name: Cumberland Falls Hwy. Water District
Contact Person:
Address: 6926 Cumberland Falls Highway
City: Corbin
State: Kentucky
Zip: 40701
Telephone: (606) 528-0222

PROJECT IDENTIFICATION

Permit Number: 11-2016-00140

I wish to notify the Department of Highways that the above mentioned permit work and any necessary right-of-way restoration have been completed and are ready for final inspection.

Applicant

Please return this form to the address below when work is completed and ready for final inspection.

Please Return to: Permit Engineer
Department of Highways, District 11 Office
603 Railroad Avenue
Manchester, Kentucky 40962
(606) 598-2145
www.transportation.ky.gov/

LOCATION(S)			
Description	County - Route	Latitude	Longitude
Whitley Co - US 25W - Mp 26.89	Whitley - US 25 W	36.900586	-84.173324



MAILED
8-29-16

APPLICATION FOR ENCROACHMENT PERMIT

Permittee Information		KYTC No. <u>11-2016-00140</u>	
Name	Cumberland Falls Hwy. Water District	Permit Information	
Address	6926 Cumberland Falls Highway	Address	
City	Corbin	City	Corbin/Williamsburg
State	KY	State	KY
Zip	40701	Zip	40701
Phone#	606 528-0222	County	Whitley
Contact	Les Moses	Route No.	US 25W
Phone	606 528-0222	Mile-Point	26.89
Cell	606 344-3844	Longitude (X)	-84d 10' 23" - <u>84.173324</u>
Email	cfhwd@yahoo.com	Latitude (Y)	36d 54' 2" <u>36.900586</u>
Contact		Information below to be filled out by KYTC	
Phone		<input type="checkbox"/> Air Right	<input type="checkbox"/> Entrance
Cell		<input checked="" type="checkbox"/> Utilities	<input type="checkbox"/> Other: <u>Water</u>
Email		<input type="checkbox"/> Left	<input type="checkbox"/> Right
		<input type="checkbox"/> Full	<input type="checkbox"/> Partial
		<input type="checkbox"/> X-ing	<input checked="" type="checkbox"/> by Permit

APPROVED

General Description of Work:

MM 26.89 Crossing US 25W with 4" Waterline in 10" Steel Casing Pipe. Long-84d 10' 23" W Lat 36d 54' 2" N
MM 20.49 Connecting 3" Waterline to existing 6" Waterline on R/W. Long -84d 13' 13" W Lat 36d 50' 6" N
MM 14.99 to MM 15.20: Installation of 6" Waterline on North side of US 25W (Cumberland Falls Highway) and parallel.
Long: -84d 9' 43"W Lat:36d 46' 42" N

THE UNDERSIGNED PERMITTEE(S) (being duly authorized representative(s) or owner(s)) DO AGREE TO ALL TERMS AND CONDITIONS ON THE TC 99-1 (A).

Les Moses
Signature

8-25-2016
Date

This is not a permit unless and until the permittee(s) receives an approved TC 99-1(B) from KYTC. This application will become void if not approved by the cancellation date. The cancellation date will be one year from the date the permittee submits their application.



APPLICATION FOR ENCROACHMENT PERMIT

TERMS AND CONDITIONS

1. The permit, including this application and all related and accompanying documents and drawings making up the permit, remains in effect and is binding upon the Applicant/Permittee, its successors and assigns, as long as the encroachment(s) exists and also until the permittee is finally relieved by the Department of Highways from all its obligations.
2. Applicant shall meet all requirements of the Clean Water Act if the project will disturb one acre or more, the applicant shall obtain a KPDES KYR10 Permit from the Kentucky Division of Water. All disturbed areas shall meet the requirements of the Department of Highway's Standard Specifications, Sections 212 and 213, as amended.
3. **INDEMNITY:**
 - A. **PERFORMANCE BOND:** The permittee shall provide to the Department a performance bond according to the Permits Manual, Section PE-203 as a guarantee of conformance with the Department's Encroachment Permit requirements.
 - B. **PAYMENT BOND:** At the discretion of the department, a payment bond will be required of the permittee to ensure payment of liquidated damages assessed to the permittee.
 - C. **LIABILITY INSURANCE:** Liability insurance will be required of the permittee (in an amount approved by the department) to cover all liabilities associated with the encroachment.
 - D. It shall be the responsibility of the permittee, its successors and assigns, to maintain all indemnities in full force and effect until the permittee is authorized to release the indemnity by the Department.
4. A copy of this application and all related documents making up the approved permit will be given to the applicant and shall be made readily available for review at the work site at all times.
5. Perpetual maintenance of the encroachment is the responsibility of the permittee, its successors and assigns, with the approval of the Department as required, unless otherwise stated.
6. Permittee, its successors and assigns, shall comply with and agrees to be bound by the requirements and terms of (a) this application and all related documents making up the approved permit, (b) by the Department's Permits Manual, and (c) by the Manual on Uniform Traffic Control Devices, both manuals as revised to and in effect on the date of issuance of the permit, all of which documents are made a part thereof by this reference. Compliance by the permittee, its successors and assigns, with subsequent revisions to applicable provisions of either manual or other policy of the Department may be made a condition of allowing the encroachment to persist under the permit.
7. Permittee agrees that this and any encroachment may be ordered removed by the Department at any time, and for any reason, upon thirty days written notice to the last known address of the applicant or to the address at the location of the encroachment. The permittee agrees that the cost of removing and of restoring the associated right-of-way is the responsibility of the permittee, its successors and assigns.
8. Permittee, its successors and assigns, agree that if the Department determines that motor vehicular safety deficiencies develop as a result of the installation or use of the encroachment, the permittee, its successors and assigns, shall provide and bear the expenses to adjust, relocate, or reconstruct the facilities, and/or add signs, auxiliary lanes, or other corrective measures reasonably deemed necessary by the Department within a reasonable time after receipt of a written notice of such deficiency. The period within which such adjustments, relocations, additions, modifications, and/or other corrective measures must be completed will be specified in the notice.
9. Where traffic signals are required as a condition of granting the requested permit or are thereafter required to correct motor vehicular safety deficiencies, as determined by the Department, the costs for signal equipment and



APPLICATION FOR ENCROACHMENT PERMIT

installation(s) shall be borne by the permittee, its successors and assigns, and/or the Department in its reasonable discretion and only in accordance with the Department's current policy set forth in the Traffic Operations Manual and Permits Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, its successors and assigns, at no expense to the Department.

10. The requested encroachment shall not infringe on the frontage rights of an abutting owner without their written consent as hereinafter described. Each abutting owner shall express their consent, which shall be binding on their successors and assigns, by the submission of a notarized statement as follows, "I _____ (we),

_____ hereby consent to the granting of the permit requested by the applicant along Route _____, which permit does affect frontage rights along my (our) adjacent real property." By signature(s) _____ subscribed and sworn by _____ on this date _____.

11. The permit, if approved, is subject to the agreement that it shall not interfere with any similar rights or permit(s) previously granted to any other party, except as otherwise provided by law.

12. Permittee shall include documentation which describes the facilities to be constructed. Permittee, its successors and assigns, agrees as a condition of the granting of the permit to construct and maintain any and all permitted facilities or other encroachments in strict accordance with the submitted and approved permit documentation and the policies and procedures of the Department. Permittee, its successors and assigns, shall not use facilities authorized herein in any manner contrary to that prescribed by the approved permit. Only normal usage as contemplated by the parties and by this application and routine maintenance are authorized by the permit.

13. Permittee, its successors and assigns, at all times from the date permitted work is commenced until such time as all permitted facilities or other encroachments are removed from the right-of-way and the right-of-way restored, shall defend, protect, indemnify and save harmless the Department from any and all liability claims and demands arising out of the work, encroachment, maintenance, or other undertaking by the permittee, its successors and assigns, related or undertaken pursuant to the granted permit, due to any claimed act or omission by the permittee, its servants, agents, employees, or contractors. This provision shall not inure to the benefit of any third party nor operate to enlarge any liability of the Department beyond that existing at common law or otherwise if this right to indemnity did not exist.

14. Upon a violation of any provision of the permit, or otherwise in its reasonable discretion, the Department may require additional action by the permittee, its successors and assigns, up to and including the removal of the encroachment and restoration of the right-of-way. In the event additional actions required by the Department under the permit are not undertaken as ordered and within a reasonable time, the Department may in its discretion cause those or other additional corrective actions to be undertaken and the Department may and shall recover the reasonable costs of those corrective actions from the permittee, its successors and assigns.

15. Permittee, its successors and assigns, shall use the encroachment premises in compliance with all requirements of federal law and regulation, including those imposed pursuant to Title VI of the Civil Right Act of 1964 (42 U.S.C. § 2000d et seq.) and the related regulations of the U.S. Department of Transportation in Title 49 C.F.R. Part 21, all as amended.

16. Permittee, its successors and assigns, agree that if the Department determines it is necessary for the facilities or other encroachment authorized by the permit to be removed, relocated or reconstructed in connection with the reconstruction, relocation or improvement of a highway, the Department may revoke permission for the



APPLICATION FOR ENCROACHMENT PERMIT

encroachment to remain under the permit and may order its removal, relocation or reconstruction by the permittee, its successors and assigns, at the expense of the permittee, except where the Department is required by law to pay any or all of those costs.

17. Permittee agrees that the authorized permit is personal to the permittee and shall remain in effect until such time as (a) the permittee's rights to the adjoining real property to have benefitted from the requested encroachment have been relinquished, (b) until all permit obligations have been assumed by appropriate successors and assigns, and (c) unless and until a written release from permit obligations has been granted by the Department. The permit and its requirements shall also bind the real property to have benefitted from the requested encroachment to the extent permitted by law. The permit and the related encroachment become the responsibility of the successors and assigns of the permittee and the successors and assigns of each property owner benefitting from the encroachment, or the encroachment may not otherwise permissibly continue to be maintained on the right-of-way. (Does not apply to utility encroachments serving the general public.)

18. If work authorized by the permit is within a highway construction project in the construction phase, it shall be the responsibility of the permittee to make personal contact with the Department's Engineer on the project in order to coordinate all permitted work with the Department's prime contractor on the project.

19. This permit is not intended to, nor shall it, affect, alter or alleviate any requirement imposed upon the permittee, its successors and assigns, by any other agency.

20. Permittee, its successors and assigns, agrees to contain and maintain all dirt, mud, and other debris emanating from the encroachment away from the surrounding right-of-way and the travel way of the highway hereafter and at all times that its obligations under the permit remain in effect.

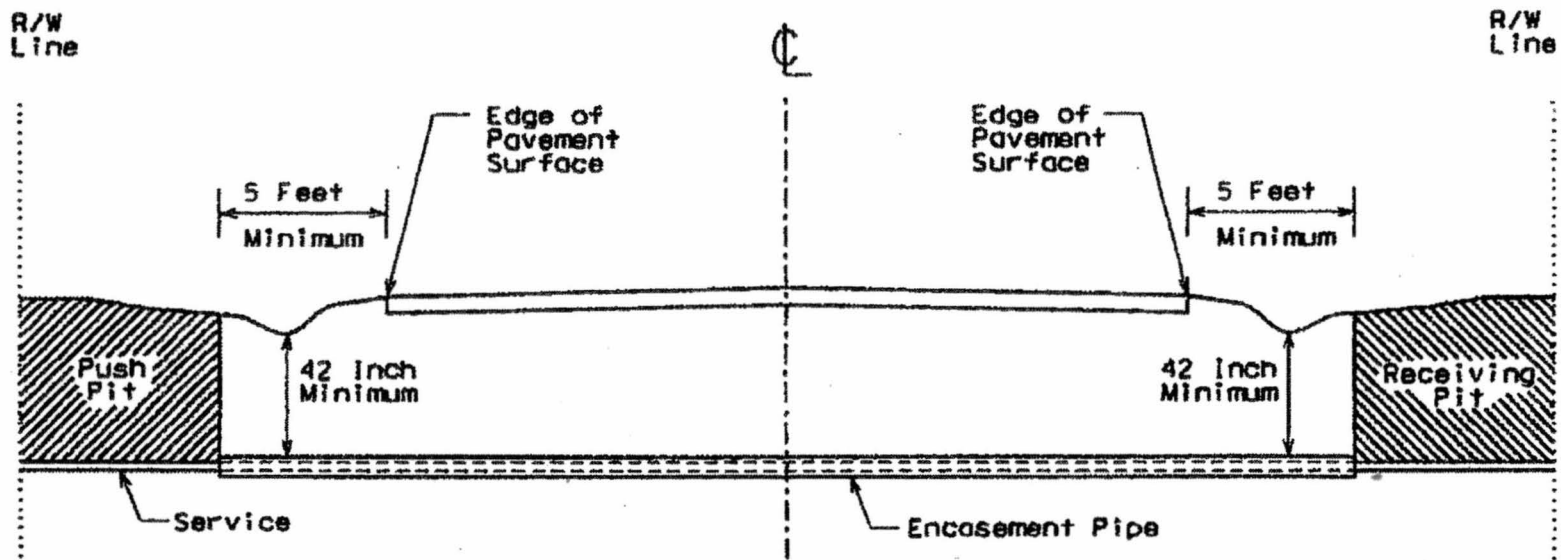
Kentucky Transportation Cabinet
Department of Highways
Permits Branch

EXHIBIT 8

TC 99-10
Rev. 9/2004

TYPICAL HIGHWAY BORING CROSSING DETAIL

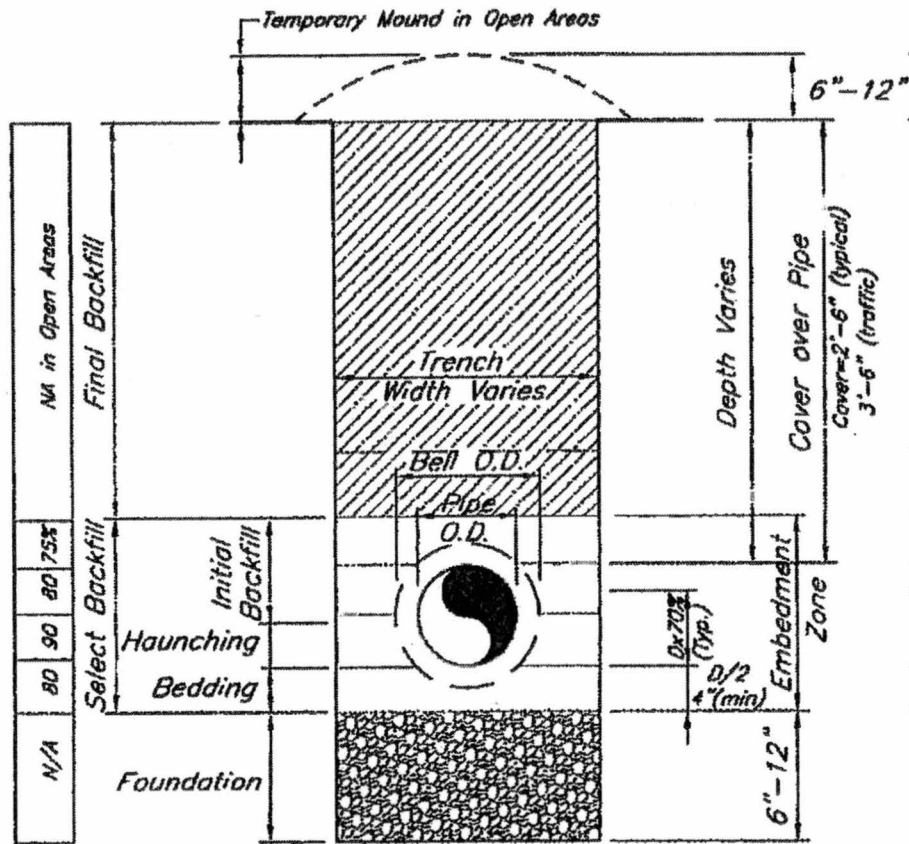
Permit No. _____
Route No. _____
Pavement Width _____



1. Push Pit and Receiving Pit shall be backfilled and thoroughly compacted.
2. All ditch lines are to remain open at all times.
3. Seed and straw all disturbed areas immediately after completing the work.
4. Provide traffic control as required to insure the safety of the traveling public in accordance with the current edition of the "Manual on Uniform Traffic Control Devices".

ALL SERVICES OVER 2" IN DIAMETER SHALL REQUIRE ENCASEMENT.

N:\P\2006234\Plans\DETAILS.dwg, 8/19/2016 1:28:18 PM, DWG To PDF.pc3



Typically, open areas are final graded, dressed and seeded following two soaking rains...excluding KYTC road ROW's

Unless otherwise specified, material excavated from trench may be used for final backfill provided it is relatively free of large rock (>8"), or mixed with sufficient dirt to minimize voids and settlement, and free of other unsuitable materials... as approved by the Engineer

The Engineer may require selective placement of an extra buffer layer for extremely rocky backfill to prevent migration

Select backfill, lightly compacted (bucket shaping) using suitable on-site material, or dumped sand.

Sand or very select material, hand tamped

Haunching to be carefully placed - Sand or sandy/clay soil. No. 9's may be required if weak foundation is encountered

Bedding to be sand or approved equivalent, (except No. 57's may be required if weak foundation encountered) hand placed and smoothed to uniform grade for support of pipe

In soft, wet, muddy or otherwise yielding foundation conditions, undercutting and replacement with No. 2 Stone and/or Class II channel lining, or equivalent, will be required. Objective is to provide a trench bottom free of large stones, clads, frozen material, etc. which is unyielding.

NOTES: No rocks larger than 1-1/2" allowed in embedment zone.

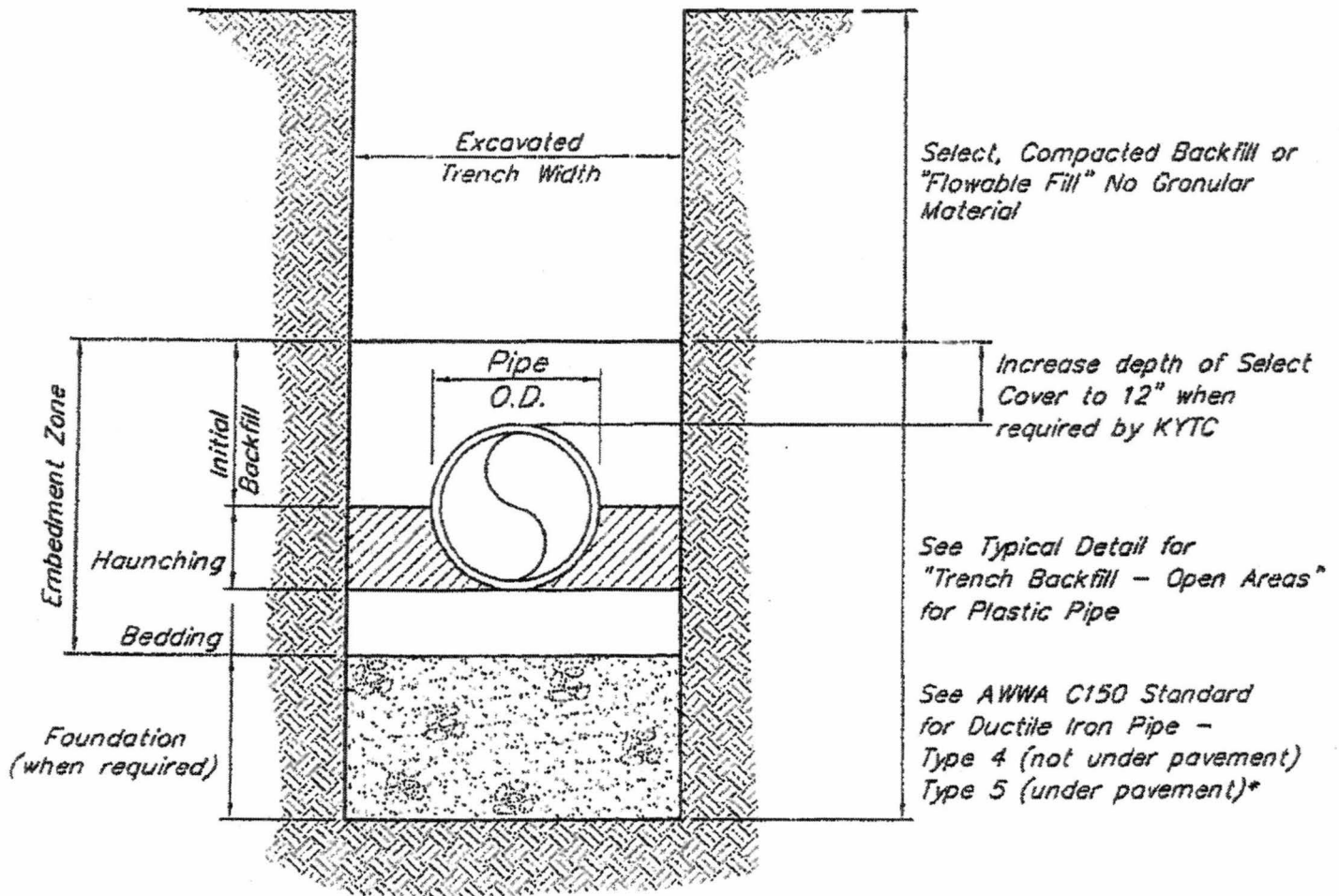
Typical desired densities in open areas are depicted above in the boxes to the left of the figure. In other laying situations, more stringent selection, placement and compaction will be required.

Trench width should be no wider than necessary for adequate work room and to assure safe working conditions. Nominal outside diameter (O.D.) pipe plus 6" on each side is typically considered minimal, with 8" minimum on each side for gravity sewer installation. For gravity sewer, pipe to be bedded on No. 9 stone and remainder of embedment zone to be backfilled with sand.

TRENCH BACKFILL OPEN AREAS - PLASTIC PIPE

Mar., 2011

Scale: 3/4" = 1'-0"



* When "Open-cutting" of State Highway is permitted, pipe laying, encasement requirements, backfill placement, pavement replacement, etc. shall be as required by the encroachment permit issued by the Kentucky Transportation Cabinet (KYTC). By reference, such permit(s) shall become part of the contract. It shall be the CONTRACTOR'S responsibility to maintain a copy of KYTC permit(s) on the job site at all times.

TRENCH BACKFILL ON HIGHWAY ROW

Dec., 2010

N. T. S.



Check Point
at Spring
Little Spring Creek
at Spring

CUMBERLAND FALLS HIGHWAY WATER DISTRICT
WATER SYSTEM EXTENSIONS,
REPLACEMENTS AND REINFORCEMENTS
WHITLEY COUNTY, KENTUCKY





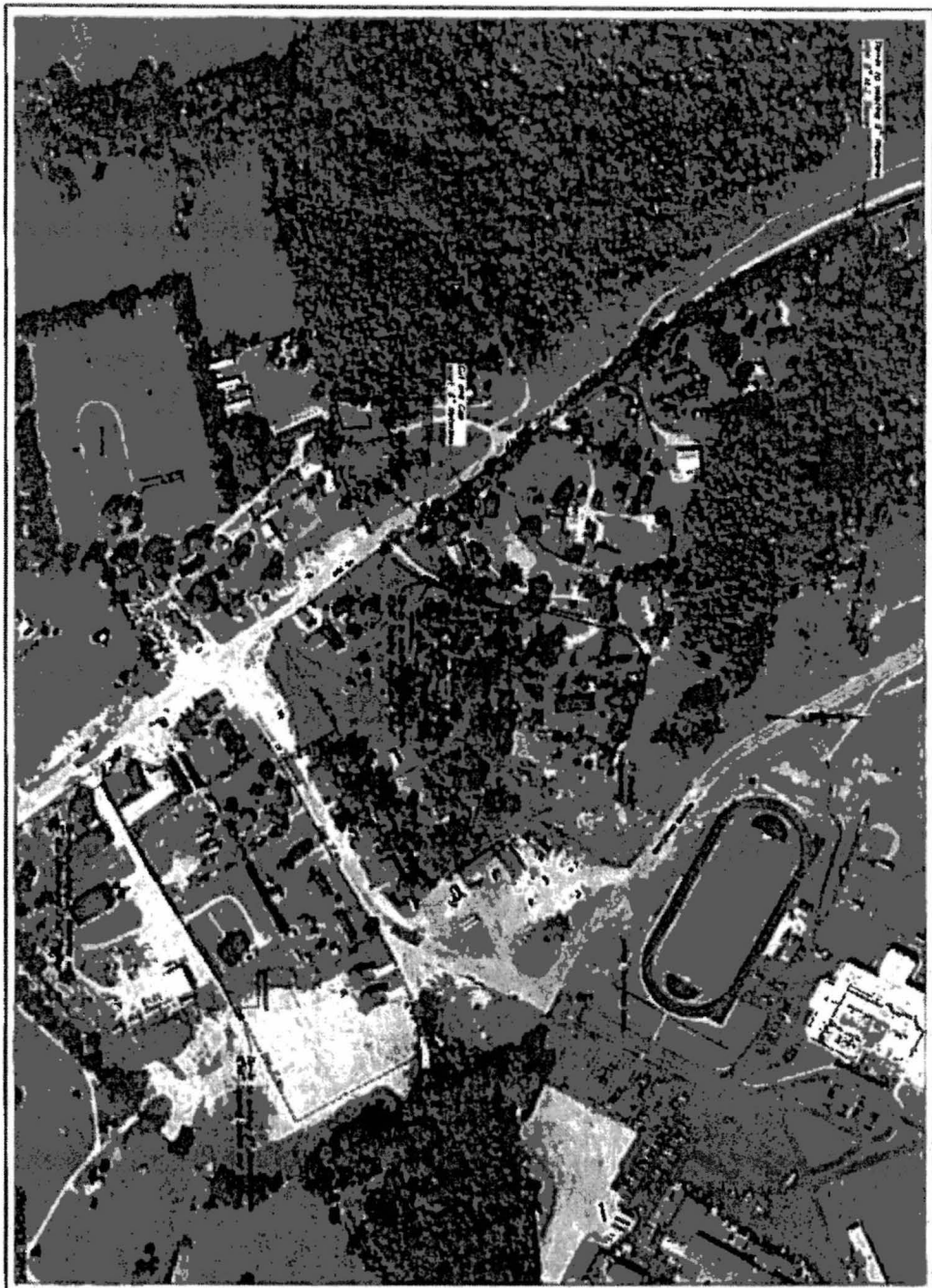
KENVIRONS, INC.
FRANKFORT, KENTUCKY



PROJECT NO.
DATE
PAGE



61 NO. 10000 12/20/00 BY: J. J. JONES		KEN IRONS, INC. FRANKFORT, KENTUCKY			CUMBERLAND FALLS HIGHWAY WATER DISTRICT WATER SYSTEM EXTENSIONS, REPLACEMENTS AND REINFORCEMENTS WHITLEY COUNTY, KENTUCKY
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61

BY STATE
REGISTERED
NO. 123456



KENVIRONS, INC.
FRANKFORT, KENTUCKY



CUMBERLAND FALLS HIGHWAY WATER DISTRICT
WATER SYSTEM EXTENSIONS,
REPLACEMENTS AND REINFORCEMENTS
WHITLEY COUNTY, KENTUCKY



Kentucky Transportation Cabinet
Department of Highways
Division of Maintenance
Permits Branch

TC 99-1 (B)
03/2016
Page 1 of 1

ENCROACHMENT PERMIT

KEPT No.: 11-2016-00138

Permittee: Cumberland Falls Hwy. Water District

Permit Type / Subtype: Utilities / Water

Work Completion Date: 8/26/2017

INDEMNITIES		
Type	Amount Required	Tracking Number
Performance Bond	\$0.00	
Cash / Check	\$0.00	
Self-Insured	\$0.00	
Payment Bond	\$0.00	
Liability Insurance	\$0.00	

This permit has been: **APPROVED** **DENIED**

<u>Joel Holcomb</u>	<u>D11 Engineering Support - TEBM</u>	<u>8/29/2016</u>
SIGNATURE	TITLE	DATE

The TC 99-1(B), including the application TC-99 1(A) and all related and accompanying documents and drawings make up the permit. It is not a permit unless both the TC 99-1(A) and TC 99-1(B) are both present.

LOCATION(S)			
Description	County - Route	Latitude	Longitude
<u>Whitley Co - KY 511 - Mp 2.13</u>	<u>Whitley - KY 511</u>	<u>36.853580</u>	<u>-84.197483</u>



Matthew G. Bevin
Governor

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
Department of Highways, District 11 Office
603 Railroad Avenue
Manchester, Kentucky 40962
(606) 598-2145
www.transportation.ky.gov/

Greg Thomas
Secretary

August 29, 2016

Cumberland Falls Hwy. Water District
6926 Cumberland Falls Highway
Corbin, Kentucky 40701

Subject: Permit #: 11-2016-00138
Permit Type: Utilities - Water
Approval

Dear Applicant:

Attached is your permit approval and documentation for the subject permit.

Be advised that all work must be done in conformity with permit and application conditions. If you have any questions, please contact the Permits Section at this office.

Sincerely,

Joel Holcomb
D11 Engineering Support - TEBM

Attachments



An Equal Opportunity Employer M/F/D

NOTICE OF COMPLETION OF ENCROACHMENT PERMIT WORK

PERMITEE

Name: Cumberland Falls Hwy. Water District
Contact Person:
Address: 6926 Cumberland Falls Highway
City: Corbin
State: Kentucky
Zip: 40701
Telephone: (606) 528-0222

PROJECT IDENTIFICATION

Permit Number: 11-2016-00138

I wish to notify the Department of Highways that the above mentioned permit work and any necessary right-of-way restoration have been completed and are ready for final inspection.

Applicant

Please return this form to the address below when work is completed and ready for final inspection.

Please Return to: Permit Engineer
Department of Highways, District 11 Office
603 Railroad Avenue
Manchester, Kentucky 40962
(606) 598-2145
www.transportation.ky.gov/

LOCATION(S)			
Description	County - Route	Latitude	Longitude
Whitley Co - KY 511 - Mp 2.13	Whitley - KY 511	36.853580	-84.197483



Kentucky Transportation Cabinet
Department of Highways
Permits Branch

MAILED
8-29-16

TC 99-1 (A)
8/2012
Page 1 of 4

APPLICATION FOR ENCROACHMENT PERMIT

Permittee Information		KYTC No. <u>11-2016-00138</u>	
Name	Cumberland Falls Hwy. Water District	Permit Information	
Address	6926 Cumberland Falls Highway	Address	
City	Corbin	City	Corbin/Williamsburg
State	KY	State	KY
Zip	40701	Zip	40701
Phone#	606 528-0222	County	Whitley
Contact	Les Moses	Route No.	KY 511
Phone	606 528-0222	Mile-Point	2.13
Cell	606 344-3844	Longitude (X)	-84d 11' 51" - <u>84.197483</u>
Email	cfhwd@yahoo.com	Latitude (Y)	36d 51' 12" <u>36.853580</u>
Contact		<i>Information below to be filled out by KYTC</i>	
Phone		<input type="checkbox"/> Air Right	<input type="checkbox"/> Entrance
Email		<input checked="" type="checkbox"/> Utilities	<input type="checkbox"/> Other: <u>Water</u>
		<input type="checkbox"/> Left	<input type="checkbox"/> Right
		<input type="checkbox"/> Full	<input type="checkbox"/> Partial
			<input checked="" type="checkbox"/> by Permit

General Description of Work:

MM 2.13 Connecting 4" Waterline to existing 6" Waterline on R/W.

THE UNDERSIGNED PERMITTEE(S) (being duly authorized representative(s) or owner(s)) DO AGREE TO ALL TERMS AND CONDITIONS ON THE TC 99-1 (A).

Signature

Date

8-25-2016

This is not a permit unless and until the permittee(s) receives an approved TC 99-1(B) from KYTC. This application will become void if not approved by the cancellation date. The cancellation date will be one year from the date the permittee submits their application.



APPLICATION FOR ENCROACHMENT PERMIT

TERMS AND CONDITIONS

1. The permit, including this application and all related and accompanying documents and drawings making up the permit, remains in effect and is binding upon the Applicant/Permittee, its successors and assigns, as long as the encroachment(s) exists and also until the permittee is finally relieved by the Department of Highways from all its obligations.
2. Applicant shall meet all requirements of the Clean Water Act if the project will disturb one acre or more, the applicant shall obtain a KPDES KYR10 Permit from the Kentucky Division of Water. All disturbed areas shall meet the requirements of the Department of Highway's Standard Specifications, Sections 212 and 213, as amended.
3. **INDEMNITY:**
 - A. **PERFORMANCE BOND:** The permittee shall provide to the Department a performance bond according to the Permits Manual, Section PE-203 as a guarantee of conformance with the Department's Encroachment Permit requirements.
 - B. **PAYMENT BOND:** At the discretion of the department, a payment bond will be required of the permittee to ensure payment of liquidated damages assessed to the permittee.
 - C. **LIABILITY INSURANCE:** Liability insurance will be required of the permittee (in an amount approved by the department) to cover all liabilities associated with the encroachment.
 - D. It shall be the responsibility of the permittee, its successors and assigns, to maintain all indemnities in full force and effect until the permittee is authorized to release the Indemnity by the Department.
4. A copy of this application and all related documents making up the approved permit will be given to the applicant and shall be made readily available for review at the work site at all times.
5. Perpetual maintenance of the encroachment is the responsibility of the permittee, its successors and assigns, with the approval of the Department as required, unless otherwise stated.
6. Permittee, its successors and assigns, shall comply with and agrees to be bound by the requirements and terms of (a) this application and all related documents making up the approved permit, (b) by the Department's Permits Manual, and (c) by the Manual on Uniform Traffic Control Devices, both manuals as revised to and in effect on the date of issuance of the permit, all of which documents are made a part thereof by this reference. Compliance by the permittee, its successors and assigns, with subsequent revisions to applicable provisions of either manual or other policy of the Department may be made a condition of allowing the encroachment to persist under the permit.
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8. Permittee, its successors and assigns, agree that if the Department determines that motor vehicular safety deficiencies develop as a result of the installation or use of the encroachment, the permittee, its successors and assigns, shall provide and bear the expenses to adjust, relocate, or reconstruct the facilities, and/or add signs, auxiliary lanes, or other corrective measures reasonably deemed necessary by the Department within a reasonable time after receipt of a written notice of such deficiency. The period within which such adjustments, relocations, additions, modifications, and/or other corrective measures must be completed will be specified in the notice.
9. Where traffic signals are required as a condition of granting the requested permit or are thereafter required to correct motor vehicular safety deficiencies, as determined by the Department, the costs for signal equipment and



APPLICATION FOR ENCROACHMENT PERMIT

Installation(s) shall be borne by the permittee, its successors and assigns, and/or the Department in its reasonable discretion and only in accordance with the Department's current policy set forth in the Traffic Operations Manual and Permits Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, its successors and assigns, at no expense to the Department.

10. The requested encroachment shall not infringe on the frontage rights of an abutting owner without their written consent as hereinafter described. Each abutting owner shall express their consent, which shall be binding on their successors and assigns, by the submission of a notarized statement as follows, "I _____ (we),

_____ hereby consent to the granting of the permit requested by the applicant along Route _____ which permit does affect frontage rights along my (our) adjacent real property." By signature(s) _____ subscribed and sworn by _____ on this date _____

11. The permit, if approved, is subject to the agreement that it shall not interfere with any similar rights or permit(s) previously granted to any other party, except as otherwise provided by law.

12. Permittee shall include documentation which describes the facilities to be constructed. Permittee, its successors and assigns, agrees as a condition of the granting of the permit to construct and maintain any and all permitted facilities or other encroachments in strict accordance with the submitted and approved permit documentation and the policies and procedures of the Department. Permittee, its successors and assigns, shall not use facilities authorized herein in any manner contrary to that prescribed by the approved permit. Only normal usage as contemplated by the parties and by this application and routine maintenance are authorized by the permit.

13. Permittee, its successors and assigns, at all times from the date permitted work is commenced until such time as all permitted facilities or other encroachments are removed from the right-of-way and the right-of-way restored, shall defend, protect, indemnify and save harmless the Department from any and all liability claims and demands arising out of the work, encroachment, maintenance, or other undertaking by the permittee, its successors and assigns, related or undertaken pursuant to the granted permit, due to any claimed act or omission by the permittee, its servants, agents, employees, or contractors. This provision shall not inure to the benefit of any third party nor operate to enlarge any liability of the Department beyond that existing at common law or otherwise if this right to indemnity did not exist.

14. Upon a violation of any provision of the permit, or otherwise in its reasonable discretion, the Department may require additional action by the permittee, its successors and assigns, up to and including the removal of the encroachment and restoration of the right-of-way. In the event additional actions required by the Department under the permit are not undertaken as ordered and within a reasonable time, the Department may in its discretion cause those or other additional corrective actions to be undertaken and the Department may and shall recover the reasonable costs of those corrective actions from the permittee, its successors and assigns.

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16. Permittee, its successors and assigns, agree that if the Department determines it is necessary for the facilities or other encroachment authorized by the permit to be removed, relocated or reconstructed in connection with the reconstruction, relocation or improvement of a highway, the Department may revoke permission for the



APPLICATION FOR ENCROACHMENT PERMIT

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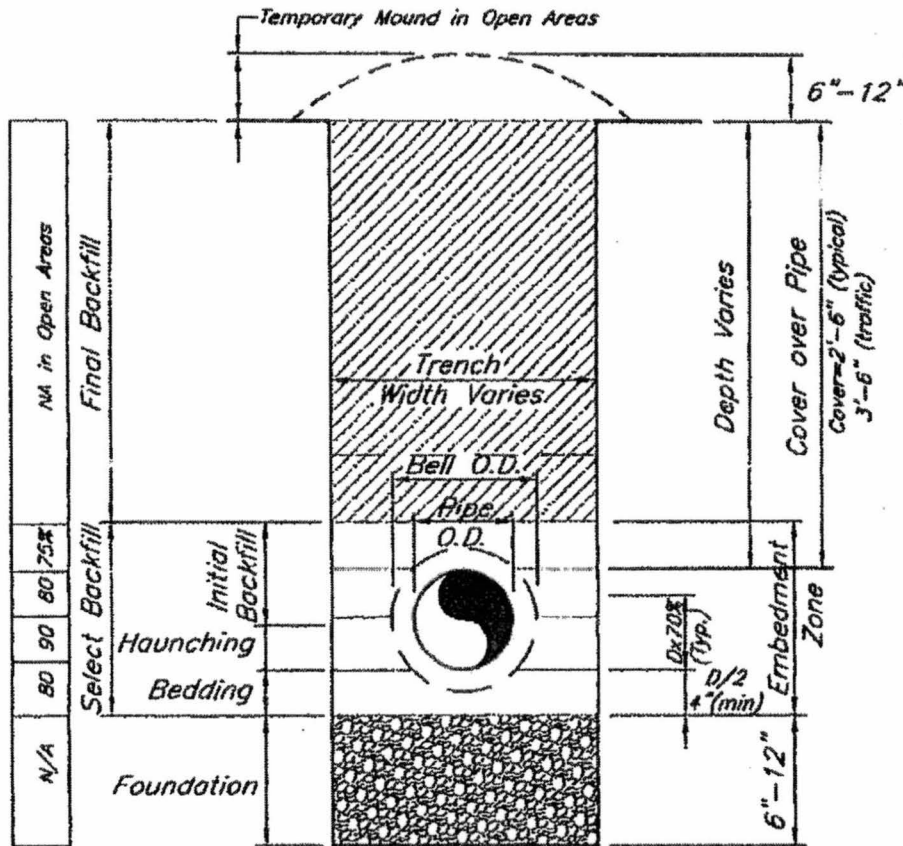
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18. If work authorized by the permit is within a highway construction project in the construction phase, it shall be the responsibility of the permittee to make personal contact with the Department's Engineer on the project in order to coordinate all permitted work with the Department's prime contractor on the project.

19. This permit is not intended to, nor shall it, affect, alter or alleviate any requirement imposed upon the permittee, its successors and assigns, by any other agency.

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N:\P\2006234\Plans\DETAILS.dwg, 8/19/2016 1:28:18 PM, DWG To PDF.pc3



Typically, open areas are final graded, dressed and seeded following two soaking rains...excluding KYTC road ROW's

Unless otherwise specified, material excavated from trench may be used for final backfill provided it is relatively free of large rock (>8"), or mixed with sufficient dirt to minimize voids and settlement, and free of other unsuitable materials... as approved by the Engineer

The Engineer may require selective placement of an extra buffer layer for extremely rocky backfill to prevent migration

Select backfill, lightly compacted (bucket shoving) using suitable on-site material, or dumped sand.

Sand or very select material, hand tamped

Haunching to be carefully placed - Sand or sandy/clay soil. No. 9's may be required if weak foundation is encountered

Bedding to be sand or approved equivalent, (except No. 57's may be required if weak foundation encountered) hand placed and smoothed to uniform grade for support of pipe

In soft, wet, muddy or otherwise yielding foundation conditions, undercutting and replacement with No. 2 Stone and/or Class II channel lining, or equivalent, will be required. Objective is to provide a trench bottom free of large stones, clods, frozen material, etc. which is unyielding.

NOTES: No rocks larger than 1-1/2" allowed in embedment zone.

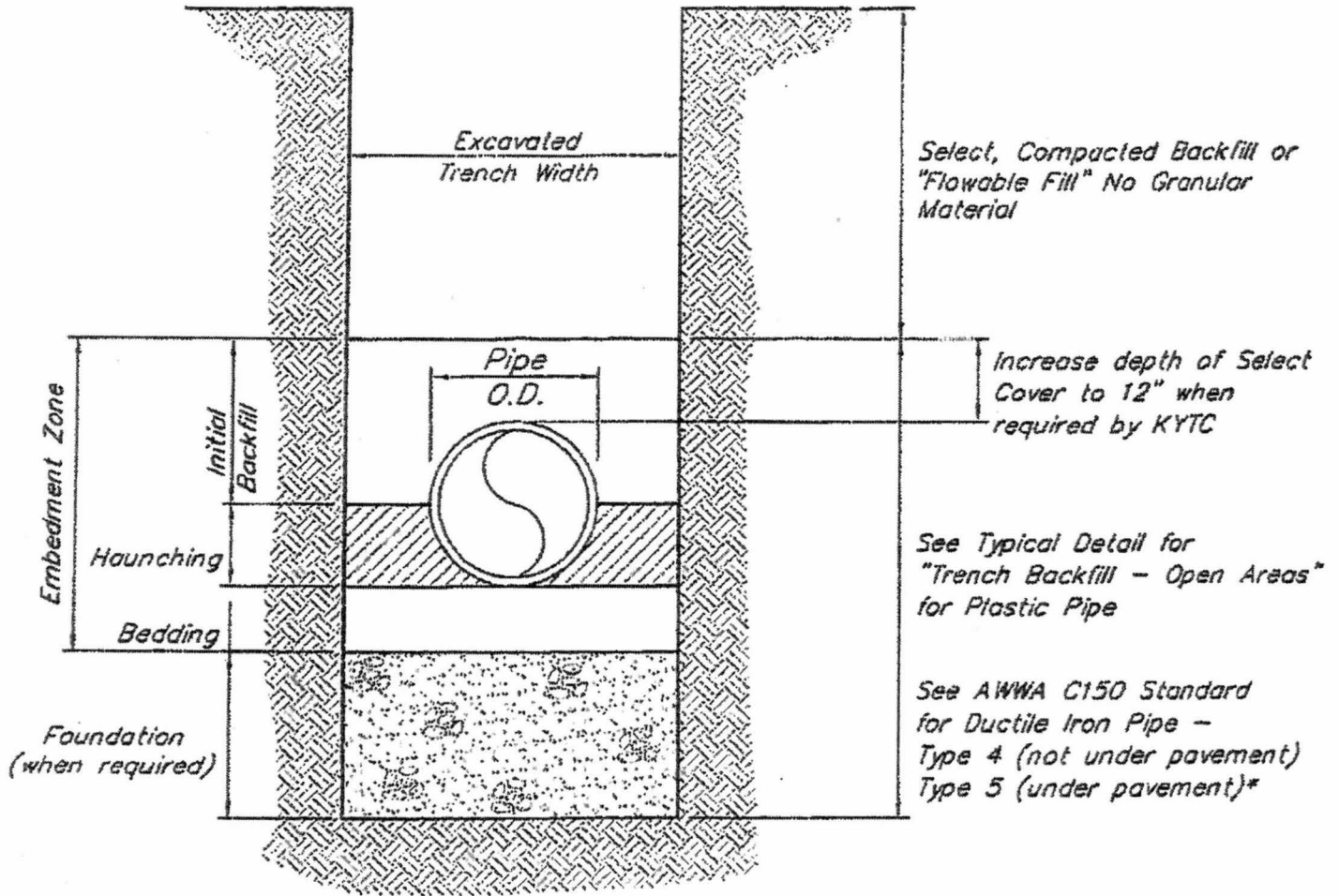
Typical desired densities in open areas are depicted above in the boxes to the left of the figure. In other laying situations, more stringent selection, placement and compaction will be required.

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TRENCH BACKFILL OPEN AREAS - PLASTIC PIPE

Mar., 2011

Scale: 3/4" = 1'-0"



* When "Open-cutting" of State Highway is permitted, pipe laying, encasement requirements, backfill placement, pavement replacement, etc. shall be as required by the encroachment permit issued by the Kentucky Transportation Cabinet (KYTC). By reference, such permit(s) shall become part of the contract. It shall be the CONTRACTOR'S responsibility to maintain a copy of KYTC permit(s) on the job site at all times.

TRENCH BACKFILL ON HIGHWAY ROW

Dec., 2010

N.T.S.



21 BY STATE REGISTERED IN KENTUCKY		KENVIRONS, INC. FRANKFORT, KENTUCKY			CUMBERLAND FALLS HIGHWAY WATER DISTRICT WATER SYSTEM EXTENSIONS, REPLACEMENTS AND REINFORCEMENTS WHITLEY COUNTY, KENTUCKY
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WHITLEY COUNTY FISCAL COURT

RESOLUTION NO. 2016-15

RESOLUTION #2016-15 Use of County Road Right-of-way for Water and Sanitary Sewer Lines

A RESOLUTION OF THE WHITLEY COUNTY FISCAL COURT
AUTHORIZING CUMBERLAND FALLS HIGHWAY WATER DISTRICT OF WHITLEY, KENTUCKY,
TO USE COUNTY ROAD RIGHT-OF-WAY FOR WATER AND SANITARY SEWER LINES

WHEREAS, the Cumberland Falls Highway Water District is responsible for operating and maintaining the water distribution and treatment and sanitary sewer collection and treatment system for the County of Whitley;

WHEREAS, the Cumberland Falls Highway Water District has determined that it is in the public interest to acquire grants to construct water and sanitary sewer line extensions to provide service to unserved areas;

WHEREAS, the Cumberland Falls Highway Water District understands that it shall not interfere with any rights or permits granted to any other party or require that Whitley County residents submit to annexation for services provided by the Cumberland Falls Highway Water District;

WHEREAS, the Cumberland Falls Highway Water District shall at all times defend, protect and save harmless Whitley County from all liabilities, claims and demands arising out of work undertaken by the Cumberland Falls Highway Water District due to any negligent act or omission by the Cumberland Falls Highway Water District, its servants, agents, employees or contractors and are to repair the given roads to their original condition and if proper repairs are not made as soon as reasonably possible to any county road or right-of-way disturbed by the Cumberland Falls Highway Water District, at its sole discretion, may repair the road or right-of-way and charge the Cumberland Falls Highway Water District for all cost of repair, as well as, any legal expenses, court cost and all attorney's fees reasonably incurred in order to collect the cost of repairs;

WHEREAS, maintenance of any damage or encroachment on the county roads or right-of-way is the responsibility of the Cumberland Falls Highway Water District.

THEREFORE, BE IT RESOLVED, this the 20th day of September 2016, by Whitley County, Kentucky:

The Whitley County Fiscal Court gives permission to the Cumberland Falls Highway Water District to install and maintain water and sanitary lines and facilities in the county roads right-of-way.

Done this the 20th day of September, 2016. Motion by Brown and seconded by Jarboe, members present voting in favor.

By: [Signature]
Pat White, Jr.
Whitley County Judge/Executive

Attest: [Signature]
Ray Smith Schwartz
Whitley County Clerk

Exhibit C

**Project Narrative
and
Final Engineering Report**

Project Narrative
Cumberland Falls Highway Water District
Line Replacement and Reinforcement Project

The proposed construction will include approximately 2,825 LF of 6-inch PVC waterline; approximately 32,545 LF of 4-inch PVC waterline; approximately 11,760 LF of 3-inch PVC waterline; and associated appurtenances such as gate valves, blow-off assemblies, air release valves, residential meter settings, leak detection meters, etc. Some short segments of polyethylene pipe will be installed at directionally bored stream crossings and environmentally sensitive areas. The water mains will primarily be constructed along the county and state highway right-of-ways. The facilities have been designed to provide the customers with a minimum pressure of 30 psi at the meter at peak flow conditions. The construction is now scheduled to begin by August 15, 2017 and be completed by March 13, 2018.

The new water line will replace approximately 39,300 linear feet of existing water distribution line that is undersized and/or has been prone to excessive leaking. Much of the line to be replaced was initially installed by private home owners 20 plus years ago to serve only the residences that existed at the time and was never intended to serve growth or be extended. This work should also lower CFHWD's water loss.

The project funding will also allow the District to purchase radio read meters to replace the last of the conventional meters in its distribution system and upgrade its SCADA system. These will enhance the overall efficiency of operation of the distribution system

Approximately 15 new customers will be served by the project and approximately 245 existing underserved customers will directly benefit from improved service and CFHWD's entire customer base will benefit financially from lower costs. The project will reduce purchased water costs by replacing existing leak prone lines; reduce maintenance costs resulting from frequent leak repairs; and reduce transportation/personnel costs associated with the monthly meter reading. It will also improve service to users on small undersized lines who experience significant pressure loss during times of peak system use and when leaks occur in the system.

There are no other existing public water systems in the area.

FINAL ENGINEERING REPORT

**CFHWD - LINE REPLACEMENT AND REINFORCEMENT PROJECT
CUMBERLAND FALLS HIGHWAY WATER DISTRICT
CORBIN, WHITLEY CO, KENTUCKY**

PROJECT NO. 2006234



JUNE 2017

FINAL ENGINEERING REPORT

CFHWD – LINE REPLACEMENT AND REINFORCEMENT PROJECT CUMBERLAND FALLS HIGHWAY WATER DISTRICT

I. INTRODUCTION

The Cumberland Falls Highway Water District (CFHWD) was originally formed to provide a safe, dependable supply of potable water to the citizens in the rural areas of Whitley County. Since its inception, the CFHWD has grown until it now serves more than 3,250 customers over a large portion of Whitley County. CFHWD has nearly reached its goal of making treated water available to every citizen within its boundary, with only a few small and/or low population density areas left unserved.

II. PROPOSED FACILITIES AND SERVICES

General Description. The proposed construction will include approximately 2,825 LF of 6-inch PVC waterline; approximately 32,545 LF of 4-inch PVC waterline; approximately 11,760 LF of 3-inch PVC waterline; and associated appurtenances such as gate valves, blow-off assemblies, air release valves, residential meter settings, leak detection meters, etc. Some short segments of polyethylene pipe will be installed at directionally bored stream crossings and environmentally sensitive areas. The water mains will primarily be constructed along the county and state highway right-of-ways. The facilities have been designed to provide the customers with a minimum pressure of 30 psi at the meter at peak flow conditions. The construction is now scheduled to begin by August 15, 2017 and be completed by March 13, 2018.

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The project funding will also allow the District to purchase radio read meters to replace the last of the conventional meters in its distribution system and upgrade its SCADA system. These will enhance the overall efficiency of operation of the distribution system

Approximately 15 new customers will be served by the project and approximately 245 existing underserved customers will directly benefit from improved service and CFHWD's entire customer base will benefit financially from lower costs. The

project will reduce purchased water costs by replacing existing leak prone lines; reduce maintenance costs resulting from frequent leak repairs; and reduce transportation/personnel costs associated with the monthly meter reading. It will also improve service to users on small undersized lines who experience significant pressure loss during times of peak system use and when leaks occur in the system. The locations of the major elements of the project are shown on the attached U.S.G.S. topographic maps.

Land. The acquisition of land by deed was not required for any of the proposed facilities.

Rights. Private easements have been acquired for the water distribution lines where necessary but most of the distribution lines will be on State and County road right-of-way. Encroachment permits for the lines have been obtained from the Kentucky Department of Highways and a motion approved by the Whitley Co. Fiscal Court for the use of the County road right of way.

A permit has been obtained from the Ky. Division of Water for the construction of the project and approval will be requested from the Kentucky Public Service Commission.

III. COST AND FUNDING

Attached to this report are copies of the certified bid tabs, as-bid budget and estimated Operating Budget for the first year of operation.

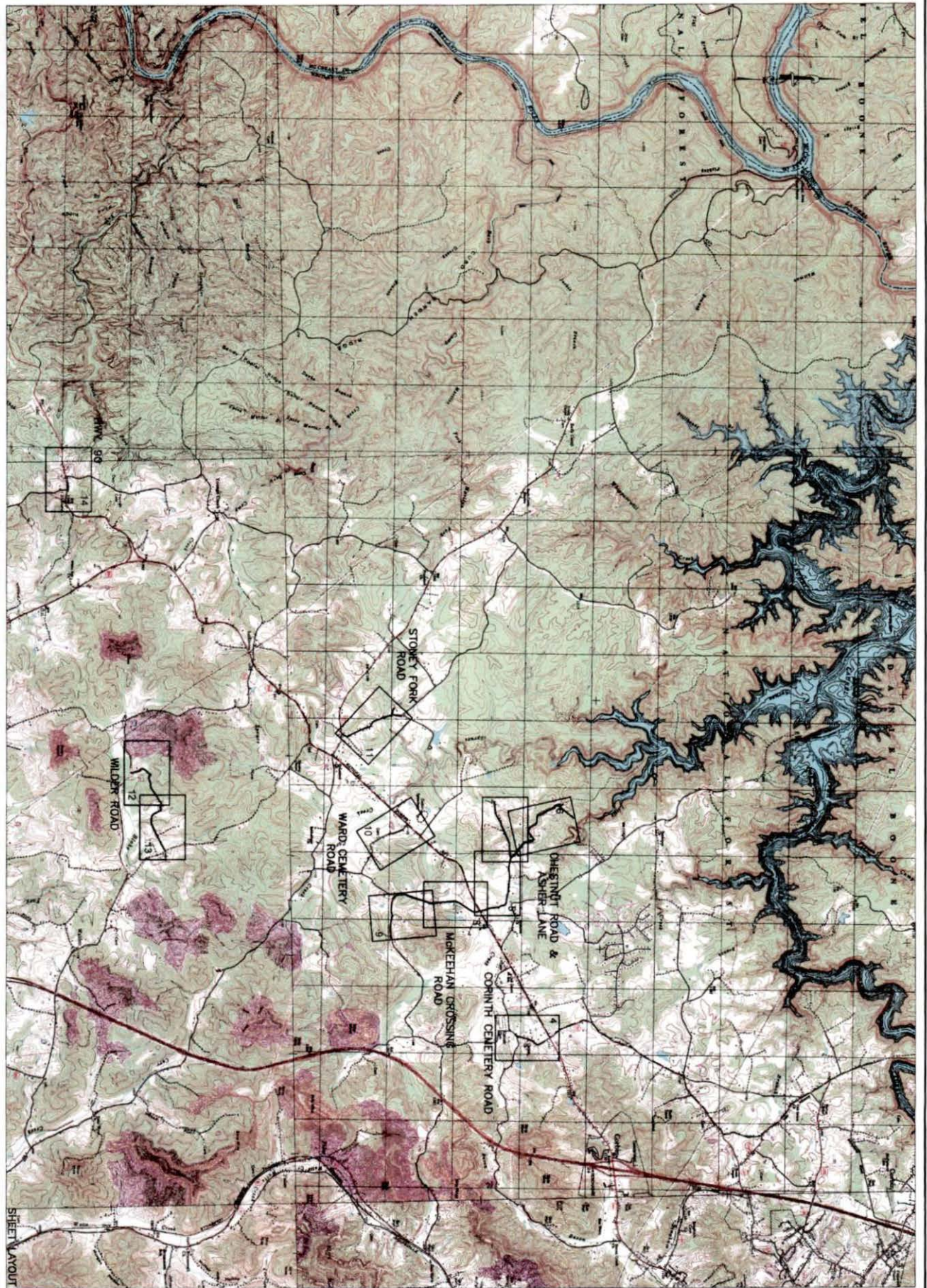
IV. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- A. The proposed facilities will allow the CFHWD to provide more reliable service to its customers at a reduced cost.
- B. The financial feasibility indicates that the CFHWD can service the proposed loan on the existing rates without jeopardizing the financial integrity of the operations. The existing rates are sufficient to cover operating expenses, debt service, debt service coverage, and provide some net unobligated monies. The revenues are not sufficient to cover the full amount of depreciation allowed in the rate base.

Recommendations

The project, as presented herein, is feasible with the indicated funding and the existing rates. The District should proceed with construction of the project once approval is received from the KY Public Service Commission.



SHEET LAYOUT

PROJECT NO.
2006234

SHEET NO.
2

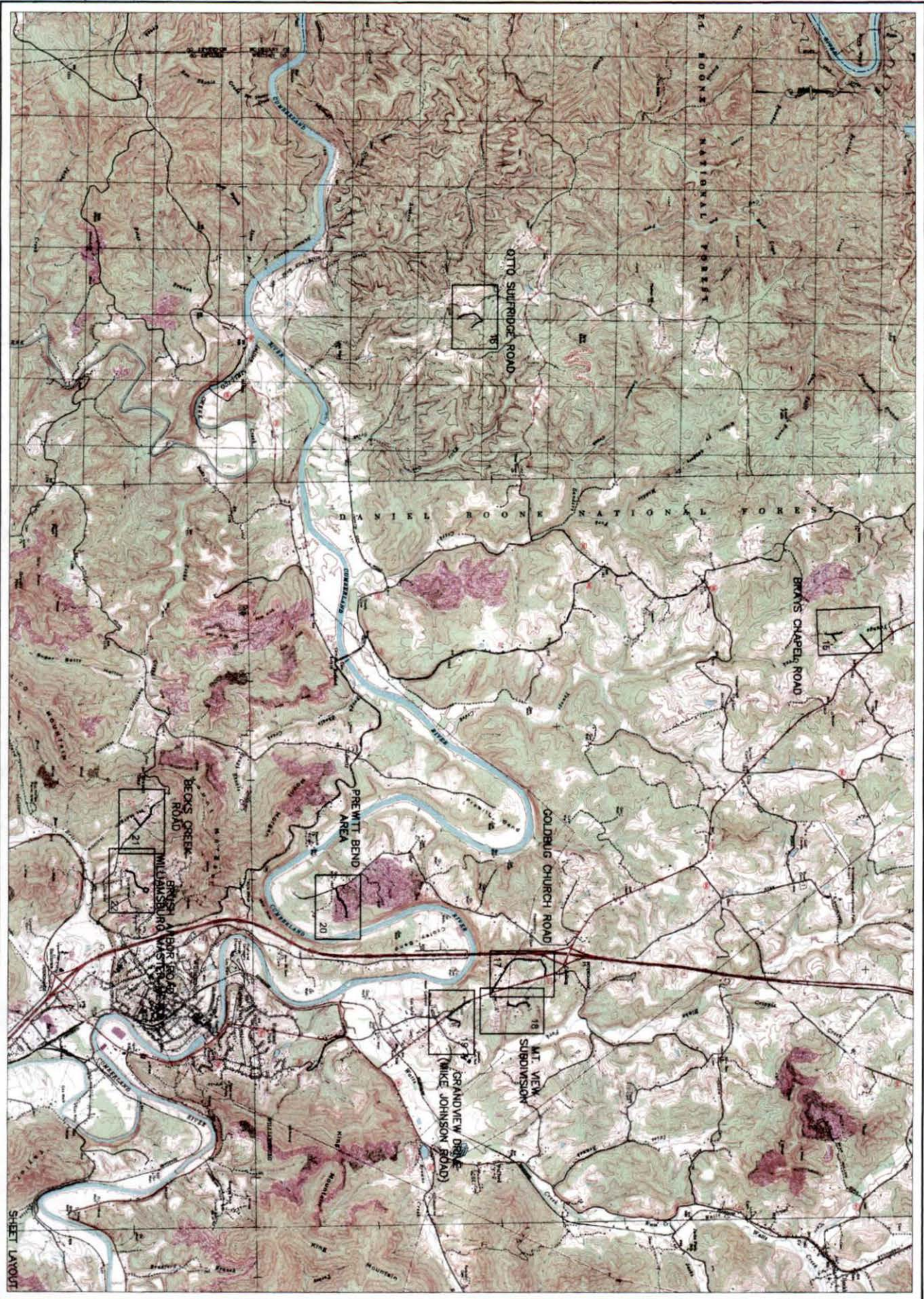


KENVIRONS, INC.
FRANKFORT, KENTUCKY

DESIGNED BY: EPH
CHECKED BY: RHP
DATE OF PLOTTING: 08/11/06
SCALE: AS SHOWN
PROJECT NO.: 2006234
SHEET NO.: 2



CUMBERLAND FALLS HIGHWAY WATER DISTRICT
WATER SYSTEM EXTENSIONS,
REPLACEMENTS AND REINFORCEMENTS
WHITLEY COUNTY, KENTUCKY

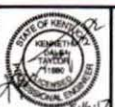


SHEET NO. 3



KENVIRONS, INC.
FRANKFORT, KENTUCKY

DRAWN BY PTH
CHECKED BY KOT
DATE SUBMITTED 2015
SCALE 1"=2000'
REVISIONS



CUMBERLAND FALLS HIGHWAY WATER DISTRICT
WATER SYSTEM EXTENSIONS,
REPLACEMENTS AND REINFORCEMENTS
WHITLEY COUNTY, KENTUCKY

BID TABULATIONS

KENVIRONS, INC.
452 Versailles Road
Frankfort, KY 40601

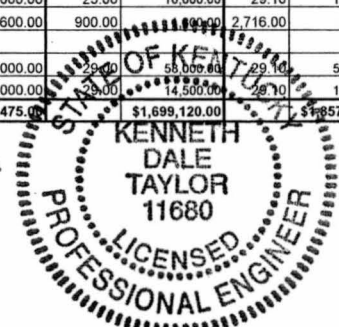
Owner: Cumberland Falls Highway Water District
Project: Line Replacement and Reinforcement Project
Bid Date: June 1, 2017 at 1:30 P.M. Local Time

Project No. 2006234

Base Bid				Clay Pipeline, Inc. 70 Fox Hollow Road Manchester, KY 40962		Akins Excavating Company, Inc. 182 Busy Lane Corbin, KY 40701		Gist Construction, Inc. 981 Creek Bend Drive Columbia, KY 42728		In States Utilities & Excavation, P.O. Box 14 Mt. Hermon, KY 42157		Norris Bros. Excavating 1007 Rodgers Road Crossville, TN 38572	
Item No.	Item Description	Unit	Quantity	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
1	6" PVC SDR 17 Pipe	LF	2,825	\$12.40	\$35,030.00	\$13.00	\$36,725.00	\$10.00	\$28,250.00	\$24.00	\$67,800.00	\$25.22	\$71,246.50
2	4" PVC SDR 17 Pipe	LF	32,545	7.10	231,069.50	10.20	331,959.00	10.00	325,450.00	22.00	715,990.00	22.31	726,078.95
3	3" PVC SDR 17 Pipe	LF	11,760	6.40	75,264.00	9.30	109,368.00	10.00	117,600.00	21.00	246,960.00	21.34	250,958.40
4	Directional Bore No. 1	LS	1	13,585.00	13,585.00	3,000.00	3,000.00	18,950.00	18,950.00	25,000.00	25,000.00	5,820.00	5,820.00
5	Directional Bore No. 2	LS	1	4,560.00	4,560.00	3,000.00	3,000.00	6,800.00	6,800.00	11,000.00	11,000.00	5,820.00	5,820.00
6	Directional Bore No. 3	LS	1	2,575.00	2,575.00	3,000.00	3,000.00	4,800.00	4,800.00	10,000.00	10,000.00	5,820.00	5,820.00
7	Directional Bore No. 4	LS	1	9,620.00	9,620.00	21,000.00	21,000.00	12,100.00	12,100.00	19,000.00	19,000.00	5,820.00	5,820.00
8	Directional Bore No. 5	LS	1	2,575.00	2,575.00	3,000.00	3,000.00	4,750.00	4,750.00	10,000.00	10,000.00	5,820.00	5,820.00
9	Directional Bore No. 6	LS	1	10,940.00	10,940.00	3,000.00	3,000.00	13,250.00	13,250.00	21,000.00	21,000.00	5,820.00	5,820.00
10	Directional Bore No. 7	LS	1	7,420.00	7,420.00	3,000.00	3,000.00	9,675.00	9,675.00	16,000.00	16,000.00	5,820.00	5,820.00
11	Directional Bore No. 8	LS	1	16,950.00	16,950.00	24,000.00	24,000.00	45,750.00	45,750.00	49,000.00	49,000.00	5,820.00	5,820.00
12	Bored & Jacked Casing for 3" & 4" Pipe	LF	40	95.00	3,800.00	128.00	5,120.00	110.00	4,400.00	120.00	4,800.00	145.50	5,820.00
13	Open Cut and Case for 6" Pipe	LF	30	60.00	1,800.00	55.00	1,650.00	50.00	1,500.00	70.00	2,100.00	82.45	2,473.50
14	Open Cut and Case for 3" & 4" Pipe	LF	350	60.00	21,000.00	42.00	14,700.00	50.00	17,500.00	70.00	24,500.00	82.45	28,857.50
15	Free Bore - All Sizes	LF	100	30.00	3,000.00	35.00	3,500.00	30.00	3,000.00	60.00	6,000.00	106.70	10,670.00
16	6" Gate Valve	EA	1	1,125.00	1,125.00	1,100.00	1,100.00	1,175.00	1,175.00	825.00	825.00	824.50	824.50
17	4" Gate Valve	EA	17	1,000.00	17,000.00	920.00	15,640.00	950.00	16,150.00	700.00	11,900.00	776.00	13,192.00
18	3" Gate Valve	EA	9	858.00	7,722.00	860.00	7,740.00	850.00	7,650.00	660.00	5,940.00	727.50	6,547.50
19	6" x 6" Sleeved Tie-In	EA	2	575.00	1,150.00	1,155.00	2,310.00	1,150.00	2,300.00	1,300.00	2,600.00	3,395.00	6,790.00
20	4" x 4" Sleeved Tie-In	EA	3	500.00	1,500.00	995.00	2,985.00	1,150.00	3,450.00	1,300.00	3,900.00	3,201.00	9,603.00
21	3" x 3" Sleeved Tie-In	EA	4	512.00	2,048.00	965.00	3,860.00	850.00	3,400.00	1,300.00	5,200.00	3,104.00	12,416.00
22	3" x 2" Sleeved Tie-In	EA	1	600.00	600.00	970.00	970.00	750.00	750.00	1,300.00	1,300.00	2,910.00	2,910.00
23	6" x 6" Tapping Sleeve and Valve	EA	3	2,075.00	6,225.00	3,035.00	9,105.00	2,400.00	7,200.00	2,900.00	8,700.00	3,880.00	11,640.00
24	6" x 4" Tapping Sleeve and Valve	EA	4	1,850.00	7,400.00	2,750.00	11,000.00	2,000.00	8,000.00	2,650.00	10,600.00	3,686.00	14,744.00
25	4" x 4" Tapping Sleeve and Valve	EA	5	1,730.00	8,650.00	2,540.00	12,700.00	1,900.00	9,500.00	2,625.00	13,125.00	3,492.00	17,460.00
26	6" x 3" Tapping Sleeve and Valve	EA	3	1,700.00	5,100.00	2,165.00	6,495.00	1,900.00	5,700.00	2,600.00	7,800.00	3,395.00	10,185.00
27	3" x 3" Tapping Sleeve and Valve	EA	4	1,450.00	5,800.00	2,100.00	8,400.00	1,750.00	7,000.00	2,500.00	10,000.00	3,201.00	12,804.00
28	4" x 4" x 3" Tee Tie-In	EA	1	690.00	690.00	1,130.00	1,130.00	1,250.00	1,250.00	1,200.00	1,200.00	2,910.00	2,910.00
29	Cut and Cap Ex. 6" Water Line	EA	2	290.00	580.00	715.00	1,430.00	1,000.00	2,000.00	1,000.00	2,000.00	1,455.00	2,910.00
30	Cut and Cap Ex. 4" Water Line	EA	5	265.00	1,325.00	655.00	3,275.00	1,000.00	5,000.00	1,000.00	5,000.00	1,455.00	7,275.00
31	Cut and Cap Ex. 3" Water Line	EA	3	800.00	2,400.00	650.00	1,950.00	900.00	2,700.00	1,000.00	3,000.00	1,455.00	4,365.00
32	Cut and Cap Ex. 2" Water Line	EA	2	256.00	512.00	645.00	1,290.00	800.00	1,600.00	1,000.00	2,000.00	1,455.00	2,910.00
33	Cut and Cap Ex. 1" Water Line	EA	2	105.00	210.00	585.00	1,170.00	700.00	1,400.00	1,000.00	2,000.00	1,455.00	2,910.00
34	4" Blow-Off Assembly	EA	5	1,350.00	6,750.00	1,365.00	6,825.00	1,500.00	7,500.00	1,500.00	7,500.00	2,134.00	10,670.00
35	3" Blow-Off Assembly	EA	16	1,175.00	18,800.00	1,265.00	20,240.00	1,350.00	21,600.00	1,400.00	22,400.00	2,425.00	38,800.00
36	New Meter Service	EA	33	655.00	21,615.00	190.00	6,270.00	775.00	25,575.00	700.00	23,100.00	776.00	25,608.00
37	Reconnect Meter Service	EA	144	372.00	53,568.00	400.00	57,600.00	375.00	54,000.00	370.00	53,280.00	664.45	95,680.80
38	Relocate Meter Service	EA	46	475.00	21,850.00	220.00	10,120.00	500.00	23,000.00	400.00	18,400.00	776.00	35,696.00
39	Replacement Meter Set	LS	37	555.00	20,535.00	225.00	8,325.00	600.00	22,200.00	700.00	25,900.00	664.45	24,584.65
40	Leak Detection Meter	LS	10	795.00	7,950.00	830.00	8,300.00	1,500.00	15,000.00	800.00	8,000.00	4,365.00	43,650.00
41	3/4" Service Tubing	LF	10,400	5.00	52,000.00	5.00	52,000.00	5.00	52,000.00	10.00	104,000.00	19.40	201,760.00
42	Master Meter Setting	LS	1	16,600.00	16,600.00	15,000.00	15,000.00	23,000.00	23,000.00	26,000.00	26,000.00	6,305.00	6,305.00
43	Gravel - Miscellaneous as approved	TN	400	21.00	8,400.00	5.00	2,000.00	25.00	10,000.00	25.00	10,000.00	29.10	11,640.00
44	Air Release Valve	EA	2	875.00	1,750.00	1,820.00	3,640.00	800.00	1,600.00	900.00	1,800.00	2,716.00	5,432.00
45	Pavement Replacement												
45A	Asphalt	LF	2,000	3.25	6,500.00	33.00	66,000.00	25.00	50,000.00	29.00	58,000.00	29.10	58,200.00
45B	Concrete	LF	500	68.00	34,000.00	34.00	17,000.00	30.00	15,000.00	38.00	19,000.00	29.10	14,550.00
TOTAL BASE BID					\$779,543.50		\$931,892.00		\$1,020,475.00		\$1,699,120.00		\$1,857,637.30

* Denotes an arithmetic error was made on the Bids submitted. Values reported in the Bid Tabulation have been corrected based upon the unit price submitted.
The above is a true and complete tabulation of the Bids received by Cumberland Falls Highway Water District at their office located at 6926 Cumberland Falls Highway, Corbin, KY on June 1, 2017 at 1:30 P.M. Local Time.

By: *Kenneth D. Taylor* 6-2-17
Kenneth D. Taylor, P.E. Date



**Part III - Budget Information
Project Cost Summary**

Project Title: CFHWD Water Line Replacement and Reinforcement

WRIS# WX: 21235002

Project Budget: Estimated

As Bid

Revised

Cost Classification		DWSRF KIA Loan	Funding Source 1	Funding Source 2	Funding Source 3	Funding Source 4	Funding Source 5	Local Funds	Unfunded Costs	Total
1	Administrative Expenses	30,000								30,000
2	Legal Expenses	25,000								25,000
3	Land, Appraisals, Easements							2,500		2,500
4	Relocation Expense & Payments									-
5	Planning	30,000								30,000
6	Engineering Fees - Design	72,200								72,200
7	Engineering Fees - Construction	14,400								14,400
8	Engineering Fees - Inspection	47,500								47,500
9	Engineering Fees - Other	10,000								10,000
10	Construction	779,544								779,544
11	Equipment	126,000								126,000
12	Miscellaneous	100,000								100,000
13	Contingencies	485,856								485,856
	Total	1,720,500	-	-	-	-	-	2,500	-	1,723,000

Funding Sources	Amount	Date Committed
1 Funding Source 1	-	
2 Funding Source 2	-	
3 Funding Source 3	-	
4 Funding Source 4	-	
5 Funding Source 5	-	
Total	-	

Local Funding Sources	Amount	Date Committed
1 tap fees - CFHWD	2,500	5/21/2015
2		
3		
Total	2,500	

Cost Categories	Funding Source	Total Cost
Treatment		
Transmission and Distribution	DWSRF	779,544
Source		
Storage		
Purchase of Systems		
Restructuring		
Land Acquisition		
TOTAL COSTS		779,544

Total Funding 1,723,000

Cumberland Falls Highway Water District

XXXII. PROPOSED OPERATING BUDGET (WATER SYSTEM)

(1st Full Year of Operation)

Year Ending March 31, 2019

A. Operating Income:

Water Sales	\$1,870,000
Disconnect/Reconnect/Late Charge Fees	63,000
Other (Describe)	0
Less Allowances and Deductions	()
Total Operating Income	\$1,933,000

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	\$580,000
Pumping Expense	20,000
Water Treatment Expense	2,000
Transmission and Distribution Expense	400,000
Customer Accounts Expense	225,000
Administrative and General Expense	175,000
Total Operating Expenses	\$1,402,000
Net Operating Income	\$531,000

C. Non-Operating Income:

Interest on Deposits	\$ 5,000
Other (Identify)	
Total Non-Operating Income	\$ 5,000

D. Net Income

\$ 536,000

E. Debt Repayment:

Interest	\$119,200
Principal	128,000
Fees	3,225
Total Debt Repayment	\$250,425

F. Balance Available for Coverage

\$285,575

**Exhibit D
Project Funding**

**KIA Conditional Commitment Letter
KIA Board Meeting Minutes November 5, 2015
KIA Loan Resolution
KIA Time Extension Approval Letter
KIA Funding Application
and
KY Debt Officer Notification**

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 West Todd Street
Frankfort, Kentucky 40601

Telephone: (502) 227-7270

Email: jnhughes@johnnhughespsc.com

June 30, 2017

State Local Debt Officer
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: Cumberland Falls Highway Water District
Notice of Intent to Issue Securities

Dear Officer:

Pursuant to the regulations of the Kentucky Public Service Commission, specifically 807 KAR 5:001: Section 18(1)(g), the Cumberland Falls Highway Water District (the "District") notifies the State Local Debt Officer that the District intends to issue securities in the form of a state revolving loan from the Kentucky Infrastructure Authority (the "KIA") to fund a Water Main Replacement Project with an estimated budget of \$1,720,500.

We will file the appropriate documents with your office in accordance with the requirements of KRS 65.117 once the securities are issued.

Very truly yours,

The Cumberland Falls Highway Water
District


By: John N. Hughes

Attorney for the District



KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340

Frankfort, Kentucky 40601

Phone (502) 573-0260

Fax (502) 573-0157

<http://kia.ky.gov>

Steven L. Beshear
Governor

November 16, 2015

Cumberland Falls Highway Water District
Attn: Jimmy Creekmore, Chairman
6926 Cumberland Falls Highway
Corbin, KY, 40701

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F16-002)

Dear Chairman Creekmore:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On November 5, 2015, the Authority approved your loan for the Waterline Replacement and Reinforcement project, subject to the conditions stated below. The total cost of the project shall not exceed \$1,723,000 of which the Authority loan shall provide \$1,720,500 of the funding. Other anticipated funding for the project is reflected in Attachment A. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Cumberland Falls Highway Water District upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by November 16, 2016 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement. Systems that lack the technical, financial, and managerial capability to ensure compliance with the requirements of 401 KAR Chapter 8 and the Safe Drinking Water Act, may not enter into an Assistance Agreement with the Authority, unless the assistance will ensure compliance and the owners or operators of the system agree to undertake feasible and appropriate changes in operations to ensure compliance over the long-term.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$1,720,500.
2. The loan shall contain principal forgiveness in the amount of 25 percent, but not to exceed \$430,125. Amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 0.75 percent per annum commencing with the first draw of funds.
4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the

Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements changed for calendar or fiscal years beginning after December 26, 2014. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.

11. The Authority requires an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution.

Any required approvals by the Kentucky Public Service Commission shall be obtained.

6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.
7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
8. Prior to project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds.
9. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the DWSRF loan project.
12. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the

Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.

16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.
17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.
18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



Amanda Yeary
Kentucky Infrastructure Authority

Attachments

cc: Timothy M Schwendeman, Cumberland Valley Area Development District
Les Moses, Cumberland Falls Highway Water District
Kenneth Taylor, PE, Kenvirons, Inc.
Dirk Bedarff, Peck, Shaffer & Williams LLP
Borrower File - Cumberland Falls Highway Water District - F16-002

Chairman Creekmore
November 16, 2015
Page 6

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization for Electronic Deposit of Vendor Payment" Form.

Jimmy B. Creekmore
Accepted

12-7-16
Date

AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
(FUND F16-002)

Borrower Information:

Name: Cumberland Falls Highway Water District

Address: 6926 Cumberland Falls Highway

City: Corbin State: KY Zip: 40701

Federal I.D. # 61- [REDACTED]

Contact Name: [REDACTED] Telephone: 60 [REDACTED]

Email: [REDACTED]@yahoo.com

Financial Institution Information:

Bank Name: Cumberland Valley National Bank

Branch: _____ Phone No: 606-528-3120

City: London State: KY Zip: 40743

Transit / ABA No.: [REDACTED]

Account Name: Construction Account

Account Number: [REDACTED]

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: *Jimmy B. Creekmore* Date: 11-24-15

Name Printed: Jimmy Creekmore Job Title: Chairman

Please return completed form to:

Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
phone: 502-573-0260
fax: 502-573-0157

TRANSPARENCY ACT REPORTING INFORMATION FORM
CLEAN WATER STATE REVOLVING FUND
AND
DRINKING WATER STATE REVOLVING FUND

This form is required for projects funded in whole or in part from the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund. This form is to be completed and returned with the signed Conditional Commitment Letter from the Kentucky Infrastructure Authority.

Borrower Information:

Name:	Cumberland Falls Highway Water District
Data Universal Numbering system (DUNS) No.*:	[REDACTED]
KIA Loan Number:	[REDACTED]
Street Address	6926 Cumberland Falls Highway
City, State and Zip (Zip must include 4 digit extension)	Corbin, KY 40701-8637
Federal Congressional District(s) of Borrower Utility Service Area:	5th KY

*If the DUNS No. provided above is registered under a different name than the recipient of funding, please provide the registration name below:

DUNS Name	Same
-----------	------

*If the recipient has not yet obtained a DUNS Number, please do so no later than 30 days after the KIA Board approval date of your loan request and provide notification to KIA of the number once issued. For instructions on DUNS registration, please contact jeff.abshire@ky.gov.

Physical Location of Project (Primary Place of Performance)

Street Address	6926 Cumberland Falls Highway
City, State and Zip (Zip must include 4 digit extension)	Corbin, KY 40701-8637
Federal Congressional District(s) of Project Location	5th KY

Reliance upon Federal Assistance (please answer the below questions Yes or No):

Did recipient receive 80% or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) during the last fiscal year?	NO
Did recipient receive \$25 million or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) during the last fiscal year?	NO
Does the public have access to compensation of senior executives of the recipient through periodic reports filed under Section 13A or 15D of the Securities Exchange Act of 1934 or Section 6104 of the Internal Revenue Code of 1986?	NO

DUNS Registration Information: <http://fedgov.dnb.com/webform> OR 1-866-705-5711

Registration can be completed over the phone or via the web. Phone registration requests take approximately 10 minutes and are free. Internet requests are fulfilled within 24 hours.

ATTACHMENT A

**Cumberland Falls Highway Water District
F16-002**

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number	Sarah Aitken November 5, 2015 [REDACTED] WX21265002	
BORROWER		CUMBERLAND FALLS HIGHWAY WATER DISTRICT WHITLEY COUNTY		
BRIEF DESCRIPTION				
The project will replace approximately 39,500 LF of waterline due to undersized lines and continuous leak repairs. In addition, extensions of the distribution system will be made totaling 17,200 LF which will serve approximately 20 additional users. The District will reinforce 3,200 LF of waterline, relocate approximately 500 LF of waterline, and replace the master meter. Lastly, the project includes replacement of the remaining conventional meters with new radio read meters and upgrades to the radio based SCADA system.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$1,720,500	Administrative Expenses	\$36,500	
Local Funds	2,500	Legal Expenses	25,000	
		Land, Easements	2,500	
		Planning	10,000	
		Eng - Design / Const	100,000	
		Eng - Insp	63,000	
		Eng - Other	10,000	
		Construction	1,150,000	
		Equipment	126,000	
		Contingency	100,000	
		Other	100,000	
TOTAL	\$1,723,000	TOTAL	\$1,723,000	
REPAYMENT	Rate Term	0.75% 20 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$72,825	
PROFESSIONAL SERVICES	Engineer Bond Counsel	Kenvirons, Inc. Peck, Shaffer, & Williams, a division of Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Feb-16 Apr-16 Jan-17		
DEBT PER CUSTOMER	Existing Proposed	\$691 \$1,060		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES	Current Additional	<u>Users</u> 3,174 20	<u>Avg. Bill</u> \$47.40 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2013	282,414	143,997	138,417	2.0
Audited 2014	254,138	144,266	109,872	1.8
Projected 2015	406,250	143,401	262,849	2.8
Projected 2016	577,587	164,244	413,343	3.5
Projected 2017	544,469	200,537	343,933	2.7
Projected 2018	515,075	249,242	265,833	2.1
Projected 2019	485,093	249,624	235,469	1.9
Projected 2020	454,511	250,086	204,425	1.8

Reviewer: Sarah Aitken
Date: November 5, 2015
Loan Number: [REDACTED]

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
CUMBERLAND FALLS HIGHWAY WATER DISTRICT, WHITLEY COUNTY
PROJECT REVIEW
WX21235002**

I. PROJECT DESCRIPTION

The Cumberland Falls Highway Water District is requesting a Fund "F" loan in the amount of \$1,720,500 for the CFHWD - Line Replacement and Reinforcement project. The project will replace approximately 39,500 LF of waterline due to undersized lines and continuous leak repairs. In addition, extensions of the distribution system will be made totaling 17,200 LF which will serve approximately 20 additional users. The District will reinforce 3,200 LF of waterline, relocate approximately 500 LF of waterline, and replace the master meter. Lastly, the project includes replacement of the remaining conventional meters with new radio read meters and upgrades to the radio based SCADA system.

The District provides services for Whitley County. The District purchases water from Corbin Utilities Commission, West Laurel Water Association, and Williamsburg Municipal WTP.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 36,500
Legal Expenses	25,000
Land, Easements	2,500
Planning	10,000
Engineering Fees - Design / Const	100,000
Engineering Fees - Inspection	63,000
Engineering Fees - Other	10,000
Construction	1,150,000
Equipment	126,000
Contingency	100,000
Other	100,000
Total	\$ 1,723,000

III. PROJECT FUNDING

	Amount	%
Fund F Loan	\$ 1,720,500	100%
Local Funds	2,500	0%
Total	\$ 1,723,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 1,720,500
Less: Principal Forgiveness (25%)	430,125
Amortized Loan Amount	\$ 1,290,375
Interest Rate	0.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 69,599
Administrative Fee (0.25%)	3,226
Total Estimated Annual Debt Service	\$ 72,825

V. PROJECT SCHEDULE

Bid Opening:	February 2016
Construction Start:	April 2016
Construction Stop:	January 2017

VI. RATE STRUCTURE

A) Customers

Customers	Current	Proposed	Total
Residential	3,114	20	3,134
Commercial	56	0	56
Industrial	4	0	4
Institutional	31	0	31
Total	3,205	20	3,225

B) Rates

	Current	Prior
Date of Last Rate Increase	06/01/15	03/22/12
First 1,000 Gallons	\$21.18	\$17.36
Over 1,000 Gallons per 1,000 Gallons	8.74	7.16
Cost for 4,000 gallons	\$47.40	\$38.84
Increase %	22.0%	
Affordability Index (Rate/MHI)	2.1%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2009-2013, the District's service area population was 8,953 with a Median Household Income (MHI) of \$27,721. The median household income for the Commonwealth is \$43,036. The project will qualify for a 0.75% interest rate because the District's service area MHI is below 80% of the State's MHI.

Year	Population				County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	8,075		33,396		June 2004	6.4%
1990	7,419	-8.1%	33,326	-0.2%	June 2009	11.9%
2000	7,742	4.4%	35,865	7.6%	June 2013	10.0%
2010	7,304	-5.7%	35,637	-0.6%	June 2014	9.3%
Current	7,305	0.0%	35,718	0.2%		
Cumulative %		-9.5%		7.0%		

VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$430,125.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2012 through 2014. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 3% from \$1.57 million in 2012 to \$1.63 million in 2014 due to a previously approved rate increase. Operating expenses decreased 7% from \$805,876 in 2012 to \$754,469 in 2014 as result of a decrease in District staff. The debt coverage ratio was 1.2, 2.0 and 1.8 for 2012, 2013 and 2014, respectively. The balance sheet reflects a current ratio of 17.0, a debt to equity ratio of 0.6 and the number of months of operating expenses in unrestricted cash is 3.9.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will increase approximately 11% in 2015 and 2016 to account for the 22% rate increase effective March 22, 2015, and will remain flat thereafter.
- 2) Operating expenses will increase 2% annually for inflation.

- 3) Debt coverage ratio will be 2.7 in 2017 when principal and interest repayments begin.

Based on the proforma assumptions, the District shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is \$4,300. This amount should be added to the replacement account each December 1 until the balance reaches \$43,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Waterworks Revenue Bond, Series 1996	\$ 549,037	2035
Waterworks Revenue Bond, Series 2001	420,949	2041
Waterworks Revenue Bond, Series 2007	1,271,054	2044
RD, 2015	803,000	2055
Total	\$ 3,044,040	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
US 25 Transmission Main and Pump	USDA RD	1,200,00	Loan/Grant

XII. CONTACTS

Legal Applicant	
Entity Name	Cumberland Falls Highway Water District
Authorized Official	Jimmy Creekmore (Chairman)
County	Whitley
Email	cfhwd@yahoo.com
Phone	606-528-0222
Address	6926 Cumberland Falls Highway Corbin, KY 40701

Applicant Contact	
Name	Les Moses
Organization	Cumberland Falls Highway Water District
Email	cfhwd@yahoo.com
Phone	606-528-0222
Address	6926 Cumberland Falls Highway Corbin, KY 40701

Project Administrator

Name	Timothy M Schwendeman
Organization	Cumberland Valley Area Development District
Email	timsch@cvadd.org
Phone	606-864-7391
Address	342 Old Whitley Road London, KY 40744

Consulting Engineer

PE Name	Kenneth Taylor, PE
Firm Name	Kenvirons, Inc.
Email	ktaylor@kenvirons.com
Phone	502-695-4357
Address	452 Versailles Road Frankfort, KY 40601

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

CUMBERLAND FALLS HIGHWAY WATER DISTRICT (WATER FUND)
FINANCIAL SUMMARY (DECEMBER YEAR END)

	<u>Audited</u> <u>2012</u>	<u>Audited</u> <u>2013</u>	<u>Audited</u> <u>2014</u>	<u>Projected</u> <u>2015</u>	<u>Projected</u> <u>2016</u>	<u>Projected</u> <u>2017</u>	<u>Projected</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>
Balance Sheet									
Assets									
Current Assets	1,084,508	1,149,437	1,175,799	1,244,032	1,344,100	1,412,887	1,466,054	1,513,147	1,554,032
Other Assets	5,602,926	5,481,595	5,362,789	5,334,696	7,149,999	7,143,698	7,074,917	6,981,845	6,863,938
Total	6,687,434	6,631,032	6,538,588	6,578,728	8,494,099	8,556,585	8,540,971	8,494,993	8,417,971
Liabilities & Equity									
Current Liabilities	48,568	64,808	69,268	71,577	73,892	88,714	92,042	95,377	84,718
Long Term Liabilities	2,365,055	2,321,719	2,280,669	2,231,669	3,471,044	3,405,544	3,337,044	3,265,544	3,205,044
Total Liabilities	2,413,623	2,386,527	2,349,937	2,303,246	3,544,936	3,494,258	3,429,086	3,360,921	3,289,762
Net Assets	4,273,811	4,244,505	4,188,651	4,275,482	4,949,163	5,062,327	5,111,885	5,134,072	5,128,209
Cash Flow									
Revenues	1,577,498	1,590,790	1,634,631	1,814,441	2,014,030	2,014,030	2,014,030	2,014,030	2,014,030
Operating Expenses	1,411,136	1,313,871	1,384,925	1,412,623	1,440,875	1,473,993	1,503,387	1,533,369	1,563,951
Other Income	6,484	5,495	4,432	4,432	4,432	4,432	4,432	4,432	4,432
Cash Flow Before Debt Service	172,846	282,414	254,138	406,250	577,587	544,469	515,075	485,093	454,511
Debt Service									
Existing Debt Service	143,345	143,997	144,266	143,401	164,244	164,124	176,417	176,799	177,261
Proposed KIA Loan	0	0	0	0	0	36,413	72,825	72,825	72,825
Total Debt Service	143,345	143,997	144,266	143,401	164,244	200,537	249,242	249,624	250,086
Cash Flow After Debt Service	29,501	138,417	109,872	262,849	413,343	343,933	265,833	235,469	204,425
Ratios									
Current Ratio	22.3	17.7	17.0	17.4	18.2	15.9	15.9	15.9	18.3
Debt to Equity	0.6	0.6	0.6	0.5	0.7	0.7	0.7	0.7	0.6
Days Sales in Accounts Receivable	33.2	33.0	31.7	31.7	31.8	31.8	31.8	31.8	31.8
Months Operating Expenses in Unrestricted Cash	3.1	3.9	3.9	4.3	4.9	5.4	5.7	5.9	6.1
Debt Coverage Ratio	1.2	2.0	1.8	2.8	3.5	2.7	2.1	1.9	1.8

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: November 5, 2015 – 1:00 p.m.
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Mr. Tony Wilder, Commissioner, Department for Local Government
Ms. Pamela Trautner, Finance and Administration Cabinet
(Proxy for Secretary Lori H. Flanery, FAC)
Ms. Lona Brewer, Energy and Environment Cabinet
(Proxy for Secretary Leonard K. Peters, EEC)
Mr. John Fischer, Economic Development Cabinet
(Proxy for Secretary Larry Hayes, EDC)
Mr. Jeff Derouen, Executive Director, Public Service Commission
Mr. C. Ronald Lovan, representing the American Water Works Association
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Paul Lashbrooke, representing the Kentucky Rural Water Association
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities

Members absent:

Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association of Counties
Mr. Martin T. Ivy, representing the Kentucky Municipal Utilities Association

Guests:

Mr. Jory Becker, Division of Water
Mr. John Brady, Office of Financial Management
Ms. Denise Pitts, Office of Financial Management
Mr. Roger Recktenwald, Kentucky Association of Counties
Ms. Lisa Wilson-Plajer, Kenvirons
Mr. Phil Meador, Kenvirons
Mr. Grondall Potter, Utility Management Group for Mountain Water District
Mr. Benny Hamilton, Perry County Fiscal Court
Mr. Mike Sanford, Mercer County Sanitation District
Mr. Dennis Keene, Kentucky State Representative, District 67
Ms. Betsy Laski, Bluegrass Area Development District
Mr. Jim Adams, Lincoln County Judge Executive
Mr. Ron Johnson, R. M. Johnson Engineering, Inc.
Mr. Tim Schwendeman, Cumberland Valley Area Development District
Mr. Les Moses, Cumberland Falls Highway Water District
Mr. Ken Taylor, Kenvirons, Inc.
Mr. Bill Payne, Lincoln County Sanitation District
Ms. Annette Dupont-Ewing, Kentucky Municipal Association

PROCEEDINGS

Chairman Tony Wilder called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Commissioner Wilder confirmed that a quorum was present and that the press had been notified regarding the meeting. The Commissioner asked board members and guests to introduce themselves.

I. BUSINESS (Board Action Required)

APPROVAL OF MINUTES

For: KIA Regular Board Meeting of October 1, 2015

Mr. Jeff Derouen asked for one correction to the Minutes, he wanted it noted that the Executive Committee Session was called to address personnel matters. As previously noted, no action was taken at the time.

Mr. Jeff Derouen moved to approve the Minutes of the October 1, 2015, regular board meeting. Ms. Linda Bridwell seconded, and the motion carried unanimously.

NEW PROJECTS/ACTION ITEMS

1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A13-020) INCREASING THE AMOUNT TO \$4,365,793 TO THE LINCOLN COUNTY SANITATION DISTRICT, LINCOLN COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA discussed the Lincoln County Sanitation District's request for a \$2,365,793 increase to a Fund A loan that was previously approved on June 19, 2013 for \$2,000,000 for the Phase 1 Sewer Project. After the original project was approved, at the request of Department of Local Government, the District expanded the scope of the project to serve a portion of the City of Hustonville (labeled Hustonville-Phase 1A Sewer Project), including the Hustonville Elementary School. All portions (Phase 1 and Phase 1A) of the project will served a total of 593 unserved customers in the US 127 Corridor. The District has agreements with both the City of Danville for the treatment of wastewater and City of Hustonville for operations and maintenance. The original project description is below:

This project will provide wastewater collection and treatment to approximately 445 unserved residential and commercial customers in the western portion of Lincoln County. The area includes US 127 south of Junction City and proceeding to the Moreland area. Current waste disposal methods consist of septic tanks and straight pipes which results in the discharge of raw sewage and septic tank effluent to the ground surface.

The District was established on May 10, 2011 by the Lincoln County Fiscal Court. The District is governed by five directors who are appointed by the County Judge Executive and approved by the fiscal court. Connection to the public wastewater system is

mandatory within four months of the date that a property owner is notified that service is available.

Ms. Linda Bridwell made the motion to amend the Fund A loan (A13-020) in the amount of \$4,365,793 to the Lincoln County Sanitation District with the standard conditions. Ms. Lona Brewer seconded and the motion was unanimously approved.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A16-004) IN THE AMOUNT OF \$848,000 TO THE MERCER COUNTY SANITATION DISTRICT, MERCER COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the Mercer County Sanitation District's request for a Fund "A" loan in the amount of \$848,000 for the Kennedy Bridge Road Sanitary Sewer Improvements project. The project will install new sanitary sewer collection mains which will be extended from an existing system in Chimney Rock. The areas to receive new sewer service include 1599 Kennedy Bridge Road, a mobile home park consisting of 25 lots and Maple Hill Subdivision consisting of 9 single family homes currently served by onsite septic systems and an apartment complex located at 1603 Kennedy Bridge Road, consisting of 15 residential apartment units served by an onsite septic system.

The project scope includes the construction of approximately 2,000 linear feet of 8" gravity sewer main and 1,000 linear feet of 3" sewer force main. The existing collection system is connected to a privately owned package treatment plant. The KPDES permit for the plant indicates that capacity is available to provide treatment for additional properties located in the vicinity of the plant. The plant discharge is currently in compliance, but the plant is aging and requires renovation to maintain reliable operation, therefore the scope will include an upgrade to the existing package treatment plant. This upgrade will include new structure and new equipment. The project would eliminate approximately 35 aged and inadequate onsite septic systems, eliminate infiltration of sewage to the Herrington Lake watershed and protect the health of the citizens that reside in the three unserved areas.

The Mercer County Sanitation District provides sewer service to 211 households within Mercer County.

Ms. Linda Bridwell made the motion to approve the Fund A loan (A16-004) in the amount of \$848,000 to the Mercer County Sanitation District with the standard conditions along with the following special condition: The Mercer County Sanitation District shall increase sewer rates sufficient to generate an additional \$30,000 in cash flow effective no later than July 1, 2017. Ms. Pamela Trautner seconded and the motion was unanimously approved.

The three following resolutions for the Prestonsburg Utility Commission were taken under consideration together:

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A16-003) IN THE AMOUNT OF \$2,033,200 TO THE CITY OF PRESTONSBURG FOR THE BENEFIT OF PRESTONSBURG UTILITY COMMISSION, FLOYD COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Prestonsburg, for the benefit of the Prestonsburg Utility Commission's request a Fund "A" loan in the amount of \$2,033,200 for the Stephens Branch and Lower Abbott Sewer Line Extension project. The project will provide sanitary sewer service to the Stephens Branch and Lower Abbott Creek communities. Both areas will be served by a pressure sewer system with instillation of nearly 32,000 linear feet of force main pipe ranging in 1.5 to 3 inches. In addition, 180 individual grinder stations will be installed as well as two lift stations and the additional appurtenances to complete both systems. This project will eliminate the failing Music Manor package treatment plant.

The Prestonsburg Utility Commission provides sewer services to 3,571 households within Floyd County.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A16-007) IN THE AMOUNT OF \$2,163,000 TO THE CITY OF PRESTONSBURG FOR THE BENEFIT OF PRESTONSBURG UTILITY COMMISSION, FLOYD COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Prestonsburg, for the benefit of the Prestonsburg Utility Commission's request a Fund "A" loan in the amount of \$2,163,000 for the US 23 Banner Community Sewer System project. The project will provide sanitary sewer service to the US 23 corridor and Lower Daniels Creek community. Both areas will be served by a pressure sewer system with instillation of nearly 32,000 linear feet of force main pipe ranging in 1.5 to 3 inches. Additionally, 175 individual grinder stations will be installed as well as an upgrade to the Dwale lift station. This project will eliminate the failing Eastern Heights Motel package treatment plant.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A16-028) IN THE AMOUNT OF \$1,952,900 TO THE CITY OF PRESTONSBURG FOR THE BENEFIT OF PRESTONSBURG UTILITY COMMISSION, FLOYD COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Prestonsburg for the benefit of the Prestonsburg Utility Commission's request a Fund "A" loan in the amount of \$1,952,900 for the KY 1428 and Stonecrest project. The

project will provide sanitary sewer service to the KY 1428 and Stonecrest communities. Both areas will be served by a pressure sewer system with instillation of nearly 22,000 linear feet of force main pipe ranging in 1.5 to 6 inches. In addition, 150 individual grinder stations will be installed as well as an 80 GPM lift station and the additional appurtenances to complete both systems. This project will eliminate the failing Allen Elementary package treatment plant.

Mr. Paul Lashbrooke made the motion to approve the Fund A loan (A16-003) in the amount of \$2,033,200, Fund A Loan (A16-007) in the amount of \$2,163,000 and Fund A Loan (A16-028) in the amount of \$1,952,900 to the City of Prestonsburg with the standard conditions and the following special condition: The City of Prestonsburg for the benefit of the Prestonsburg Utility Commission shall increase sewer rates sufficient to generate an additional \$80,000 in cash flow effective no later than July 1, 2017. Mr. Ron Lovan seconded and the motion was unanimously approved.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B16-006) OF \$350,000 TO THE PERRY COUNTY FISCAL COURT, PERRY COUNTY, KENTUCKY

Ms. Jami Johnson, KIA, discussed the Perry County Fiscal Court's request for a Fund B loan in the amount of \$350,000 for the Vicco Water System Emergency Repair Project. Perry County Fiscal Court recently acquired the Vicco Water & Wastewater System from the City of Vicco and is currently being operated under an emergency contract with Utility Management Group. This project will eliminate several issues in the water system to include installation of two new pump stations, several water meters, replacement of the telemetry at the Acup Tank; replacement of approximately 3,385 linear feet (LF) exposed service line and a chlorine tester kit.

The Perry County Fiscal Court purchases approximately 81 million gallons of water annually from Knott Co Water and Sewer District. A portion of the Fund B loan money will go towards debt to Knott Co Water and Sewer District in the amount of \$158,000.

Ms. Linda Bridwell made the motion to approve the Fund B loan (B16-006) in the amount of \$350,000 to Perry County Fiscal Court with the standard conditions along with the following special condition: The Perry County Fiscal Court will fund any shortfalls in any of the utility's KIA debt service repayments. Ms. Lona Brewer seconded and the motion was unanimously approved.

5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-002) OF \$1,720,500 TO THE CUMBERLAND FALLS HIGHWAY WATER DISTRICT, WHITLEY COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Sarah Aitken, KIA discussed the Cumberland Falls Highway Water District's request for a Fund "F" loan in the amount of \$1,720,500 for the CFHWD - Line Replacement and Reinforcement project. The project will replace approximately 39,500 LF of waterline due to undersized lines and continuous leak

repairs. In addition, extensions of the distribution system will be made totaling 17,200 LF which will serve approximately 20 additional users. The District will reinforce 3,200 LF of waterline, relocate approximately 500 LF of waterline, and replace the master meter. Lastly, the project includes replacement of the remaining conventional meters with new radio read meters and upgrades to the radio based SCADA system.

The District provides services for Whitley County. The District purchases water from Corbin Utilities Commission, West Laurel Water Association, and Williamsburg Municipal WTP.

Mr. Jeff Derouen recused himself from voting. Ms. Linda Bridwell made the motion to approve the Fund F loan (F16-002) in the amount of \$1,720,500 to the Cumberland Falls Highway Water District with the standard conditions. Mayor David Cartmell seconded and the motion was unanimously approved.

6. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-003) IN THE AMOUNT OF \$3,304,000 TO THE WESTERN PULASKI COUNTY WATER DISTRICT, PULASKI COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Sarah Aitken, KIA discussed the Western Pulaski County Water District's request for a Fund "F" loan in the amount of \$3,304,000 for the Water System Improvements and Replacement project. The project consists of approximately 1,800 LF of 3 inch water line replacement and 650 LF 3 inch water line extensions; 8,200 LF of 4 inch water line replacement; 21,000 LF of 6 inch water line replacement and 1,800 LF of 6 inch water line relocation; and 7,500 LF of new 12 inch water transmission main. The project also includes the installation of a 300,000 gallon elevated water storage tank to replace an existing 100,000 gallon ground storage tank, as well as the renovation of an existing 300,000 gallon water storage tank. Lastly, the project will include the installation of two new pressure reducing stations and one hundred radio read meter systems.

This project will provide major improvements to the District's water distribution system, eliminate several dilapidated /undersized water lines, provide additional water storage by replacing an undersized water storage tank, and provide pressure reduction to areas experiencing high pressures. The project will also improve the quality of water by renovating an existing water storage tank that is experiencing large scale paint loss on both the interior and exterior surfaces. Additionally, there are certain structural and safety components which will require repair in order to ensure continued operation.

The District purchases water from the City of Somerset and the City of Russell Springs. Counties directly serviceable by the District include Casey, Pulaski, Russell and Wayne. The Public Service Commission has jurisdiction over this project.

Mr. Jeff Derouen recused himself from voting. Ms. Linda Bridwell made the motion to approve the Fund F loan (F16-003) in the amount of \$3,304,000 to the Western Pulaski County Water District with the standard conditions. Mr. Ron Lovan seconded and the motion unanimously carried.

7. A RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES

This is a routine resolution allowing KIA to reimburse expenses that are paid out of the Authority’s funds with bond proceeds. The projects listed below are covered under this resolution:

APPLICANT	FUND	AMOUNT
Lincoln County Sanitation District	A13-020 (Increase)	\$4,365,793
Mercer County Sanitation District	A16-004	\$ 848,000
City of Prestonsburg fbo Prestonsburg Utility Commission	A16-003	\$2,033,200
City of Prestonsburg fbo Prestonsburg Utility Commission	A16-007	\$2,163,000
City of Prestonsburg fbo Prestonsburg Utility Commission	A16-28	\$1,952,900
Perry County Sanitation District	B16-006	\$ 350,000
Cumberland Falls Highway Water District	F16-002	\$1,720,500
Western Pulaski County Water District	F16-003	\$3,304,000

Ms. Linda Bridwell moved to approve the resolution. Mr. Ron Lovan seconded and the motion carried unanimously.

EXECUTIVE DIRECTOR’S REPORT

Kentucky Infrastructure Authority Secretary Adam Scott addressed the group. He noted two contracts from the Office of Financial Management for Dinsmore & Shohl and Morgan Stanley. Mr. Scott along with Jeff Derouen met regarding the abandonment of several Package Treatment Plants, representatives from KIA, DOW, PSC and other organizations have resurrected the KSWG group and will meet regularly.

Several KIA staff attended the CIFA Conference in Tampa, Florida. Mr. Scott informed the board that his presentation on Small System Regionalization was well attended.

Also, Mr. Scott discussed the possibility of refinancing a system’s water and/or wastewater debt to other lenders. Mr. Scott explained that several systems have had discussions with him and that future borrowers have constrained financial capacity to borrow from KIA.

Commissioner Tony Wilder made the motion to adjourn to an Executive Session to discuss personnel matters. Ms. Linda Bridwell seconded and the motion carried unanimously.

After a brief Executive Session Ms. Linda Bridwell made the motion to reconvene the KIA Board meeting. Mr. Ron Lovan seconded and the motion carried unanimously. No actions were taken by the Executive Committee at this time.

III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2

ANNOUNCEMENTS/NOTIFICATIONS

Next scheduled KIA board meeting:

Tentatively set for Thursday, December 3, 2015
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Commissioner Wilder moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The November 5, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Adam J. Scott, Secretary
Kentucky Infrastructure Authority

11/30/2015

Date



Revised
Board Meeting Booklet
for
November 5, 2015

Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601-3646
502-573-0260
502-573-0157 fax
<http://kia.ky.gov>



AGENDA

KENTUCKY INFRASTRUCTURE AUTHORITY
FULL BOARD MEETING
1024 CAPITAL CENTER DRIVE, SUITE 340
November 5, 2015 – 1:00 p.m.

Call to Order:

Chair Tony Wilder

- Confirmation of Press Notice
- Confirmation of Quorum
- Recognition of Members/Guests

I. BUSINESS (Board Action Required)

A. Minutes

- | | | |
|---|-------------------|---|
| 1. Consideration of Approval of the Minutes of the Kentucky Infrastructure Authority Regular Board Meeting of October 1, 2015
<i>(Attachment I.A.1.)</i> | Chair Tony Wilder | 7 |
|---|-------------------|---|

B. New Projects / Action Items

- | | | |
|--|--|----|
| 1. Resolution and Order of the Board of Directors Authorizing an Amendment to a Fund A loan (A13-020) increasing the amount to \$4,365,793 to the Lincoln County Sanitation District, Lincoln County, Kentucky (SX21137001, SX21137017)
<i>(Attachment I.B.1.)</i> | Mr. Jory Becker, DOW
Ms. Jami Johnson, KIA | 15 |
| 2. Resolution and Order of the Board of Directors for Approval of a Fund A loan (A16-004) in the amount of \$848,000 to the Mercer County Sanitation District, Mercer County, Kentucky (SX21167021)
<i>(Attachment I.B.2.)</i> | Mr. Jory Becker, DOW
Ms. Brandi Norton, KIA | 27 |
| 3. Resolution and Order of the Board of Directors for Approval of Fund A loan (A16-003) in the amount of \$2,033,200 , Fund A loan (A16-007) in the amount of \$2,163,000 and Fund A loan (A16-028) in the amount of \$1,952,900 to the City of Prestonsburg, Floyd County, Kentucky (SX21071210, SX21071231, SX21071235)
<i>(Attachment I.B.3.)</i> | Mr. Jory Becker, DOW
Ms. Brandi Norton, KIA | 39 |
| 4. Resolution and Order of the Board of Directors for Approval of a Fund B loan (B16-006) in the amount of \$350,000 to the Perry County Fiscal Court, Perry County, Kentucky (WX21193029)
<i>(Attachment I.B.4.)</i> | Ms. Jami Johnson, KIA | 79 |

<p>5. Resolution and Order of the Board of Directors for Approval of a Fund F loan (F16-002) in the amount of \$1,720,500 to the Cumberland Falls Highway Water District, Whitley County, Kentucky (WX21235002) <i>(Attachment I.B.5.)</i></p>	<p>Mr. Jory Becker, DOW Ms. Sarah Aitken, KIA</p>	<p>95</p>
<p>6. Resolution and Order of the Board of Directors for Approval of a Fund F loan (F16-003) in the amount of \$3,304,000 to the Western Pulaski County Water District, Pulaski County, Kentucky (WX21199123) <i>(Attachment I.B.6.)</i></p>	<p>Mr. Jory Becker, DOW Ms. Sarah Aitken, KIA</p>	<p>107</p>
<p>7. Resolution and Order of the Board of Directors Authorizing and Approving the Issuance of Obligations of the Kentucky Infrastructure Authority to Reimburse Capital Expenditures made by Governmental Agencies Pursuant to Loans made by the Kentucky Infrastructure Authority to such Governmental Agencies <i>(Attachment I.B.7.)</i></p>	<p>Ms. Sarah Aitken, KIA</p>	<p>119</p>
<p>II. STATUS REPORTS FOR FUNDS A, A2, B, B1, C, F, F2</p>	<p>Mr. Adam Scott, KIA</p>	<p>125</p>
<p>III. ANNOUNCEMENTS/NOTIFICATIONS</p>		
<p>1. KIA Contract Awards <i>(Attachment III.1.)</i></p>	<p>Mr. Adam Scott, KIA</p>	<p>151</p>
<p>2. <i>Next KIA Board Meeting:</i> Tentatively set for Thursday, December 3, 2015 <i>Kentucky Infrastructure Authority</i> <i>1024 Capital Center Drive, Suite 340, Frankfort</i></p>		
<p>IV. ADJOURN</p>	<p>Chair Tony Wilder</p>	

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I.B.5.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-002) OF \$1,720,500 TO THE CUMBERLAND FALLS HIGHWAY WATER DISTRICT, WHITLEY COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Drinking Water Revolving Loan Program (Fund F) with the Cumberland Falls Highway Water District, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund F loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Drinking Water Revolving Fund loan for \$1,720,500 of project expense including capitalized interest for the construction period, to the Cumberland Falls Highway Water District for the CFHWD- Line Replacement and Reinforcement project. Such amounts are

subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 25% will be deducted from the approved loan amount. The unforgiven principal balance of \$1,290,375 shall be repaid.

Section 4. The unforgiven principal shall be repayable over 20 years at an interest rate of 0.75%. In addition to debt service, a 0.25% annual administration fee on the unpaid, unforgiven principal balance will be charged. From annual revenues, \$4,300 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$43,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 5th day of November, 2015.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

ADAM J. SCOTT, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

October 27, 2015

Mr. Tony Wilder
Chairman
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: F16-002
Cumberland Falls Hwy Water District--34132
Activity ID: FGL20160003
HUC11: 05130101370, 05130101380,
05130101390, and 05130101450
Watershed Name: Cumberland River, above
Rockcastle River, Watts Creek, Youngs Creek, and
Laurel River
Project Name: Line Replacement and Reinforcement

Dear Mr. Wilder:

The Division of Water (DOW) hereby certifies that the Cumberland Falls Highway Water District is eligible to receive \$1,720,500.00 from the Drinking Water State Revolving Fund. The DOW certifies that the project scope is consistent with the scope that was used to rank the project on the Intended Use Plan-Project Priority List.

The Cumberland Falls Highway Water District's status relative to the Drinking Water State Revolving Fund General Conditions is provided below:

1. Project specific environmental information is expected to be submitted to DOW in December 2015.
2. Plans and specifications are expected to be submitted to DOW in December 2015.
3. Construction bids are expected to be opened in February 2016.

Upon compliance with the general conditions, the DOW will issue a final project certification prior to authorizing the loan agreement. A preconstruction and project management conference with the DOW must be held prior to commencement of construction. If you have any questions concerning this letter, please contact Joel Murphy, Project Manager, at (502) 564-3410, extension 4592.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Goodman".

Peter Goodman, Director
Division of Water

PG/BG:jjm

c: Bill Perkins, Cumberland Falls Highway Water District
Tim Schwendeman, Cumberland Valley ADD
Ken Taylor, Kenvirons

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number	Sarah Aitken November 5, 2015 [REDACTED] WX21235002	
BORROWER		CUMBERLAND FALLS HIGHWAY WATER DISTRICT WHITLEY COUNTY		
BRIEF DESCRIPTION				
The project will replace approximately 39,500 LF of waterline due to undersized lines and continuous leak repairs. In addition, extensions of the distribution system will be made totaling 17,200 LF which will serve approximately 20 additional users. The District will reinforce 3,200 LF of waterline, relocate approximately 500 LF of waterline, and replace the master meter. Lastly, the project includes replacement of the remaining conventional meters with new radio read meters and upgrades to the radio based SCADA system.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$1,720,500	Administrative Expenses	\$36,500	
Local Funds	2,500	Legal Expenses	25,000	
		Land, Easements	2,500	
		Planning	10,000	
		Eng - Design / Const	8.6% 8.0% 100,000	
		Eng - Insp	5.4% 5.0% 63,000	
		Eng - Other	10,000	
		Construction	1,150,000	
		Equipment	126,000	
		Contingency	100,000	
		Other	100,000	
TOTAL	\$1,723,000	TOTAL	\$1,723,000	
REPAYMENT	Rate Term	0.75% 20 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$72,825	
PROFESSIONAL SERVICES	Engineer Bond Counsel	Kenvirons, Inc. Peck, Shaffer, & Williams, a division of Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Feb-16 Apr-16 Jan-17		
DEBT PER CUSTOMER	Existing Proposed	\$691 \$1,060		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES	Current Additional	<u>Users</u> 3,174 20	<u>Avg. Bill</u> \$47.40 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2013	282,414	143,997	138,417	2.0
Audited 2014	254,138	144,266	109,872	1.8
Projected 2015	406,250	143,401	262,849	2.8
Projected 2016	577,587	164,244	413,343	3.5
Projected 2017	544,469	200,537	343,933	2.7
Projected 2018	515,075	249,242	265,833	2.1
Projected 2019	485,093	249,624	235,469	1.9
Projected 2020	454,511	250,086	204,425	1.8

Reviewer: Sarah Aitken
Date: November 5, 2015
Loan Number: [REDACTED]

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
CUMBERLAND FALLS HIGHWAY WATER DISTRICT, WHITLEY COUNTY
PROJECT REVIEW
WX21235002**

I. PROJECT DESCRIPTION

The Cumberland Falls Highway Water District is requesting a Fund "F" loan in the amount of \$1,720,500 for the CFHWD - Line Replacement and Reinforcement project. The project will replace approximately 39,500 LF of waterline due to undersized lines and continuous leak repairs. In addition, extensions of the distribution system will be made totaling 17,200 LF which will serve approximately 20 additional users. The District will reinforce 3,200 LF of waterline, relocate approximately 500 LF of waterline, and replace the master meter. Lastly, the project includes replacement of the remaining conventional meters with new radio read meters and upgrades to the radio based SCADA system.

The District provides services for Whitley County. The District purchases water from Corbin Utilities Commission, West Laurel Water Association, and Williamsburg Municipal WTP.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 36,500
Legal Expenses	25,000
Land, Easements	2,500
Planning	10,000
Engineering Fees - Design / Const	100,000
Engineering Fees - Inspection	63,000
Engineering Fees - Other	10,000
Construction	1,150,000
Equipment	126,000
Contingency	100,000
Other	100,000
Total	\$ 1,723,000

III. PROJECT FUNDING

	Amount	%
Fund F Loan	\$ 1,720,500	100%
Local Funds	2,500	0%
Total	\$ 1,723,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 1,720,500
Less: Principal Forgiveness (25%)	430,125
Amortized Loan Amount	\$ 1,290,375
Interest Rate	0.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 69,599
Administrative Fee (0.25%)	3,226
Total Estimated Annual Debt Service	\$ 72,825

V. PROJECT SCHEDULE

Bid Opening:	February 2016
Construction Start:	April 2016
Construction Stop:	January 2017

VI. RATE STRUCTURE

A) Customers

Customers	Current	Proposed	Total
Residential	3,114	20	3,134
Commercial	56	0	56
Industrial	4	0	4
Institutional	31	0	31
Total	3,205	20	3,225

B) Rates

	Current	Prior
Date of Last Rate Increase	06/01/15	03/22/12
First 1,000 Gallons	\$21.18	\$17.36
Over 1,000 Gallons per 1,000 Gallons	8.74	7.16
Cost for 4,000 gallons	\$47.40	\$38.84
Increase %	22.0%	
Affordability Index (Rate/MHI)	2.1%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2009-2013, the District's service area population was 8,953 with a Median Household Income (MHI) of \$27,721. The median household income for the Commonwealth is \$43,036. The project will qualify for a 0.75% interest rate because the District's service area MHI is below 80% of the State's MHI.

Year	Population				County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	8,075		33,396		June 2004	6.4%
1990	7,419	-8.1%	33,326	-0.2%	June 2009	11.9%
2000	7,742	4.4%	35,865	7.6%	June 2013	10.0%
2010	7,304	-5.7%	35,637	-0.6%	June 2014	9.3%
Current	7,305	0.0%	35,718	0.2%		
Cumulative %		-9.5%		7.0%		

VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$430,125.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2012 through 2014. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 3% from \$1.57 million in 2012 to \$1.63 million in 2014 due to a previously approved rate increase. Operating expenses decreased 7% from \$805,876 in 2012 to \$754,469 in 2014 as result of a decrease in District staff. The debt coverage ratio was 1.2, 2.0 and 1.8 for 2012, 2013 and 2014, respectively. The balance sheet reflects a current ratio of 17.0, a debt to equity ratio of 0.6 and the number of months of operating expenses in unrestricted cash is 3.9.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will increase approximately 11% in 2015 and 2016 to account for the 22% rate increase effective March 22, 2015, and will remain flat thereafter.
- 2) Operating expenses will increase 2% annually for inflation.

- 3) Debt coverage ratio will be 2.7 in 2017 when principal and interest repayments begin.

Based on the proforma assumptions, the District shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is \$4,300. This amount should be added to the replacement account each December 1 until the balance reaches \$43,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Waterworks Revenue Bond, Series 1996	\$ 549,037	2035
Waterworks Revenue Bond, Series 2001	420,949	2041
Waterworks Revenue Bond, Series 2007	1,271,054	2044
RD, 2015	803,000	2055
Total	\$ 3,044,040	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
US 25 Transmission Main and Pump	USDA RD	1,200,00	Loan/Grant

XII. CONTACTS

Legal Applicant	
Entity Name	Cumberland Falls Highway Water District
Authorized Official	Jimmy Creekmore (Chairman)
County	Whitley
Email	cfhwd@yahoo.com
Phone	606-528-0222
Address	6926 Cumberland Falls Highway Corbin, KY 40701

Applicant Contact	
Name	Les Moses
Organization	Cumberland Falls Highway Water District
Email	cfhwd@yahoo.com
Phone	606-528-0222
Address	6926 Cumberland Falls Highway Corbin, KY 40701

Project Administrator	
Name	Timothy M Schwendeman
Organization	Cumberland Valley Area Development District
Email	timsch@cvadd.org
Phone	606-864-7391
Address	342 Old Whitley Road London, KY 40744

Consulting Engineer	
PE Name	Kenneth Taylor, PE
Firm Name	Kenvirons, Inc.
Email	ktaylor@kenvirons.com
Phone	502-695-4357
Address	452 Versailles Road Frankfort, KY 40601

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT (WATER FUND)
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited</u> <u>2012</u>	<u>Audited</u> <u>2013</u>	<u>Audited</u> <u>2014</u>	<u>Projected</u> <u>2015</u>	<u>Projected</u> <u>2016</u>	<u>Projected</u> <u>2017</u>	<u>Projected</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>
Balance Sheet									
Assets									
Current Assets	1,084,508	1,149,437	1,175,799	1,244,032	1,344,100	1,412,887	1,466,054	1,513,147	1,554,032
Other Assets	5,602,926	5,481,595	5,362,789	5,334,696	7,149,999	7,143,698	7,074,917	6,981,845	6,863,938
Total	6,687,434	6,631,032	6,538,588	6,578,728	8,494,099	8,556,585	8,540,971	8,494,993	8,417,971
Liabilities & Equity									
Current Liabilities	48,568	64,808	69,268	71,577	73,892	88,714	92,042	95,377	84,718
Long Term Liabilities	2,365,055	2,321,719	2,280,669	2,231,669	3,471,044	3,405,544	3,337,044	3,265,544	3,205,044
Total Liabilities	2,413,623	2,386,527	2,349,937	2,303,246	3,544,936	3,494,258	3,429,086	3,360,921	3,289,762
Net Assets	4,273,811	4,244,505	4,188,651	4,275,482	4,949,163	5,062,327	5,111,885	5,134,072	5,128,209
Cash Flow									
Revenues	1,577,498	1,590,790	1,634,631	1,814,441	2,014,030	2,014,030	2,014,030	2,014,030	2,014,030
Operating Expenses	1,411,136	1,313,871	1,384,925	1,412,623	1,440,875	1,473,993	1,503,387	1,533,369	1,563,951
Other Income	6,484	5,495	4,432	4,432	4,432	4,432	4,432	4,432	4,432
Cash Flow Before Debt Service	172,846	282,414	254,138	406,250	577,587	544,469	515,075	485,093	454,511
Debt Service									
Existing Debt Service	143,345	143,997	144,266	143,401	164,244	164,124	176,417	176,799	177,261
Proposed KIA Loan	0	0	0	0	0	36,413	72,825	72,825	72,825
Total Debt Service	143,345	143,997	144,266	143,401	164,244	200,537	249,242	249,624	250,086
Cash Flow After Debt Service	29,501	138,417	109,872	262,849	413,343	343,933	265,833	235,469	204,425
Ratios									
Current Ratio	22.3	17.7	17.0	17.4	18.2	15.9	15.9	15.9	18.3
Debt to Equity	0.6	0.6	0.6	0.5	0.7	0.7	0.7	0.7	0.6
Days Sales in Accounts Receivable	33.2	33.0	31.7	31.7	31.8	31.8	31.8	31.8	31.8
Months Operating Expenses in Unrestricted Cash	3.1	3.9	3.9	4.3	4.9	5.4	5.7	5.9	6.1
Debt Coverage Ratio	1.2	2.0	1.8	2.8	3.5	2.7	2.1	1.9	1.8



KENTUCKY INFRASTRUCTURE AUTHORITY

Matthew G. Bevin
Governor

Capital Center Complex
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
(502) 573-0260
(502) 573-0157 (fax)
kia.ky.gov

Donna McNeil
Executive Director

May 16, 2017

Cumberland Falls Highway Water District
Attn: Jimmy Creekmore, Chairman
6926 Cumberland Falls Highway
Corbin, KY 40701

KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F16-002)
FINAL EXTENSION

Dear Chairman Creekmore:

The Kentucky Infrastructure Authority ("the Authority") has approved a final extension of the Drinking Water State Revolving Fund (DWSRF) loan F16-002 for the Waterline Replacement and Reinforcement Project. The Authority has extended the deadline for the District to meet the conditions set forth in the conditional commitment letter for a period of six (6) months. The original expiration date was November 16, 2016. The new expiration date will be November 16, 2017. Please be aware that failure to complete the loan conditions by this date may result in rescission of the loan commitment and a reapplication for funds.

Sincerely,

A handwritten signature in cursive script that reads "Donna McNeil".

Donna McNeil, Executive Director
Kentucky Infrastructure Authority

C: Ken Taylor
Tim Schwendemen

Exhibit E

Estimated Cost of Operation

Cumberland Falls Highway Water District

XXXII. PROPOSED OPERATING BUDGET (WATER SYSTEM)

(1st Full Year of Operation)

Year Ending March 31, 2019

A. Operating Income:

Water Sales	\$1,870,000
Disconnect/Reconnect/Late Charge Fees	63,000
Other (Describe)	0
Less Allowances and Deductions	()
Total Operating Income	\$1,933,000

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	\$580,000
Pumping Expense	20,000
Water Treatment Expense	2,000
Transmission and Distribution Expense	400,000
Customer Accounts Expense	225,000
Administrative and General Expense	175,000
Total Operating Expenses	\$1,402,000
Net Operating Income	\$531,000

C. Non-Operating Income:

Interest on Deposits	\$ 5,000
Other (Identify)	
Total Non-Operating Income	\$ 5,000

D. Net Income

\$ 536,000

E. Debt Repayment:

Interest	\$119,200
Principal	128,000
Fees	3,225
Total Debt Repayment	\$250,425

F. Balance Available for Coverage

\$285,575

Exhibit F

**Engineer's Letter of Recommendation
Tabulation of Bids Received
and
Estimated Project Costs (As Bid Budget)**

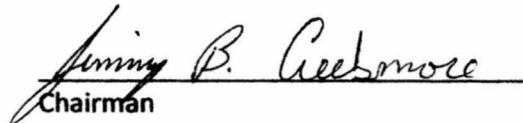
RESOLUTION

CUMBERLAND FALLS HIGHWAY WATER DISTRICT

June 19, 2017

RE: Line Replacement and Reinforcement Project
WX21235002
DWSRF-F16-002

The Cumberland Falls Highway Water District hereby resolves to award the construction of the "Line Replacement and Reinforcement Project" to the lowest bidder: Clay PipeLine, Inc, for the amount of \$779,543.50 contingent upon approval of the Kentucky Public Service Commission and the funding agency.


Chairman


Secretary



Kenvirons, Inc.

452 Versailles Road • Frankfort, KY 40601 • Phone: (502) 695-4357 • Fax: (502) 695-4363

Civil & Environmental Engineering and Laboratory Services

June 5, 2017

Mr. Jimmy Creekmore, Chairman
Cumberland Falls Highway Water District
6926 Cumberland Falls Highway
Corbin, Kentucky 40701

RE: Cumberland Falls Highway Water District
CFHWD Line Replacement and Reinforcement Project
WX21235002; F16-002

Dear Mr. Creekmore:

Bids were received for the referenced project on June 1, 2017. Five (5) bids were received with the low bidder being Clay Pipeline, Inc. with a bid of \$779,543.50. Attached for your reference is a tabulation of the received bids. Also attached is an updated budget based on awarding the project to the low bidder.

It is hereby recommended to award the contract to Clay Pipeline, Inc. in the amount of \$779,543.50. We are very familiar with Clay Pipeline, Inc.'s work and are sure they have the personnel, equipment and experience to complete the project in a timely professional manner. Over the years they have completed multiple projects on which Kenvirons, Inc. was the engineer. Should you have any questions or need additional information please contact me.

Sincerely,

Kenneth D. Taylor, PE
Vice President

cc: Tim Schwendeman, CVADD
Joel Murphy, KDOW
Amanda Yeary, KIA
Terry Humphries, KDOW

Attachments

BID TABULATIONS

KENVIRONS, INC.
452 Versailles Road
Frankfort, KY 40601

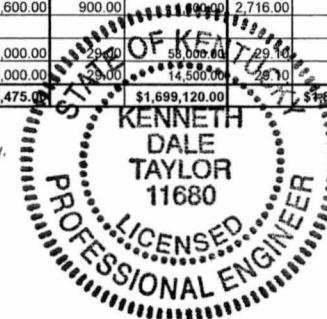
Owner: Cumberland Falls Highway Water District
Project: Line Replacement and Reinforcement Project
Bid Date: June 1, 2017 at 1:30 P.M. Local Time

Project No. 2006234

Base Bid				Clay Pipeline, Inc. 70 Fox Hollow Road Manchester, KY 40962		Akins Excavating Company, Inc. 182 Busy Lane Corbin, KY 40701		Gist Construction, Inc. 981 Creek Bend Drive Columbia, KY 42728		n States Utilities & Excavation, P.O. Box 14 Mt Hermon, KY 42157		Norris Bros. Excavating 1007 Rodgers Road Crossville, TN 38572	
Item No.	Item Description	Unit	Quantity	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
1	6" PVC SDR 17 Pipe	LF	2,825	\$12.40	\$35,030.00	\$13.00	\$36,725.00	\$10.00	\$28,250.00	\$24.00	\$67,800.00	\$25.22	\$71,246.50
2	4" PVC SDR 17 Pipe	LF	32,545	7.10	231,069.50	10.20	331,959.00	10.00	325,450.00	22.00	715,990.00	22.31	726,078.95
3	3" PVC SDR 17 Pipe	LF	11,760	6.40	75,264.00	9.30	109,368.00	10.00	117,600.00	21.00	246,960.00	21.34	250,958.40
4	Directional Bore No. 1	LS	1	13,585.00	13,585.00	3,000.00	3,000.00	18,950.00	18,950.00	25,000.00	25,000.00	5,820.00	5,820.00
5	Directional Bore No. 2	LS	1	4,560.00	4,560.00	3,000.00	3,000.00	6,800.00	6,800.00	11,000.00	11,000.00	5,820.00	5,820.00
6	Directional Bore No. 3	LS	1	2,575.00	2,575.00	3,000.00	3,000.00	4,800.00	4,800.00	10,000.00	10,000.00	5,820.00	5,820.00
7	Directional Bore No. 4	LS	1	9,620.00	9,620.00	21,000.00	21,000.00	12,100.00	12,100.00	19,000.00	19,000.00	5,820.00	5,820.00
8	Directional Bore No. 5	LS	1	2,575.00	2,575.00	3,000.00	3,000.00	4,750.00	4,750.00	10,000.00	10,000.00	5,820.00	5,820.00
9	Directional Bore No. 6	LS	1	10,940.00	10,940.00	3,000.00	3,000.00	13,250.00	13,250.00	21,000.00	21,000.00	5,820.00	5,820.00
10	Directional Bore No. 7	LS	1	7,420.00	7,420.00	3,000.00	3,000.00	9,675.00	9,675.00	16,000.00	16,000.00	5,820.00	5,820.00
11	Directional Bore No. 8	LS	1	16,950.00	16,950.00	24,000.00	24,000.00	45,750.00	45,750.00	49,000.00	49,000.00	5,820.00	5,820.00
12	Bored & Jacked Casing for 3" & 4" Pipe	LF	40	95.00	3,800.00	128.00	5,120.00	110.00	4,400.00	120.00	4,800.00	145.50	5,820.00
13	Open Cut and Case for 6" Pipe	LF	30	60.00	1,800.00	55.00	1,650.00	50.00	1,500.00	70.00	2,100.00	82.45	2,473.50
14	Open Cut and Case for 3" & 4" Pipe	LF	350	60.00	21,000.00	42.00	14,700.00	50.00	17,500.00	70.00	24,500.00	82.45	28,857.50
15	Free Bore - All Sizes	LF	100	30.00	3,000.00	35.00	3,500.00	30.00	3,000.00	60.00	6,000.00	106.70	10,670.00
16	6" Gate Valve	EA	1	1,125.00	1,125.00	1,100.00	1,100.00	1,175.00	1,175.00	825.00	825.00	824.50	824.50
17	4" Gate Valve	EA	17	1,000.00	17,000.00	920.00	15,640.00	950.00	16,150.00	700.00	11,900.00	776.00	13,192.00
18	3" Gate Valve	EA	9	858.00	7,722.00	860.00	7,740.00	850.00	7,650.00	660.00	5,940.00	727.50	6,547.50
19	6" x 6" Sleeved Tie-In	EA	2	575.00	1,150.00	1,155.00	2,310.00	1,150.00	2,300.00	1,300.00	2,600.00	3,395.00	6,790.00
20	4" x 4" Sleeved Tie-In	EA	3	500.00	1,500.00	995.00	2,985.00	1,150.00	3,450.00	1,300.00	3,900.00	3,201.00	9,603.00
21	3" x 3" Sleeved Tie-In	EA	4	512.00	2,048.00	965.00	3,860.00	850.00	3,400.00	1,300.00	5,200.00	3,104.00	12,416.00
22	3" x 2" Sleeved Tie-In	EA	1	600.00	600.00	970.00	970.00	750.00	750.00	1,300.00	1,300.00	2,910.00	2,910.00
23	6" x 6" Tapping Sleeve and Valve	EA	3	2,075.00	6,225.00	3,035.00	9,105.00	2,400.00	7,200.00	2,900.00	8,700.00	3,880.00	11,640.00
24	6" x 4" Tapping Sleeve and Valve	EA	4	1,850.00	7,400.00	2,750.00	11,000.00	2,000.00	8,000.00	2,650.00	10,600.00	3,686.00	14,744.00
25	4" x 4" Tapping Sleeve and Valve	EA	5	1,730.00	8,650.00	2,540.00	12,700.00	1,900.00	9,500.00	2,625.00	13,125.00	3,492.00	17,460.00
26	6" x 3" Tapping Sleeve and Valve	EA	3	1,700.00	5,100.00	2,165.00	6,495.00	1,900.00	5,700.00	2,600.00	7,800.00	3,395.00	10,185.00
27	3" x 3" Tapping Sleeve and Valve	EA	4	1,450.00	5,800.00	2,100.00	8,400.00	1,750.00	7,000.00	2,500.00	10,000.00	3,201.00	12,804.00
28	4" x 4" x 3" Tee Tie-In	EA	1	690.00	690.00	1,130.00	1,130.00	1,250.00	1,250.00	1,200.00	1,200.00	2,910.00	2,910.00
29	Cut and Cap Ex. 6" Water Line	EA	2	290.00	580.00	715.00	1,430.00	1,000.00	2,000.00	1,000.00	2,000.00	1,455.00	2,910.00
30	Cut and Cap Ex. 4" Water Line	EA	5	265.00	1,325.00	655.00	3,275.00	1,000.00	5,000.00	1,000.00	5,000.00	1,455.00	7,275.00
31	Cut and Cap Ex. 3" Water Line	EA	3	800.00	2,400.00	650.00	1,950.00	900.00	2,700.00	1,000.00	3,000.00	1,455.00	4,365.00
32	Cut and Cap Ex. 2" Water Line	EA	2	256.00	512.00	645.00	1,290.00	800.00	1,600.00	1,000.00	2,000.00	1,455.00	2,910.00
33	Cut and Cap Ex. 1" Water Line	EA	2	105.00	210.00	585.00	1,170.00	700.00	1,400.00	1,000.00	2,000.00	1,455.00	2,910.00
34	4" Blow-Off Assembly	EA	5	1,350.00	6,750.00	1,365.00	6,825.00	1,500.00	7,500.00	1,500.00	7,500.00	2,134.00	10,670.00
35	3" Blow-Off Assembly	EA	16	1,175.00	18,800.00	1,265.00	20,240.00	1,350.00	21,600.00	1,400.00	22,400.00	2,425.00	38,800.00
36	New Meter Service	EA	33	655.00	21,615.00	190.00	6,270.00	775.00	25,575.00	700.00	23,100.00	776.00	25,608.00
37	Reconnect Meter Service	EA	144	372.00	53,568.00	400.00	57,600.00	375.00	54,000.00	370.00	53,280.00	664.45	95,680.80
38	Relocate Meter Service	EA	46	475.00	21,850.00	220.00	10,120.00	500.00	23,000.00	400.00	18,400.00	776.00	35,696.00
39	Replacement Meter Set	LS	37	555.00	20,535.00	225.00	8,325.00	600.00	22,200.00	700.00	25,900.00	664.45	24,584.65
40	Leak Detection Meter	LS	10	795.00	7,950.00	830.00	8,300.00	1,500.00	15,000.00	800.00	8,000.00	4,365.00	43,650.00
41	3/4" Service Tubing	LF	10,400	5.00	52,000.00	5.00	52,000.00	5.00	52,000.00	10.00	104,000.00	19.40	201,760.00
42	Master Meter Setting	LS	1	16,600.00	16,600.00	15,000.00	15,000.00	23,000.00	23,000.00	26,000.00	26,000.00	6,305.00	6,305.00
43	Gravel - Miscellaneous as approved	TN	400	21.00	8,400.00	5.00	2,000.00	25.00	10,000.00	25.00	10,000.00	29.10	11,640.00
44	Air Release Valve	EA	2	875.00	1,750.00	1,820.00	3,640.00	800.00	1,600.00	900.00	1,800.00	2,716.00	5,432.00
45	Pavement Replacement												
45A	Asphalt	LF	2,000	3.25	6,500.00	33.00	66,000.00	25.00	50,000.00	25.00	50,000.00	29.10	58,200.00
45B	Concrete	LF	500	68.00	34,000.00	34.00	17,000.00	30.00	15,000.00	30.00	15,000.00	38.10	19,050.00
TOTAL BASE BID					\$779,543.50		\$931,892.00		\$1,020,475.00		\$1,699,120.00		\$1,857,637.30

* Denotes an arithmetic error was made on the Bids submitted. Values reported in the Bid Tabulation have been corrected based upon the unit price submitted. The above is a true and complete tabulation of the Bids received by Cumberland Falls Highway Water District at their office located at 6926 Cumberland Falls Highway, Corbin, KY on June 1, 2017 at 1:30 P.M. Local Time.

By: *Kenneth D. Taylor* Date: *6-2-17*
Kenneth D. Taylor, P.E.



**Part III - Budget Information
Project Cost Summary**

Project Title: CFHWD Water Line Replacement and Reinforcement

WRIS# WX: 21235002

Project Budget: Estimated

As Bid

Revised

Cost Classification	DWSRF KIA Loan	Funding Source 1	Funding Source 2	Funding Source 3	Funding Source 4	Funding Source 5	Local Funds	Unfunded Costs	Total
1 Administrative Expenses	30,000								30,000
2 Legal Expenses	25,000								25,000
3 Land, Appraisals, Easements							2,500		2,500
4 Relocation Expense & Payments									-
5 Planning	30,000								30,000
6 Engineering Fees - Design	72,200								72,200
7 Engineering Fees - Construction	14,400								14,400
8 Engineering Fees - Inspection	47,500								47,500
9 Engineering Fees - Other	10,000								10,000
10 Construction	779,544								779,544
11 Equipment	126,000								126,000
12 Miscellaneous	100,000								100,000
13 Contingencies	485,856								485,856
Total	1,720,500	-	-	-	-	-	2,500	-	1,723,000

Funding Sources	Amount	Date Committed
1 Funding Source 1	-	
2 Funding Source 2	-	
3 Funding Source 3	-	
4 Funding Source 4	-	
5 Funding Source 5	-	
Total	-	

Local Funding Sources	Amount	Date Committed
1 tap fees - CFHWD	2,500	5/21/2015
2		
3		
Total	2,500	

Cost Categories	Funding Source	Total Cost
Treatment		
Transmission and Distribution	DWSRF	779,544
Source		
Storage		
Purchase of Systems		
Restructuring		
Land Acquisition		
TOTAL COSTS		779,544

Total Funding 1,723,000

Exhibit G

**2016 Audit
and
May 31, 2017 Financial Statement**

**CUMBERLAND FALLS HIGHWAY
WATER DISTRICT**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
DECEMBER 31, 2016 AND 2015**

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SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

KENTUCKY SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

PRIVATE COMPANIES
PRACTICE SECTION OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

STUART K. McCRARY, JR., CPA
THOMAS S. SPARKS, CPA
RYAN R. LASKI, CPA

SUSAN A. LACY, CPA
JUSTIN B. NICHOLS, CPA

LAURENCE T. SUMMERS
1961-1992

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
The Cumberland Falls Highway Water District
Corbin, KY

We have audited the accompanying financial statements of the the business-type activities of the Cumberland Falls Highway Water District as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cumberland Falls Highway Water District, as of December 31, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Accounting Standards

In accordance with Governmental Accounting Standards, we have also issued our report dated April 18, 2017, on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
April 18, 2017

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

This section of the Cumberland Falls Highway Water District's annual financial report presents an analysis of the District's financial performance during the fiscal years ended December 31, 2016 and 2015. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR 2015

- The District's net position increased by \$636,267 or 14 percent from \$4,438,850 to \$5,075,117.
- Gross profit from operations increased by \$273,363 or 22 percent from \$1,219,579 to \$1,492,942.
- Operating expenses increased by \$26,605 or 3 percent from \$1,023,993 to \$1,050,598.
- Capital contributions to the District increased by \$3,695 or 12 percent from \$31,751 to \$35,446.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following two parts: Management's Discussion and Analysis and the Basic Financial Statements. The Financial Statements include notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Position include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Position identify the District's revenues and expenses. This statement provides information on the District's operations over the past two fiscal years and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the change in the cash and cash equivalents balance for each of the last two fiscal years.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial condition and also indicate the financial condition of the District during the last fiscal year. The District's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

**Table 1
Condensed Statement of Net Position**

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 2,266,723	\$ 1,648,870	\$ 617,853	37%
Capital assets	5,971,997	5,867,172	104,825	2%
Total Assets	<u>8,238,720</u>	<u>7,516,042</u>	<u>722,678</u>	<u>10%</u>
Long-term debt	2,981,484	2,934,052	47,432	2%
Other liabilities	182,119	143,140	38,979	27%
Total Liabilities	<u>3,163,603</u>	<u>3,077,192</u>	<u>86,411</u>	<u>3%</u>
Net position invested in capital assets	2,990,513	2,931,311	59,202	2%
Net position restricted for debt service	572,524	414,938	157,586	38%
Unrestricted net position	1,512,080	1,092,601	419,479	38%
Total Net Position	<u>\$ 5,075,117</u>	<u>\$ 4,438,850</u>	<u>\$ 636,267</u>	<u>14%</u>

As the above table indicates, total assets increased by \$722,678 from \$7,516,042 to \$8,238,720 during the fiscal year ended December 31, 2016. This increase primarily resulted from an increase in cash and cash equivalents of \$587,477 resulting from loans and grants for construction and an increase in operating income, supplemented by an increase in capital assets of \$104,825.

Table 1 also indicates an increase of \$636,267 in net position, from \$4,438,850 to \$5,075,117 for fiscal year ending December 31, 2016. As indicated above, this was due to an increase in operating income and grants.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

The Statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which affect the change in net position. As the information in Table 2 indicates, income before capital contributions was \$600,821 and capital contributions were \$35,446, realizing a net change in net position of 636,267.

**Table 2
Condensed Statement of Revenues, Expenses
and Changes in Net Position**

	2016	2015	\$ Change	% Change
Gross Profit	\$ 1,492,942	\$ 1,219,579	\$ 273,363	22%
Nonoperating revenues	273,465	122,357	151,108	123%
Total Revenues	<u>1,766,407</u>	<u>1,341,936</u>	<u>424,471</u>	32%
Depreciation expense	269,172	241,912	27,260	11%
Other operating expenses	781,426	782,081	(655)	0%
Nonoperating expenses	114,988	99,495	15,493	16%
Total Expenses	<u>1,165,586</u>	<u>1,123,488</u>	<u>42,098</u>	4%
Income before capital contributions	600,821	218,448	382,373	175%
Capital contributions	35,446	31,751	3,695	12%
Changes in net position	<u>636,267</u>	<u>250,199</u>	<u>386,068</u>	154%
Beginning net position	4,438,850	4,188,651	250,199	6%
Ending Net position	<u>\$ 5,075,117</u>	<u>\$ 4,438,850</u>	<u>\$ 636,267</u>	14%

Table 2 indicates that the District's total Gross Profit increased by \$273,363 resulting from increased water sales due to an increase in rates that took effect late in 2015. Total expenses increased by \$42,098 mainly due to an increase in depreciation expense and interest expense.

CAPITAL ASSETS

As of December 31, 2016, the District's investment in capital assets totaled \$5,971,997, an increase of \$104,825. A comparison of the District's capital assets over the past two years is presented in Note 3 of the financial statements.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

LONG TERM DEBT

As of December 31, 2016, the District had \$2,983,112 in outstanding revenue bond debt, this is presented in the Statements of Net Position net of \$1,628 in amortizable bond costs. The change in long-term debt obligations of \$47,432 is from principal payments made during the year of \$755,749, additional borrowings of \$803,000, and amortization of bond costs of \$181.

Additional information on the District's long-term debt is provided in Note 5 of the financial statements.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the CFHWD at 6926 Cumberland Falls Highway, Corbin Ky.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015**

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 707,244	\$ 480,047
Certificates of deposit	715,016	512,322
Accounts receivable	189,251	168,171
Inventory - materials and supplies	68,570	60,763
Prepaid expenses	14,118	12,629
Total Current Assets	1,694,199	1,233,932
 RESTRICTED CASH AND CASH EQUIVALENTS	 572,524	 414,938
 UTILITY PLANT		
Nondepreciable capital assets	73,147	1,137,820
Depreciable capital assets, net of depreciation	5,898,850	4,729,352
Net Utility Plant	5,971,997	5,867,172
 TOTAL ASSETS	 \$ 8,238,720	 \$ 7,516,042
 LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 18,263	\$ 54,750
Accrued interest	56,991	-
Accrued taxes	17,268	7,341
Revenue bonds payable - due within one year	51,000	792,744
Total Current Liabilities	143,522	854,835
 NONCURRENT LIABILITIES		
Revenue bonds payable - due in more than one year	2,930,484	2,141,308
Customer deposits	89,597	81,049
Total Noncurrent Liabilities	3,020,081	2,222,357
 TOTAL LIABILITIES	 3,163,603	 3,077,192
 NET POSITION		
Invested in capital assets, net of related debt	2,990,513	2,931,311
Restricted for debt service and Plant Replacement	572,524	414,938
Unrestricted	1,512,080	1,092,601
 TOTAL NET POSITION	 5,075,117	 4,438,850
 TOTAL LIABILITIES AND NET POSITION	 \$ 8,238,720	 \$ 7,516,042

The Accompanying Notes Are An Integral Part Of These Financial Statements

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
STATEMENTS OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
OPERATING REVENUES		
Water sales	\$ 1,917,569	\$ 1,784,375
Other income	64,682	58,131
Total Operating Revenues	1,982,251	1,842,506
COST OF SALES		
Water purchases	489,309	622,927
Gross Profit from Operations	1,492,942	1,219,579
OPERATING EXPENSES		
Advertising	822	1,527
Commissioner fees	12,600	10,200
Contractual services:		
Maintenance	3,282	11,932
Operation supplies and materials	49,415	55,873
Office supplies and other expenses	68,855	49,754
Salaries and wages	325,733	321,978
Employee benefits	185,351	191,720
Professional services	37,735	29,290
Transportation expenses	26,427	17,515
Purchased power	22,104	47,972
Insurance	33,358	31,083
Depreciation	269,172	241,912
Bad debt expense	10,568	10,115
Other taxes	5,176	3,122
Total Operating Expenses	1,050,598	1,023,993
Operating Income (Loss)	442,344	195,586
NON-OPERATING REVENUE (EXPENSE)		
Interest income	3,758	2,272
Interest expense	(114,988)	(99,495)
Grant income	269,707	120,085
Net Nonoperating Revenue (Expense)	158,477	22,862
Income (Loss) before Contributions	600,821	218,448
CAPITAL CONTRIBUTIONS	35,446	31,751
CHANGE IN NET POSITION	636,267	250,199
NET POSITION		
Beginning of year	4,438,850	4,188,651
End of year	\$ 5,075,117	\$ 4,438,850

The Accompanying Notes Are An Integral Part Of These Financial Statements

CUMBERLAND FALLS HIGHWAY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Cash receipts from customers	\$ 1,961,171	\$ 1,816,472
Cash payments to employees for services	(325,733)	(321,978)
Cash payments to suppliers for goods and services	(980,858)	(1,046,027)
Net cash provided (used) by operating activities	654,580	448,467
Cash flows from noncapital financing activities:		
Change in customer deposits	8,548	(5,579)
Cash flows from capital and related financing activities:		
Additions to capital assets	(314,560)	(1,071,541)
Capital contributions and grants	305,153	837,271
Principal paid on debt	(12,005)	(48,924)
Interest paid on debt	(57,997)	(99,314)
Net cash provided (used) in capital and related financing activities	(79,409)	(382,508)
Cash flows from investing activities:		
Interest received	3,758	2,272
Net Increase (decrease) in cash and cash equivalents	587,477	62,652
Cash and cash equivalents, Beginning of Year	1,407,307	1,344,655
Cash and cash equivalents, End of Year	\$ 1,994,784	\$ 1,407,307
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 442,344	\$ 195,586
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	269,172	241,912
(Increase) decrease in operating assets:		
Accounts receivable	(21,080)	(26,034)
Inventory	(7,807)	(3,169)
Prepaid expenses	(1,489)	349
Increase (decrease) in operating liabilities:		
Accounts payable	(36,487)	39,298
Accrued taxes	9,927	525
Total cash provided (used) by operating activities	\$ 654,580	\$ 448,467
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 707,244	\$ 480,047
Certificates of deposit	715,016	512,322
Restricted cash and cash equivalents	572,524	414,938
Total cash and cash equivalents	\$ 1,994,784	\$ 1,407,307

The Accompanying Notes Are An Integral Part Of These Financial Statements

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Cumberland Falls Highway Water District is a "Class B" water district located in Whitley County, Kentucky, with principal offices located at 6926 Cumberland Falls Highway, Corbin, Kentucky. It was organized in 1967, under Kentucky Revised Statutes, Chapter 74. It is overseen by a three-member commission consisting of a chairman and two commissioners, all appointed by Whitley County Fiscal Court. Water is purchased from City of Corbin, City of Williamsburg and East Laurel Water District and resold to approximately 3,200 residential and commercial customers.

Basis of Accounting and Measurement Focus

The District is accounted for as a governmental proprietary fund and as such, its financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The District is financed and operated in a manner similar to a private business where the intent of the governing body is that cost (expenses, including depreciation) of providing goods or services to the public on a continuing basis are financed primarily through user charges.

The District is accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows or resources, liabilities, and deferred inflows or resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating Revenues and Expenses: The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering water to customers in connection with the District's ongoing operations. The principal operating revenues are charges to customers for water sales and services. Operating expenses include the cost of purchased water and other related service expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenues and expenses generally result from contracts with other entities to move existing water lines as required by road and railroad maintenance and improvements.

Property and Equipment: The District capitalizes expenditures for property and equipment of \$1,000 or more. Property and equipment are stated at cost. Donations are recorded at their fair market value at the date of transfer. No donated assets were received in the years ended December 31, 2016 and 2015

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

Depreciation of exhaustible fixed assets is charged as an expense against operations, and accumulated depreciation is reported on the balance sheets. Depreciation is provided for financial statement purposes by the straight-line method over the following estimated useful lives:

Lines and storage	50 years
Building	30 years
Pumps and treatment equipment	20 years
Maintenance equipment and vehicles	3-10 years
Office furniture and equipment	3-5 years

Capital Grants and Subsidies: The purchase of property and equipment acquired by grants and subsidies restricted for that purpose are capitalized and the grant or subsidy is recorded as non-operating revenue. These grants and subsidies are not subject to repayment. Certain plant assets have been contributed by customers. These contributions are not subject to repayment.

Accounts Receivable: The District uses the direct write-off method for accounting for bad debts, which management feels is not materially different from the allowance method. Accounts written off as uncollectible during the years ended December 31, 2016 and 2015 totaled \$10,568 and \$10,115, respectively. Receivables outstanding in excess of ninety days at December 31, 2016 and 2015 totaled \$10,219 and \$10,117, respectively.

Inventory: Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

Cash and Cash Equivalents: The District includes in cash and cash equivalents, cash on hand and unrestricted cash in checking, money market accounts, federated treasury obligation funds, and unrestricted certificates of deposit with maturities of three months or less.

Restricted Cash and Cash Equivalents: The District has designated bank accounts per the loan resolution covenants for debt service, depreciation fund and meter deposits.

Amortization of Debt Expense: Debt expense on the Waterworks Refunding and Improvement Revenue Bond of 1986, Series B, originally totaling \$13,799, is being amortized over the life of the outstanding bonds. Amortization expense was \$181 and \$181 for 2016 and 2015, respectively. This has been included in interest expense.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest: Interest is charged to expense as incurred except for interest related to loans used for construction projects, which is capitalized net of interest earned on such borrowed construction funds. Interest capitalization ceases when the construction project is substantially complete. There was no capitalized interest during 2016 and 2015.

Net Position Classifications: The District records restrictions for portions of its net position which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation. Unrestricted portions of net position indicate amounts which are available for appropriation in future periods. Restrictions in net position are classified as follows:

- **Investment in capital assets, net of related debt** includes the District's capital assets, (net of accumulated depreciation) reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted for Debt Service and Plant Renewal and replacement** includes assets that have been set aside as required by statute or bond covenant for the future payment of the District's Debt and includes assets that have been set aside for future additions, repairs or replacement of property, plant or infrastructure.

Unrestricted - This component of net position consists of net position that does not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

Fair Value Measurements: The carrying amount of cash and cash equivalents, accounts receivable, accounts payable, customer deposits and bonds approximates fair value because of the relative terms and short maturities of these financial instruments.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 - COMPOSITION OF CASH

The District investment policies conform to state statutes. The District deposits its funds in banks insured by the Federal Deposit Insurance Corporation (FDIC). Investments include certificates of deposit with maturities of one year with banks. Collateral is required for all deposits in excess of FDIC insurance at 100% of the carrying amount at the bank. Collateral consists of obligations of the United States and Kentucky Revenue Bonds. The District's deposits and investments are collateralized with securities held by the bank's trust department in the District's name or letter of credit held by a third party in the District's name. Following is an analysis of cash at December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
	Bank Balance	Book Balance	Bank Balance	Book Balance
Unrestricted	\$1,427,421	\$1,422,260	\$ 998,241	\$ 992,369
Restricted	573,354	572,524	435,611	414,938
Total	<u>\$2,000,775</u>	<u>\$1,994,784</u>	<u>\$1,433,852</u>	<u>\$1,407,307</u>

Custodial Credit Risk-Deposits Custodial credit risk is the risk that in the event of the failure of a financial institution, the District's deposits and/or investments may not be returned to it. The District does not have a deposit policy for custodial credit risk.

NOTE 3 - CREATION OF FUNDS AND RESTRICTIONS ON CASH

The Bond Resolutions require the creation of various separate deposit accounts, each designated for a specific purpose, as defined in the resolution. A summary of the required accounts and their significant provisions follows:

Revenue Fund

All income to the District is deposited to the Revenue Fund, and then transferred to the other funds as indicated below.

Bond and Interest Sinking Funds and Sinking Fund Reserves

The Bond and Interest Sinking Funds were established to provide sources of funds for the payment of bond principal and interest, currently due. Each month funds equal to the total of (1) one-sixth of the next succeeding semiannual interest payment plus (2) one-twelfth of the next annual bond principal payments are to be transferred to the funds.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 3 - CREATION OF FUNDS AND RESTRICTIONS ON CASH (continued)

Depreciation Reserve Fund

The Depreciation Reserve Fund was established to provide funds for extraordinary repairs, betterments, and expansion. The District is required to make deposits into the fund each month until the accumulated balance equals \$119,025. Funds may be used as needed, but the balance must be restored to \$119,025, as soon as possible, so long as any bonds are outstanding and unpaid.

Operation and Maintenance Fund

Monthly sums, sufficient to meet the current expenses of operating and maintaining the system, are to be transferred from the Revenue Fund. The balance shall not be in excess of an amount sufficient to cover anticipated expenditures for a two-month period, which is approximately \$175,000. The balances as of December 31, 2016 and 2015 were \$132,394 and \$12,341, respectively.

NOTE 4 – UTILITY PLANT

Details of utility plant activity for the year ending December 31, 2016 are as follows:

	Balance Dec 31, 2015	Additions	Deletions	Balance Dec 31, 2016
Nondepreciable Capital Assets:				
Land & Land Rights	\$ 73,147	\$ 0	\$ 0	\$ 73,147
Construction in Progress	1,064,673	308,448	1,373,121	0
Total Nondepreciable	<u>1,137,820</u>	<u>308,448</u>	<u>1,373,121</u>	<u>73,147</u>
Depreciable Capital Assets:				
Pumping Plant	181,449	1,373,121	0	1,554,570
Transmission & Distribution Plant	8,065,700	39,761	0	8,105,461
General Plant	478,083	25,787	0	503,870
Total Depreciable	<u>8,725,232</u>	<u>1,438,669</u>	<u>0</u>	<u>10,163,901</u>
Total Utility Plant	9,863,052	1,747,117	1,373,121	10,237,048
Less: Accumulated Depreciation	(3,995,880)	(269,172)	0	(4,265,052)
Net Utility Plant	<u>\$ 5,867,172</u>	<u>\$1,477,945</u>	<u>\$1,373,121</u>	<u>\$ 5,971,996</u>

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 - BONDS PAYABLE

The Waterworks Revenue Bonds, Series 1996, provide for the partial financing of the cost of construction of extension, additions, and improvements to the existing system. The interest rate of the Bonds is 4.50%. The maturity date is 01/01/35.

The Waterworks Revenue Bonds, Series 2001, provide for the partial financing of the cost of construction of extension, additions, and improvements to the existing waterworks system. The interest rate of the Bonds is 4.50%. The maturity date is 01/01/41.

The Waterworks Revenue Bonds, Series 2007, provide for the partial financing of the cost of construction of extension, additions, and improvements to the existing waterworks system. The interest rate of the Bonds is 4.125%. The maturity date is 01/01/44.

The Waterworks Revenue Bonds, Series 2016, provide for the partial financing of the cost of construction of extension, additions, and improvements to the existing waterworks system. The interest rate of the Bonds is 2.625%. The maturity date is 01/01/55.

All bonds are secured by a lien on the gross income and revenues derived from the operation of the system sufficient to pay principal and interest on the bonds, as well as a statutory mortgage lien on the water utility plant and all properties therewith, pursuant to the Kentucky Revised Statutes, and also a first lien on all water purchase contracts owned by the District. The U.S. Department of Agriculture's Rural Economic Community Development (RECD), formerly Farmers Home Administration, requires the District to prepay monthly the required amounts of interest, due January 1 and July 1, and the required amounts of principal due January 1, according to bond redemption schedules.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 - BONDS PAYABLE (Continued)

The annual requirements for debt service as of December 31, 2016, are as follows:

Year Ending	Interest	Principal	Total
2017	\$ 114,328	\$ 51,000	\$ 165,328
2018	112,121	65,000	177,121
2019	109,498	68,000	177,498
2020	106,752	71,000	177,752
2021	103,884	74,500	178,384
2022-2026	471,795	418,500	890,295
2027-2031	379,401	512,500	891,901
2032-2036	266,446	568,903	835,349
2037-2041	159,550	519,240	678,790
2042-2046	65,108	363,969	398,471
2047-2051	29,588	142,000	171,588
2052-2055	8,950	128,500	137,450
Total	\$1,927,421	\$2,983,112	\$4,879,927

The following is a summary of bonds payable for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due within one year
1996 Issue	\$531,025	\$0	\$3,540	\$527,485	\$18,500
2001 Issue	411,838	0	2,320	409,518	9,000
2007 Issue	1,249,254	0	6,145	1,243,109	23,500
2016 Issue	743,744	803,000	743,744	803,000	0
Total Debt	\$2,935,861	\$803,000	\$755,749	\$2,983,112	\$51,000

Interest expense paid during 2016 and 2015 was \$114,988 and \$99,314, respectively.

NOTE 5 – RETIREMENT PLAN

The District adopted a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) effective October 1, 2006. The SIMPLE IRA is available to employees who are expected to receive at least \$5,000 in compensation during the year and who received at least \$5,000 in compensation during the prior year. The District matches participants' contributions to the Plan up to 3% of the participants' compensation. The District's contributions to the plan for 2016 and 2015 totaled \$9,320 and \$9,674, respectively.

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 6 – ECONOMIC DEPENDENCY

The District is economically dependent for water purchases from the following three entities which account for 100% of water purchases:

Name	2016	2015
Corbin City Utilities	\$ 293,902	\$ 332,941
City of Williamsburg	142,706	179,628
W. Laurel Water District	52,701	110,358
	<u>\$ 489,309</u>	<u>\$ 622,927</u>

The District has entered into a water purchase agreements with the entities listed above, whereas the contract requires the entities to provide water to the District and the rates the District will be charged therein. The contracts will extend for terms ranging from 45 - 52 years beginning in 1968. The entities will not be required in any case to sell the District more than 8,000,000 gallons of water in any one month. The entities may interrupt the water supply for various reasons as outlined in the agreements.

NOTE 7 – RECLASSIFICATION OF PRIOR YEAR AMOUNTS

Certain 2015 amounts have been reclassified for consistency with the 2016 presentation. These reclassifications had no effect on the reported results of operations.

SUMMERS, MCCRARY & SPARKS, P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

KENTUCKY SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

PRIVATE COMPANIES
PRACTICE SECTION OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

STUART K. McCRARY, JR., CPA
THOMAS S. SPARKS, CPA
RYAN R. LASKI, CPA

SUSAN A. LACY, CPA
JUSTIN B. NICHOLS, CPA

LAURENCE T. SUMMERS
1961-1992

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners of
The Cumberland Falls Highway Water District
Corbin, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cumberland Falls Highway Water District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Cumberland Falls Highway Water District's basic financial statements, and have issued our report thereon dated April 18, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cumberland Falls Highway Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cumberland Falls Highway Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cumberland Falls Highway Water District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cumberland Falls Highway Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Summers, McCrary & Sparks, PSC

Lexington, KY

April 18, 2017

	<u>May 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
Revenue Fund - CVB	622,277.76
Payroll Checking - CVB	33,111.43
O & M Fund - CVB	170,209.03
Petty Cash Fund	1,605.13
Depreciation Res Fund - CVB	372,855.72
Meter Deposit Fund - CVB	97,856.94
FMHA Reserve Fund - CVB	132,410.30
Tax Liability Account	15,614.63
Certificate of Deposit 12/22	715,964.51
	<hr/>
Total Checking/Savings	2,161,905.45
Accounts Receivable	
Customer Accounts Receivable	183,557.21
	<hr/>
Total Accounts Receivable	183,557.21
Other Current Assets	
Inventory	75,250.22
Prepaid Insurance	6,118.00
Misc. Deferred Debits - Ser B	1,809.05
	<hr/>
Total Other Current Assets	83,177.27
	<hr/>
Total Current Assets	2,428,639.93
Fixed Assets	
Accumulated Depreciation	-4,340,742.00
Trans/Distr - Land & ROM	22,492.00
Plant-Land & ROW	50,655.00
Pumping Plant Struc & Improv	1,457,394.81
Plant-Struct & Improvements	149,818.20
Pump. Plt-Elect Struc & Eq	97,175.14
Trans/Distr-Reservoirs	1,005,396.26
Trans/Distr-Lines	6,331,755.76
Trans/Distr-Mains	17,528.23
Trans/Distr-Meters	500,336.05
Trans/Distr-Meter Installatio	235,763.93
Trans/Distr-Hydrants	5,525.44
Plant-Office Furn & Eq	58,335.57
Plant-Transportation Eq	164,117.48
Plant-Tools Shop & Garage Eq	49,577.94
Backhoe	45,450.00
Plant-Communication Eq	5,130.59
Other Misc Equipment	14,940.56



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CUMBERLAND FALLS HIGHWAY WATER DISTRICT
Balance Sheet
As of May 31, 2017

	May 31, 17
CAT Mini-Excavator	16,500.00
Total Fixed Assets	5,887,150.96
Other Assets	
10405 · New WIP	14,900.00
Clearing accout	-77.03
Total Other Assets	14,822.97
TOTAL ASSETS	8,330,613.86
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Other Accounts Payable	-2,035.00
School taxes	4,686.69
Ky Sales Tax Payable	-207.13
Total Accounts Payable	2,444.56
Other Current Liabilities	
Customer Deposits	82,775.48
Whitley Co. Occ Tax liability	551.43
Accrued Interest - Other	47,500.00
American Funds	1,606.47
2100 · Payroll Liabilities	
Company FICA	19,330.29
Company Medicare	4,896.48
Employee FICA	20,936.86
Employee Medicare	4,948.05
Federal Withholding	34,895.62
State Withholding	-70,450.66
2100 · Payroll Liabilities - O...	-12,623.71
Total 2100 · Payroll Liabilities	1,932.93
Whitley Co. 911 fees	9,858.00
Total Other Current Liabilities	144,224.31
Total Current Liabilities	146,668.87
Long Term Liabilities	
Bonds - RECD Loan Ln # 91-05	515,000.00
Bonds - 2001 Ln # 91-08	402,837.96
Loan #91-14	1,226,754.05

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CUMBERLAND FALLS HIGHWAY WATER DISTRICT
Balance Sheet
As of May 31, 2017

	<u>May 31, 17</u>
RD Loan 91-16	803,000.00 ✓
Total Long Term Liabilities	<u>2,947,592.01</u>
Total Liabilities	3,094,260.88
Equity	
Appropriated Retained Earning	435,799.99
Contribution in Aid of Constr	2,730,622.00
Fed Grants in Aid of Constr	2,843,699.00
Contr in Aid of Const - Other	5,000.00
3900 - Retained Earnings	-900,401.21
Net Income	<u>121,633.20</u>
Total Equity	<u>5,236,352.98</u>
TOTAL LIABILITIES & EQUITY	<u><u>8,330,613.86</u></u>

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CUMBERLAND FALLS HIGHWAY WATER DISTRICT
Profit & Loss
May 2017

	<u>May 17</u>
Ordinary Income/Expense	
Income	
WATER SALES	
Sales - Res Customers	134,558.15
Sales - Commercial	4,514.74
Sales - Pub Auth	6,385.28
Industrial Sales	2,085.94
Sales - Fire Protection	24.18
Sales - Public Utilities	539.84
	<hr/>
Total WATER SALES	148,108.13 ✓
	<hr/>
Total Income	148,108.13
Expense	
DEPRECIATION EXPENSE	20,130.00
CONTRACT SERVICES	
Contract Services - Dist Oper	170.00
	<hr/>
Total CONTRACT SERVICES	170.00
	<hr/>
Labor, Wages, & Benefits	
Administrative regular wages	7,866.00
Administrative overtime	103.50
Operations regular labor	15,198.40
Operations overtime	6,288.26
Employee benefits	16,638.22
Retirement benefit	812.36
Labor alloc to Meter Install	-945.74
	<hr/>
Total Labor, Wages, & Benefits	45,961.00
	<hr/>
MATERIALS & SUPPLIES	
Mat & Supplies - Dist Opers	55.00
Mat & Supplies - Dist Maint	4,923.47
Mat & Supplies - Cust. Acct	2,023.43
	<hr/>
Total MATERIALS & SUPPLIES	7,001.90
	<hr/>
OTHER EXPENSE	
Interest expense - Cust Depos	6.59
Commissioners fees	1,500.00
Insurance - Auto/Gen Adm	1,600.14
Insurance - Fidelity Bonds	616.98
Advertising	822.38
Uncollectable Accounts	452.35
Misc - Admin & General	16,771.34 ✓
	<hr/>

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CUMBERLAND FALLS HIGHWAY WATER DISTRICT
Profit & Loss
May 2017

	<u>May 17</u>	
Total OTHER EXPENSE	21,769.78	
OUTSIDE SERVICES		
Outside Services - Acctg	2,395.00	
Outside Services - Legal	75.00	
Total OUTSIDE SERVICES	2,470.00	
POWER		
Power - Pumping	1,090.33	
Total POWER	1,090.33	
TRANSPORTATION		
Transportation - Dist Oper	1,031.62	
Transportation - Dist Maint	1,031.62	
Trans/Dist - Misc Exp Ops	243.64	
Misc - Trans/Distr Maint	243.65	
Total TRANSPORTATION	2,550.53	
WATER PURCHASED		
Water Purchased - Corbin	29,249.20	
Water purchased - W'Burg	11,055.00	
Water purchased - W. Laurel	545.93	
Total WATER PURCHASED	40,850.13	✓
Total Expense	141,993.67	
Net Ordinary Income	6,114.46	✓
Other Income/Expense		
Other Income		
Interest Income	119.09	
MISC INCOME		
Sales - Misc	5,279.93	
Total MISC INCOME	5,279.93	
Total Other Income	5,399.02	
Other Expense		
INTEREST EXPENSE		
Interest expense - L.T. Debt	9,500.00	
Total INTEREST EXPENSE	9,500.00	
Total Other Expense	9,500.00	

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	<u>May 17</u>
Net Other Income	<u>-4,100.98</u>
Net Income	<u><u>2,013.48</u></u>

(9)

CUMBERLAND FALLS HIGHWAY WATER DISTRICT
Profit & Loss - YTD Comparison
January through May 2017

	Jan - May 17	Jan - May 16	\$ Change
Ordinary Income/Expense			
Income			
WATER SALES			
Sales - Res Customers	708,087.04	703,834.92	4,252.12
Sales - Commercial	20,653.72	19,091.76	1,561.96
Sales - Pub Auth	25,308.29	29,934.87	-4,626.58
Industrial Sales	10,240.36	9,568.84	671.52
Sales - Fire Protection	154.99	105.87	49.12
Sales - Public Utilities	3,000.30	2,734.73	265.57
Total WATER SALES	767,444.70	765,270.99	2,173.71
Total Income	767,444.70	765,270.99	2,173.71
Expense			
DEPRECIATION EXPENSE	100,650.00	103,302.00	-2,652.00
CONTRACT SERVICES			
Contract Services - Dist Oper	1,200.00	860.00	340.00
Contract Services - Dist Main	0.00	81.60	-81.60
Total CONTRACT SERVICES	1,200.00	941.60	258.40
Labor, Wages, & Benefits			
Administrative regular wag...	36,936.00	36,594.00	342.00
Administrative overtime	424.15	96.76	327.39
Operations regular labor	71,366.40	73,434.34	-2,067.94
Operations overtime	23,539.53	18,172.05	5,367.48
Employee benefits	81,591.99	70,493.70	11,098.29
Retirement benefit	3,956.00	706.56	3,249.44
Labor alloc to Meter Install	-5,083.64	-3,145.60	-1,938.04
Total Labor, Wages, & Benefits	212,730.43	196,351.81	16,378.62
MATERIALS & SUPPLIES			
Mat & Supplies - Pump Maint	0.00	3,588.84	-3,588.84
Mat & Supplies - Treat. Ope...	506.76	590.00	-83.24
Mat & Supplies - Dist Oper	289.08	1,233.07	-943.99
Mat & Supplies - Dist Maint	22,873.14	15,903.19	6,969.95
Mat & Supplies - Cust. Acct	9,557.85	12,616.74	-3,058.89
Total MATERIALS & SUPPLIES	33,226.83	33,931.84	-705.01
OTHER EXPENSE			
Interest expense - Cust De...	18.92	87.59	-68.67
Commissioners fees	7,500.00	4,500.00	3,000.00
Unemployment Insurance	0.00	4,104.08	-4,104.08
Insurance - Auto/Gen Adm	8,000.70	8,000.70	0.00
Workers Comp Insurance	1,886.60	1,185.92	700.68

(10)

CUMBERLAND FALLS HIGHWAY WATER DISTRICT
 Profit & Loss - YTD Comparison
 January through May 2017

	Jan - May 17	Jan - May 16	\$ Change
Insurance - Fidelity Bonds	3,084.90	0.00	3,084.90
Advertising	879.76	0.00	879.76
Uncollectable Accounts	11,184.67	10,633.32	551.35
Misc - Admin & General	33,266.35	11,661.57	21,604.78 ✓
Total OTHER EXPENSE	65,821.90	40,173.18	25,648.72
OUTSIDE SERVICES			
Outside Services - Acctg	11,975.00	11,975.00	0.00
Outside Services - Legal	225.00	150.00	75.00
Total OUTSIDE SERVICES	12,200.00	12,125.00	75.00
POWER			
Power - Pumping	7,465.50	12,611.18	-5,145.68
Power - Office	0.00	124.33	-124.33
Total POWER	7,465.50	12,735.51	-5,270.01
TRANSPORTATION			
Transportation - Dist Oper	3,683.98	4,565.89	-881.91
Transportation - Dist Maint	3,749.04	4,777.21	-1,028.17
Trans/Dist - Misc Exp Ops	1,345.57	225.09	1,120.48
Misc - Trans/Distr Maint	1,345.61	749.27	596.34
Total TRANSPORTATION	10,124.20	10,317.46	-193.26
WATER PURCHASED			
Water Purchased - Corbin	134,594.80	102,179.92	32,414.88
Water purchased - W'Burg	57,175.00	48,969.90	8,205.10
Water purchased - W. Laurel	1,677.51	31,894.79	-30,217.28
Total WATER PURCHASED	193,447.31	183,044.61	10,402.70
Total Expense	636,866.17	592,923.01	43,943.16
Net Ordinary Income	130,578.53	172,347.98	-41,769.45
Other Income/Expense			
Other Income			
Interest Income	2,711.66	367.79	2,343.87
MISC INCOME			
Sales - Misc Penalties	0.00	0.01	-0.01
Sales - Misc	23,652.56	25,911.90	-2,259.34
Total MISC INCOME	23,652.56	25,911.91	-2,259.35
Total Other Income	26,364.22	26,279.70	84.52

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Profit & Loss - YTD Comparison

January through May 2017

	<u>Jan - May 17</u>	<u>Jan - May 16</u>	<u>\$ Change</u>
Other Expense			
INTEREST EXPENSE			
Interest expense - L.T. Debt	<u>57,261.04</u>	<u>12,004.00</u>	<u>45,257.04</u>
Total INTEREST EXPENSE	<u>57,261.04</u>	<u>12,004.00</u>	<u>45,257.04</u>
Total Other Expense	<u>57,261.04</u>	<u>12,004.00</u>	<u>45,257.04</u>
Net Other Income	<u>-30,896.82</u>	<u>14,275.70</u>	<u>-45,172.52</u>
Net Income	<u>99,681.71</u>	<u>186,623.68</u>	<u>-86,941.97</u>

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Budget vs Actual

	Jan - May 17	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
WATER SALES	767,444.70	764,500.00	2,944.70
Total Income	767,444.70	764,500.00	2,944.70
Expense			
DEPRECIATION EXPEN...	100,650.00	102,000.00	-1,350.00
CONTRACT SERVICES	1,200.00	1,250.00	-50.00
Labor, Wages, & Benefits	217,814.07	196,300.00	21,514.07
MATERIALS & SUPPLIES	33,226.83	33,650.00	-423.17
OTHER EXPENSE	65,821.90	39,950.00	25,871.90
OUTSIDE SERVICES	12,200.00	11,800.00	400.00
POWER	7,465.50	12,700.00	-5,234.50
TAXES	0.00	0.00	0.00
TRANSPORTATION	10,124.20	8,400.00	1,724.20
WATER PURCHASED	193,447.31	237,000.00	-43,552.69
Total Expense	641,949.81	643,050.00	-1,100.19
Net Ordinary Income	125,494.89	121,450.00	4,044.89
Other Income/Expense			
Other Income			
Interest Income	2,711.66		
MISC INCOME	23,652.56	25,845.00	-2,192.44
Total Other Income	26,364.22	25,845.00	519.22
Other Expense			
INTEREST EXPENSE	57,261.04	26,665.00	30,596.04
Total Other Expense	57,261.04	26,665.00	30,596.04
Net Other Income	-30,896.82	-820.00	-30,076.82
Net Income	94,598.07	120,630.00	-26,031.93

**Monthly Cash Report
May-17**

	MONTHLY		
	<u>5/31/2017</u>	<u>4/30/2017</u>	<u>\$ Change</u>
Checking/Savings			
Revenue Fund - CVB	622,277.76	640,121.67	-17,843.91
Payroll Checking - CVB	33,111.43	23,936.90	9,174.53
O & M Fund - CVB	170,209.03	130,647.76	39,561.27
Petty Cash Fund	1,605.13	1,605.13	0.00
Construction Fund - CVB	0.00	0.00	0.00
Depreciation Res Fund - CVB	372,855.72	366,800.83	6,054.89
Meter Deposit Fund - CVB	97,856.94	95,829.56	2,027.38
Tax Liability Account	15,614.63	13,376.77	2,237.86
Certificate of Deposit 12/22	715,964.51	715,964.51	0.00
Total Operating cash	<u>2,029,495.15</u>	<u>1,988,283.13</u>	<u>41,212.02</u>
FMHA Reserve Fund - CVB	<u>132,410.30</u>	<u>132,410.30</u>	<u>0.00</u>
Total cash	<u>2,161,905.45</u>	<u>2,120,693.43</u>	<u>41,212.02</u>

	YTD		
	<u>5/31/2017</u>	<u>12/31/2016</u>	<u>\$ Change</u>
Checking/Savings			
Revenue Fund - CVB	622,277.76	519,601.66	102,676.10
Payroll Checking - CVB	33,111.43	7,318.28	25,793.15
O & M Fund - CVB	170,209.03	169,822.12	386.91
Petty Cash Fund	1,605.13	1,605.13	0.00
Construction Fund - CVB	0.00	0.00	0.00
Depreciation Res Fund - CVB	372,855.72	350,533.08	22,322.64
Meter Deposit Fund - CVB	97,856.94	89,597.07	8,259.87
Tax Liability Account	15,614.63	9,882.81	5,731.82
Certificate of Deposit 12/22	715,964.51	713,818.24	2,146.27
Total operating cash	<u>2,029,495.15</u>	<u>1,862,178.39</u>	<u>167,316.76</u>
FMHA Reserve Fund - CVB	<u>132,410.30</u>	<u>132,393.61</u>	<u>16.69</u>
Total cash	<u>2,161,905.45</u>	<u>1,994,572.00</u>	<u>167,333.45</u>

Exhibit H

Existing Long Term Debt

The holder of this Bond has consented to the issuance of \$ 502,000 of bonds ranking on a parity as to security and source of payment with

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF WHITLEY

REGISTERED

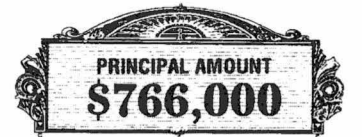


CUMBERLAND FALLS HIGHWAY WATER DISTRICT

WATERWORKS REVENUE BONDS, SERIES 1996

INTEREST RATE: 4.50%

REGISTERED



KNOW ALL MEN BY THESE PRESENTS: That the Cumberland Falls Highway Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Whitley County, Kentucky, for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

SEVEN HUNDRED SIXTY-SIX THOUSAND DOLLARS (\$766,000)

on the first day of January, in years and installments as follows:

Year	Principal	Year	Principal	Year	Principal
1998	\$ 8,000	2011	\$14,000	2024	\$25,000
1999	8,500	2012	15,000	2025	26,000
2000	8,500	2013	15,500	2026	27,500
2001	9,000	2014	16,000	2027	28,500
2002	9,500	2015	17,000	2028	30,000
2003	10,000	2016	17,500	2029	31,000
2004	10,500	2017	18,500	2030	32,500
2005	11,000	2018	19,000	2031	34,000
2006	11,500	2019	20,000	2032	35,500
2007	12,000	2020	21,000	2033	37,500
2008	12,500	2021	22,000	2034	39,000
2009	13,000	2022	23,000	2035	39,500
2010	13,500	2023	24,000		

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond ranks on a parity as to security and source of payment with certain outstanding Cumberland Falls Highway Water District Waterworks Refunding and Improvement Revenue Bonds of 1986, Series A and B, dated June 27, 1986 as to the Series A Bonds and May 20, 1987 as to the Series B Bonds (the "Prior Bonds"), authorized by a Resolution adopted by the Commission of the District on June 9, 1986 (the "Prior Bond Resolution"). Accordingly, the Prior Bonds, this Bond, together with any bonds ranking on a parity herewith, is payable from and secured on a first lien basis by a pledge of the gross revenues to be derived from the operation of the System.

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Cumberland Falls Highway Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is **July 30, 1997.**

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

The holder of this Bond has consented to the issuance of \$1,415,000 of bonds ranking on a parity as to security and source of payment with

Attest: Donnie E. Bunch
Secretary

CUMBERLAND FALLS HIGHWAY WATER DISTRICT
By: Ray P. [Signature]
Chairman

**HOLDER OF THIS BOND
CONSENTS TO ISSUANCE
OF \$803,000 OF BONDS RANKING
ON PARITY AS TO SECURITY AND
SOURCE OF PAYMENT WITH THIS**

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF WHITLEY

REGISTERED

**CUMBERLAND FALLS HIGHWAY WATER DISTRICT
WATERWORKS REVENUE BOND, SERIES 2001**

REGISTERED



Interest Rate: 4.50%



The holder of this Bond has consented to the issuance of \$1,415,000 of bonds ranking on a parity as to security and source of payment with this bond.

KNOW ALL PERSONS BY THESE PRESENTS: That the Cumberland Falls Highway Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Whitley County, Kentucky, for value received, hereby promises to pay to the UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, as hereinafter provided, solely from the fund hereinafter identified, the sum of

FIVE HUNDRED TWO THOUSAND DOLLARS (\$502,000)

on the first day of January, in years and installments as follows:

Payment Due January 1,	Principal Payment	Payment Due January 1,	Principal Payment	Payment Due January 1,	Principal Payment
2004	\$5,000	2017	\$ 9,000	2030	\$16,500
2005	5,500	2018	9,500	2031	17,000
2006	5,500	2019	10,000	2032	18,000
2007	6,000	2020	10,500	2033	18,500
2008	6,000	2021	11,000	2034	19,500
2009	6,500	2022	11,500	2035	21,000
2010	7,000	2023	12,000	2036	21,500
2011	7,000	2024	12,500	2037	23,000
2012	7,500	2025	13,000	2038	23,500
2013	7,500	2026	13,500	2039	25,000
2014	8,000	2027	14,500	2040	25,500
2015	8,500	2028	15,000	2041	26,500
2016	9,000	2029	15,500		

and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the Registered Owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the Registered Owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Cumberland Falls Highway Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is January 16, 2002.

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal

**HOLDER OF THIS BOND
CONSENTS TO ISSUANCE OF
\$803,000 OF BONDS RANKING
ON PARITY AS TO SECURITY AND
SOURCE OF PMT WITH THIS BOND**

CUMBERLAND FALLS HIGHWAY WATER DISTRICT
Whitley County, Kentucky

Attest: Donnie E. Burch
Secretary

By: Roy Petrucci
Chairman

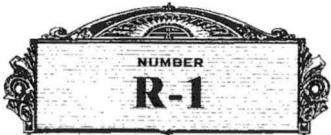


UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF WHITLEY

REGISTERED

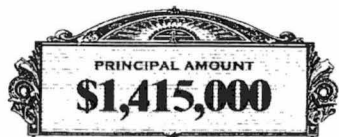
CUMBERLAND FALLS HIGHWAY WATER DISTRICT

REGISTERED



WATERWORKS REVENUE BONDS, SERIES 2005

INTEREST RATE: 4.125%



KNOW ALL PERSONS BY THESE PRESENTS: That the Cumberland Falls Highway Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Whitley County, Kentucky for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the Register Owner hereof, or its registered assigns, solely from the fund hereinafter identified, the sum of

ONE MILLION FOUR HUNDRED FIFTEEN THOUSAND DOLLARS (\$1,415,000)

on the first day of January, in years and installments as follows:

Year	Principal	Year	Principal	Year	Principal
2008	\$15,500	2021	\$26,500	2034	\$46,000
2009	16,000	2022	28,000	2035	48,000
2010	17,000	2023	29,000	2036	50,000
2011	17,500	2024	30,500	2037	52,000
2012	18,500	2025	31,500	2038	54,500
2013	19,000	2026	33,000	2039	56,500
2014	20,000	2027	34,500	2040	59,000
2015	21,000	2028	36,000	2041	61,500
2016	21,500	2029	37,500	2042	64,000
2017	22,500	2030	39,000	2043	67,000
2018	23,500	2031	40,500	2044	69,500
2019	24,500	2032	42,500	2045	72,500
2020	25,500	2033	44,000		

thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations a duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of exterior additions and improvements to the existing waterworks system of the District (said existing waterworks system together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond ranks on a parity as to security and source of payment with certain outstanding (i) Cumberland Falls Highway Water District Waterworks Refunding and Improvement Revenue Bonds of 1986, Series A and B, dated July 27, 1986 as to the Series A Bonds and May 20, 1987 as to the Series B Bonds (the "1986 Bonds"), authorized by Resolution adopted by the Commission of the District on June 9, 1986 (the "1986 Bond Resolution"); (ii) Cumberland Falls Highway Water District Waterworks Revenue Bonds, Series 1996, dated July 30, 1997 (the "1996 Bonds" authorized by a Resolution adopted by the Commission of the District on July 22, 1996 (the "1996 Bond Resolution and (iii) Cumberland Falls Highway Water District, dated January 16, 2002 (the "2001 Bonds"), authorized by Resolution adopted by the Commission of the District on August 21, 2001 (the "2001 Bond Resolution") [hereinafter the 1986 Bonds, 1996 Bonds and 2001 Bonds shall be collectively referred to as the "Prior Bonds", and the 1996 Bond Resolution, the 1996 Bond Resolution and the 2001 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, the Prior Bonds and any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System.

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

IF FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security

IN WITNESS WHEREOF said Cumberland Falls Highway Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by Secretary, on the date of this Bond, which is

January 22, 2007.

NOTICE OF THIS
CONSENTS TO IS
\$803,000 OF BONDS
IN QUANTITY AS TO SECURITY
SOURCE OF PNT WITH THIS

Attest: Donna E. Bandy
Secretary



CUMBERLAND FALLS HIGHWAY WATER DISTRICT
Whitley County, Kentucky
By: Harold Meas
Chairman

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CUMBERLAND FALLS HIGHWAY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2015**

No. R-1

Interest Rate: 2.625%

\$803,000

KNOW ALL PERSONS BY THESE PRESENTS:

That the Cumberland Falls Highway Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Whitley County, Kentucky, for value received, hereby promises to pay to

**UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477**

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

EIGHT HUNDRED THREE THOUSAND DOLLARS (\$803,000),

on the first day of January, in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2018	\$12,000	2031	\$17,500	2044	\$25,000
2019	12,500	2032	18,000	2045	25,500
2020	13,000	2033	18,500	2046	26,000
2021	13,500	2034	19,000	2047	27,000
2022	13,500	2035	19,500	2048	27,500
2023	14,000	2036	20,000	2049	28,500
2024	14,500	2037	20,500	2050	29,000
2025	15,000	2038	21,000	2051	30,000
2026	15,000	2039	21,500	2052	31,000
2027	15,500	2040	22,000	2053	31,500
2028	16,000	2041	23,000	2054	32,500
2029	16,500	2042	23,500	2055	33,500
2030	17,000	2043	24,000		

IN WITNESS WHEREOF said Cumberland Falls Highway Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is October 21, 2015.

Cumberland Falls Highway Water District

By *James B. Gibson*
Chairman

Attest:

Mike Bail
Secretary

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered owner or its attorney, such transfer to be made on said book and endorsed hereon.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
October 21, 2015	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	<i>Mike Bail</i>