

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WOOD CREEK WATER DISTRICT AND ITS )  
INDIVIDUAL COMMISSIONERS, GLENN )  
WILLIAMS, EARL BAILEY, AND JIMMY KELLER ) CASE NO. 2016-00338  
ALLEGED FAILURE TO COMPLY WITH KRS )  
278.300(1) )

NOTICE OF FILING

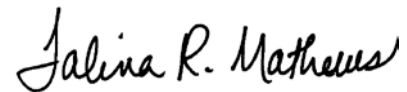
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on December 13, 2016 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on December 13, 2016 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on December 13, 2016.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at [http://psc.ky.gov/av\\_broadcast/2016-00338/2016-00338\\_13Dec16\\_Inter.asx](http://psc.ky.gov/av_broadcast/2016-00338/2016-00338_13Dec16_Inter.asx). Parties wishing an annotated digital video

recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 20<sup>th</sup> day of December 2016.



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Talina R. Mathews  
Executive Director  
Public Service Commission of Kentucky

Jimmy Keller  
Commissioner  
Wood Creek Water District  
P. O. Box 726  
London, KY 40743

Glenn Williams  
Commissioner  
Wood Creek Water District  
P. O. Box 726  
London, KY 40743

Earl Bailey  
Commissioner  
Wood Creek Water District  
P. O. Box 726  
London, KY 40743

Wood Creek Water District  
1670 Hal Rogers Parkway  
P. O. Box 726  
London, KY 40743

Wood Creek Water District  
Wood Creek Water District  
1670 Hal Rogers Parkway  
P. O. Box 726  
London, KY 40743

Honorable Larry G Bryson  
318 West Dixie Street  
London, KENTUCKY 40741

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:


WOOD CREEK WATER DISTRICT AND ITS	)	
INDIVIDUAL COMMISSIONERS, GLENN	)	CASE NO.
WILLIAMS, EARL BAILEY, AND JIMMY KELLER	)	2016-00338
ALLEGED FAILURE TO COMPLY WITH KRS	)	
278.300(1)	)	

CERTIFICATION

I, Stephanie Schweighardt, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on December 13, 2016. Hearing Log, Exhibits, Exhibit List, and Witness List are included with the recording on December 13, 2016.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of December 13, 2016.
4. The "Exhibit List" attached to this Certificate correctly lists all exhibits introduced at the hearing of December 13, 2016.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of December 13, 2016, and the time at which each occurred.

Signed this 15<sup>th</sup> day of December, 2016.

  
Stephanie Schweighardt, Notary Public  
State at Large  
My Commission Expires: January 4, 2019  
ID#: 525987





Date:	Type:	Location:	Department:
12/13/2016	Show Cause Hearing	Hearing Room 1	Hearing Room 1 (HR 1)

Judge: Dan Logsdon; Michael Schmitt  
 Witness: Earl Bailey; Donta Evans; W. Randall Jones; Jimmy Keller; Glenn Williams  
 Clerk: Stephanie Schweighardt

Event Time	Log Event
8:37:50 AM	Session Started
8:37:53 AM	Session Paused
8:58:18 AM	Session Resumed
8:58:20 AM	Chairman Schmitt
	Note: Rhodes, Jim Preliminary remarks
	Note: Rhodes, Jim Stating cause for delay and will resume shortly
8:59:37 AM	Session Paused
9:14:41 AM	Session Resumed
9:14:44 AM	Chairman Schmitt
	Note: Rhodes, Jim Preliminary remarks continued
9:15:33 AM	Atty Bryson introduces himself for Wood Creek
9:16:48 AM	Chairman Schmitt introduces Commissioner Logsdon
9:18:35 AM	Atty Bryson introduces Witnesses for Wood Creek
9:19:31 AM	Atty Fell introduces PSC Staff
9:20:08 AM	Chairman Schmitt explains hearing process and answers questions from Atty Bryson
9:26:17 AM	Break
9:26:30 AM	Session Paused
9:27:51 AM	Session Resumed
9:27:52 AM	Atty Bryson calls Witness Jones to stand
	Note: Rhodes, Jim Chairman Schmitt swears in Witness Jones
9:29:30 AM	Atty Bryson Direct Exam of Witness Jones
	Note: Rhodes, Jim Regarding Witness' services provided to Wood Creek
	Note: Rhodes, Jim Referring to job duties and responsibilities with Wood Creek
9:31:56 AM	Atty Bryson Direct Exam of Witness Jones
	Note: Rhodes, Jim Regarding Dec 5, 2012 and staff opinion request
9:34:12 AM	Atty Bryson Direct Exam of Witness Jones
	Note: Rhodes, Jim Asking Witness if Wood Creek relies on his opinion and advice with the refinancing in this situation
9:35:25 AM	Atty Bryson submits Exhibit 1
	Note: Rhodes, Jim Exhibit 1 - Letter from Mr. R Jones dated 1/29/2016 (PSC Case #2014-00440)
	Note: Schweighardt, Stephanie Chairman Schmitt accepts Exhibit 1
9:37:49 AM	Atty Bryson Direct Exam of Witness Jones
	Note: Rhodes, Jim Regarding if Witness was present for discussion between Wood Creek and Raymond James & Associates
9:38:30 AM	Atty Fell Cross Exam of Witness Jones
	Note: Rhodes, Jim Referring to letter dated 1/29/2016 (Wood Creek Ex 1)
9:40:47 AM	Atty Fell Cross Exam of Witness Jones
	Note: Rhodes, Jim Referring to fees paid by Wood Creek and witness' board meetings attendance

9:41:20 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Regarding Raymond James & Associates and their transaction with Wood Creek
9:42:01 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Regarding the outcome of the Staff Opinion
9:42:42 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Regarding Commission Order, Case #2014-00440
9:43:32 AM	Atty Fell submits PSC Staff Exhibit 1 Note: Rhodes, Jim	Regarding PSC Case # 2014-00440 (PSC Exhibit 1) Final Order
9:45:36 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Regarding the Witness' involvement in finalizing Wood Creek's refinancing after the issue of the final order, case #2014-00440
9:46:36 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Asked to explain actions required by Witness and partners for this refinancing
9:52:05 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim Note: Rhodes, Jim	Asking if Witness was made aware of the additional refinancing Do you have any interactions during this refinancing timeline
9:53:42 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Asking why no action was taken by Wood Creek and if any action was taken
9:54:09 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Was any conversation held between you and Wood Creek after the financial advisor presented them with the final refinancing #
9:55:01 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim Note: Rhodes, Jim	Regarding his advice concerning the types of loans that the financial advisor included Did you ever tell Wood Creek that they DID NOT need additional approval from the Commission
9:56:30 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Asking if Witness had any part in the resolution being passed
9:56:55 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Regarding Witness' role in drafting the Assistance Agreement between KRWFC and Wood Creek.
9:57:28 AM	????Atty Fell submits PSC Exhibit 2 Note: Rhodes, Jim Note: Rhodes, Jim Note: Rhodes, Jim	Did you have a role in preparing this agreement and aware of the final amount Cover letter and Assistance Agreement signed by Witness Jones Signed by Juckett
10:01:04 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim	Regarding your duties as bond counsel to ensure that the final amount of the indebtedness approved by the district is in compliance with the Commission's Order
10:02:05 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim Note: Rhodes, Jim	Regarding Wood Creek's Assistance Agreement filed on March 30, 2015 Regarding the final # presented being 2,780,000 and is clearly in excess of the 1,633,500 granted by the Commission
10:04:30 AM	Atty Fell Cross Exam of Witness Jones Note: Rhodes, Jim Note: Rhodes, Jim	Regarding Wood Creek Exhibit 1 - letter from Witness R. Jones Asking why East Laurel is included in this letter
10:06:32 AM	Commissioner Logsdon Cross Exam of Witness Jones Note: Rhodes, Jim	Regarding if Witness Jones told Wood Creek they did not have to have approval from the Commission

10:08:50 AM Chairman Schmitt Cross Exam of Witness Jones  
Note: Rhodes, Jim Regarding Bonds issued and Witness' involvment and opionion to Wood Creek to refinance

10:11:33 AM Chairman Schmitt Cross Exam of Witness Jones  
Note: Rhodes, Jim Regarding payment for service and involvement with KRWFC

10:12:48 AM Atty Bryson Redirect of Witness Jones  
Note: Rhodes, Jim Regarding advising Wood Creek to admend their application  
Note: Rhodes, Jim Regarding financial benefits for any Wood Creek Commissioner, due to this error

10:14:34 AM Atty Bryson Redirect of Witness Jones  
Note: Rhodes, Jim Regarding the value benefit

10:15:08 AM Atty Bryson Redirect of Witness Jones  
Note: Rhodes, Jim Did you assist Mr. Williams with preparing this letter and advise him he should prepare this letter  
Note: Rhodes, Jim Regarding Wood Creek Exhibit 2 - letter signed by Chairman Glenn Williams

10:16:53 AM Atty Bryson Redirect of Witness Jones  
Note: Rhodes, Jim Regarding meetings with Chairman Williams and Water Commissioners, awarress of seeking approval from the PSC

10:17:01 AM Atty Bryson submits Wood Creek Exhibit 2  
Note: Schweighardt, Stephanie Chairman Schmitt accepts WC Exhibit 2  
Note: Rhodes, Jim Letter signed by Chairman Williams

10:18:36 AM Commissioner Logsdon Cross Exam of Witness Jones  
Note: Rhodes, Jim ???Regarding Witness' firm representing Raymond James

10:19:09 AM Witness Jones Dismissed

10:19:15 AM Atty Bryson calls Witness Williams  
Note: Rhodes, Jim Chairman swears in Witness Williams

10:19:59 AM Atty Bryson Direct Exam of Witness Williams  
Note: Rhodes, Jim Regarding title and position at Wood Creek

10:21:12 AM Atty Bryson Direct Exam of Witness Williams  
Note: Rhodes, Jim Asking Witness if he was relying on the advise from Raymond James and Associates and Mr. Randall Jones  
Note: Rhodes, Jim Regarding any discussion not wanting to follow what the Commission ordered

10:22:20 AM Atty Bryson Direct Exam of Witness Williams  
Note: Rhodes, Jim Regarding Ruben and Hayes providing financial advice to Wood Creek.

10:23:00 AM Atty Fell Cross Exam of Witness Williams  
Note: Rhodes, Jim Asking Witness if he had been a part of the approval of loans regarding 2014-00440 application

10:23:32 AM Atty Fell Cross Exam of Witness Williams  
Note: Rhodes, Jim Responsible to prepare documents for Commission approval

10:24:30 AM Atty Fell Cross Exam of Witness Williams  
Note: Rhodes, Jim Regaring Case # 2014-00440 and signing the application

10:24:59 AM Atty Fell Submits PSC Exhibit 3  
Note: Schweighardt, Stephanie Chairman Schmitt accepts PSC Exhibit 3  
Note: Rhodes, Jim Cover letter and application of Case #2014-00440

10:25:54 AM Atty Fell Cross Exam of Witness Williams  
Note: Rhodes, Jim Regarding page 8 of application, were you aware of what was being asked for

10:26:50 AM Atty Fell Cross Exam of Witness Williams  
Note: Rhodes, Jim Regarding being aware of the Commission order approving an amount to be borrowed

10:27:35 AM	Atty Fell Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding direct contact of Bond counsel
10:28:33 AM	Atty Fell Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Were you aware that the final number presented did not match the # approved by the Commission
	Note: Rhodes, Jim	Regarding Mr. Jones' testimony and when the applicaiton was filed
10:29:49 AM	Atty Fell Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Were you aware the final # was presented to the Board after the Commission Order approving the \$1,633,500
	Note: Rhodes, Jim	Were you aware that the final amount of the refinance included the rollover refinance of the older debts in addition to those that Wood Creek originally applied for approval with the Commission
	Note: Rhodes, Jim	Were you aware of the final number approved by the Commission
10:32:22 AM	Atty Fell Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regaring the refinance being presented to the board
10:33:10 AM	POST HEARING DATA REQUEST by Atty Fell	
	Note: Rhodes, Jim	Provice copy of resolution or total of refinancing packet presented to the board
10:34:07 AM	Atty Fell Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding the refinacing packet the board recieved, was there an iquirey as to wheterh further Commission approval was necessary
10:35:13 AM	Atty Fell Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding resolution passed by the board and board meeting minutes passed
10:35:40 AM	POST HEARING DATA REQUEST by Atty Fell	
	Note: Rhodes, Jim	Provide copy of board meeting minutes passing the resolution
10:36:44 AM	Atty Fell Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Asking Witness of his knowlege of the 2.78 million
10:37:18 AM	Atty Fell Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding Assistance Agreement being in excess of the Commission Order
	Note: Rhodes, Jim	Regarding the mistake being Counsel's or Wood Creek's
10:38:40 AM	Commissioner Logsdon Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding the PHDR to provide the board meeting minutes
10:39:17 AM	Commissioner Logsdon Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding failure to obtain the correct amount was the fault of Mr. Jones
10:40:14 AM	Chairman Schmitt Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding Rubin and Hayes violating the order from the Commission
10:41:07 AM	Chairman Schmitt Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding Wood Creek ever paying Jones or Hayes service fees and if Witness was ever asked to waive any conflict
10:42:06 AM	Chairman Schmitt Cross Exam of Witness Williams	
	Note: Rhodes, Jim	Regarding any agreement with Mr. Jones and Rubin Hayes regarding their representation to Wood Creek.
10:43:40 AM	Atty Bryson Redirects Witness Williams	
	Note: Rhodes, Jim	Regarding reviewing the meeting minutes that reflect document or presentation
10:44:48 AM	Witness Williams Dismiss	
10:45:20 AM	Atty Bryson calls Witness Bailey to stand	
	Note: Rhodes, Jim	Sworn in by Chairman Schmitt
10:46:18 AM	Atty Bryson Direct Exam of Witness Bailey	
	Note: Rhodes, Jim	Regarding title and position at Wood Creek
10:46:46 AM	Atty Bryson Direct Exam of Witness Bailey	
	Note: Rhodes, Jim	Asking Witness if he agrees with Mr. Jones' testimony

10:47:14 AM Atty Bryson Direct Exam of Witness Bailey  
Note: Rhodes, Jim Asking Witness if he was told that additional approval was needed by the Commission

10:47:43 AM Atty Fell Cross Exam of Witness Bailey  
Note: Rhodes, Jim Regarding Commission Order, Case # 20104-00440 and refinancing

10:48:22 AM Atty Fell Cross Exam of Witness Bailey  
Note: Rhodes, Jim Asking Witness if he was aware of the amount to be refinanced

10:48:54 AM Atty Fell Cross Exam of Witness Bailey  
Note: Rhodes, Jim Regarding Witness being aware of financial advisor coming back with a final amount or package of refinancing and if this was before or after application was final

10:49:30 AM Atty Fell Cross Exam of Witness Bailey  
Note: Rhodes, Jim Were you present when the resolution was approved by the board meeting for the refinancing.

10:50:25 AM Atty Fell Cross Exam of Witness Bailey  
Note: Rhodes, Jim Regarding Witness being aware of the final refinancing package having additional loans other than the original asked in the application

10:51:16 AM Atty Fell Cross Exam of Witness Bailey  
Note: Rhodes, Jim Regarding response filed concerning the error amount in excess

10:52:20 AM Atty Fell Cross Exam of Witness Bailey  
Note: Rhodes, Jim Asking Witness about advice for further approval needed

10:53:30 AM Commissioner Logsdon Cross Exam of Witness Bailey  
Note: Rhodes, Jim Regarding savings increase discussed in any financial meetings

10:54:39 AM Atty Bryson Redirects of Witness Bailey  
Note: Rhodes, Jim Questioning Witness if he is asked to review a lot of documents and about the Witness have a difficult time remembering  
Note: Rhodes, Jim Asking Witness about how often Wood Creek meets

10:55:52 AM Witness Bailey Dismissed

10:56:38 AM Atty Bryson calls Witness Keller to stand  
Note: Rhodes, Jim Sworn in by Chairman Schmitt

10:56:50 AM Atty Bryson Direct Exam of Witness Keller  
Note: Rhodes, Jim Asking Witness about his title and job duties at Wood Creek

10:57:19 AM Atty Bryson Direct Exam of Witness Keller  
Note: Rhodes, Jim Asking Witness about the testimony from Witness Bailey and Witness Williams

10:58:25 AM Atty Bryson Direct Exam of Witness Keller  
Note: Rhodes, Jim Regarding signing and approving documents

10:58:54 AM Atty Bryson Direct Exam of Witness Keller  
Note: Rhodes, Jim Regarding Witness' health issues  
Note: Rhodes, Jim Asking about Witness having difficulty remembering

10:59:34 AM Atty Bryson Direct Exam of Witness Keller  
Note: Rhodes, Jim Regarding document filed with PSC and the mistake made

11:00:12 AM Atty Bryson Direct Exam of Witness Keller  
Note: Rhodes, Jim Regarding Witness relying on Randall Jones

11:00:41 AM Atty Fell Cross Exam of Witness Keller  
Note: Rhodes, Jim Asking Witness if he was aware of the amount approved by the Commission Order, Case #2014-00440  
Note: Rhodes, Jim In regards to the Timeline of Refinancing Process

11:01:40 AM Atty Fell Cross Exam of Witness Keller  
Note: Rhodes, Jim Regarding PSC Exhibit 1 - Case #2014-00440  
Note: Rhodes, Jim Regarding signing the final resolution

11:02:56 AM Atty Fell Cross Exam of Witness Keller  
Note: Rhodes, Jim Asking the Witness about the board meeting where the financial advisor presented the refinancing packet



11:03:46 AM Atty Fell Cross Exam of Witness Keller  
Note: Rhodes, Jim Asking the Witness about the final refinancing amount

11:04:10 AM Atty Fell Cross Exam of Witness Keller  
Note: Rhodes, Jim Regarding PSC Exhibit 2 - page 25

11:05:39 AM Atty Fell Cross Exam of Witness Keller  
Note: Rhodes, Jim Asking Witness if he was aware of the Assistance Agreement being filed with the Commission

11:06:09 AM Atty Fell Cross Exam of Witness Keller  
Note: Rhodes, Jim Asking Witness if he was aware that the final amount presented to the board was in excess of the amount approved by the Commission Order, Case # 2014-00440  
Note: Rhodes, Jim Question Witness regarding the Assistance Agreement

11:08:15 AM POST HEARING DATA REQUEST by Atty Fell  
Note: Rhodes, Jim Page 13 of Assistance Agreement - Fees and Cost deducted from loan - Provide any documentation of fees transactions

11:09:01 AM Witness Keller Dismissed

11:09:09 AM Atty Bryson calls Witness Evans to the stand  
Note: Rhodes, Jim Sworn in by Chairman

11:10:30 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Asking Witness to explain his title and job duties at Wood Creek

11:11:42 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Questioning Witness what he remembers about how the refinancing took place

11:12:32 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Asking Witness of his knowlege that it was necessary to get bond counsel  
Note: Rhodes, Jim Asking Witness who presented the refinancing and the purpose for this refinancing

11:13:25 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Asking Witness of his knowledge of additional approval required by the Commission

11:13:49 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Asking Witness about his discussion with Randall Jones  
Note: Rhodes, Jim Asking Witness to explain how the refinancing was presented to Wood Creek District

11:15:07 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Asking Witness about different documents being presented to the Wood Creek board members and who prepared these documents

11:15:46 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Regarding if Witness was ever informed that additional approval needed by the Commission

11:16:44 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Regarding knowledge of any commissioner being advised to violate an order from the Commission

11:18:37 AM Atty Bryson Direct Exam of Witness Evans  
Note: Rhodes, Jim Regarding testimony of Raymond James

11:19:25 AM Atty Fell Cross Exam of Witness Evans  
Note: Rhodes, Jim Regarding reviewing the Commission's Orders 2014-00440, 2015-00428

11:20:15 AM Atty Fell Cross Exam of Witness Evans  
Note: Rhodes, Jim Questioning Witness if all Wood Creek board members present at the board meeting were presented with a copy of the refinancing packet

11:21:12 AM	Atty Fell Cross Exam of Witness Evans Note: Rhodes, Jim	Regarding the Assistance Agreement - were you aware of this document and the amount approved by the Commission not matching
11:21:54 AM	Atty Fell Cross Exam of Witness Evans Note: Rhodes, Jim Note: Rhodes, Jim	Questioning Witness if he attends all board meetings Regarding any concerns from board members about the additional financing amount being in excess of the amount granted by the Commission
11:22:43 AM	Atty Fell Cross Exam of Witness Evans Note: Rhodes, Jim	Regarding Witness' aware of decision by Wood Creek not to get approval by Commission
11:23:08 AM	Commissioner Logsdon Cross Exam of Witness Evans Note: Rhodes, Jim	Regarding Ms. Millard approaching Wood Creek about the refinancing and if Ms. Millard works for Raymond James and Associates
11:24:14 AM	Witness Evans Dismissed	
11:24:29 AM	Chairman Schmitt Note: Rhodes, Jim	Post Hearing Data Request - PSC Staff to file PHDR by COB Friday, December 16, 2016 - Wood Creek to respond by COB Friday, January 6, 2017
11:26:40 AM	Chairman Schmitt ask for any briefs Note: Rhodes, Jim	Atty Bryson ask for the option to file the brief, advise and respond by Jan 17,, 2017, PSC to file brief, if needed by Jan 26, 2017
11:30:03 AM	Chairman Schmitt Adjourns Hearing	
11:30:12 AM	Session Paused	
4:27:26 PM	Session Ended	



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<b>Name:</b>	<b>Description:</b>
PSC - Exhibit 02	Letter dated March 30, 2015, to Jeff Derouen, Executive Director of KY Public Service Commission, from Rubin & Hays, Attorneys at Law signed by W. Randall Jones. Regarding Wood Creek Water District - PSC Case No. 2014-00440
PSC - Exhibit 03	Letter dated December 16, 2014, to Jeff Derouen, Executive Director of KY Public Service Commission, from Rubin & Hays, Attorneys at Law signed by W. Randall Jones. Regarding Wood Creek Water District - PSC Application
PSC Exhibit 01	PSC Order Case No. 2014-00440
Wood Creek - Exhibit 01	Letter dated January 29, 2016, to Jeff Derouen, Executive Director of KY Public Service Commission, from Rubin & Hays, Attorneys at Law signed by W. Randall Jones. Regarding Wood Creek Water District - PSC Case No. 2014-00440
Wood Creek - Exhibit 02	Letter dated January 26, 2016, to Jeff Derouen, Executive Director of KY Public Service Commission, from Wood Creek Water District, signed by Glenn Williams, Chairman. Regarding issuance of securities pursuant to KRS 278.300, Case No. 2014-00440



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WOOD CREEK WATER	)	
DISTRICT TO ISSUE SECURITIES IN THE	)	
APPROXIMATE PRINCIPAL AMOUNT OF	)	CASE NO.
\$1,485,000 FOR THE PURPOSE OF REFUNDING	)	2014-00440
CERTAIN OUTSTANDING REVENUE BONDS OF	)	
THE DISTRICT PURSUANT TO THE PROVISIONS	)	
OF KRS 278.300 AND 807 KAR 5:001	)	

ORDER

On December 17, 2014, Wood Creek Water District ("Wood Creek") applied to the Commission for approval to enter into an assistance agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$1,485,000, subject to adjustment of 10 percent, to refund existing bond indebtedness.

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Wood Creek proposes to execute an assistance agreement with KRWFC to borrow \$1,485,000 subject to an adjustment of up to 10 percent. The proposed loan will have a 23-year term subject to interest rates of up to 4 percent.<sup>1</sup>

2. Wood Creek proposes to use the proceeds from the assistance agreement to fully refund the outstanding Waterworks Revenue Bonds Series 1980,

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<sup>1</sup> Application, Exhibit A.

1992, and 1998 that are held by the United States Department of Agriculture Rural Development in the amounts of \$15,500, \$76,300, and \$1,347,000,<sup>2</sup> respectively.

3. Wood Creek estimates that its proposed refinancing will result in total gross savings and net present value savings of \$160,871 and \$109,841, respectively.<sup>3</sup>

4. Wood Creek will expend \$1,495,753 to refund the outstanding bonds and to pay bond issuance costs.<sup>4</sup>

5. Wood Creek's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Wood Creek's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Wood Creek is authorized to enter into an agreement with KRWFC to borrow no more than \$1,633,500<sup>5</sup> for the purpose of refunding the outstanding indebtedness, but only under such terms and conditions that will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the agreement with KRWFC differ from those set forth in its application, Wood Creek shall, within 30 days of executing the loan agreement, file with the Commission amortization schedules and work papers

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<sup>2</sup> Application, Exhibit D.

<sup>3</sup> Application, Exhibit C. The utility identifies "gross savings" and "net present value savings" as "net future value benefit" and "net present value benefit," respectively.

<sup>4</sup> Application, Exhibit B. \$22,275 (Total Underwriter's Discount) + \$27,275 (Cost of Issuance) + \$1,442,419 (Deposit to Current Refunding Fund) + \$3,784 (Rounding) = \$1,495,753. The Sources of the Funds are \$1,485,000 (Par Amount of Bonds) + \$10,753 (Reoffering Premium) = \$1,495,753.

<sup>5</sup> \$1,485,000 x 110% = \$1,633,500.

showing the actual gross savings and net present value savings that will result from the refinancing.

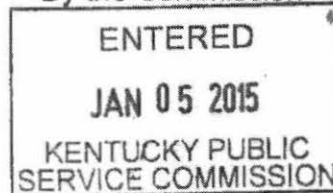
3. Within 30 days of executing the proposed agreement, Wood Creek shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Wood Creek has not previously filed with the Commission.

4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Wood Creek's application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST:

  
Executive Director

Case No. 2014-00440

Honorable W. Randall Jones  
Attorney at Law  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, KENTUCKY 40202

Dewayne Lewis  
Office Manager  
Wood Creek Water District  
P. O. Box 726  
London, KY 40743

# Rubin & Hays

ATTORNEYS AT LAW

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Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

March 30, 2015

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

RECEIVED  
MAR 31 2015  
PUBLIC SERVICE  
COMMISSION

Re: Wood Creek Water District PSC Case No. 2014-00440

Dear Mr. Derouen:

In accordance with paragraphs No. 2 and 3 of the PSC Order dated January 5, 2015 relating to the above case, enclosed please find the final refunding schedules which include the actual gross and net present value savings and the final loan debt service, including the final principal amount and the interest rates. The Kentucky Rural Water Finance Corporation loan to the District was dated February 19, 2015. An executed copy of the Assistance Agreement is enclosed with this letter.

Thank you for your assistance and if you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:ilm  
Enclosures

PSC  
Exhibit

2

**\$2,780,000**

Kentucky Rural Water Finance Corporation  
Public Projects Revenue Bonds, Series 2015 B  
Wood Creek Water District

## Sources & Uses

Dated 02/19/2015 | Delivered 02/19/2015

### Sources Of Funds

Par Amount of Bonds	\$2,780,000.00
Reoffering Premium	36,043.15
Transfers from Prior Issue Debt Service Funds	9,257.30
Funds in Account at Regions	43,099.69

**Total Sources** **\$2,868,400.14**

### Uses Of Funds

Total Underwriter's Discount (1.430%)	39,754.00
Costs of Issuance	46,700.00
Deposit to Current Refunding Fund	2,779,861.89
Rounding Amount	2,084.25

**Total Uses** **\$2,868,400.14**

**\$2,780,000**

Kentucky Rural Water Finance Corporation  
Public Projects Revenue Bonds, Series 2015 B  
Wood Creek Water District

## Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2015	36,056.25	36,056.25	63,318.25	27,262.00
12/31/2016	267,987.50	267,987.50	286,202.90	18,215.40
12/31/2017	248,881.25	248,881.25	265,990.95	17,109.70
12/31/2018	249,887.50	249,887.50	266,254.54	16,367.04
12/31/2019	250,781.25	250,781.25	267,190.42	16,409.17
12/31/2020	251,562.50	251,562.50	270,218.69	18,656.19
12/31/2021	247,287.50	247,287.50	267,724.75	20,437.25
12/31/2022	207,631.25	207,631.25	225,437.44	17,806.19
12/31/2023	178,000.00	178,000.00	197,600.10	19,600.10
12/31/2024	178,693.75	178,693.75	198,100.40	19,406.65
12/31/2025	174,306.25	174,306.25	195,183.85	20,877.60
12/31/2026	174,837.50	174,837.50	193,294.50	18,457.00
12/31/2027	150,612.50	150,612.50	169,594.10	18,981.60
12/31/2028	141,793.75	141,793.75	164,468.25	22,674.50
12/31/2029	147,893.75	147,893.75	167,920.55	20,026.80
12/31/2030	84,806.25	84,806.25	104,101.25	19,295.00
12/31/2031	82,693.75	82,693.75	103,940.00	21,246.25
12/31/2032	85,500.00	85,500.00	104,597.50	19,097.50
12/31/2033	78,265.63	78,265.63	97,443.75	19,178.12
12/31/2034	76,071.88	76,071.88	97,786.25	21,714.37
12/31/2035	78,750.00	78,750.00	97,938.75	19,188.75
12/31/2036	76,300.00	76,300.00	97,901.25	21,601.25
12/31/2037	73,850.00	73,850.00	97,673.75	23,823.75
12/31/2038	76,312.50	76,312.50	97,256.25	20,943.75
<b>Total</b>	<b>\$3,618,762.51</b>	<b>\$3,618,762.51</b>	<b>\$4,097,138.44</b>	<b>\$478,375.93</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	478,375.93
Gross PV Debt Service Savings	328,890.45
Effects of changes in Expenses	4,951.72
<b>Net PV Cashflow Savings @ 3.383%(AIC)</b>	<b>333,842.16</b>
Transfers from Prior Issue Debt Service Fund	(9,257.30)
Contingency or Rounding Amount	1,624.31
<b>Net Present Value Benefit</b>	<b>\$326,209.17</b>
Net PV Benefit / \$2,762,500 Refunded Principal	11.808%
Net Future Value Benefit	\$470,742.94
Net PV Benefit / \$2,780,000 Refunding Principal	11.734%
Average Annual Cash Flow Savings	20,798.95

### Refunding Bond Information

Refunding Dated Date	2/19/2015
Refunding Delivery Date	2/19/2015

**Raymond James**

\$2,780,000

Kentucky Rural Water Finance Corporation  
Public Projects Revenue Bonds, Series 2015 B  
Wood Creek Water District

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/19/2015	-	-	-	-	-
08/01/2015	-	-	36,056.25	36,056.25	-
12/31/2015	-	-	-	-	36,056.25
02/01/2016	190,000.00	2.250%	40,062.50	230,062.50	-
08/01/2016	-	-	37,525.00	37,525.00	-
12/31/2016	-	-	-	-	267,587.50
01/01/2017	175,000.00	2.250%	37,925.00	212,925.00	-
08/01/2017	-	-	35,356.25	35,356.25	-
12/31/2017	-	-	-	-	248,681.25
02/01/2018	180,000.00	2.250%	35,356.25	215,356.25	-
08/01/2018	-	-	33,931.25	33,931.25	-
12/31/2018	-	-	-	-	249,887.50
02/01/2019	185,000.00	2.250%	33,931.25	218,931.25	-
08/01/2019	-	-	31,850.00	31,850.00	-
12/31/2019	-	-	-	-	250,781.25
02/01/2020	190,000.00	2.250%	31,850.00	221,850.00	-
08/01/2020	-	-	29,712.50	29,712.50	-
12/31/2020	-	-	-	-	251,562.50
02/01/2021	190,000.00	2.250%	29,712.50	219,712.50	-
08/01/2021	-	-	27,575.00	27,575.00	-
12/31/2021	-	-	-	-	247,387.50
02/01/2022	155,000.00	3.250%	27,575.00	182,575.00	-
08/01/2022	-	-	25,056.25	25,056.25	-
12/31/2022	-	-	-	-	207,631.25
02/01/2023	130,000.00	3.250%	25,056.25	155,056.25	-
08/01/2023	-	-	22,943.75	22,943.75	-
12/31/2023	-	-	-	-	178,000.00
02/01/2024	135,000.00	3.250%	22,943.75	157,943.75	-
08/01/2024	-	-	20,750.00	20,750.00	-
12/31/2024	-	-	-	-	178,693.75
02/01/2025	135,000.00	3.250%	20,750.00	155,750.00	-
08/01/2025	-	-	18,556.25	18,556.25	-
12/31/2025	-	-	-	-	174,306.25
02/01/2026	140,000.00	3.250%	18,556.25	158,556.25	-
08/01/2026	-	-	16,281.25	16,281.25	-
12/31/2026	-	-	-	-	174,837.50
02/01/2027	120,000.00	3.250%	16,281.25	136,281.25	-
08/01/2027	-	-	14,331.25	14,331.25	-
12/31/2027	-	-	-	-	150,612.50
02/01/2028	115,000.00	3.250%	14,331.25	129,331.25	-
08/01/2028	-	-	12,462.50	12,462.50	-
12/31/2028	-	-	-	-	141,793.75
02/01/2029	125,000.00	3.250%	12,462.50	137,462.50	-
08/01/2029	-	-	10,431.25	10,431.25	-
12/31/2029	-	-	-	-	147,893.75
02/01/2030	65,000.00	3.250%	10,431.25	75,431.25	-
08/01/2030	-	-	9,375.00	9,375.00	-
12/31/2030	-	-	-	-	84,806.25
02/01/2031	65,000.00	3.250%	9,375.00	74,375.00	-
08/01/2031	-	-	8,318.75	8,318.75	-
12/31/2031	-	-	-	-	82,693.75
02/01/2032	70,000.00	3.250%	8,318.75	78,318.75	-
08/01/2032	-	-	7,181.25	7,181.25	-
12/31/2032	-	-	-	-	85,500.00
02/01/2033	65,000.00	3.375%	7,181.25	72,181.25	-
08/01/2033	-	-	6,084.38	6,084.38	-
12/31/2033	-	-	-	-	78,265.63
02/01/2034	65,000.00	3.375%	6,084.38	71,084.38	-
08/01/2034	-	-	4,987.50	4,987.50	-
12/31/2034	-	-	-	-	76,071.88
02/01/2035	70,000.00	3.500%	4,987.50	74,987.50	-
08/01/2035	-	-	3,762.50	3,762.50	-
12/31/2035	-	-	-	-	78,750.00
02/01/2036	70,000.00	3.500%	3,762.50	73,762.50	-
08/01/2036	-	-	2,537.50	2,537.50	-
12/31/2036	-	-	-	-	76,300.00
02/01/2037	70,000.00	3.500%	2,537.50	72,537.50	-
08/01/2037	-	-	1,312.50	1,312.50	-
12/31/2037	-	-	-	-	73,850.00
02/01/2038	75,000.00	3.500%	1,312.50	76,312.50	-
12/31/2038	-	-	-	-	76,312.50
Total	\$2,780,000.00	-	\$838,762.51	\$3,618,762.51	-

Yield Statistics

Bond Year Dollars	526,431.00
Average Life	9.508 Years
Average Coupon	3.1734044%
Net Interest Cost (NIC)	3.1886161%
True Interest Cost (TIC)	3.1640274%
Bond Yield for Arbitrage Purposes	3.2152479%
All Inclusive Cost (AIC)	3.3832499%
IRS Form 8029	
Net Interest Cost	1.0215446%
Weighted Average Maturity	9.404 Years

Raymond James



**\$2,780,000**

Kentucky Rural Water Finance Corporation  
Public Projects Revenue Bonds, Series 2015 B  
Wood Creek Water District

### Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
12/31/2015	-	-	36,056.25	36,056.25	36,056.25
12/31/2016	190,000.00	2.250%	77,987.50	267,987.50	267,987.50
12/31/2017	175,000.00	2.250%	73,881.25	248,881.25	248,881.25
12/31/2018	180,000.00	2.250%	69,887.50	249,887.50	249,887.50
12/31/2019	185,000.00	2.250%	65,781.25	250,781.25	250,781.25
12/31/2020	190,000.00	2.250%	61,562.50	251,562.50	251,562.50
12/31/2021	190,000.00	2.250%	57,287.50	247,287.50	247,287.50
12/31/2022	155,000.00	3.250%	52,631.25	207,631.25	207,631.25
12/31/2023	130,000.00	3.250%	48,000.00	178,000.00	178,000.00
12/31/2024	135,000.00	3.250%	43,693.75	178,693.75	178,693.75
12/31/2025	135,000.00	3.250%	39,306.25	174,306.25	174,306.25
12/31/2026	140,000.00	3.250%	34,837.50	174,837.50	174,837.50
12/31/2027	120,000.00	3.250%	30,612.50	150,612.50	150,612.50
12/31/2028	115,000.00	3.250%	26,793.75	141,793.75	141,793.75
12/31/2029	125,000.00	3.250%	22,893.75	147,893.75	147,893.75
12/31/2030	65,000.00	3.250%	19,806.25	84,806.25	84,806.25
12/31/2031	65,000.00	3.250%	17,693.75	82,693.75	82,693.75
12/31/2032	70,000.00	3.250%	15,500.00	85,500.00	85,500.00
12/31/2033	65,000.00	3.375%	13,265.63	78,265.63	78,265.63
12/31/2034	65,000.00	3.375%	11,071.88	76,071.88	76,071.88
12/31/2035	70,000.00	3.500%	8,750.00	78,750.00	78,750.00
12/31/2036	70,000.00	3.500%	6,300.00	76,300.00	76,300.00
12/31/2037	70,000.00	3.500%	3,850.00	73,850.00	73,850.00
12/31/2038	75,000.00	3.500%	1,312.50	76,312.50	76,312.50
<b>Total</b>	<b>\$2,780,000.00</b>	<b>-</b>	<b>\$838,762.51</b>	<b>\$3,618,762.51</b>	<b>\$3,618,762.51</b>

**Raymond James**

Public Finance

**\$2,780,000**

Kentucky Rural Water Finance Corporation  
Public Projects Revenue Bonds, Series 2015 B  
Wood Creek Water District

## Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/01/2016	Serial Coupon	2.250%	0.700%	190,000.00	101.464%	192,781.60
02/01/2017	Serial Coupon	2.250%	0.950%	175,000.00	102.505%	179,383.75
02/01/2018	Serial Coupon	2.250%	1.400%	180,000.00	102.447%	184,404.60
02/01/2019	Serial Coupon	2.250%	1.650%	185,000.00	102.284%	189,225.40
02/01/2020	Serial Coupon	2.250%	1.850%	190,000.00	101.883%	193,577.70
02/01/2021	Serial Coupon	2.250%	2.050%	190,000.00	101.114%	192,116.60
02/01/2022	Serial Coupon	3.250%	2.400%	155,000.00	105.410%	163,385.50
02/01/2023	Serial Coupon	3.250%	2.600%	130,000.00	104.640%	136,032.00
02/01/2024	Serial Coupon	3.250%	2.750%	135,000.00	103.941%	140,320.35
02/01/2025	Serial Coupon	3.250%	2.850%	135,000.00	103.443%	139,648.05
02/01/2026	Serial Coupon	3.250%	3.050%	140,000.00	101.704%	142,385.60
02/01/2027	Serial Coupon	3.250%	3.150%	120,000.00	100.847%	121,016.40
02/01/2028	Serial Coupon	3.250%	3.250%	115,000.00	100.000%	115,000.00
02/01/2029	Serial Coupon	3.250%	3.300%	125,000.00	99.443%	124,303.75
02/01/2030	Serial Coupon	3.250%	3.350%	65,000.00	98.830%	64,239.50
02/01/2031	Serial Coupon	3.250%	3.400%	65,000.00	98.163%	63,805.95
02/01/2032	Serial Coupon	3.250%	3.450%	70,000.00	97.448%	68,213.60
02/01/2033	Serial Coupon	3.375%	3.500%	65,000.00	98.343%	63,922.95
02/01/2034	Serial Coupon	3.375%	3.550%	65,000.00	97.599%	63,439.35
02/01/2035	Serial Coupon	3.500%	3.600%	70,000.00	98.584%	69,008.80
02/01/2036	Serial Coupon	3.500%	3.650%	70,000.00	97.815%	68,470.50
02/01/2037	Serial Coupon	3.500%	3.650%	70,000.00	97.746%	68,422.20
02/01/2039	Term 1 Coupon	3.500%	3.700%	75,000.00	96.839%	72,629.25
<b>Total</b>	-	-	-	<b>\$2,780,000.00</b>	-	<b>\$2,815,733.40</b>

### Bid Information

Par Amount of Bonds	\$2,780,000.00
Reoffering Premium or (Discount)	35,733.40
Gross Production	\$2,815,733.40
Total Underwriter's Discount (1.430%)	\$(39,754.00)
Bid (99.855%)	2,775,979.40
Total Purchase Price	\$2,775,979.40
Bond Year Dollars	\$26,431.00
Average Life	9.508 Years
Average Coupon	3.1734044%
Net Interest Cost (NIC)	3.1886161%
True Interest Cost (TIC)	3.1640224%

**Raymond James**

**\$114,000**

Wood Creek Water District  
Series 1992

### Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/19/2015				-	-	-	-
02/23/2015	76,300.00	577.38	76,877.38				
07/01/2015	-	-	-	-	-	1,907.50	1,907.50
01/01/2016	-	-	-	2,900.00	5.000%	1,907.50	4,807.50
07/01/2016	-	-	-	-	-	1,835.00	1,835.00
01/01/2017	-	-	-	3,100.00	5.000%	1,835.00	4,935.00
07/01/2017	-	-	-	-	-	1,757.50	1,757.50
01/01/2018	-	-	-	3,200.00	5.000%	1,757.50	4,957.50
07/01/2018	-	-	-	-	-	1,677.50	1,677.50
01/01/2019	-	-	-	3,400.00	5.000%	1,677.50	5,077.50
07/01/2019	-	-	-	-	-	1,592.50	1,592.50
01/01/2020	-	-	-	3,600.00	5.000%	1,592.50	5,192.50
07/01/2020	-	-	-	-	-	1,502.50	1,502.50
01/01/2021	-	-	-	3,700.00	5.000%	1,502.50	5,202.50
07/01/2021	-	-	-	-	-	1,410.00	1,410.00
01/01/2022	-	-	-	4,000.00	5.000%	1,410.00	5,410.00
07/01/2022	-	-	-	-	-	1,310.00	1,310.00
01/01/2023	-	-	-	4,100.00	5.000%	1,310.00	5,410.00
07/01/2023	-	-	-	-	-	1,207.50	1,207.50
01/01/2024	-	-	-	4,400.00	5.000%	1,207.50	5,607.50
07/01/2024	-	-	-	-	-	1,097.50	1,097.50
01/01/2025	-	-	-	4,500.00	5.000%	1,097.50	5,597.50
07/01/2025	-	-	-	-	-	985.00	985.00
01/01/2026	-	-	-	4,800.00	5.000%	985.00	5,785.00
07/01/2026	-	-	-	-	-	865.00	865.00
01/01/2027	-	-	-	5,000.00	5.000%	865.00	5,865.00
07/01/2027	-	-	-	-	-	740.00	740.00
01/01/2028	-	-	-	5,400.00	5.000%	740.00	6,140.00
07/01/2028	-	-	-	-	-	605.00	605.00
01/01/2029	-	-	-	5,600.00	5.000%	605.00	6,205.00
07/01/2029	-	-	-	-	-	465.00	465.00
01/01/2030	-	-	-	5,900.00	5.000%	465.00	6,365.00
07/01/2030	-	-	-	-	-	317.50	317.50
01/01/2031	-	-	-	6,200.00	5.000%	317.50	6,517.50
07/01/2031	-	-	-	-	-	162.50	162.50
01/01/2032	-	-	-	6,500.00	5.000%	162.50	6,662.50
<b>Total</b>	<b>\$76,300.00</b>	<b>\$577.38</b>	<b>\$76,877.38</b>	<b>\$76,300.00</b>	<b>-</b>	<b>\$38,875.00</b>	<b>\$115,175.00</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/19/2015
Average Life	10.057 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	10.057 Years

#### Refunding Bond Information

Refunding Dated Date	2/19/2015
Refunding Delivery Date	2/19/2015

**Raymond James**

**\$61,000**

Wood Creek Water District

Series 1980

### Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/19/2015				-	-	-	-
02/23/2015	15,500.00	112.53	15,612.53				
07/01/2015	-	-	-	-	-	387.50	387.50
01/01/2016	-	-	-	3,000.00	5.000%	387.50	3,387.50
07/01/2016	-	-	-	-	-	312.50	312.50
01/01/2017	-	-	-	3,000.00	5.000%	312.50	3,312.50
07/01/2017	-	-	-	-	-	237.50	237.50
01/01/2018	-	-	-	3,000.00	5.000%	237.50	3,237.50
07/01/2018	-	-	-	-	-	162.50	162.50
01/01/2019	-	-	-	3,000.00	5.000%	162.50	3,162.50
07/01/2019	-	-	-	-	-	87.50	87.50
01/01/2020	-	-	-	3,500.00	5.000%	87.50	3,587.50
<b>Total</b>	<b>\$15,500.00</b>	<b>\$112.53</b>	<b>\$15,612.53</b>	<b>\$15,500.00</b>	<b>-</b>	<b>\$2,375.00</b>	<b>\$17,875.00</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/19/2015
Average Life	2.931 Years
Average Coupon	5.000000%
Weighted Average Maturity (Par Basis)	2.931 Years

#### Refunding Bond Information

Refunding Dated Date	2/19/2015
Refunding Delivery Date	2/19/2015

**\$192,000**

Series 2003 A

Wood Creek Water District

### Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/19/2015	-	-	-	-	-	-	-
03/23/2015	146,000.00	933.33	146,933.33	-	-	-	-
08/01/2015	-	-	-	-	-	3,230.75	3,230.75
02/01/2016	-	-	-	17,000.00	4.150%	3,230.75	20,230.75
08/01/2016	-	-	-	-	-	2,878.00	2,878.00
02/01/2017	-	-	-	18,000.00	4.150%	2,878.00	20,878.00
08/01/2017	-	-	-	-	-	2,504.50	2,504.50
02/01/2018	-	-	-	19,000.00	4.275%	2,504.50	21,504.50
08/01/2018	-	-	-	-	-	2,098.38	2,098.38
02/01/2019	-	-	-	21,000.00	4.400%	2,098.38	23,098.38
08/01/2019	-	-	-	-	-	1,636.38	1,636.38
02/01/2020	-	-	-	23,000.00	4.525%	1,636.38	24,636.38
08/01/2020	-	-	-	-	-	1,116.00	1,116.00
02/01/2021	-	-	-	24,000.00	4.525%	1,116.00	25,116.00
08/01/2021	-	-	-	-	-	573.00	573.00
02/01/2022	-	-	-	24,000.00	4.775%	573.00	24,573.00
<b>Total</b>	<b>\$146,000.00</b>	<b>\$933.33</b>	<b>\$146,933.33</b>	<b>\$146,000.00</b>	<b>-</b>	<b>\$28,074.02</b>	<b>\$174,074.02</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/19/2015
Average Life	4.203 Years
Average Coupon	4.5219073%
Weighted Average Maturity (Par Basis)	4.203 Years

#### Refunding Bond Information

Refunding Dated Date	2/19/2015
Refunding Delivery Date	2/19/2015

**Raymond James**

Public Finance

**\$609,100**

Series 2003 C

Wood Creek Water District

### Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/19/2015	-	-	-	-	-	-	-
03/23/2015	251,700.00	1,698.29	253,398.29	-	-	-	-
08/01/2015	-	-	-	-	-	5,878.70	5,878.70
02/01/2016	-	-	-	54,700.00	4.185%	5,878.70	60,578.70
08/01/2016	-	-	-	-	-	4,734.10	4,734.10
02/01/2017	-	-	-	36,000.00	4.310%	4,734.10	40,734.10
08/01/2017	-	-	-	-	-	3,958.30	3,958.30
02/01/2018	-	-	-	36,800.00	4.435%	3,958.30	40,758.30
08/01/2018	-	-	-	-	-	3,142.26	3,142.26
02/01/2019	-	-	-	38,700.00	5.060%	3,142.26	41,842.26
08/01/2019	-	-	-	-	-	2,163.15	2,163.15
02/01/2020	-	-	-	40,800.00	5.060%	2,163.15	42,963.15
08/01/2020	-	-	-	-	-	1,130.91	1,130.91
02/01/2021	-	-	-	42,900.00	5.060%	1,130.91	44,030.91
08/01/2021	-	-	-	-	-	45.54	45.54
02/01/2022	-	-	-	1,800.00	5.060%	45.54	1,845.54
<b>Total</b>	<b>\$251,700.00</b>	<b>\$1,698.29</b>	<b>\$253,398.29</b>	<b>\$251,700.00</b>	<b>-</b>	<b>\$42,105.92</b>	<b>\$293,805.92</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/19/2015
Average Life	3.390 Years
Average Coupon	4.8655010%
Weighted Average Maturity (Par Basis)	3.390 Years

#### Refunding Bond Information

Refunding Dated Date	2/19/2015
Refunding Delivery Date	2/19/2015

**Raymond James**

**\$1,318,000**

Wood Creek Water District

Series 2004 A

## Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/19/2015	-	-	-	-	-	-	-
03/23/2015	892,000.00	5,522.13	897,522.13	-	-	-	-
08/01/2015	-	-	-	-	-	19,115.05	19,115.05
02/01/2016	-	-	-	50,000.00	4.030%	19,115.05	69,115.05
08/01/2016	-	-	-	-	-	18,107.55	18,107.55
02/01/2017	-	-	-	52,000.00	4.030%	18,107.55	70,107.55
08/01/2017	-	-	-	-	-	17,059.75	17,059.75
02/01/2018	-	-	-	56,000.00	4.030%	17,059.75	73,059.75
08/01/2018	-	-	-	-	-	15,931.35	15,931.35
02/01/2019	-	-	-	58,000.00	4.155%	15,931.35	73,931.35
08/01/2019	-	-	-	-	-	14,726.40	14,726.40
02/01/2020	-	-	-	62,000.00	4.155%	14,726.40	76,726.40
08/01/2020	-	-	-	-	-	13,438.35	13,438.35
02/01/2021	-	-	-	66,000.00	4.280%	13,438.35	79,438.35
08/01/2021	-	-	-	-	-	12,025.95	12,025.95
02/01/2022	-	-	-	70,000.00	4.280%	12,025.95	82,025.95
08/01/2022	-	-	-	-	-	10,527.95	10,527.95
02/01/2023	-	-	-	72,000.00	4.405%	10,527.95	82,527.95
08/01/2023	-	-	-	-	-	8,942.15	8,942.15
02/01/2024	-	-	-	76,000.00	4.405%	8,942.15	84,942.15
08/01/2024	-	-	-	-	-	7,268.25	7,268.25
02/01/2025	-	-	-	76,000.00	4.405%	7,268.25	83,268.25
08/01/2025	-	-	-	-	-	5,594.35	5,594.35
02/01/2026	-	-	-	78,000.00	4.405%	5,594.35	83,594.35
08/01/2026	-	-	-	-	-	3,876.40	3,876.40
02/01/2027	-	-	-	58,000.00	4.405%	3,876.40	61,876.40
08/01/2027	-	-	-	-	-	2,598.95	2,598.95
02/01/2028	-	-	-	56,000.00	4.405%	2,598.95	58,598.95
08/01/2028	-	-	-	-	-	1,365.55	1,365.55
02/01/2029	-	-	-	62,000.00	4.405%	1,365.55	63,365.55
<b>Total</b>	<b>\$892,000.00</b>	<b>\$5,522.13</b>	<b>\$897,522.13</b>	<b>\$892,000.00</b>	<b>-</b>	<b>\$301,156.00</b>	<b>\$1,193,156.00</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/19/2015
Average Life	7.708 Years
Average Coupon	4.3523940%
Weighted Average Maturity (Par Basis)	7.708 Years

### Refunding Bond Information

Refunding Dated Date	2/19/2015
Refunding Delivery Date	2/19/2015

**Raymond James**

**\$1,745,000**

Wood Creek Water District  
Series 1998 (ESTIMATED)

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/19/2015							
02/23/2015	1,381,000.00	8,518.23	1,389,518.23				
07/01/2015	-	-	-	-	-	32,798.75	32,798.75
01/01/2016	-	-	-	35,000.00	4.750%	32,798.75	67,798.75
07/01/2016	-	-	-	-	-	31,967.50	31,967.50
01/01/2017	-	-	-	37,000.00	4.750%	31,967.50	68,967.50
07/01/2017	-	-	-	-	-	31,088.75	31,088.75
01/01/2018	-	-	-	38,000.00	4.750%	31,088.75	69,088.75
07/01/2018	-	-	-	-	-	30,186.25	30,186.25
01/01/2019	-	-	-	40,000.00	4.750%	30,186.25	70,186.25
07/01/2019	-	-	-	-	-	29,236.25	29,236.25
01/01/2020	-	-	-	42,000.00	4.750%	29,236.25	71,236.25
07/01/2020	-	-	-	-	-	28,238.75	28,238.75
01/01/2021	-	-	-	44,000.00	4.750%	28,238.75	72,238.75
07/01/2021	-	-	-	-	-	27,193.75	27,193.75
01/01/2022	-	-	-	46,000.00	4.750%	27,193.75	73,193.75
07/01/2022	-	-	-	-	-	26,101.25	26,101.25
01/01/2023	-	-	-	48,000.00	4.750%	26,101.25	74,101.25
07/01/2023	-	-	-	-	-	24,961.25	24,961.25
01/01/2024	-	-	-	50,000.00	4.750%	24,961.25	74,961.25
07/01/2024	-	-	-	-	-	23,773.75	23,773.75
01/01/2025	-	-	-	53,000.00	4.750%	23,773.75	76,773.75
07/01/2025	-	-	-	-	-	22,515.00	22,515.00
01/01/2026	-	-	-	55,000.00	4.750%	22,515.00	77,515.00
07/01/2026	-	-	-	-	-	21,208.75	21,208.75
01/01/2027	-	-	-	57,000.00	4.750%	21,208.75	78,208.75
07/01/2027	-	-	-	-	-	19,855.00	19,855.00
01/01/2028	-	-	-	59,000.00	4.750%	19,855.00	78,855.00
07/01/2028	-	-	-	-	-	18,453.75	18,453.75
01/01/2029	-	-	-	62,000.00	4.750%	18,453.75	80,453.75
07/01/2029	-	-	-	-	-	16,981.25	16,981.25
01/01/2030	-	-	-	65,000.00	4.750%	16,981.25	81,981.25
07/01/2030	-	-	-	-	-	15,437.50	15,437.50
01/01/2031	-	-	-	68,000.00	4.750%	15,437.50	83,437.50
07/01/2031	-	-	-	-	-	13,822.50	13,822.50
01/01/2032	-	-	-	72,000.00	4.750%	13,822.50	85,822.50
07/01/2032	-	-	-	-	-	12,112.50	12,112.50
01/01/2033	-	-	-	75,000.00	4.750%	12,112.50	87,112.50
07/01/2033	-	-	-	-	-	10,331.25	10,331.25
01/01/2034	-	-	-	79,000.00	4.750%	10,331.25	89,331.25
07/01/2034	-	-	-	-	-	8,455.00	8,455.00
01/01/2035	-	-	-	83,000.00	4.750%	8,455.00	91,455.00
07/01/2035	-	-	-	-	-	6,483.75	6,483.75
01/01/2036	-	-	-	87,000.00	4.750%	6,483.75	93,483.75
07/01/2036	-	-	-	-	-	4,417.50	4,417.50
01/01/2037	-	-	-	91,000.00	4.750%	4,417.50	95,417.50
07/01/2037	-	-	-	-	-	2,256.25	2,256.25
01/01/2038	-	-	-	95,000.00	4.750%	2,256.25	97,256.25
<b>Total</b>	<b>\$1,381,000.00</b>	<b>\$8,518.23</b>	<b>\$1,389,518.23</b>	<b>\$1,381,000.00</b>	<b>-</b>	<b>\$915,752.50</b>	<b>\$2,296,752.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	2/19/2015
Average Life	13.827 Years
Average Coupon	4.7500000%
Weighted Average Maturity (Par Basis)	13.827 Years

**Refunding Bond Information**

Refunding Dated Date	2/19/2015
Refunding Delivery Date	2/19/2015

**Raymond James**



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**ASSISTANCE AGREEMENT**  
**BETWEEN**  
**KENTUCKY RURAL WATER FINANCE CORPORATION**  
**AND**  
**WOOD CREEK WATER DISTRICT**  
**DATED**  
**FEBRUARY 19, 2015**  
**IN THE AMOUNT OF \$1,515,000**

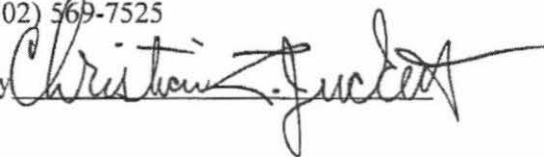
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This document was prepared by:

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By



## TABLE OF CONTENTS TO ASSISTANCE AGREEMENT

Section 1.	Definitions.....	3
Section 2.	Reaffirmation of Declaration of Waterworks System. ....	9
Section 3.	Authorization of Obligations; Place of Payment; Manner of Execution. ....	9
Section 4.	Redemption.....	10
Section 5.	Obligations Payable Out of Gross Revenues on a Parity with Prior Bonds. ....	10
Section 6.	Compliance with Parity Coverage Requirements of the Prior Bond Legislation. ....	11
Section 7.	Flow of Funds. ....	11
Section 8.	Disposition of Proceeds of the Obligations; Governmental Agency Account. ....	12
Section 9.	Arbitrage Limitations.....	14
Section 10.	Parity Bonds.....	16
Section 11.	Rates and Charges for Services of the System.....	18
Section 12.	All Obligations of this Issue Are Equal. ....	19
Section 13.	Defeasance and/or Refunding of Obligations. ....	19
Section 14.	Contractual Nature of Assistance Agreement.....	19
Section 15.	Appointment and Duties of Trustee.....	19
Section 16.	Provisions in Conflict Repealed.....	20
Section 17.	Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. ....	21
Section 18.	Insurance. ....	21
Section 19.	Event of Default; Remedies. ....	22
Section 20.	Annual Reports. ....	23
Section 21.	Supplemental Assistance Agreement.....	23
Section 22.	No Remedy Exclusive.....	24
Section 23.	Waivers. ....	24
Section 24.	Agreement to Pay Attorneys' Fees and Expenses.....	24
Section 25.	Signatures of Officers. ....	24
Section 26.	Severability Clause. ....	24

## ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of February 19, 2015 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Wood Creek Water District, 1676 Daniel Boone Parkway East, London, Kentucky 40741 (the "Governmental Agency"):

### WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program) (the "Bonds") pursuant to a Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to assistance agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B (the "Series 2015B Bonds") in the aggregate principal amount of \$11,710,000, pursuant to a Supplemental Trust Indenture No. 60, dated as of February 19, 2015 by and between the Issuer and the Trustee, which Series 2015B Bonds will rank on a parity with the Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental entities and the Issuer; and

WHEREAS, the Governmental Agency has outstanding the following bonds (collectively the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"):

1. Wood Creek Water District Waterworks Revenue Bonds of 1980, dated December 29, 1980, in the original authorized principal amount of \$61,000.
2. Wood Creek Water District Waterworks Revenue Bonds of 1992, dated February 19, 1992, in the original authorized principal amount of \$114,000.
3. Wood Creek Water District Waterworks Revenue Bonds, Series 1996, dated July 21, 1998, in the original authorized principal amount of \$1,502,000.

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to refund the Refunded Bonds (the "Project"), in order to effect substantial debt service savings, and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency's outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$1,515,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

WHEREAS, the Issuer and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the financing of the Project subject to the repayment of the Loan and the Obligations and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

**Section 1. Definitions.**

As used in this Assistance Agreement, unless the context requires otherwise:

"*Act*" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"*Assistance Agreement*" refers to this Assistance Agreement authorizing the Loan and the Obligations.

"*Bond Counsel*" refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

"*Bond Legislation of 1980*" or "*1980 Bond Legislation*" refer to the Resolution authorizing the Series 1980 Bonds, duly adopted by the Governing Body on November 10, 1980.

"*Bond Legislation of 1992*" or "*1992 Bond Legislation*" refer to the Resolution authorizing the Series 1992 Bonds, duly adopted by the Governing Body on February 3, 1992.

"*Bond Legislation of 1996*" or "*1996 Bond Legislation*" refer to the Resolution authorizing the Series 1996 Bonds, duly adopted by the Governing Body on July 8, 1996.

"*Bond Legislation of 1998*" or "*1998 Bond Legislation*" refer to the Resolution authorizing the Series 1998 Bonds, duly adopted by the Governing Body on September 14, 1998.

"*Bond Legislation of 2005*" or "*2005 Bond Legislation*" refer to the Resolution authorizing the Series 2005 Bonds, duly adopted by the Governing Body on November 14, 2005.

"*Bondowner*", "*Owner*", "*Bondholder*" means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

"*Bonds*" refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

"*Certified Public Accountants*" refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

"*Code*" refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

"*Compliance Group*" refers to the Compliance Group identified and defined in the Indenture.

"*Depreciation Fund*" refers to the Wood Creek Water District Waterworks Revenue Bond Depreciation Reserve Fund, described in Section 401(E) of the Bond Legislation of 1998, which will be maintained for the benefit of the System.

"*Engineer*" or "*Independent Consulting Engineer*" refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

"*Fiscal Year*" refers to the annual accounting period of the Governmental Agency, beginning on January 1, and ending on December 31, of each year.

"*Funds*" refers to the Revenue Fund, the Sinking Fund, the Operation and Maintenance Fund, the Depreciation Fund, the Reserve Fund and the Governmental Agency Account.

"*Governing Body*" means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

"*Governmental Agency*" refers to the Wood Creek Water District, 1676 Daniel Boone Parkway East, London, Kentucky 40741.

"*Governmental Agency Chief Executive*" refers to the Chairman of the Governmental Agency.

"*Governmental Agency Clerk*" refers to the Secretary of the Governing Body.

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 60, dated February 19, 2015, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1<sup>st</sup> day of each month, commencing April 1, 2015 and continuing through and including January 1, 2038 or until the Loan has been paid in full.

"*Issuer*" refers to the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky.

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$1,515,000, maturing January 1, 2038.

"*Operation and Maintenance Fund*" refers to the Wood Creek Water District Waterworks Operation and Maintenance Fund described in Section 401(E) of the Bond Legislation of 1998, which will be maintained for the benefit of the System.

"*Outstanding Bonds*" refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds that have been defeased.

"*Parity Bonds*" means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

"*Permitted Investments*" refers to investments of funds on deposit in the various funds created herein and includes:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in the Commonwealth of Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- i. United States Treasury;
- ii. Export-Import Bank of the United States;
- iii. Farmers Home Administration;
- iv. Government National Mortgage Corporation; and
- v. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

- i. Federal Home Loan Mortgage Corporation;
- ii. Federal Farm Credit Banks;
- iii. Bank for Cooperatives;
- iv. Federal Intermediate Credit Banks;
- v. Federal Land Banks;
- vi. Federal Home Loan Banks;
- vii. Federal National Mortgage Association; and
- viii. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);



(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated on one (1) of the three (3) highest categories by a nationally recognized rating agency;

(f) Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

(g) Commercial paper rated in the highest category by a nationally recognized rating agency;

(h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

(j) Shares of mutual funds, each of which shall have the following characteristics:

- i. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
- ii. The management company of the investment company shall have been in operation for at least five (5) years; and
- iii. All of the securities in the mutual fund shall be eligible investments under this section.

Investments in the above instruments are subject to the following conditions and limitations:

(a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by subsection (e), (f), (g), and (i) of this definition shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and

(b) No local government or political subdivision shall purchase any investment authorized herein on a margin basis or through the use of any similar leveraging technique.

"*Prior Bond Legislation*" refers collectively to the 1998 Bond Legislation, 2005 Bond Resolution, Series 2003A Assistance Agreement, Series 2003C Assistance Agreement, Series 2004B Assistance Agreement, the Series 2005B Assistance Agreement and the Series 2007A Assistance Agreement.

"*Prior Bonds*" refers to the Series 1998 Bonds, Series 2005 Bonds, Series 2003A Loan, the Series 2003C Loan, the Series 2004B Loan, the Series 2005B Loan and the Series 2007A Loan.



"*Program*" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvement of public projects for governmental entities.

"*Program Administrator*" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"*Program Reserve Fund*" refers to the Program Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"*Project*" refers to financing the cost to currently refund the Refunded Bonds, with the proceeds of the Obligations.

"*Refunded Bonds*" refers to the outstanding Series 1980 Bonds, Series 1992 Bonds and Series 1996 Bonds.

"*Reserve Fund*" refers to the Wood Creek Water District Waterworks Debt Service Reserve Fund of 1998, described in Section 401(C) of the Bond Legislation of 1998, which will be maintained for the benefit of the System.

"*Revenue Fund*" refers to the Wood Creek Water District Water Revenue Fund, described in Section 401(A) of the Bond Legislation of 1998, which will be maintained for the benefit of the System.

"*Series 1980 Bonds*" refers to the outstanding Wood Creek Water District Waterworks Revenue Bonds of 1980, dated December 29, 1980, in the original authorized principal amount of \$61,000.

"*Series 1992 Bonds*" refer to the outstanding Wood Creek Water District Waterworks Revenue Bonds of 1992, dated February 19, 1992, in the original authorized principal amount of \$114,000.

"*Series 1996 Bonds*" refer to the outstanding Wood Creek Water District Waterworks Revenue Bonds, Series 1996, dated July 21, 1998, in the original authorized principal amount of \$1,711,000.

"*Series 1998 Bonds*" refers to the outstanding Wood Creek Water District Waterworks Refunding Revenue Bonds, Series 1998, dated September 1, 1998, in the original authorized principal amount of \$665,000.

"*Series 2003A Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated March 25, 2003, authorizing the loan in the principal amount of \$299,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2003A.

"*Series 2003A Loan*" refers to the loan to the Governmental Agency in the principal amount of \$299,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2003A.

"*Series 2003C Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 29, 2003, authorizing the loan in the principal amount of \$1,345,400 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2003C .

"*Series 2003C Loan*" refers to the loan to the Governmental Agency in the principal amount of \$1,345,400 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2003C.

"*Series 2004B Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2004, authorizing the loan in the principal amount of \$1,318,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B.

"*Series 2004B Loan*" refers to the loan to the Governmental Agency in the principal amount of \$1,318,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B.

"*Series 2005 Bonds*" refer to the outstanding Wood Creek Water District Waterworks Revenue Bonds, Series 2005, dated August 22, 2007, in the original authorized principal amount of \$7,975,000, consisting of \$7,250,000 of Series A Bonds and \$725,000 of Series B Bonds.

"*Series 2005B Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2005, authorizing the loan in the principal amount of \$3,594,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B.

"*Series 2005B Loan*" refers to the loan to the Governmental Agency in the principal amount of \$3,594,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B.

"*Series 2007A Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated January 30, 2007, authorizing the loan in the principal amount of \$2,086,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2007A.

"*Series 2007A Loan*" refers to the loan to the Governmental Agency in the principal amount of \$2,086,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2007A.

"*Sinking Fund*" refers to the Wood Creek Water District Waterworks Revenue Bond Sinking Fund, described in Section 401(B) of the Bond Legislation of 1998, which will be maintained for the benefit of the System.

"*System*" refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

"*Treasurer*" refers to the Treasurer of the Governing Body.

"*Trustee*" refers to Regions Bank, Nashville, Tennessee.

"*U.S. Obligations*" refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

## **Section 2. Reaffirmation of Declaration of Waterworks System.**

That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

## **Section 3. Authorization of Obligations; Place of Payment; Manner of Execution.**

That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$1,515,000 from the Program, for the purpose of providing funds for the Project.

Said Obligations shall mature in such principal amounts, and shall bear interest as set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the

Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Sinking Fund, the amounts set forth as sinking fund payments on Exhibit A attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on Exhibit A attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

#### **Section 4. Redemption.**

(a) *Optional Redemption.* The Obligations maturing on and prior to January 1, 2025 shall not be subject to optional redemption prior to maturity. Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after January 1, 2026, are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturities, at any time falling on or after January 1, 2025, at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

#### **Section 5. Obligations Payable Out of Gross Revenues on a Parity with Prior Bonds.**

All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions

hereinafter set forth, shall be payable out of the Sinking Fund as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the gross income and revenues of the System of said Governmental Agency pledged to said fund.

**Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation.**

It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

**Section 7. Flow of Funds.**

All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

**A. Revenue Fund.** The Governmental Agency covenants and agrees that it will continue to deposit into the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

**B. Sinking Fund.** A separate and special fund or account of the Governmental Agency, distinct and apart from all other funds and accounts, was created in and by the Prior Bond Resolution and designated and identified as the "Wood Creek Water District Waterworks Revenue Bond Sinking Fund," which shall continue to be maintained so long as any of the Outstanding Bonds or any additional Parity Bonds herein permitted to be issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the Outstanding Bonds and any Parity Bonds hereafter issued and outstanding pursuant to the provisions of this Assistance Agreement.



There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Sinking Fund Sums sufficient to pay when due the principal and interest requirements on the Outstanding Bonds. Specifically, there shall be paid into the Sinking Fund on or before the 20th day of each month, on account of the Outstanding Bonds, not less than the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on the Outstanding Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of the Outstanding Bonds maturing on the next succeeding payment date.

Said Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Outstanding Bonds.

In the event additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Sinking Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need to be made into the Sinking Fund if and when the amount held therein and in any other available fund is at least equal to the amount required to retire all Outstanding Bonds and Parity Bonds and paying all interest that will accrue thereon.

**C. Reserve Fund.** Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Reserve Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Reserve Fund.

**D. Depreciation Fund.** Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments

of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

**E. Operation and Maintenance Fund.** There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

**F. Surplus Funds.** Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Reserve Fund or the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any Depreciation Funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

**Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account.**

Upon (i) the execution of this Assistance Agreement, (ii) the delivery of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Wood Creek Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and such amount on deposit in said Governmental Agency Account shall be transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds:

(1) To pay the accrued interest on the Refunded Bonds to and including February 23, 2015; and

(2) To redeem on February 23, 2015 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project as approved by the Governmental Agency.

After completion of the Project, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

#### **Section 9. Arbitrage Limitations.**

(a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."



(b) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

#### **Section 10. Parity Bonds.**

The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

(a) The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided:

(1) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(2) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(3) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by

an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, including such requirements of the Obligations, any Parity Bonds then outstanding plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(4) The "annual net revenues" referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(i) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(ii) any increase in the "annual net revenues" to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(5) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the "RD"] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

(b) The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(c) The Governmental Agency reserves the right to issue parity bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(1) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year

thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(2) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed refunding Parity Bonds, in any year of maturities thereof after the redemption of the Bonds scheduled to be refunded through the issuance of such proposed refunding Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption of the Bonds to be refunded.

### **Section 11. Rates and Charges for Services of the System.**

While the Obligations remain outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all such Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of annual net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by

an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

**Section 12. All Obligations of this Issue Are Equal.**

The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

**Section 13. Defeasance and/or Refunding of Obligations.**

The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such U.S. Obligations shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

**Section 14. Contractual Nature of Assistance Agreement.**

The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

**Section 15. Appointment and Duties of Trustee.**



The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

#### **Section 16. Provisions in Conflict Repealed.**

All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

**Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986.**

In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

**Section 18. Insurance.**

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended

coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

#### **Section 19. Event of Default; Remedies.**

The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable;

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or



(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

#### **Section 20. Annual Reports.**

The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2013) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 180 days after the end of each fiscal year.

#### **Section 21. Supplemental Assistance Agreement.**

The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the

Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;

(e) to effect the issuance of additional Parity Bonds; and/or

(f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

**Section 22. No Remedy Exclusive.**

No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

**Section 23. Waivers.**

In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

**Section 24. Agreement to Pay Attorneys' Fees and Expenses.**

In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

**Section 25. Signatures of Officers.**

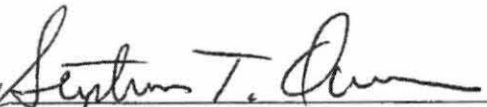
If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

**Section 26. Severability Clause.**

If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Wood Creek Water District has caused this Assistance Agreement to be signed in corporate name and by its officers thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By   
President

Attest:

By \_\_\_\_\_  
Secretary/Treasurer

WOOD CREEK WATER DISTRICT

By \_\_\_\_\_  
Chairman

Attest:


By \_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Wood Creek Water District has caused this Assistance Agreement to be signed in corporate name and by its officers thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By \_\_\_\_\_  
President

Attest:

By   
Secretary/Treasurer

WOOD CREEK WATER DISTRICT

By \_\_\_\_\_  
Chairman

Attest:

By \_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Wood Creek Water District has caused this Assistance Agreement to be signed in corporate name and by its officers thereunder duly authorized, all as of the day and year first above written.


KENTUCKY RURAL WATER FINANCE CORPORATION

By \_\_\_\_\_  
President

Attest:

By \_\_\_\_\_  
Secretary/Treasurer

WOOD CREEK WATER DISTRICT

By  \_\_\_\_\_  
Chairman

Attest:

By  \_\_\_\_\_  
Secretary

**EXHIBIT A**

**Debt Service Schedule**

**KRWFC Flexible Term Program Series 2015 B**  
**Sinking Fund Payment Schedule**

**Borrower:** Wood Creek Water District  
**Closing Date:** 02/19/15

	<b>Monthly Principal</b>	<b>Monthly Interest</b>	<b>Total Monthly Sinking Fund Payments</b>
4/15-7/15	19,000.00	9,014.06	28,014.06
8/15-1/16	19,000.00	6,677.08	25,677.08
2/16-7/16	14,583.33	6,320.83	20,904.17
8/16-1/17	14,583.33	6,320.83	20,904.17
2/17-7/17	15,000.00	5,992.71	20,992.71
8/17-1/18	15,000.00	5,992.71	20,992.71
2/18-7/18	15,416.67	5,655.21	21,071.88
8/18-1/19	15,416.67	5,655.21	21,071.88
2/19-7/19	15,833.33	5,308.33	21,141.67
8/19-1/20	15,833.33	5,308.33	21,141.67
2/20-7/20	15,833.33	4,952.08	20,785.42
8/20-1/21	15,833.33	4,952.08	20,785.42
2/21-7/21	12,916.67	4,595.83	17,512.50
8/21-1/22	12,916.67	4,595.83	17,512.50
2/22-7/22	10,833.33	4,176.04	15,009.38
8/22-1/23	10,833.33	4,176.04	15,009.38
2/23-7/23	11,250.00	3,823.96	15,073.96
8/23-1/24	11,250.00	3,823.96	15,073.96
2/24-7/24	11,250.00	3,458.33	14,708.33
8/24-1/25	11,250.00	3,458.33	14,708.33
2/25-7/25	11,666.67	3,092.71	14,759.38
8/25-1/26	11,666.67	3,092.71	14,759.38
2/26-7/26	10,000.00	2,713.54	12,713.54
8/26-1/27	10,000.00	2,713.54	12,713.54
2/27-7/27	9,583.33	2,388.54	11,971.88
8/27-1/28	9,583.33	2,388.54	11,971.88
2/28-7/28	10,416.67	2,077.08	12,493.75
8/28-1/29	10,416.67	2,077.08	12,493.75
2/29-7/29	5,416.67	1,738.54	7,155.21
8/29-1/30	5,416.67	1,738.54	7,155.21
2/30-7/30	5,416.67	1,562.50	6,979.17
8/30-2/31	5,416.67	1,562.50	6,979.17
2/31-7/31	5,833.33	1,386.46	7,219.79
8/31-1/32	5,833.33	1,386.46	7,219.79
2/32-7/32	5,416.67	1,196.88	6,613.54
8/32-1/33	5,416.67	1,196.88	6,613.54
2/33-7/33	5,416.67	1,014.06	6,430.73
8/33-1/34	5,416.67	1,014.06	6,430.73
2/34-7/34	5,833.33	831.25	6,664.58
8/34-1/35	5,833.33	831.25	6,664.58
2/35-7/35	5,833.33	627.08	6,460.42
8/35-1/36	5,833.33	627.08	6,460.42
2/36-7/36	5,833.33	422.92	6,256.25
8/36-1/37	5,833.33	422.92	6,256.25
2/37-7/37	6,250.00	218.75	6,468.75
8/37-1/38	6,250.00	218.75	6,468.75
	-	-	-
	-	-	-
	2,780,000.00	838,762.51	3,618,762.51

# Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

December 16, 2014

RECEIVED

DEC 17 2014

PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Re: Wood Creek Water District PSC Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Wood Creek Water District for an Order authorizing the District to issue securities pursuant to KRS 278.300.

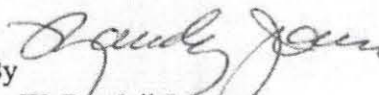
This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the District held by USDA, Rural Development.

**Please be advised that the District is requesting the Commission to expedite this Application and issue the approving Order on or before January 29, 2015 due to the fact that an upward shift in the current interest rate market could negate any interest cost savings to the District.**

Thank you for your assistance and if you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jlm  
Enclosures

cc: Mr. Dewayne Lewis, Wood Creek Water District  
Ms. Kristen Millard, Raymond James and Associates

PSC  
Exhibit 3



RECEIVED

DEC 17 2014

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF WOOD CREEK )
WATER DISTRICT TO ISSUE SECURITIES IN )
THE APPROXIMATE PRINCIPAL AMOUNT OF )
\$1,485,000 FOR THE PURPOSE OF REFUNDING ) CASE NO. 2014 - \_\_\_\_\_
CERTAIN OUTSTANDING REVENUE BONDS OF )
THE DISTRICT PURSUANT TO THE PROVISIONS )
OF KRS 278.300 AND 807 KAR 5:001 )

\*\* \*\*\* \*\*\*\* \*\*\*\*\* \*\*

APPLICATION

The Applicant, Wood Creek Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal amount of \$1,485,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks revenue bonds of the District. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Laurel County, which Order is on file in the County Court Order Books in the office of the Clerk of Laurel County, Kentucky. The District is now, and has been since its inception, regulated by the Commission, and

all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Wood Creek Water District  
c/o Mr. Dewayne Lewis, Manager - [dewaynelewis@woodcreekwater.org](mailto:dewaynelewis@woodcreekwater.org)  
P.O. Box 726  
London, Kentucky 40743  
Telephone: (606) 878-9420  
[www.woodcreekwaterdistrict.com](http://www.woodcreekwaterdistrict.com)

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2013 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$1,485,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Wood Creek Water District Waterworks Revenue Bonds of 1992, dated February 19, 1992, in the original principal amount of \$114,000, bearing interest at the rate of 5.00% per annum (the "1992 Bonds"); and (ii) Wood Creek Water District Waterworks Revenue Bonds, Series 1996, dated July 21, 1998, in the original principal amount of \$1,711,000, bearing interest at the rate of 4.75% per annum (the "1996 Bonds") (hereinafter, the 1992 Bonds and the 1996 Bonds shall be collectively referred to as the "Prior

Bonds”). The Prior Bonds are held by the U.S. Department of Agriculture, acting through Rural Development.

6. The estimated debt service for the KRWFC Loan is shown in **Exhibit A** which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the KRWFC Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The KRWFC Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

8. The Sources and Uses of Funds to be obtained from the issuance of the KRWFC Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will result in a net present value cashflow savings of approximately \$184,509.76. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the KRWFC Loan will be adjusted based upon final interest rates which will be known on or about the date of sale of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any debt service savings.

11. The Debt Service Schedule of the outstanding Prior Bonds being refunded is set forth in **Exhibit D**.

12. The District represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing substantial debt service savings. This is a lawful object within the corporate purposes of the District's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

13. The District represents that it will, as soon as reasonably possible after the closing of the KRWFC Loan, file with the Commission a statement setting forth the date of issuance of the KRWFC Loan, the price paid, the fees and expenses incurred in the issuance of the KRWFC Loan, and the terms and interest rates of the KRWFC Loan.

14. The detailed Statement of Revenues, Expenses and Changes in Net Position, Statement of Net Position and Statement of Cash Flows for the twelve month period ending on December 31, 2013 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

15. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; the District hereby responds as follows:

- (i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District's financial condition have occurred since the end of the twelve (12) month period contained in the District's most recent annual report on file with the Commission.

- (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
  - (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.
  - (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2013 Annual Report on file with this Commission.
  - (v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays on dividends.
  - (vi) Section 12(2)(i) Financial Statements: See paragraph #14 above.
16. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:
- (i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.
  - (ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2013 Annual Report on file with this Commission.
  - (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed KRWFC Loan is contained in this Application. The KRWFC Loan will be secured by and payable from the gross revenues of the District's water system.

- (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refund the outstanding Prior Bonds.
- (v) Section 18(1)(e): No property is being acquired with the proceeds of the KRWFC Loan.
- (vi) Section 18(1)(f): The details of the refunding of the Prior Bonds are contained in this Application and the Exhibits hereto.
- (vii) Section 18(1)(g): Written notification of the proposed issuance of the KRWFC Loan is being provided to the State Local Debt Officer.
- (viii) Section 18(2)(a): See paragraph #15 above.
- (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.
- (x) Section 18(2)(c): No property is being acquired with the proceeds of the KRWFC Loan.

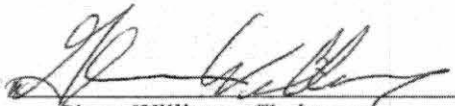
17. No rate adjustment will be necessary.

**WHEREFORE**, the District respectfully requests that the Commission take the following actions:

1. Authorize the issuance of the securities requested in the Application;
2. Due to the volatility of the present bond market and in order to achieve substantial interest cost savings to the District by taking full advantage of current low interest rates, the District requests that the Commission issued its Order on or before **January 29, 2015**; and
3. Process this Application without a formal hearing in order to save time and expense.

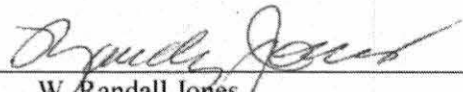
The District will promptly respond to any information requests by the Commission's staff.

Wood Creek Water District

By 

Glenn Williams, Chairman  
P.O. Box 726  
London, Kentucky 40743  
Phone: (606) 878-9420  
Fax: (606) 878-9425  
Email: [dewaynelewis@woodcreekwater.org](mailto:dewaynelewis@woodcreekwater.org)

Rubin & Hays

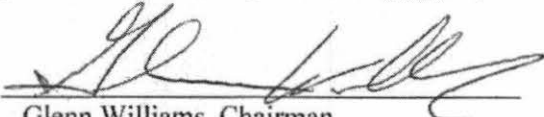
By 

W. Randall Jones  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
Phone: (502) 569-7525  
Fax: (502) 569-7555  
Counsel for Wood Creek Water District  
[wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)

STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF LAUREL            )

The affiant, Glenn Williams, being first duly sworn, states: That he is the Chairman of the Wood Creek Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 12 day of December, 2014.

  
\_\_\_\_\_  
Glenn Williams, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Glenn Williams, Chairman of the Wood Creek Water District, on this the 12 day of December, 2014.

My Commission expires: 10-20-2015.

  
\_\_\_\_\_  
NOTARY PUBLIC



Preliminary

**\$1,485,000**

Wood Creek Water District  
 Kentucky Rural Water Finance Corporation  
 Flexible Term Finance Program

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/20/2015	-	-	-	-	-
08/01/2015	-	-	28,370.13	28,370.13	-
12/31/2015	-	-	-	-	28,370.13
02/01/2016	45,000.00	3.500%	25,736.25	71,736.25	-
08/01/2016	-	-	25,948.75	25,948.75	-
12/31/2016	-	-	-	-	97,665.00
02/01/2017	50,000.00	2.650%	25,948.75	75,948.75	-
08/01/2017	-	-	25,286.25	25,286.25	-
12/31/2017	-	-	-	-	101,235.00
02/01/2018	50,000.00	2.700%	25,286.25	75,286.25	-
08/01/2018	-	-	24,611.25	24,611.25	-
12/31/2018	-	-	-	-	99,897.50
02/01/2019	50,000.00	2.700%	24,611.25	74,611.25	-
08/01/2019	-	-	23,936.25	23,936.25	-
12/31/2019	-	-	-	-	98,547.50
02/01/2020	55,000.00	3.000%	23,936.25	78,936.25	-
08/01/2020	-	-	23,111.25	23,111.25	-
12/31/2020	-	-	-	-	102,047.50
02/01/2021	50,000.00	3.850%	23,111.25	73,111.25	-
08/01/2021	-	-	22,148.75	22,148.75	-
12/31/2021	-	-	-	-	95,260.00
02/01/2022	55,000.00	3.800%	22,148.75	77,148.75	-
08/01/2022	-	-	21,103.75	21,103.75	-
12/31/2022	-	-	-	-	98,252.50
02/01/2023	55,000.00	3.700%	21,103.75	76,103.75	-
08/01/2023	-	-	20,086.25	20,086.25	-
12/31/2023	-	-	-	-	96,190.00
02/01/2024	55,000.00	3.600%	20,086.25	75,086.25	-
08/01/2024	-	-	19,096.25	19,096.25	-
12/31/2024	-	-	-	-	94,192.50
02/01/2025	60,000.00	3.600%	19,096.25	79,096.25	-
08/01/2025	-	-	18,016.25	18,016.25	-
12/31/2025	-	-	-	-	97,112.50
02/01/2026	60,000.00	3.600%	18,016.25	78,016.25	-
08/01/2026	-	-	16,936.25	16,936.25	-
12/31/2026	-	-	-	-	94,952.50
02/01/2027	65,000.00	3.650%	16,936.25	81,936.25	-
08/01/2027	-	-	15,750.00	15,750.00	-
12/31/2027	-	-	-	-	97,686.25
02/01/2028	65,000.00	3.650%	15,750.00	80,750.00	-
08/01/2028	-	-	14,563.75	14,563.75	-
12/31/2028	-	-	-	-	95,217.75
02/01/2029	70,000.00	3.550%	14,563.75	84,563.75	-
08/01/2029	-	-	13,321.25	13,321.25	-
12/31/2029	-	-	-	-	97,885.00
02/01/2030	70,000.00	3.500%	13,321.25	83,321.25	-
08/01/2030	-	-	12,096.25	12,096.25	-
12/31/2030	-	-	-	-	95,417.50
02/01/2031	75,000.00	3.650%	12,096.25	87,096.25	-
08/01/2031	-	-	10,727.50	10,727.50	-
12/31/2031	-	-	-	-	97,823.75
02/01/2032	75,000.00	3.850%	10,727.50	85,727.50	-
08/01/2032	-	-	9,358.75	9,358.75	-
12/31/2032	-	-	-	-	95,086.25
02/01/2033	70,000.00	3.700%	9,358.75	79,358.75	-
08/01/2033	-	-	8,063.75	8,063.75	-
12/31/2033	-	-	-	-	87,422.50
02/01/2034	75,000.00	3.850%	8,063.75	83,063.75	-
08/01/2034	-	-	6,620.00	6,620.00	-
12/31/2034	-	-	-	-	81,683.75
02/01/2035	80,000.00	3.850%	6,620.00	86,620.00	-
08/01/2035	-	-	5,080.00	5,080.00	-
12/31/2035	-	-	-	-	91,700.00
02/01/2036	80,000.00	3.950%	5,080.00	85,080.00	-
08/01/2036	-	-	3,500.00	3,500.00	-
12/31/2036	-	-	-	-	86,580.00
02/01/2037	85,000.00	4.000%	3,500.00	88,500.00	-
08/01/2037	-	-	1,800.00	1,800.00	-
12/31/2037	-	-	-	-	90,300.00
02/01/2038	90,000.00	4.000%	1,800.00	91,800.00	-
12/31/2038	-	-	-	-	91,800.00
<b>Total</b>	<b>\$1,485,000.00</b>	-	<b>\$757,431.38</b>	<b>\$2,222,431.38</b>	-

**Yield Statistics**

Bond Year Dollars	\$19,730.38
Average Life	13.286 Years
Average Coupon	3.73754375%
Net Interest Cost (NIC)	3.7853352%
True Interest Cost (TIC)	3.7980647%
Bond Yield for Arbitrage Purposes	3.7144890%
All Inclusive Cost (AIC)	3.9872263%
<b>IRS Form 8038</b>	
Net Interest Cost	3.6940567%
Weighted Average Maturity	13.151 Years

**Raymond James**

Preliminary

**\$1,485,000**

Wood Creek Water District

Kentucky Rural Water Finance Corporation

Flexible Term Finance Program

## Sources & Uses

Dated 01/20/2015 | Delivered 01/20/2015

### Sources Of Funds

Par Amount of Bonds	\$1,485,000.00
Reoffering Premium	10,753.35

<b>Total Sources</b>	<b>\$1,495,753.35</b>
----------------------	-----------------------

### Uses Of Funds

Total Underwriter's Discount (1.500%)	22,275.00
Costs of Issuance	27,275.00
Deposit to Current Refunding Fund	1,442,419.10
Rounding Amount	3,784.25

<b>Total Uses</b>	<b>\$1,495,753.35</b>
-------------------	-----------------------

Preliminary

**\$1,485,000**

Wood Creek Water District  
Kentucky Rural Water Finance Corporation  
Flexible Term Finance Program

## Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2015	28,370.13	28,370.13	34,286.25	5,916.12
12/31/2016	97,685.00	97,685.00	106,541.25	8,856.25
12/31/2017	101,235.00	101,235.00	106,826.25	5,591.25
12/31/2018	99,897.50	99,897.50	105,932.50	6,035.00
12/31/2019	98,547.50	98,547.50	106,060.00	7,512.50
12/31/2020	102,047.50	102,047.50	106,570.00	4,522.50
12/31/2021	95,260.00	95,260.00	102,952.50	7,692.50
12/31/2022	98,252.50	98,252.50	103,017.50	4,765.00
12/31/2023	96,190.00	96,190.00	102,777.50	6,587.50
12/31/2024	94,182.50	94,182.50	102,632.50	8,450.00
12/31/2025	97,112.50	97,112.50	103,158.75	6,046.25
12/31/2026	94,952.50	94,952.50	102,756.25	7,803.75
12/31/2027	97,686.25	97,686.25	103,122.50	5,436.25
12/31/2028	95,313.75	95,313.75	102,555.00	7,241.25
12/31/2029	97,885.00	97,885.00	102,653.75	4,768.75
12/31/2030	95,417.50	95,417.50	102,697.50	7,280.00
12/31/2031	97,823.75	97,823.75	102,583.75	4,760.00
12/31/2032	95,086.25	95,086.25	103,288.75	8,202.50
12/31/2033	87,422.50	87,422.50	96,182.50	8,760.00
12/31/2034	89,683.75	89,683.75	96,572.50	6,888.75
12/31/2035	91,700.00	91,700.00	96,772.50	5,072.50
12/31/2036	88,580.00	88,580.00	96,782.50	8,202.50
12/31/2037	90,300.00	90,300.00	96,602.50	6,302.50
12/31/2038	91,800.00	91,800.00	96,232.50	4,432.50
<b>Total</b>	<b>\$2,222,431.38</b>	<b>\$2,222,431.38</b>	<b>\$2,379,557.50</b>	<b>\$157,126.12</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	157,126.12
Gross PV Debt Service Savings	106,096.20
Net PV Cashflow Savings @ 3.987%(AIC)	106,096.20
Contingency or Rounding Amount	3,744.62
Net Present Value Benefit	\$109,840.82
Net PV Benefit / \$1,438,800 Refunded Principal	7.634%
Net Future Value Benefit	\$160,870.74
Net PV Benefit / \$1,485,000 Refunding Principal	7.397%
Average Annual Cash Flow Savings	6,546.92

### Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

**Raymond James**

Public Finance

Preliminary

**\$61,000**

Wood Creek Water District

Series 1980

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	387.50	387.50
12/31/2016	3,000.00	-	700.00	3,700.00
12/31/2017	3,000.00	-	550.00	3,550.00
12/31/2018	3,000.00	-	400.00	3,400.00
12/31/2019	3,000.00	-	250.00	3,250.00
12/31/2020	3,500.00	5.000%	87.50	3,587.50
<b>Total</b>	<b>\$15,500.00</b>	-	<b>\$2,375.00</b>	<b>\$17,875.00</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	3.012 Years
Average Coupon	5.000000%
Weighted Average Maturity (Par Basis)	3.012 Years

### Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Preliminary

**\$114,000**

Wood Creek Water District

Series 1992

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	1,907.50	1,907.50
12/31/2016	2,900.00	-	3,742.50	6,642.50
12/31/2017	3,100.00	-	3,592.50	6,692.50
12/31/2018	3,200.00	-	3,435.00	6,635.00
12/31/2019	3,400.00	-	3,270.00	6,670.00
12/31/2020	3,600.00	-	3,095.00	6,695.00
12/31/2021	3,700.00	-	2,912.50	6,612.50
12/31/2022	4,000.00	-	2,720.00	6,720.00
12/31/2023	4,100.00	-	2,517.50	6,617.50
12/31/2024	4,400.00	-	2,305.00	6,705.00
12/31/2025	4,500.00	-	2,082.50	6,582.50
12/31/2026	4,800.00	-	1,850.00	6,650.00
12/31/2027	5,000.00	-	1,605.00	6,605.00
12/31/2028	5,400.00	-	1,345.00	6,745.00
12/31/2029	5,600.00	-	1,070.00	6,670.00
12/31/2030	5,900.00	-	782.50	6,682.50
12/31/2031	6,200.00	-	480.00	6,680.00
12/31/2032	6,500.00	5.000%	162.50	6,662.50
Total	\$76,300.00	-	\$38,875.00	\$115,175.00

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	10.137 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	10.137 Years

### Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Preliminary

**\$1,711,000**

Wood Creek Water District  
Series 1998 (ESTIMATED)

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	31,991.25	31,991.25
12/31/2016	33,000.00	-	63,198.75	96,198.75
12/31/2017	35,000.00	-	61,583.75	96,583.75
12/31/2018	36,000.00	-	59,897.50	95,897.50
12/31/2019	38,000.00	-	58,140.00	96,140.00
12/31/2020	40,000.00	-	56,287.50	96,287.50
12/31/2021	42,000.00	-	54,340.00	96,340.00
12/31/2022	44,000.00	-	52,297.50	96,297.50
12/31/2023	46,000.00	-	50,160.00	96,160.00
12/31/2024	48,000.00	-	47,927.50	95,927.50
12/31/2025	51,000.00	-	45,576.25	96,576.25
12/31/2026	53,000.00	-	43,106.25	96,106.25
12/31/2027	56,000.00	-	40,517.50	96,517.50
12/31/2028	58,000.00	-	37,810.00	95,810.00
12/31/2029	61,000.00	-	34,983.75	95,983.75
12/31/2030	64,000.00	-	32,015.00	96,015.00
12/31/2031	67,000.00	-	28,903.75	95,903.75
12/31/2032	71,000.00	-	25,626.25	96,626.25
12/31/2033	74,000.00	-	22,182.50	96,182.50
12/31/2034	78,000.00	-	18,572.50	96,572.50
12/31/2035	82,000.00	-	14,772.50	96,772.50
12/31/2036	86,000.00	-	10,782.50	96,782.50
12/31/2037	90,000.00	-	6,602.50	96,602.50
12/31/2038	94,000.00	4.750%	2,232.50	96,232.50
<b>Total</b>	<b>\$1,347,000.00</b>	-	<b>\$899,507.50</b>	<b>\$2,246,507.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	14.006 Years
Average Coupon	4.7500000%
Weighted Average Maturity (Par Basis)	14.006 Years

### Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

**WOOD CREEK WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred savings from refunding bonds	\$ 25,987	\$ 28,709
Total deferred outflow of resources	<u>25,987</u>	<u>28,709</u>
Total assets and deferred outflow of resources	<u>36,347,081</u>	<u>37,364,602</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 156,048	\$ 181,798
Accrued interest	340,045	350,361
Current portion of long-term debt	513,700	498,200
Other current liabilities	<u>52,287</u>	<u>50,812</u>
Total current liabilities	<u>1,062,080</u>	<u>1,081,171</u>
<b>Noncurrent liabilities</b>		
Customer deposits	21,615	23,270
Unamortized premium on debt	5,470	6,030
Long-term debt	<u>15,181,000</u>	<u>15,696,700</u>
Total noncurrent liabilities	<u>15,208,085</u>	<u>15,726,000</u>
Total liabilities	<u>16,270,165</u>	<u>16,807,171</u>
<b>NET POSITION</b>		
Net investment in capital assets	17,654,702	18,109,709
Restricted for:		
Debt service	873,753	832,610
Other purposes	24,959	38,291
Unrestricted (deficit)	<u>1,523,502</u>	<u>1,576,821</u>
Total net position	<u>20,076,916</u>	<u>20,557,431</u>
Total liabilities and net position	<u>\$ 36,347,081</u>	<u>\$ 37,364,602</u>

The accompanying notes are an integral part of the financial statements



**WOOD CREEK WATER DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Operating revenues		
Water sales	\$ 4,716,085	\$ 4,827,761
Sewer service	425,526	376,351
Penalties and service charges	105,471	108,918
Tap-on fees	99,985	97,795
Other	98,011	41,518
Total operating revenues	<u>5,445,078</u>	<u>5,452,343</u>
Operating expenses		
Purchased water and power	412,881	364,346
Water treatment	1,542,744	1,275,896
Transmission and distribution	794,507	929,299
Administration of customer accounts	306,241	322,815
Administration and general	466,986	304,426
Sewer maintenance and treatment	435,789	380,375
Amortization	4,569	4,568
Depreciation	1,282,168	1,272,205
Total operating expenses	<u>5,245,885</u>	<u>4,853,930</u>
Operating Income (loss)	<u>199,193</u>	<u>598,413</u>
Nonoperating revenues (expenses)		
Interest income	631	2,017
Gain on disposition of equipment	4,754	-
Interest on long-term debt	(675,535)	(699,708)
Other expense	(9,558)	(7,892)
Total nonoperating revenues (expenses)	<u>(679,708)</u>	<u>(705,583)</u>
Change in net position	(480,515)	(107,170)
Net Position, January 1	<u>20,557,431</u>	<u>20,830,415</u>
Prior period restatement (See Note 13)	<u>-</u>	<u>(165,814)</u>
Net Position, December 31	<u>\$ 20,076,916</u>	<u>\$ 20,557,431</u>

The accompanying notes are an integral part of the financial statements

**WOOD CREEK WATER DISTRICT**  
**STATEMENT OF CASH FLOWS**  
For the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Receipts from customers	\$ 5,301,901	5,395,313
Receipts from other activities	99,985	30,900
Payments to employees	(1,578,005)	(1,535,025)
Payments to suppliers	(2,374,800)	(1,981,709)
Net cash used in operating activities	<u>1,449,081</u>	<u>1,909,479</u>
Cash flows from noncapital and related financing activities		
Federal, state, and local grants	-	-
Net cash provided by noncapital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related activities		
Purchases of property, plant, and equipment	(324,239)	(470,121)
Proceeds from the sale of equipment	4,754	-
Principal payments on debt	(500,200)	(487,790)
Interest payments on debt	(685,851)	(709,195)
Miscellaneous nonoperating expense	(9,558)	(7,419)
Cash provided (used) in capital and related activities	<u>(1,515,094)</u>	<u>(1,674,525)</u>
Cash flows from investing activities		
Interest received on investments	631	2,017
Cash provided (used) in investing activities	<u>631</u>	<u>2,017</u>
Net increase in cash and cash equivalents	(65,382)	236,971
Cash and cash equivalents, January 1	<u>1,475,362</u>	<u>1,238,391</u>
Cash and cash equivalents, December 31	<u>\$ 1,409,980</u>	<u>\$ 1,475,362</u>
Reconciliation of change in net position to net cash used in operating activities		
Operating loss	199,193	598,412
Adjustments to reconcile change in net position to net cash used in operating activities:		
Depreciation	1,282,168	1,272,205
Amortization	4,569	4,568
Changes in assets and liabilities:		
(Increase) Decrease in customer and other accounts receivable	(43,192)	(28,595)
(Increase) Decrease in inventory	20,892	105,560
(Increase) Decrease in prepaid expense and other assets	9,726	(839)
Increase (Decrease) in accounts payable	(25,750)	(27,592)
Increase (Decrease) in accrued expense	1,475	(14,240)
Net cash provided by operating activities	<u>\$ 1,449,081</u>	<u>\$ 1,909,479</u>
Reconciliation of cash at end of year		
Cash and cash equivalents	\$ 511,268	\$ 604,461
Restricted cash and cash equivalents	898,712	870,901
Total cash at end of year	<u>\$ 1,409,980</u>	<u>\$ 1,475,362</u>

The accompanying notes are an integral part of the financial statements

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CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

January 29, 2016

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Re: Wood Creek Water District **PSC Case No. 2014-00440**

Dear Mr. Derouen:

We are writing this letter to provide background information to the Kentucky Public Service Commission (the "Commission") relating to certain financings undertaken by various Commission regulated utilities, including the Wood Creek Water District ("Wood Creek").

This office represents the Kentucky Rural Water Finance Corporation ("KRWFC") in connection with the KRWFC Flexible Term Loan Program (the "Program"). This Program was established in 2001 in order to provide tax-exempt low interest flexible term loans to Kentucky cities and water districts for utility financings and refinancings.

In 2013, Raymond James & Associates, as the financial advisors to KRWFC, identified certain outstanding KRWFC loans made early in the Program that could be reamortized at lower interest rates thus generating a significant amount of interest cost savings.

In connection with the proposed loan reamortizations, the question arose as to whether or not Commission approval was needed for these reamortizations under KRS 278.300. On December 5, 2012, this office submitted a request for a Commission Staff Opinion relating to the question proposed in the previous sentence. A Staff Opinion (PSC Staff Opinion # 2013-002) was issued on January 10, 2013 and stated that the proposed loan reamortizations constituted new securities thus requiring Commission approval under KRS 278.300.

In accordance with the opinions and recommendations rendered in PSC Staff Opinion #2013-002, this office prepared and filed a joint application requesting permission for certain Commission regulated utilities to enter into supplemental assistance agreements with KRWFC to reamortize previously issued KRWFC loans. The joint application was assigned PSC Case No. 2013-00042 and the Commission issued its approving Order on March 27, 2013.

Mr. Jeff Derouen  
January 29, 2016  
Page 2

Due to interest rate market fluctuations, KRWFC did not undertake any reamortization loans in 2014. In 2015, two entities, East Laurel Water District ("East Laurel") and Wood Creek, sought approval from the Commission to borrow funds from the Program to refund certain outstanding loans from USDA, Rural Development (we refer to Commission cases 2014-00439 - East Laurel; and 2014-00440 - Wood Creek). As part of these refinancings, KRWFC's financial advisor determined that a reamortization of East Laurel's and Wood Creek's previous Program loans would generate sufficient interest cost savings. This determination was made after the East Laurel and Wood Creek Orders were issued by the Commission. East Laurel and Wood Creek did not file any motions with the Commission requesting that the Orders be amended to include approval to enter into supplemental assistance agreements relating to the reamortizations.

The Commission issued its Order in the East Laurel case on January 6, 2015 authorizing East Laurel to undertake a loan with KRWFC in an amount not to exceed \$1,842,500. East Laurel's final loan amount was \$1,835,000 of which \$1,640,000 was allocated to the USDA refundings and \$195,000 was allocated to the KRWFC loan reamortizations. This final total amount was lower than the Commission authorized amount of \$1,842,500.

The Commission issued its Order in the Wood Creek case on January 5, 2015 authorizing Wood Creek to undertake a loan with KRWFC in an amount not to exceed \$1,633,500. Wood Creek's final loan amount was \$2,780,000 of which \$1,515,000 was allocated to the USDA refundings and \$1,265,000 was allocated to the KRWFC loan reamortizations. This final total amount was higher than the Commission authorized amount of \$1,842,500 by \$1,146,500.

It should be noted that the inclusion of the Wood Creek reamortization in the 2015 KRWFC financing generated a net present value benefit to Wood Creek in the amount of \$142,847.30.

We hope the above explanation provided some clarity into the situation. If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jlm  
Enclosures

### WOOD CREEK WATER DISTRICT

1670 East Hal Rogers Parkway  
P.O. Box 726  
London, Kentucky 40743-0726

RECEIVED

FEB 8 2016

Public Service  
Commission

January 26, 2016

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Re: Wood Creek Water District - issuance of securities pursuant to KRS 278.300,  
**Case No. 2014-00440**

Dear Mr. Derouen:

The Wood Creek Water District (the "District") filed an Application with the Kentucky Public Service Commission (the "Commission") on December 17, 2014 requesting Commission approval to issue securities pursuant to the provisions of KRS 278.300 for the purpose of refunding certain outstanding Bonds held by the United States Department of Agriculture, acting through Rural Development ("USDA") in order to achieve substantial interest cost savings to the District. The Application requested approval of \$1,485,000 (plus or minus 10%) of securities in the form of a loan (the "2015 Loan") from the Kentucky Rural Water Finance Corporation ("KRWFC") through the KRWFC flexible loan program. The Application was drafted and filed by the law firm of Rubin & Hays, Louisville, Kentucky, as part of their services rendered to KRWFC. The Commission issued an Order on January 5, 2015 (the "2015 Order") authorizing the District to enter into an agreement with KRWFC to borrow no more than \$1,633,500 for the purpose of refunding certain outstanding USDA loans, provided that positive gross savings and net present value savings were achieved.

Subsequent to the filing of the Application in Case No. 2014-00440, the financial advisor for KRWFC determined that the District could achieve further interest cost savings by reamortizing certain outstanding loans made by KRWFC to the District in 2003 and 2004 (see Case Nos. 2002-00356, 2003-00389 and 2004-00108 authorizing the District to enter into the 2003 and 2004 loan agreements with KRWFC), such reamortization being included in the financing contemplated in Case No. 2014-00440. The determination to reamortize the 2003 and 2004 KRWFC loans was made after the date of the 2015 Order.

The securities approved in Case No. 2014-00440 were closed and issued on February 19, 2015. These securities consisted of two series - (i) \$1,515,000, the proceeds of which were used to refund the District's outstanding USDA loans; and (ii) \$1,265,000, the proceeds of which were used to reamortize the District's 2003 and 2004 KRWFC loans.



Mr. Jeff Derouen  
Executive Director  
January 26, 2016  
Page 2


It recently came to the District's attention that the District inadvertently failed to file a motion to amend the 2015 Order to include the reamortization portion of the 2015 Loan. This omission was made in error and was completely unintentional.

The District realizes that prior Commission approval under KRS 278.300 is in the best interest of all regulated utilities and is designed to prevent such utilities from incurring indebtedness that cannot be adequately repaid.

Please see the attached explanation of facts from Rubin & Hays regarding the KRWFC reamortization loan program and the necessity of obtaining Commission approval prior to regulated utilities entering into such loans.

Respectfully Submitted,

Wood Creek Water District

By   
Chairman

Attachment

Jimmy Keller  
Commissioner  
Wood Creek Water District  
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London, KY 40743

Glenn Williams  
Commissioner  
Wood Creek Water District  
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\*Honorable Larry G Bryson  
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