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BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

MAY 16 2007

PUBLIC SERVICE
COMMISSION

In the Matter of

THE APPLICATION OF WESTERN LEWIS-RECTORVILLE WATER)
DISTRICT, MASON AND LEWIS COUNTIES, KENTUCKY,)
(1) FOR A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AUTHORIZING CONSTRUCTION OF)
MAJOR WATER SERVICE IMPROVEMENTS AND ADDITIONS) CASE
TO ITS COMBINED WATER AND GAS DISTRIBUTION) NO.
SYSTEM, (2) SEEKING APPROVAL OF REVISED WATER) 2007-00197
SERVICE RATES AND CHARGES AND (3) SEEKING)
APPROVAL OF THE ISSUANCE OF CERTAIN SECURITIES.)

The Applicant, Western Lewis-Rectorville Water District, also known as the Western Lewis-Rectorville Water and Gas District (the "District"), acting by and through its Commission, respectfully tenders this Application and requests that the Public Service Commission of Kentucky enter its Order pursuant to KRS 278.023 and 807 KAR 5:069 granting a Certificate of Public Convenience and Necessity authorizing the District to construct major water service improvements and additions to its combined water and gas distribution system (the "System") for the purpose of assuring an adequate and potable water supply in the District, approving the adjustment of water rates and charges to be levied and collected by the District and approving the issuance of certain securities by the District. In support of this Application and in conformity with the rules of the Public Service Commission, the District states as follows:

1. The District has been created and organized as a statutory water district in Mason and Lewis Counties pursuant to KRS 74.010 et seq. and for approximately 44 years has owned and operated a water and gas system. The District is now, and has been since its inception, regulated by the Public Service Commission of Kentucky, and all records and proceedings of the Public

Service Commission with reference to the District are incorporated in this Application by reference.

2. The governing body of the District is its Commission, which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purposes as provided in KRS 74.070. In conformity with KRS 74.020(1)(a) the County Judge/Executives of Mason and Lewis Counties have entered appropriate orders from time to time (with the approvals of the respective Fiscal Courts) appointing and reappointing Commissioners who were and are residents of the District. The present District Commissioners are John H. Thomas, Jr., Chairman, Shelby Osborne, Robert Baxter, Terry R. Thomas and Robert Applegate. The mailing address of the District is 8000 Day Pike, Maysville, Kentucky 41056, Attention: John H. Thomas, Jr., Chairman. The General Manager is Rick Hilterbrandt.

3. In order to finance water and gas service facilities and improvements, the District has previously issued, and there are presently outstanding, its Water and Gas System Revenue Bonds, dated November 1, 1961, Water and Gas System Revenue Bonds, 1988 Series A and B, dated March 23, 1989, Water and Gas System Revenue Bonds, 1996 Series A and B, dated November 12, 1996, and Water and Gas System Revenue Bonds, Series 2001, dated March 13, 2002.

4. The District's consulting engineer, HMB Professional Engineers, Inc., Frankfort, Kentucky (the "Engineer"), has prepared a Preliminary Engineering Report and a Final Engineering Report as well as detailed plans and specifications for the construction and installation of proposed major additional water facilities and extensions (the "Project") to serve the District. The Preliminary Engineering Report dated February 22, 2002, together with the

Summary Addendum to Preliminary Engineering Report dated September 2005, and the Final Engineering Report dated April 23, 2007, are appended hereto as Exhibit A and Exhibit B, respectively. These Exhibits contain, among other things, descriptions of the Project, cost figures, proposed water rate adjustments and other pertinent data.

It is the opinion of the Commissioners of the District that the public health, safety and general welfare of the citizens and inhabitants of the District will be promoted and served by the construction of the Project and the financing thereof as herein described.

5. The District has caused public advertising to be made according to law soliciting competitive bids for the construction and installation of the Project; has received, opened and considered the construction bids; and has filed with the United States Department of Agriculture, Rural Development ("USDA"), the data prepared by the Engineer showing the bids received and the recommendations of the Engineer with respect thereto. USDA has approved the District's proposed award of the best bid as evidenced by the USDA letter of concurrence in the bid award appended hereto as Exhibit C.

The District hereby states, through its undersigned Chairman, that the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4), Section 5 (1), Sections 6 and 7, Section 8(1) through (3), Section 9 (1) and Section 10; that all other state approvals or permits for the Project have been obtained; that the proposed water rates of the District will produce total revenue requirements as set out in Exhibits A and B; and that construction of the Project is expected to begin on or about July 9, 2007, and to end on or about May 9, 2008.

6. The proposed adjusted water rates and charges of the District are set out in a Notice of Adjustment of Water Rates, which is appended hereto as Exhibit D and is being published in the legal newspapers in Mason and Lewis Counties. Newspaper clippings evidencing such publication in each of such newspapers are also appended hereto as a part of Exhibit D. The proposed water rates and charges have been approved by USDA, as shown in Exhibit E hereinafter described.

7. The estimated costs of and sources of funds for the Project are set out in Exhibit B and in Exhibit E identified below.

8. As shown in Exhibit B and Exhibit F, the District proposes to finance, in part, the construction and installation of the Project by the issuance of its bonds, to be styled "Water and Gas System Revenue Bonds, Series 2007" (the "Bonds"), in the aggregate principal amount of \$712,000. The District has entered into a loan agreement with USDA pursuant to which USDA will make a loan of \$712,000 to the District, to be represented by the Bonds. The Bonds are to bear interest at a single rate not to exceed 4.5% per annum. Appended hereto as Exhibit E are copies of letters dated January 17, 2006, and September 22, 2006, from USDA to the District, setting forth terms, conditions and understandings relating to the loan, and related correspondence setting out proposed debt service schedules for the Bonds. A preliminary draft (dated February 6, 2006) of a Bond-authorizing Resolution of the District authorizing \$712,000 of bonds is appended hereto as Exhibit F.

With reference to the proposed issuance of the Bonds to USDA, the proceedings relating thereto will provide for the public advertisement of competitive bids for the Bonds according to Kentucky law; and in the event a bid or bids are received for the Bonds at an interest

cost basis to the District more advantageous to the District than the loan commitment of USDA, the Bonds will be sold to such other bidder. However, it is not expected any more favorable bids will be received. The Bonds will not be delivered to USDA until such time as at least 80% of available funds have been spent on the Project. This procedure is in accord with USDA rules requiring interim financing of USDA projects to the amount of the USDA loan. Accordingly, construction of the Project will be instituted and funded initially from the proceeds of an interim financing loan to be obtained from the Kentucky Rural Water Finance Corporation (“KRWFC”) at a rate not expected to exceed 5.25% per annum. The interim loan will be secured by (i) the undisbursed proceeds of the interim financing loan and (ii) the proceeds of the Bonds when delivered to USDA according to USDA practices and procedures.

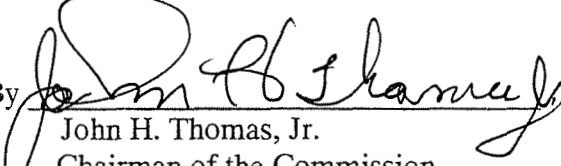
Interim financing is also available to the District from USDA in the event other interim financing sources are not available or are unreasonable.

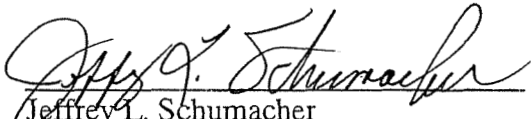
9. The Commission of the District respectfully represents to the Public Service Commission that there is a genuine need and demand for the Project and that the Commission should enter herein its Order, in compliance with KRS 278.023 and KAR 5:069, (a) issuing its Certificate of Public Convenience and Necessity pursuant to KRS 278.020 authorizing construction and installation of the Project, (b) approving the proposed schedule of water service rates and charges and (c) authorizing pursuant to KRS 278.300 the issuance of \$712,000 aggregate principal amount of Bonds by the District as described herein.


WHEREFORE, the Applicant, Western Lewis-Rectorville Water District, respectfully requests that such Order be issued.

Respectfully submitted,

WESTERN LEWIS-RECTORVILLE
WATER DISTRICT

By 
John H. Thomas, Jr.
Chairman of the Commission


Jeffrey L. Schumacher
217 Wall Street
P.O. Box 607
Maysville, Kentucky 41056
Telephone: (606) 564-9066
Counsel for the District

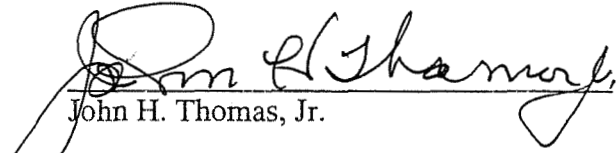

William W. Davis
Stoll Keenon Ogden PLLC
200 PNC Plaza
Louisville, Kentucky 40202
Telephone: (502) 333-6000
Bond Counsel for the District

* * *


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF MASON)

I, John H. Thomas, Jr., being first duly sworn according to law, state that I am Chairman of the Commission of Western Lewis-Rectorville Water District, that I have read the foregoing Application and that the statements of fact set forth therein are true and accurate to the best of my knowledge and belief.

WITNESS my signature this 1st day of May, 2007.


John H. Thomas, Jr.

Subscribed and sworn to before me this 1st day of May, 2007.


Notary Public - Commonwealth of Kentucky
My commission expires: 8/23/07

Case No. 7007-00197

RECEIVED

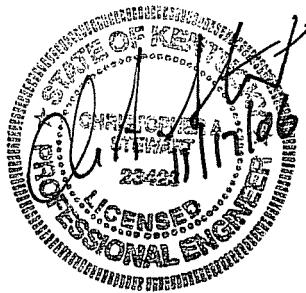
MAY 16 2007

PUBLIC SERVICE
COMMISSION

PRELIMINARY ENGINEERING REPORT

Water System Additions
Phase IV
Western Lewis-Rectorville Water and Gas District

February 22, 2002



Prepared by:
HMB Professional Engineers, Inc.
3 HMB Circle
Frankfort, KY 40601

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Exhibit A - Map of Existing System and Proposed Improvements

INTRODUCTION

The service area of the Western Lewis-Rectorville Water and Gas District includes portions of Mason County and Lewis County, Kentucky. It is estimated that there are approximately 600 households within the District's service area that do not have access to an approved public water supply. The people living in almost all of these households are drinking contaminated water and the District is continuing its efforts to alleviate this problem.

The District is applying to Rural Development (RD) for funds to construct water lines in several areas of Lewis County, and a small portion of Mason County that do not have a source of clean drinking water. The information provided in this report more fully describes these proposed extensions, called Phase IV, emphasizes the need for the construction, and supplies appropriate financial summaries.

SUMMARY AND CONCLUSIONS

The water line extensions and other system improvements referred to as Phase IV, and as illustrated on the enclosed maps, are greatly needed to alleviate a serious hazard. Both fecal coliform and parasitic contamination are widespread in wells and springs now in use as individual water supplies. Also, mineral concentrations are present at unacceptable levels in water from underground sources.

The proposed project is to serve approximately 165 customers. A general rate increase will most likely be required to make the project economically feasible. The magnitude of such a rate increase will be examined in the Summary Addendum to this report, which will be forwarded under a separate cover. It appears that the project qualifies for the RD poverty level interest rate (4.5 percent) on loan funds and is eligible for up to 75 percent grant funding. However, the Board of Commissioners of the Western Lewis-Rectorville Water and Gas District is requesting considerably less than 75 percent grant funding for this project. The final eligibility of the project must be determined by RD staff.

PROJECT DESCRIPTION

The proposed project consists of construction of approximately 35 miles of 4 inch and 6 inch PVC water mains and appurtenances. One booster pumping station is included in the project, the station is proposed to be an underground booster station used to fill the proposed 250,000 gallon storage tank on located in the Tollesboro Industrial Park. Approximately 165 meters will be installed adjacent to the mains to serve an estimated 425 people. As shown on the enclosed maps, the extensions are located throughout the District's service area.

The Project Budget, which includes estimates of various costs and funding sources for the project, is also presented herein.

**PRELIMINARY PROJECT BUDGET
 WATER SYSTEM ADDITIONS - PHASE IV
 WESTERN LEWIS-RECTORVILLE WATER AND GAS DISTRICT
 JANUARY 31, 2002**

PROJECT COSTS

Construction		\$2,000,000
Engineering		
Design & Engr. During Construction	\$143,000	
Inspection	<u>\$72,000</u>	
		\$215,000
Legal & Administrative Expenses		\$40,000
Easement and Site Acquisition		\$10,000
Interest During Construction		\$20,000
Contingency		\$183,000
Other (PER, Site Survey, Botanical Survey, PSC, etc.)		<u>\$62,000</u>

TOTAL PROJECT COST \$2,530,000

PROJECT FUNDING

1. Tap Fees	\$78,000
2. ARC Grant	\$300,000
3. KIA Grant	\$500,000
4. RECD Loan	\$826,000
5. RECD Grant	<u>\$826,000</u>

TOTAL FUNDING \$2,530,000

HEALTH HAZARDS

As stated previously, serious health hazards are present in private water supplies now being used in the project area. Appendix A includes a letter from the Lewis County Family Health Center documenting outbreaks of infections caused by water-borne bacteria and parasites. These problems are caused in part by malfunctioning sewage systems and other mineral pollution problems in private water supplies, and a lack of adequate clean drinking water supply. As the letter indicates, local physicians and health care providers feel that the proposed project can greatly improve the overall health of local residents and their children. The list of water-borne bacterial diseases that could be contracted by drinking water polluted with such waste includes dysentery, gastroenteritis, and infectious hepatitis.

HOUSEHOLD INCOME INFORMATION

Qualifications for funding from RD are based in part on the median income level of the households affected by the project. In order to qualify for the lowest interest rate available, the median income level for households in the project area must be below \$17,785. An examination of U.S. Census data indicates that the median household income in the areas of Mason and Lewis Counties to be served is \$16,065. Since this income level is below the required amount, the project qualifies for the poverty level interest rate of 4.5 percent on RD loan funds.

FINANCIAL CONSIDERATIONS AND PROPOSED WATER RATES

The methodology used in developing the District's existing rate schedule was taken from the American from the American Water Works Association, Manual M-I, Water Rates, Section 5, "Rate Design for Small Utilities" , published by the AWWA in 1991. Basic philosophy and methodology presented in other sections of that manual were also incorporated into the rate design.

It appears that, with the additional debt service and operating expenses resulting from the proposed project, a general rate increase will be required. As previously stated, the final determination of a rate increase will be made in the Summary Addendum.

APPENDIX A

LETTER FROM FAMILY HEALTH CENTER

Lewis County Family Health Center

Care you can afford since 1983

A nonprofit facility
dedicated to medical
care for Lewis County

Jerry Ugrin
Executive Director
Grant L. Stevenson, M.D.
Medical Director

*Lewis County Family Health
Center's team of highly trained
medical providers:*

Peter T. Egan, M.D.
Paul W. Duncan, D.O.
Phillip C. Thesing, D.O.
Gwen D. Webb, OB/GYN-N.P.
Amy G. Canary, P.A.C.
Mark Fairchild, P.A.C.

COMPLETE CARE FOR ALL AGES:

- CHILDREN • TEENS
- ADULTS • WOMEN
- SENIORS

- Child Wellness Programs
- Immunizations/Vaccinations
- Ear & throat infections
- Sprains & breaks
- Allergies
- Colds & flu
- Prenatal care
- OB/GYN
- High blood pressure
- Diabetes
- Heart disease
- Arthritis
- Asthma
- Stomach problems
- Infectious diseases
- Teen pregnancy
- Nutrition counseling & Diet awareness

AFFORDABLE & CONVENIENT:

- Sliding fees based on ability to pay
- Most insurance accepted
- Medicare — no deductible for Part B services
- Affordable financing
- Evening & Saturday hours
- Emergency care
- Hospital, nursing home & mental health facility referrals
- No-wait appointments

January 18, 2002

Jim Vergne
Western Lewis Rectorville Water & Gas
Treatment Plant
8012 Kennedy Creek Road
Maysville, KY 41056

Dear Mr. Vergne:

Lewis County Primary Care Center has been serving the health care needs of Lewis Countians since 1983 and is extremely interested in the proposed water lines for western Lewis County. Lewis County Primary Care Center physicians and other medical staff have serious concerns about the safety of the water supply and the lack of water supply in western Lewis County. We have a significant number of children with diarrhea from enteric problems as well as giardia. Another significant problem is the number of children in this area with severe dental problems due to the lack of fluoride in the family's water supply.

The proposed water line extensions would alleviate many of the problems in the areas to be served and thus significantly improve the health status of the residents of western Lewis County.

We strongly encourage the approval of this proposal.

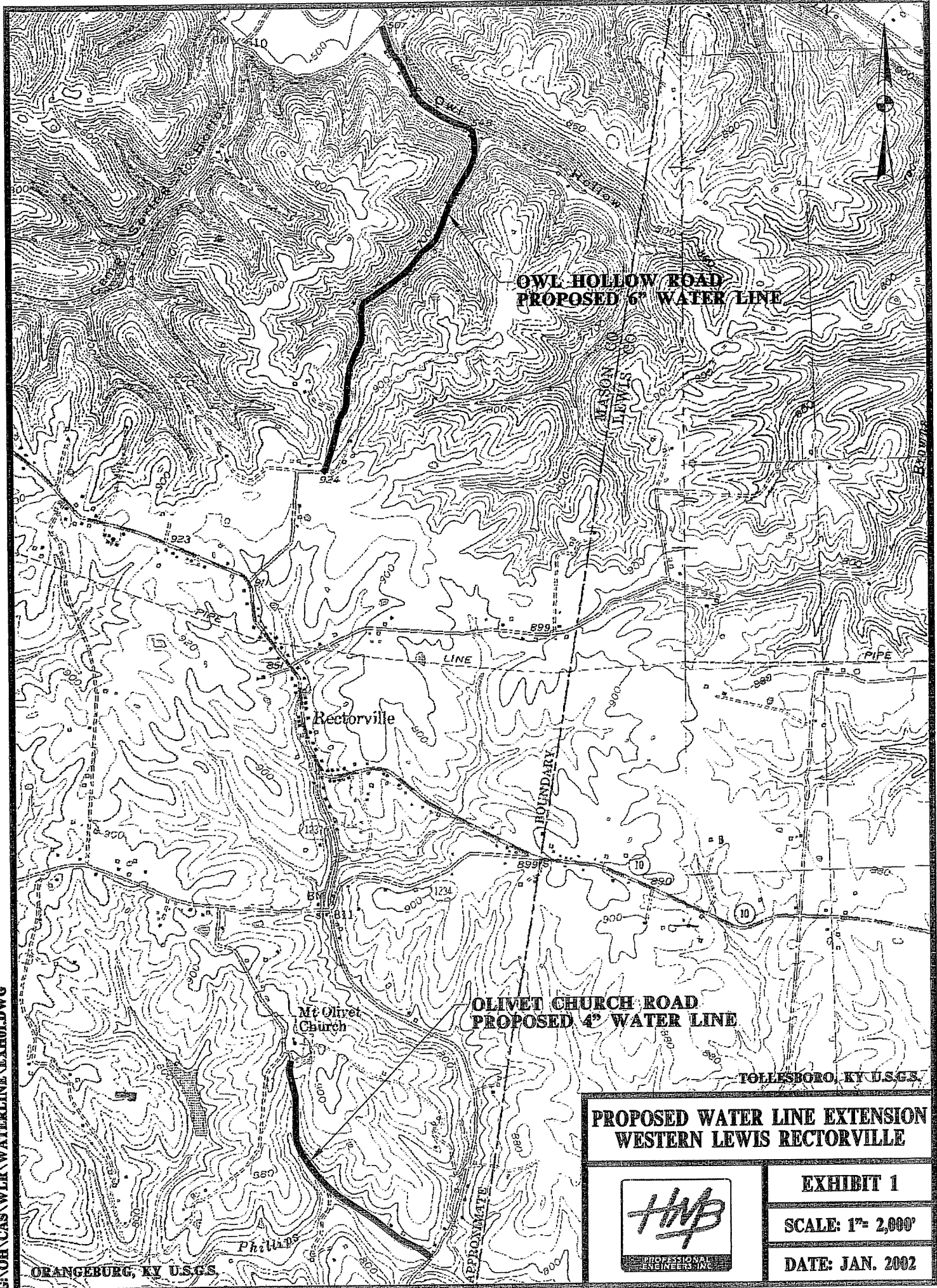
Sincerely


Jerry Ugrin
Executive Director

JU/mm

APPENDIX B
TOPOGRAPHICAL MAPS

GA\OH\CAS\WLR\WATERLINE\EXH01.DWG



**OWL HOLLOW ROAD
PROPOSED 6" WATER LINE**

**OLIVET CHURCH ROAD
PROPOSED 4" WATER LINE**

TOLLESBORO, KY U.S.G.S.

ORANGEBURG, KY U.S.G.S.

**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**

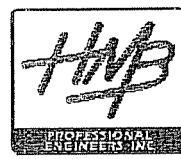
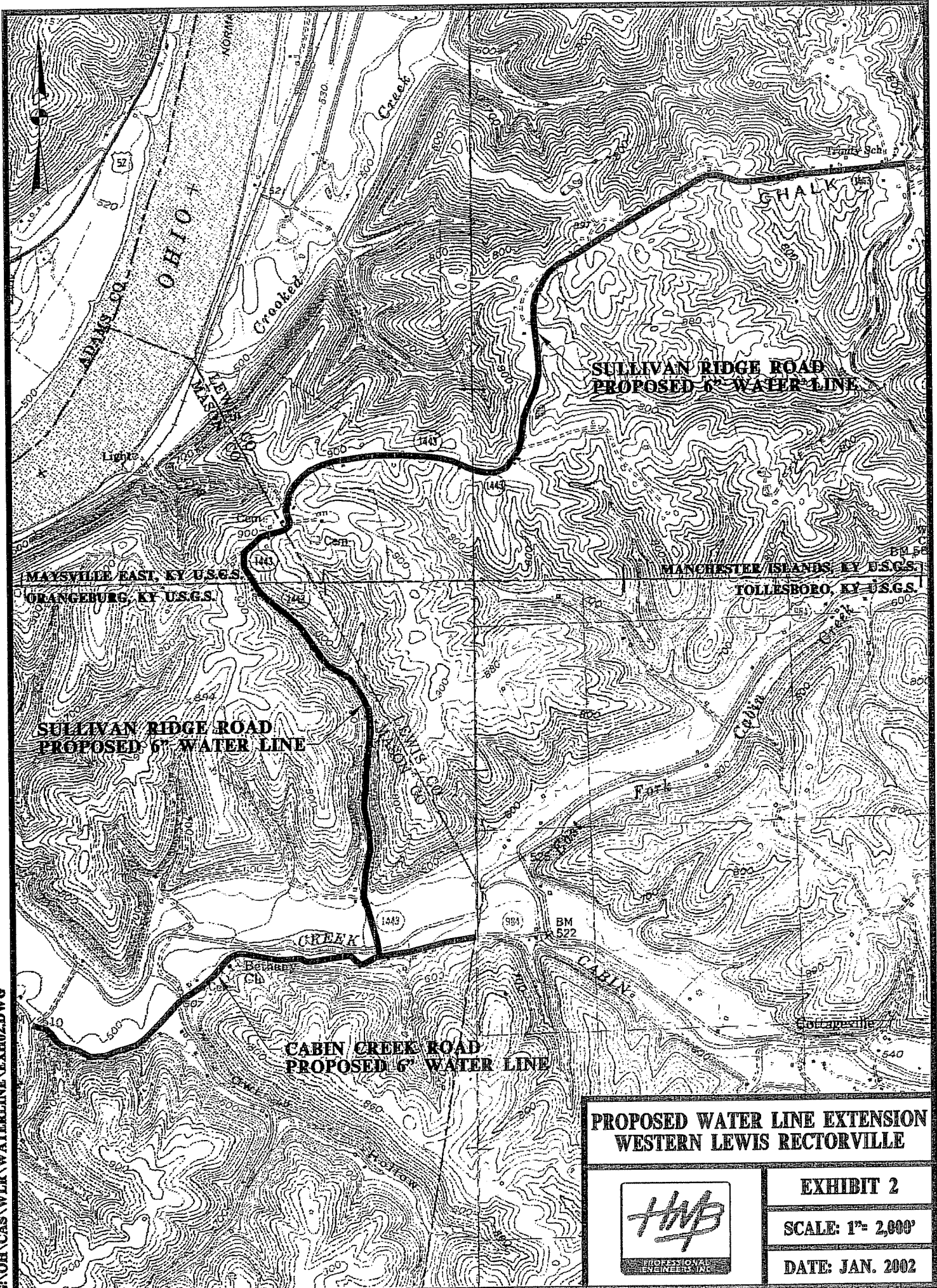


EXHIBIT 1

SCALE: 1" = 2,000'

DATE: JAN. 2002

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SULLIVAN RIDGE ROAD PROPOSED 6" WATER LINE

SULLIVAN RIDGE ROAD PROPOSED 6" WATER LINE

CABIN CREEK ROAD PROPOSED 6" WATER LINE

**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**

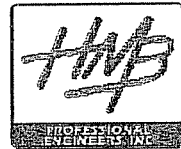
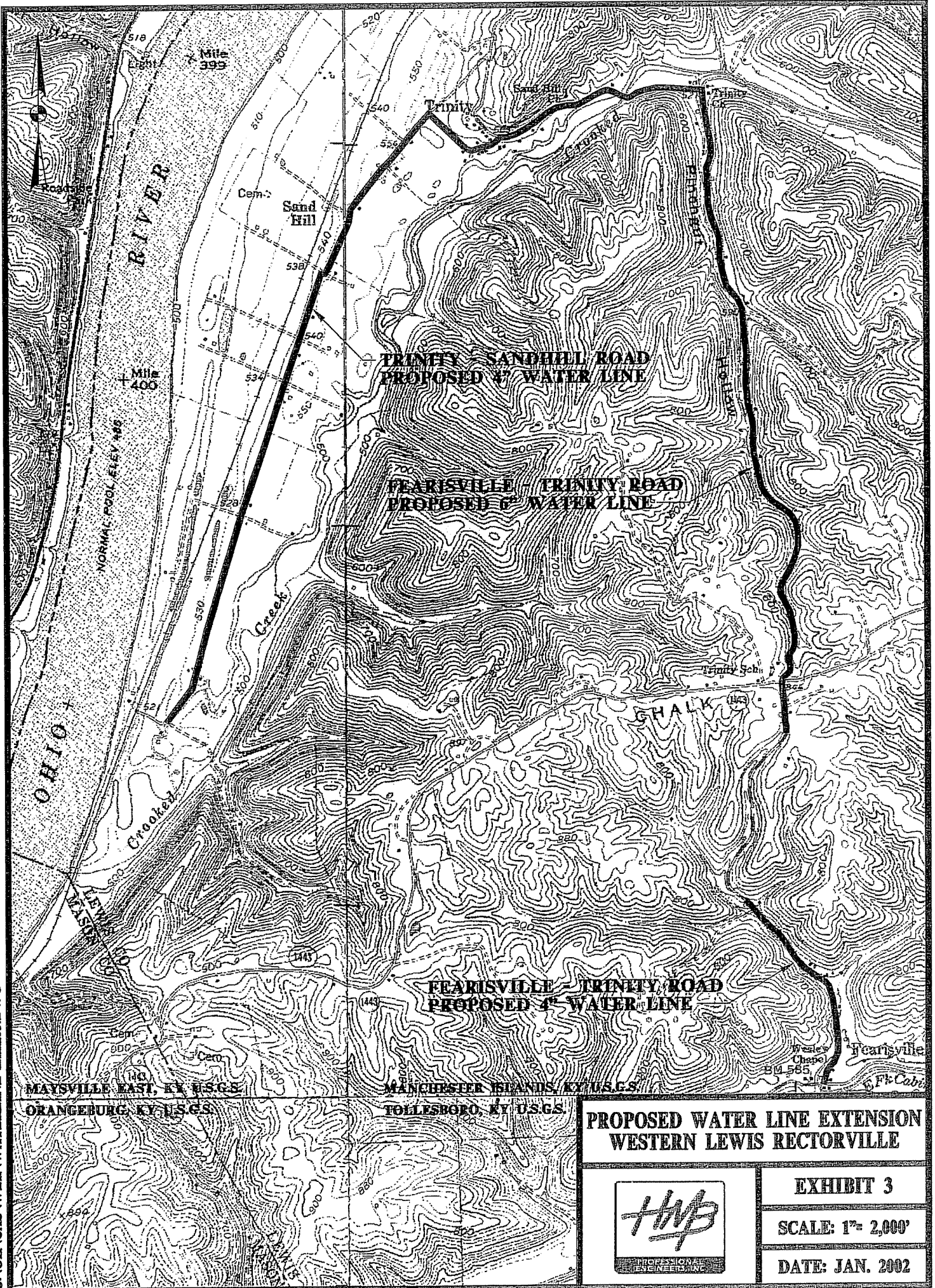


EXHIBIT 2

SCALE: 1" = 2,000'

DATE: JAN. 2002

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OHIO RIVER

OHIO

NORMAL POOL ELEV 485

Crooked Creek

Sand Hill

TRINITY - SANDHILL ROAD
PROPOSED 4" WATER LINE

FEARISVILLE - TRINITY ROAD
PROPOSED 6" WATER LINE

FEARISVILLE - TRINITY ROAD
PROPOSED 4" WATER LINE

CHALK

Wesley Chapel
BM 585
6 Ft. Cont.

MAYSVILLE EAST, KY U.S.G.S.

MANCHESTER ISLANDS, KY U.S.G.S.

ORANGEBURG, KY U.S.G.S.

TOLLESBORO, KY U.S.G.S.

**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**

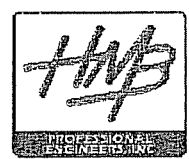


EXHIBIT 3

SCALE: 1" = 2,000'

DATE: JAN. 2002

TULLY DRIVE
PROPOSED 4" WATER LINE

EAST FORK ROAD
PROPOSED 6" WATER LINE

CHALK RIDGE ROAD
PROPOSED 6" WATER LINE

OAK HILL ROAD
(ALTERNATE LINE)

PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE



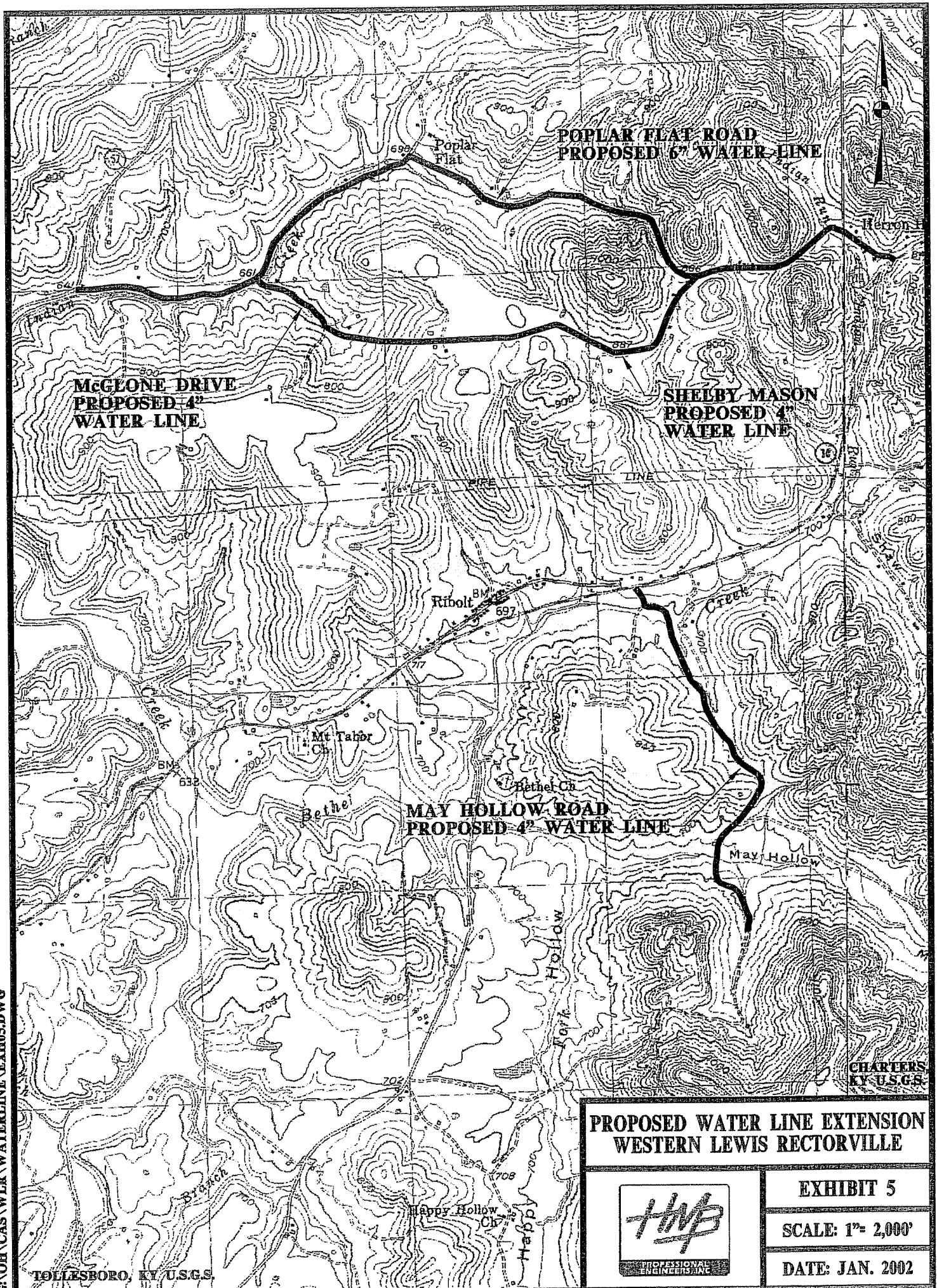
EXHIBIT 4

SCALE: 1" = 2,000'

DATE: JAN. 2002

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**McGLONE DRIVE
PROPOSED 4" WATER LINE**

**POPLAR FLAT ROAD
PROPOSED 6" WATER LINE**

**SHELBY MASON
PROPOSED 4" WATER LINE**

**MAY HOLLOW ROAD
PROPOSED 4" WATER LINE**

CHARTERS
KY U.S.G.S.

**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**



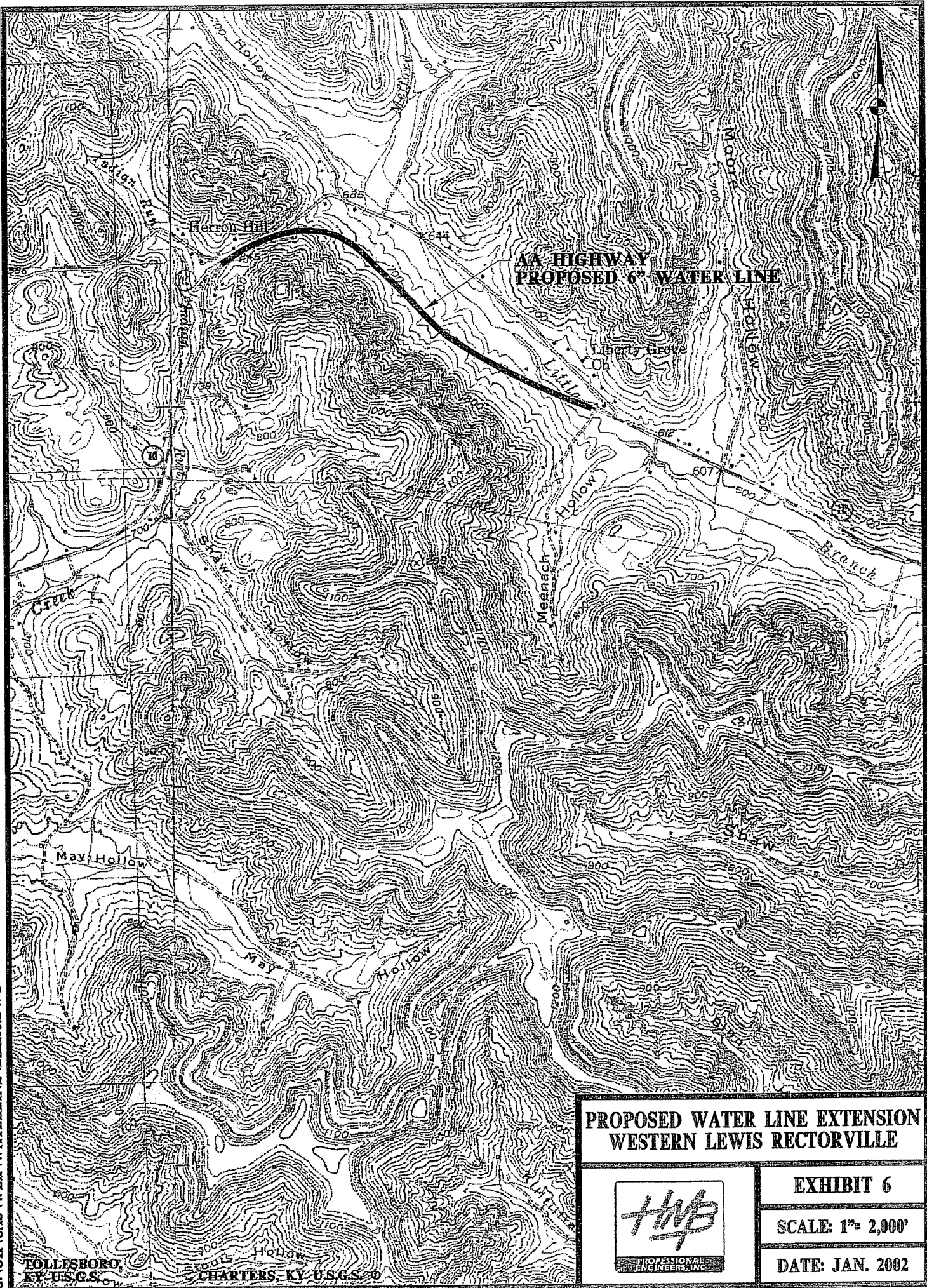
EXHIBIT 5

SCALE: 1" = 2,000'

DATE: JAN. 2002

TOLLESBORO, KY U.S.G.S.

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AA HIGHWAY
PROPOSED 6" WATER LINE

**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**

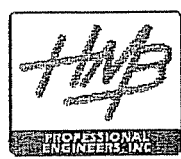


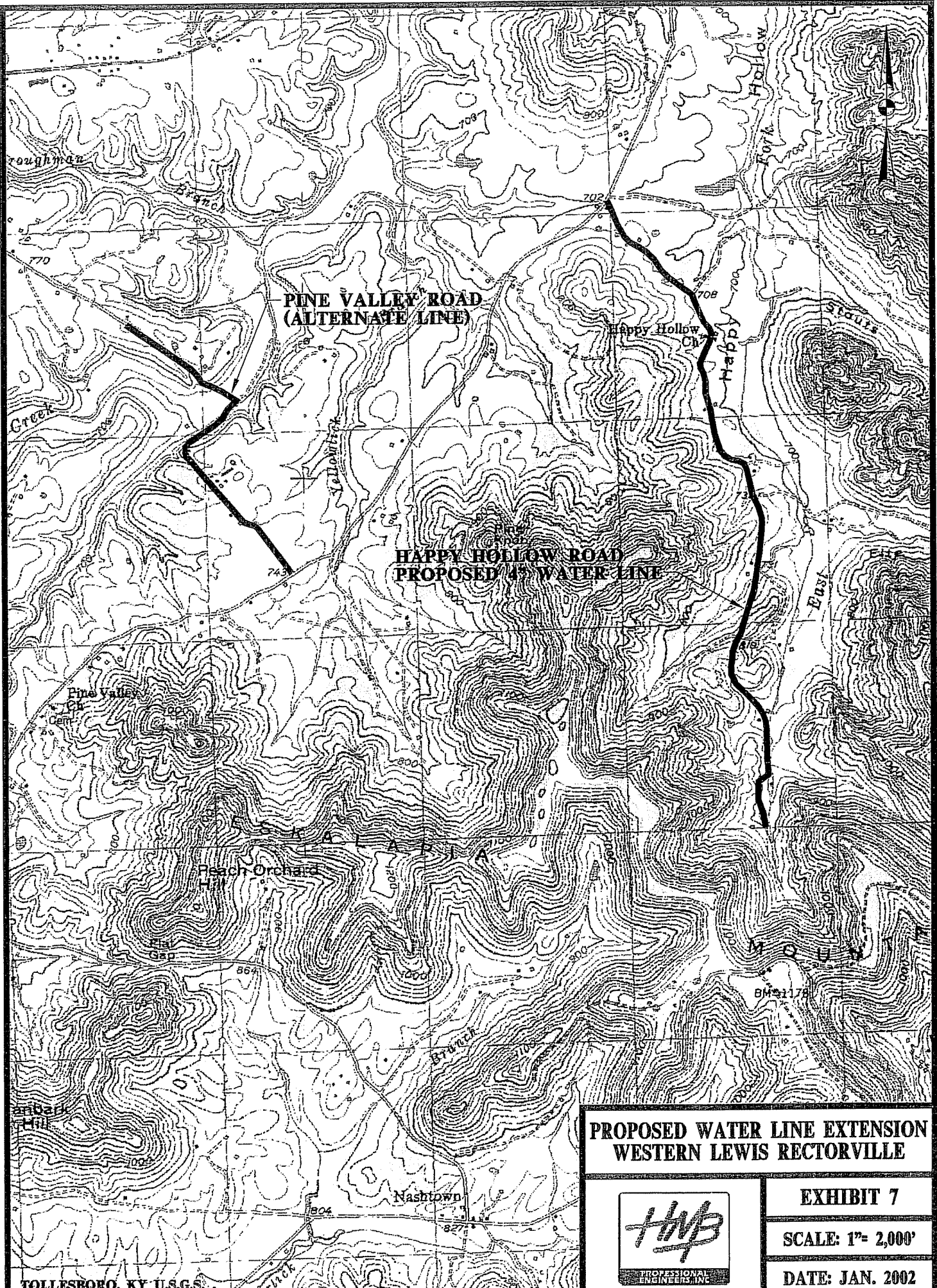
EXHIBIT 6

SCALE: 1"= 2,000'

DATE: JAN. 2002

TOLLESBORO, KY U.S.G.S.
CHARTERS, KY U.S.G.S.

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**PINE VALLEY ROAD
(ALTERNATE LINE)**

**HAPPY HOLLOW ROAD
PROPOSED 4\"/>**

**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**

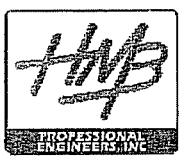


EXHIBIT 7

SCALE: 1" = 2,000'

DATE: JAN. 2002

TOLLESBORO, KY U.S.G.S.

**GRIFFITT LANE ROAD
PROPOSED 4" WATER LINE**

**GRIFFITT HOLLOW ROAD
PROPOSED 4" WATER LINE**

TOLLESBORO, KY U.S.G.S.

BURTONVILLE, KY U.S.G.S.

**KY. 989 / NASHTOWN, BURTONVILLE
PROPOSED 6" WATER LINE**

**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**



EXHIBIT 8

SCALE: 1" = 2,000'

DATE: JAN. 2002

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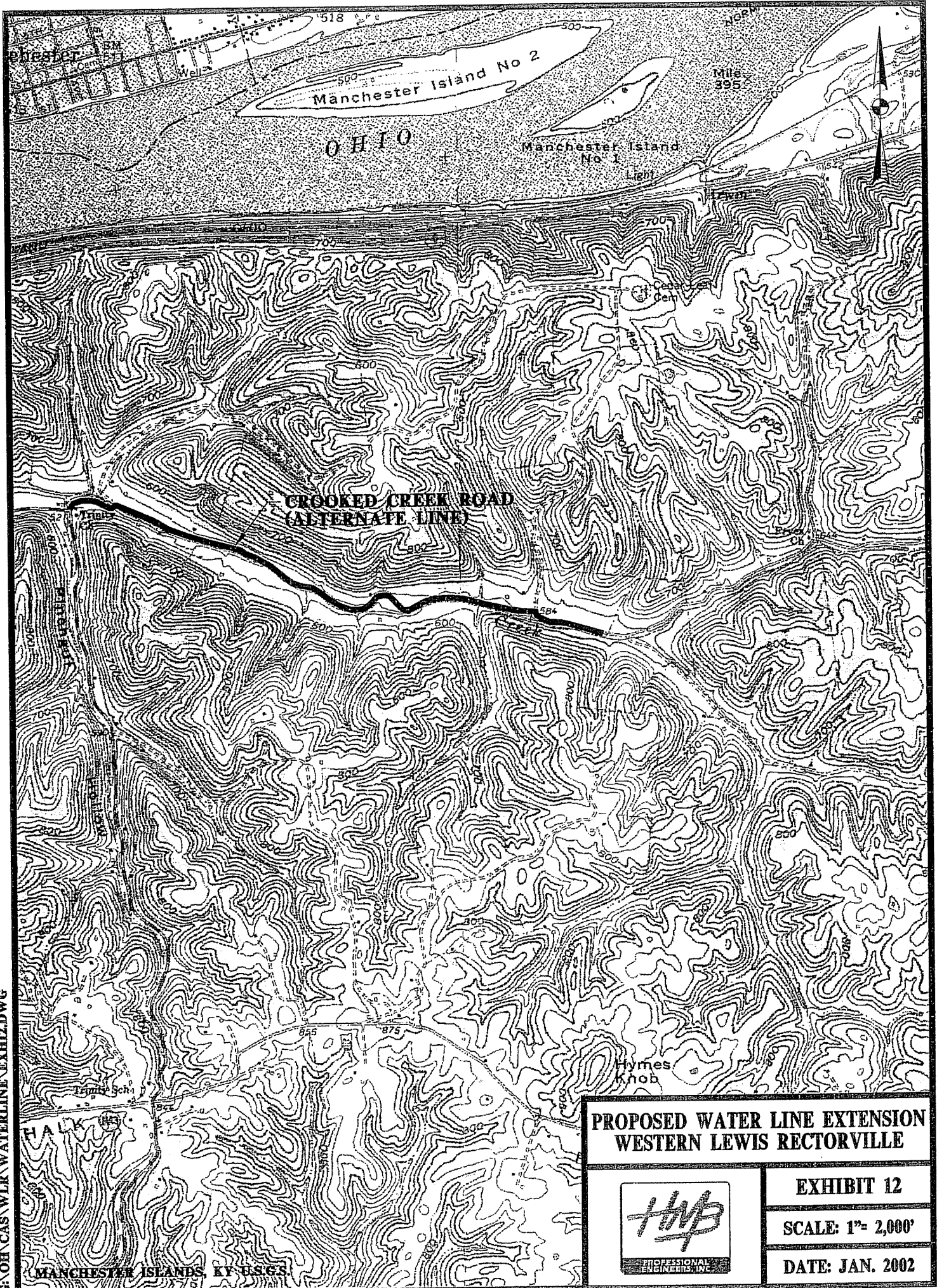


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**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**



EXHIBIT 9
SCALE: 1"= 2,000'
DATE: JAN. 2002



**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**

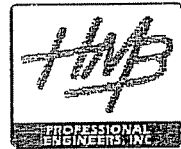


EXHIBIT 12

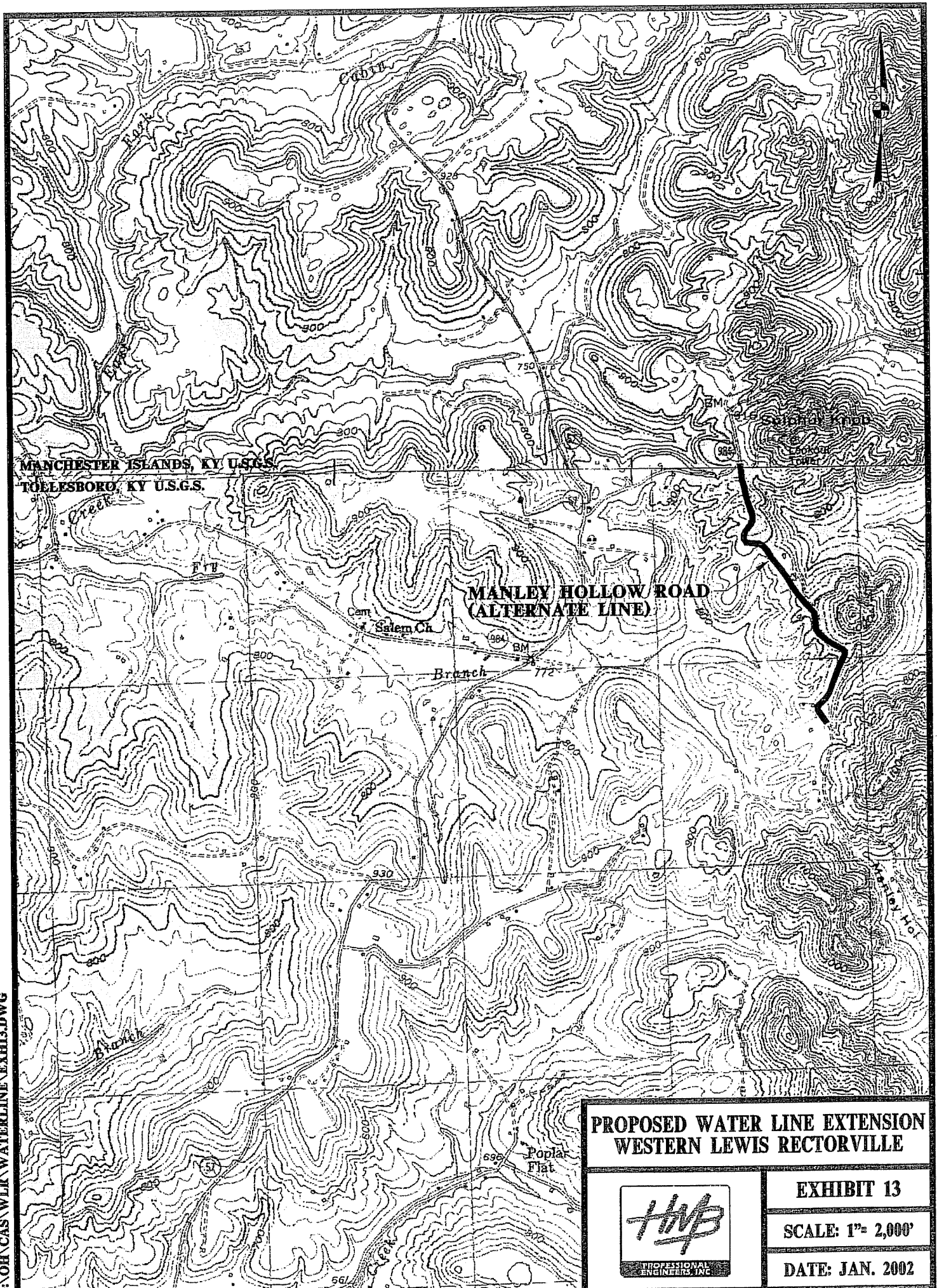
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DATE: JAN. 2002

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MANCHESTER ISLANDS, KY U.S.G.S.

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**PROPOSED WATER LINE EXTENSION
WESTERN LEWIS RECTORVILLE**



EXHIBIT 13

SCALE: 1" = 2,000'

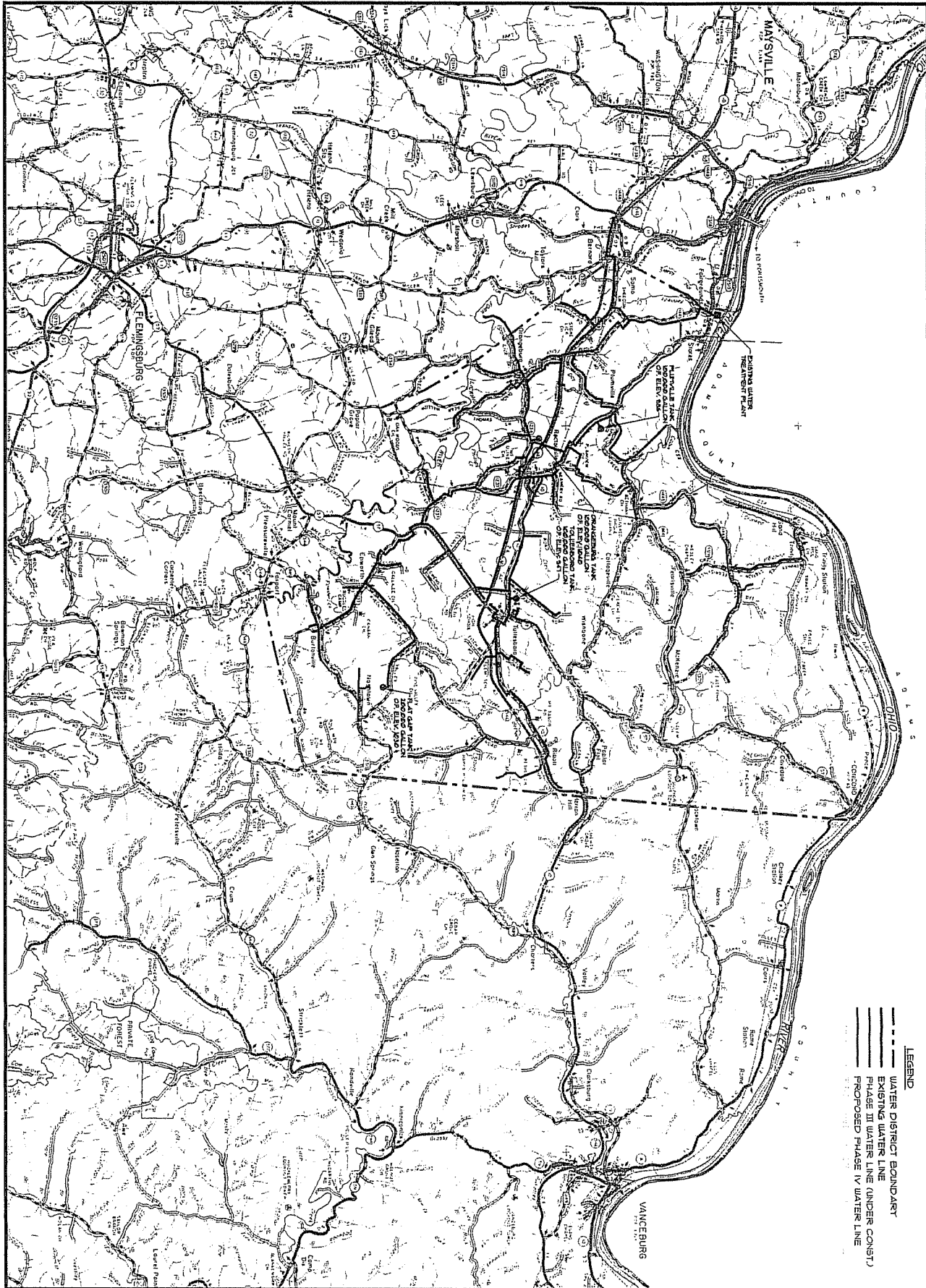
DATE: JAN. 2002

TABLE 1
WATER LINE EXTENSIONS
WESTERN LEWIS-RECTORVILLE WATER AND GAS DISTRICT
PHASE IV PROJECT
1/28/02
ESTIMATED CONSTRUCTION COST

	Cost Per Home	Line Name	Line Size (in)	Length (ft)	Exist Full-Time Homes	Const. Cost	Cumulative Const. Cost	Full-Time Cumulative Homes
1	\$2,280.00	Griffitt Lane	4	1000	5	\$11,400	\$11,400	5
2	\$3,055.00	McGlone Dr.	4	1000	4	\$12,220	\$23,620	9
3	\$3,182.73	Happy Hollow Rd.	4	10600	22	\$70,020	\$93,640	31
4	\$3,393.33	Trinity Rd. (Crooked Creek)	4	4800	12	\$40,720	\$134,360	43
5	\$3,410.00	May Hollow Rd.	4	6300	14	\$47,740	\$182,100	57
6	\$3,897.50	Shelby Mason Dr.	4	4800	8	\$31,180	\$213,280	65
7	\$4,074.29	Tulley Dr.	4	4200	7	\$28,520	\$241,800	72
8	\$4,542.14	Sullivan Ridge Rd.	6	14500	28	\$127,180	\$368,980	100
9	\$4,743.33	Griffitt Hollow Rd.	4	4800	6	\$28,460	\$397,440	106
10	\$4,867.81	Chalk Ridge Rd.	6	19000	32	\$155,770	\$553,210	138
11	\$5,597.50	Trinity - Sandhill Rd. (Ohio River)	4	6900	8	\$44,780	\$597,990	146
12	\$6,060.00	Trinity Rd. (loop)	4	1600	2	\$12,120	\$610,110	148
13	\$6,810.00	Trinity - Fearisville Rd.	4	3200	4	\$27,240	\$637,350	152
14	\$7,330.59	Burtonville - Nashtown Rd.	4	13200	17	\$124,620	\$761,970	169
15	\$8,576.67	Trinity - Fearisville Rd. (Pinchgut Hollow)	6	11000	12	\$102,920	\$864,890	181
16	\$8,968.33	Owl Hollow Rd.	6	8500	9	\$80,715	\$945,605	190
17	\$9,485.00	Cabin Creek Rd.	6	4200	4	\$37,940	\$983,545	194
18	\$9,960.00	Rt. 8 (West from Concord)	4	1300	1	\$9,960	\$993,505	195
19	\$13,960.00	Rt. 8 (East from Concord)	4	1300	1	\$13,960	\$1,007,465	196
20	\$14,160.00	AA Hwy. - Poplar Flat Rd.	6	5300	3	\$42,480	\$1,049,945	199
21	\$16,210.00	East Fork Rd.	4	4800	2	\$32,420	\$1,082,365	201
22	\$16,688.57	Poplar Flat Rd.	6	14800	7	\$116,820	\$1,199,185	208
23	N/A	AA Transmission Main	10	27000	0	\$377,835	\$1,577,020	208
24	N/A	Olivet Church Rd.	4	4800	0	\$26,650	\$1,603,670	208
	N/A	250,000 Gallon Elevated Water Storage Tank Located at Tollesboro Industrial Park				\$320,000		
	N/A	Pump Station for Proposed Tank (if necessary)				\$50,000		
SUBTOTALS			FOOTAGE 178,900	MILES 34		COST	\$1,973,670	HOMES 208
						<u>USE</u>	<u>\$2,000,000</u>	

Notes:

- 1 For this estimate, all water main is assumed to be PVC.
- 2 AA Transmission Main is assumed to be 10" PVC.
- 3 Reduction in line size will reduce construction cost slightly.
- 4 Pump Station for Proposed Tank may not be hydraulically necessary.
Pump station may be eliminated during design phase, if it is found to be unnecessary.
- 5 If funding is available from other sources, the proposed tank and pump station may be removed from this project.
- 6 It is assumed that approximately 80% of Existing Full-Time Homes will purchase water, for a total of approximately 166 new meters on this project.



- LEGEND**
- WATER DISTRICT BOUNDARY
 - EXISTING WATER LINE
 - PHASE III WATER LINE (UNDER CONST.)
 - PROPOSED PHASE IV WATER LINE

NO.	DATE	REVISION	CHKD	APPROV	DATE

PROJECT:
SCALE: 1" = 1 MILE DATE: FEB. 2002

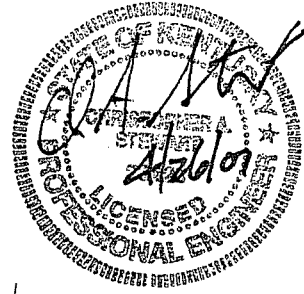
DESIGNED BY	NAME	DATE
DRAWN BY	GAR	
CHECKED BY	TWV	

RECORD DRAWING BY: GUYETTE/LEWIS/MS&L



**WESTERN LEWIS RECTORVILLE
WATER LINE SYSTEM
MASON & LEWIS COUNTY, KENTUCKY**

BASE MAP - PHASE IV



SUMMARY ADDENDUM

TO

Case No. 7007-00197

PRELIMINARY ENGINEERING REPORT

DATED September 2005

FOR

Western Lewis-Rectorville Water & Gas District - Phase IV Project
(Name of Project)

APPLICANT CONTACT PERSON Rick Hilterbrandt, General Manager

APPLICANT PHONE NUMBER (606) 564-4449

APPLICANT TAX IDENTIFICATION NUMBER (TIN) 61-1029846

ITEMS IN BOLD ITALIC PRINT ARE APPLICABLE TO SEWER SYSTEMS.

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary report in accordance with this Guide.

Please complete the applicable sections of the Summary Addendum. ***Please note, if water and sewer revenue will both be taken as security for the loan, all user information and characteristics of both utility systems will be needed even though the project will benefit only one utility.***

Feasibility review and grant determinations may be processed more accurately and more rapidly if the summary/Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

I. GENERAL

Proposed Project: provide a brief description of the proposed project. In addition to this summary, the applicant/engineer should submit a

A. project map of the service area.

System extension of approx. 35 miles of water main, one storage tank, one pump station to serve approx. 200 rural households currently utilizing potentially contaminated wells and cisterns, which may be unfit for human consumption, and one unserved industrial park.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

A. **Sewage Treatment:**

1. **Type** _____

2. **Method of Sludge Disposal** _____

3. **Cost per 1,000 gallons if sewage treatment is contracted:**
\$ _____

4. **Date Constructed** _____

B. **Treatment Capacity of Sewage Treatment Plant** _____

C. **Type of Sewage Collector System (Describe)** _____

D. **Number and Capacity of Sewage Lift Stations** _____

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size 6" _____ 8" _____

10" _____ 12" _____, Larger _____

Date(s) Constructed _____

F.

Conditions of Existing System: Briefly describe the conditions and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

The District has a 0.5 MGD WTP with it's raw water source being a Ohio River Valley Alluvial Aquifer. This aquifer provides a more than ample supply of water which requires very little treatment. The District also maintains a water purchase agreement with the Maysville Utility Commission which requires a minimum purchase of 750,000 gallonsper month, with a maximum allowable purchase of 3,000,000 gallons per month. MUC has a raw water intake at mile point 407.8 of the OhioRiver for a virtually inexhaustible supply. MUC's WTP currently operates at approximately 85% of capacity. The District's WTP currentlyproduces an average of 280,000 GPD, with peak production being approxiamtely 340,000 GPD.

If the applicant purchases water:

Seller(s):

1. Maysville Utility Commission

Price/1,000 gallons:

1. \$1.49

Present Estimated Market Value of Existing System \$ \$ Unknown

B. Water Storage:

Type: Ground Storage Tank X Elevated Tank X

Standpipe X Other WTP Clearwell

Number of Storage Structures 6

Total Storage Volume Capacity 750,000 gallons

Date Storage Tank(s) Constructed 1961, 1987, 1997, 2001

C. Water Distribution System:

Pipe Material PVC, CI, AC, Galv.

Lineal Feet of Pipe: 3" Diameter 42,768 4" 167,376

6" 336,864 8" 57,552

10" _____ 12" _____

Date(s) Water Lines Constructed _____

Number and Capacity of Pump Station(s) 4 - 200 gpm, 140 gpm,

2 - 116 gpm

D. Condition of Existing Water System:

Briefly describe the condition and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

The existing water system is in good condition and will require only minor upgrades and improvements in the near future.

E. Percentage of Water Loss Existing System 8%

IV. EXISTING LONG-TERM INDEBTEDNESS

A. List of Bonds and Notes:

<u>Date of Issue</u>	<u>Bond/Note Holder</u>	<u>Principal Balance</u>	<u>Payment Date</u>	<u>Bond Type Water/Sewer*</u>	<u>Amount on Deposit in Reserve Account</u>
19 88 Issue	FmHA	\$225,000	11/1	5 %	\$15,300
19 96 Issue	RD	\$1,608,000	11/1	4.5 %	\$7,650
20 01 Issue	RD	\$329,500	11/1	4.5 %	\$3,430
19 ____ Issue	_____	\$ _____	_____	_____ %	_____
19 ____ Issue	_____	\$ _____	_____	_____ %	_____

* If a combined issue, show attributable portion to each system.

B. Principal and Interest Payments: (Begin with Next Fiscal Year Payment)

<u>Date of Issue</u>	<u>Bond/Note Holder</u>	<u>Payment Year 2005</u>		<u>Payment Year 2006</u>		<u>Payment Year 2007</u>	
		<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
19 88 Issue	FmHA	\$ 5,500	\$ 11,250	\$ 6,000	\$ 10,950	\$ 6,000	\$ 10,625
19 96 Issue	RD	\$ 22,000	\$ 72,360	\$ 23,000	\$ 71,370	\$ 23,000	\$ 70,335
20 01 Issue	RD	\$ 3,500	\$ 14,827	\$ 4,000	\$ 14,695	\$ 4,000	\$ 14,545
19 ____ Issue	_____	_____	_____	_____	_____	_____	_____
19 ____ Issue	_____	_____	_____	_____	_____	_____	_____

V. EXISTING SHORT-TERM INDEBTEDNESS

A. List of All Short Term Debts: (Do Not Show Any Debt Listed in Paragraph IV Above)

<u>Lender or Lessor</u>	<u>Date of Issue (Month & Year)</u>	<u>Principal Balance</u>	<u>Purpose (Water and/ or Sewer)</u>	<u>Payment Date</u>	<u>Principal & Interest Payment (P&I)</u>	<u>Date to Be Paid In Full</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

VI. LAND AND RIGHTS - EXISTING SYSTEMS(S)

Number of Treatment Plant Sites: Water 1 Sewer _____

Number of Storage Tank Sites: Water 6 Sewer _____

Number of Pump Stations: Water 4 Sewer _____

Total Acreage: Water ± 5 Acres Sewer Acres

Purchase Price: Water unknown Sewer _____

VII. NUMBER OF EXISTING USERS

	<u>Water</u>	<u>Sewer</u>
Residential (In Town)*	_____	_____
Residential (Out of Town)*	<u>1,825</u>	_____
Non-Residential (In Town)	_____	_____
Non-Residential (Out of Town)	<u>45</u>	_____
Total	<u>1,870</u>	_____
Number to Total Potential Users Living in the Service Area	<u>unknown</u>	_____

* Note: Residential Users: classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

VIII CURRENT WATER AND SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
<u>5/8" x 3/4"</u>	<u>\$525</u>	<u>\$</u>

IX. SEWER RATES - EXISTING SYSTEM

Percentage of Water Bill _____ % Minimum Charge \$ _____

Other: (If Charge Not Based on Water Bill) _____

Date This Rate Went Into Effect _____

X. WATER RATES - EXISTING SYSTEM

Existing Rate Schedule: 5/8" x 3/4" Meter

First	<u>1,000</u>	Gallons @ \$ <u>13</u>	Minimum
Next	<u>4,000</u>	Gallons @ \$ <u>4.50</u>	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
All Over	<u>5,000</u>	Gallons @ \$ <u>3.60</u>	per 1,000 Gallons.

Date This Rate Went Into Effect 10/3/2001

If More Than One Rate Schedule, Please Include All Schedules.

**XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM -
12 MONTH PERIOD**

For Period _____ to _____.

All Meter

<u>Sizes</u>	<u>Monthly Sewer Usage</u>	<u>Average</u>	<u>Residential</u>		<u>Non-Residential</u>	
			<u>No. of Users</u>	<u>Usage (1000)</u>	<u>No. of Users</u>	<u>Usage (1000)</u>
0 -	2,000	Gallons	1,000	_____	_____	_____
2,000 -	3,000	Gallons	2,500	_____	_____	_____
3,000 -	4,000	Gallons	3,500	_____	_____	_____
4,000 -	5,000	Gallons	4,500	_____	_____	_____
5,000 -	6,000	Gallons	5,500	_____	_____	_____
6,000 -	7,000	Gallons	6,500	_____	_____	_____
7,000 -	8,000	Gallons	7,500	_____	_____	_____
8,000 -	9,000	Gallons	8,500	_____	_____	_____
9,000 -	10,000	Gallons	9,500	_____	_____	_____
10,000 -	11,000	Gallons	10,500	_____	_____	_____
11,000 -	12,000	Gallons	11,500	_____	_____	_____
12,000 -	13,000	Gallons	12,500	_____	_____	_____
13,000 -	14,000	Gallons	13,500	_____	_____	_____
14,000 -	15,000	Gallons	14,500	_____	_____	_____
15,000 -	16,000	Gallons	15,500	_____	_____	_____
16,000 -	17,000	Gallons	16,500	_____	_____	_____
17,000 -	18,000	Gallons	17,500	_____	_____	_____
18,000 -	19,000	Gallons	18,500	_____	_____	_____
19,000 -	20,000	Gallons	19,500	_____	_____	_____
_____ -	_____	Gallons	_____	_____	_____	_____
_____ -	_____	Gallons	_____	_____	_____	_____
_____ -	_____	Gallons	_____	_____	_____	_____
		Total	()	()	()	()
		Average Usage		()		()

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD

For Period 7/1/2004 7/1/2005

All Meter

<u>Sizes</u>	<u>Monthly Water Usage</u>	<u>Average</u>	<u>Residential</u>		<u>Non-Residential</u>	
			<u>No. of Users</u>	<u>Usage (1000)</u>	<u>No. of Users</u>	<u>Usage (1000)</u>
	0 - 1000 Gal	1,000	5,300	5,300		
3/4"	1,000 - 5000 Gal	4,834	11,522	55,698		
	5,000 - Over	11,124	4,580	50,950		
		Total	21,402	111,948		
		Average Usage		5.23		
Total Water Purchased and/or Produced				120,903		
Total Water Sold				111,948		

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM

A. Sewage Treatment:

1. Type _____

2. Method of Sludge Disposal _____

3. Cost per 1,000 gallons if sewage treatment is contracted:
\$ _____

4. Date Constructed _____

B. Treatment Capacity of Sewage Treatment Plant _____

C. Type of Sewage Collector System (Describe) _____

D. Number and Capacity of Sewage Lift Stations _____

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size 6" _____ 8" _____

10" _____ 12" _____, Larger _____

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM

Number of Treatment Plant Sites _____

Number of Pump Sites _____

Number of Other Sites _____

Total Acreage _____ **Acres**

Purchase Price \$ _____

XV. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

SEE SECTION III,A

B. Water Storage:

Type: Ground Storage Tank _____ Elevated Tank _____ X _____

Standpipe _____ Other _____

Number of Storage Structures _____ 1 _____

Total Storage Volume Capacity _____ 250,000 gallons _____

C. Water Distribution System:

Pipe Material _____ PVC _____

Lineal Feet of Pipe: 3" Diameter _____ 4" _____ 95,700 _____

6" _____ 70,600 _____ 8" _____

10" _____ 27,000 _____ 12" _____

Number and Capacity of Pump Station(s) _____ 1-500 gpm _____

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

Number of Treatment Plant Sites _____ 0 _____

Number of Pump Sites _____ 1 _____

Number of Other Sites _____ 1 _____

Total Acreage _____ 1 _____ Acres _____

Purchase Price \$ _____ Unknown _____

XVII. NUMBER OF NEW SEWER USERS

Residential (In Town)*	_____
Residential (Out of Town)	_____
Non-Residential (In Town)	_____
Non-Residential (Out of Town)	_____
Total	_____
Number to Total Potential Users Living in the Service Area	_____

* Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.

XVIII. PROPOSED WATER CONNECTION FEES FOR EACH SIZE WATER METER

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4</u>	<u>\$525</u>
<u>1 - Inch</u>	_____
<u>1-1/2 Inch</u>	_____
<u>2 - Inch</u>	_____

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)*	_____	0
Residential (Out of Town)*	_____	172
Non-Residential (In Town)*	_____	0
Non-Residential (Out of Town)*	_____	0
Total	_____	172
Number to Total Potential Users Living in the Service Area	_____	Unknown

* Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.

XX.

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4</u>	<u>\$525.00</u>
<u>1 - Inch</u>	<u> </u>
<u>1-1/2 Inch</u>	<u> </u>
<u>2 - Inch</u>	<u> </u>

XXI. SEWER RATES - PROPOSED

A. **Proposed Rate Schedule without RUS Grant:**
 Percent of Water Bill _____% Minimum charge \$ _____
 Other: (If Charge Not Based on Water Bill) _____

Proposed Rate Schedule: (Without RUS Grant)

<i>First</i>	_____ Gallons @ \$ _____	<i>Minimum.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>All Over</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. **Recommended Rate Schedule with RUS Grant:**
 Percentage of Water Bill _____% Minimum Charge \$ _____
 Other: (If Charge Not Based on Water Bill) _____

Recommended Rate Schedule: (With RUS Grant)

<i>First</i>	_____ Gallons @ \$ _____	<i>Minimum.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>Next</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>
<i>All Over</i>	_____ Gallons @ \$ _____	<i>per 1,000 Gallons.</i>

If more than one rate, use additional sheets.

XXII. WATER RATES - PROPOSED

A. Proposed Rate Schedule without RUS Grant:

First	<u>1,000</u>	Gallons @ \$	<u>\$18.00</u>	Minimum.
Next	<u>4,000</u>	Gallons @ \$	<u>\$6.00</u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
All Over	<u>5,000</u>	Gallons @ \$	<u>\$5.00</u>	per 1,000 Gallons.

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant:

First	<u>1,000</u>	Gallons @ \$	<u>\$14.50</u>	Minimum.
Next	<u>4,000</u>	Gallons @ \$	<u>\$5.00</u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
All Over	<u>5,000</u>	Gallons @ \$	<u>\$3.75</u>	per 1,000 Gallons.

If more than one rate, use additional sheets.

XXIII FORECAST OF SEWER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

Meter Sizes*	Monthly Sewer Usage	Average Usage	Average Rate	Residential			Non-Residential		
				No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0 - 2,000 Gallons	1,000							
	2,000 - 3,000 Gallons	2,500							
	3,000 - 4,000 Gallons	3,500							
	4,000 - 5,000 Gallons	4,500							
	5,000 - 6,000 Gallons	5,500							
	6,000 - 7,000 Gallons	6,500							
	7,000 - 8,000 Gallons	7,500							
	8,000 - 9,000 Gallons	8,500							
	9,000 - 10,000 Gallons	9,500							
5/8	10,000 - 11,000 Gallons	10,500							
x	11,000 - 12,000 Gallons	11,500							
3/4	12,000 - 13,000 Gallons	12,500							
Inch	13,000 - 14,000 Gallons	13,500							
	14,000 - 15,000 Gallons	14,500							
	15,000 - 16,000 Gallons	15,500							
	16,000 - 17,000 Gallons	16,500							
	17,000 - 18,000 Gallons	17,500							
	18,000 - 19,000 Gallons	18,500							
	19,000 - 20,000 Gallons	19,500							
	- Gallons								
	- Gallons								
	- Gallons								
	Sub-Total			()	()	()	()	()	()
	Average Monthly Rate		()						
	Average Monthly Usage			()			()		

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

1-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
1-1/2 Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
2-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
3-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
4-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
5-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()

* Breakdown of meter size is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

6- Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
			Sub-Total	()	()	()	()	()	()
TOTALS			()	()	()	()	()	()	

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should e included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>

* *Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.*

** *Number of users should reflect the actual number of "meter settings".*

XXIV. FORECAST OF SEWER USAGE - INCOME - NEW USERS - EXTENSION ONLY

Meter Sizes*	Monthly Sewer Usage	Average		Residential			Non-Residential		
		Average	Rate	No. of	Usage	Income	No. of	Usage	Income
				Users**	(1000)		Users	(1000)	
	0 - 2,000 Gallons	1,000							
	2,000 - 3,000 Gallons	2,500							
	3,000 - 4,000 Gallons	3,500							
	4,000 - 5,000 Gallons	4,500							
	5,000 - 6,000 Gallons	5,500							
	6,000 - 7,000 Gallons	6,500							
	7,000 - 8,000 Gallons	7,500							
	8,000 - 9,000 Gallons	8,500							
	9,000 - 10,000 Gallons	9,500							
5/8	10,000 - 11,000 Gallons	10,500							
x	11,000 - 12,000 Gallons	11,500							
3/4	12,000 - 13,000 Gallons	12,500							
Inch	13,000 - 14,000 Gallons	13,500							
	14,000 - 15,000 Gallons	14,500							
	15,000 - 16,000 Gallons	15,500							
	16,000 - 17,000 Gallons	16,500							
	17,000 - 18,000 Gallons	17,500							
	18,000 - 19,000 Gallons	18,500							
	19,000 - 20,000 Gallons	19,500							
	- Gallons								
	- Gallons								
	- Gallons								
	Sub-Total			()	()	()	()	()	()
	Average Monthly Rate	()							
	Average Monthly Usage			()			()		

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

1- Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
1-1/2 Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
2- Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
3- Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
4- Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
5- Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()

* Breakdown of meter size is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

6- Inch	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
		Sub-Total	_____	()	()	()	()	()	()
		TOTALS	_____	()	()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should e included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXV. FORECAST OF WATER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

Meter Sizes*	Monthly Water Usage	Average		Residential			Non-Residential		
		Average	Rate	No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0 - 1,000 Gallons	1,000	\$14.50	5,300	5,300	\$76,850.00			
	1,000 - 5,000 Gallons	4,834	\$33.67	11,522	55,697	\$387,945.74			
	5,000 - All Over Gallons	11,124	\$57.47	4,580	50,948	\$263,189.70			
5/8									
x									
3/4									
Inch									
	Sub-Total			21,402	111,945.27	\$727,985.44	()	()	()
	Average Monthly Rate		\$34.01						
	Average Monthly Usage				5,231		()		

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

1-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
		Sub-Total		()	()	()	()	()	()
1-1/2 Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
		Sub-Total		()	()	()	()	()	()
2-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
		Sub-Total		()	()	()	()	()	()
3-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
		Sub-Total		()	()	()	()	()	()
4-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
		Sub-Total		()	()	()	()	()	()
5-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
		Sub-Total		()	()	()	()	()	()

* Breakdown of meter size is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
6-	-	Gallons	_____	_____	_____	_____	_____	_____	_____
Inch	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Sub-Total	_____	()	()	()	()	()	()
		TOTALS	_____	()	()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXVI. FORECAST OF WATER USAGE - INCOME - NEW USERS - EXTENSION ONLY

Meter Sizes*	Monthly Water Usage	Average	Average Rate	Residential			Non-Residential		
				No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
5/8	0 - 1,000 Gallons								
x	1,000 - 5,000 Gallons								
3/4	All Over - 5,000 Gallons	5,231	\$35.37	2,064	10,797	\$72,995.94			
Inch									
	Sub-Total			2,064	10,797	\$72,995.94	()	()	()
	Average Monthly Rate		\$35.37						
	Average Monthly Usage				5,231			()	

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

1-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
1-1/2 Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
2-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
3-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
4-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()
5-Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()

* Breakdown of meter size is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

6- Inch	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____	_____
		Sub-Total	_____	()	()	()	()	()	()
		TOTALS	_____	()	()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XVII. CURRENT OPERATING BUDGET - (SEWER SYSTEM)
(As of the last full operating year.)

A.	Operating Income:	\$	
	Sewer Revenue		
	Late Charge Fees		
	Other (Describe)		
	Less Allowances and Deductions	()
	Total Operating Income	\$	
B.	Operation and Maintenance Expenses:		
	<i>(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)</i>		
	Operation Expense	\$	
	Maintenance Expense		
	Customer Accounts Expense		
	Administrative and General Expense		
	Total Operating and Maintenance Expenses	\$	
	Net Operating Income	\$	
C.	Non-Operating Income:		
	Interest on Deposits	\$	
	Other (Identify)		
	Total Non-Operating Income	\$	
D.	Net Income	\$	
E.	Debt Repayment:	\$	
	RUS Interest		
	RUS Principal		
	Non-RUS Interest		
	Non-RUS Principal		
	Total Debt Repayment	\$	
F.	Balance Available for Coverage	\$	

**XVIII. CURRENT OPERATING BUDGET - (SEWER SYSTEM) - EXISTING SYSTEM
AND NEW USERS (1st Full Year of Operation) Year Ending**

A.	Operating Income:	\$	
	Sewer Revenue		
	Late Charge Fees		
	Other (Describe)		
	Less Allowances and Deductions	(
	Total Operating Income	\$	
B.	Operation and Maintenance Expenses: <i>(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)</i>		
	Operation Expense	\$	
	Maintenance Expense		
	Customer Accounts Expense		
	Administrative and General Expense		
	Total Operating and Maintenance Expenses	\$	
	Net Operating Income	\$	
C.	Non-Operating Income:		
	Interest on Deposits	\$	
	Other (Identify)		
	Total Non-Operating Income	\$	
D.	Net Income	\$	
E.	Debt Repayment:	\$	
	RUS Interest		
	RUS Principal		
	Non-RUS Interest		
	Non-RUS Principal		
	Total Debt Repayment	\$	
F.	Balance Available for Coverage	\$	

XIX. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - NEW USERS - EXTENSION ONLY (1st Full Year of Operation) Year Ending

A.	Operating Income:	\$ _____
	Sewer Revenue	_____
	Late Charge Fees	_____
	Other (Describe)	_____
	Less Allowances and Deductions	(_____)
	Total Operating Income	\$ _____
B.	Operation and Maintenance Expenses: <i>(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)</i>	
	Operation Expense	\$ _____
	Maintenance Expense	_____
	Customer Accounts Expense	_____
	Administrative and General Expense	_____
	Total Operating and Maintenance Expenses	\$ _____
	Net Operating Income	\$ _____
C.	Non-Operating Income:	
	Interest on Deposits	\$ _____
	Other (Identify)	_____
	Total Non-Operating Income	\$ _____
D.	Net Income	\$ _____
E.	Debt Repayment:	\$ _____
	RUS Interest	_____
	RUS Principal	_____
	Non-RUS Interest	_____
	Non-RUS Principal	_____
	Total Debt Repayment	\$ _____
F.	Balance Available for Coverage	\$ _____

XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM)
 (As of the full operating year.) 2004

A.	Operating Income:		
	Water Sales	\$	<u>583,283.00</u>
	Disconnect/Reconnect/Late Charge Fee		<u>10,384.00</u>
	Other (Describe)		<u> </u>
	Less Allowances and Deductions	(<u>)</u>
	Total Operating Income	\$	<u>593,667.00</u>
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Source of Supply Expense	\$	<u>21,692.00</u>
	Pumping Expense	\$	<u>26,308.00</u>
	Water Treatment Expense	\$	<u>7,754.00</u>
	Transmission and Distribution Expense	\$	<u>171,837.00</u>
	Customer Accounts Expense	\$	<u>0.00</u>
	Administrative and General Expense	\$	<u>138,943.00</u>
	Depreciation Expense	\$	<u>166,485.00</u>
	Taxes Other Than Income	\$	<u>13,701.00</u>
	Amortization of Bond Issue Expense	\$	<u>890.00</u>
	Total Operating Expense	\$	<u>547,610.00</u>
	Net Operating Income	\$	<u>46,057.00</u>
C.	Non-Operating Income:		
	Interest on Deposits	\$	<u>1,170.00</u>
	Local Contributions	\$	<u>87,894.00</u>
	Sanitation District #1 (Net)	\$	<u>9,206.00</u>
	Total Non-Operating Income	\$	<u>98,270.00</u>
D.	Net Income	\$	<u>144,327.00</u>
E.	Debt Repayment:		
	RUS Interest	\$	<u>96,539.00</u>
	RUS Principal		<u>30,000.00</u>
	Non-RUS Interest		<u> </u>
	Non-RUS Principal		<u> </u>
	Total Debt Repayment	\$	<u>126,539.00</u>
F.	Balance Available for Coverage	\$	<u>17,788.00</u>

XXXI. CURRENT OPERATING BUDGET - (WATER SYSTEM) - EXISTING SYSTEM
AND NEW USERS (1st Full Year of Operation) Year Ending **2007**

A.	Operating Income:	\$	_____
	Water Sales		800,981
	Disconnect/Reconnect/Late Charge Fee		11,333
	Other (Describe)		_____
	Less Allowances and Deductions	(_____)
	Total Operating Income	\$	812,314
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Source of Supply Expense	\$	23,687.00
	Pumping Expense	\$	28,731.00
	Water Treatment Expense	\$	8,475.00
	Transmission and Distribution Expense	\$	187,640.00
	Customer Accounts Expense	\$	0.00
	Administrative and General Expense	\$	151,721.00
	Depreciation Expense	\$	181,800.00
	Taxes Other Than Income	\$	14,968.00
	Amortization of Bond Issue Expense	\$	890.00
	Total Operating Expense	\$	597,912.00
	Net Operating Expense	\$	214,402.00
C.	Non-Operating Income:		
	Interest on Deposits	\$	1,287.00
	Local Contributions	\$	0.00
	Sanitation District #1 (Net)	\$	9,206.00
	Total Non-Operating Income	\$	10,493.00
D.	Net Income	\$	224,895
E.	Debt Repayment:	\$	_____
	RUS Interest		123,277
	RUS Principal		33,500
	Non-RUS Interest		_____
	Non-RUS Principal		_____
	Total Debt Repayment	\$	156,777
F.	Balance Available for Coverage	\$	68,118

XXXII. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - NEW USERS -
EXTENSION ONLY (1st Full Year of Operation) Year Ending 2007

A.	Operating Income:	\$	_____
	Water Sales		72,996
	Disconnect/Reconnect/Late Charge Fee		955
	Other (Describe)		_____
	Less Allowances and Deductions	(_____)
	Total Operating Income	\$	73,951
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Source of Supply Expense	\$	1,995
	Pumping Expense	\$	2,420
	Water Treatment Expense	\$	714
	Transmission and Distribution Expense	\$	15,805
	Customer Accounts Expense	\$	0
	Administrative and General Expense	\$	12,780
	Depreciation Expense	\$	15,313
	Taxes Other Than Income	\$	1,261
	Amortization of Bond Issue Expense	\$	0
	Total Operating Expense	\$	50,288
	Net Operating Income	\$	23,663
C.	Non-Operating Income:		
	Interest on Deposits	\$	_____
	Local Contributions	\$	_____
	Sanitation District #1 (Net)	\$	_____
	Total Non-Operating Income	\$	0
D.	Net Income	\$	23,663
E.	Debt Repayment:	\$	_____
	RUS Interest		_____
	RUS Principal		_____
	Non-RUS Interest		_____
	Non-RUS Principal		_____
	Total Debt Repayment	\$	27,772
F.	Balance Available for Coverage	\$	(4,109)

XXXIII. ESTIMATED PROJECT COST - SEWER
 (Round to nearest \$100)

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Development</i>	_____	_____	_____
<i>Land and Rights</i>	_____	_____	_____
<i>Legal</i>	_____	_____	_____
<i>Engineering</i>	_____	_____	_____
<i>Interest</i>	_____	_____	_____
<i>Contingencies</i>	_____	_____	_____
<i>Initial Operating and Maintenance</i>	_____	_____	_____
<i>Other</i>	_____	_____	_____
TOTAL	_____	_____	_____

XXXIV. PROPOSED PROJECT FUNDING - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Applicant - User Contribution Fees</i>	_____	_____	_____
<i>Other - Applicant Contribution</i>	_____	_____	_____
<i>RUS Loan</i>	_____	_____	_____
<i>RUS Grant</i>	_____	_____	_____
<i>ARC Grant (If applicable)</i>	_____	_____	_____
<i>CDBG (If applicable)</i>	_____	_____	_____
<i>Other (Specify)</i>	_____	_____	_____
<i>Other (Specify)</i>	_____	_____	_____

XXXV. ESTIMATED PROJECT COST - WATER

Construction	\$ 2,250,000
Land and Rights	10,000
Legal	20,000
Engineering	236,025
Interest	50,000
Contingencies	153,000
Other	30,500
TOTAL	\$ 2,749,525

XXXVI. PROPOSED PROJECT FUNDING

Applicant - User Connection Fees	\$ 90,000
Other Applicant Contribution	0
RUS Loan	519,000
RUS Grant	518,000
KIA 2020 Grant	500,000
TDF 2003 Grant (Tollesboro Industrial Park Tank)	200,000
TDF 2005 Grant (Lewis & Mason Counties)	823,000
TDF 2005 Grant (Lewis County Fiscal Court)	100,000
TOTAL	\$ 2,750,000



3 HMB Circle
 U.S. 460
 Frankfort, KY 40601
 Office: (502) 695-9800
 Fax: (502) 695-9810

April 23, 2007

Mr. Elwood Howe
 Rural Development
 220 West First Street
 Morehead, KY 40351

RE: Final Engineering Report
 Western Lewis-Rectorville Water & Gas District
 Phase IV Water Line Extensions – Contracts I & II
 Mason & Lewis Counties, Kentucky
 HMB Project No. 4056.00

Dear Mr. Howe:

Case No. 2007-00197

As you know, construction bids for the above referenced project were opened on Tuesday April 17, 2007 at 3:00 PM EDST. The low bidder for Contract I was G&W Construction Co., Inc. from Morehead, KY with a Base Bid of \$1,828,478.22. The low bidder for Contract II was Caldwell Tanks, Inc. of Louisville, KY with a Base Bid of \$759,450.00. Contracts shall be awarded to the lowest Base Bids.

Due to the fact that the Base Bids are well within the available funding, the District wishes to include Alternate Bid No. 2 (Telemetry/SCADA System Upgrade) in the award of Contract I. This will increase the awarded Contract I amount by \$72,723.42, to a total of \$1,901,201.64. The District also wishes to accept Alternate Bid No. 1 (300,000 Gallon Tank) for Contract II, at a total award of \$793,500.00.

The total construction cost for both Contracts will be \$2,694,701.64, as awarded.

We are familiar with both G&W Construction and Caldwell Tanks from working with both contractors on previous projects. We have also checked references for each contractor and find them to be acceptable. The construction bids are within the available project funding and provide greater than 5% available contingency funds at award.

As such, we recommend that each Contract be awarded to its respective low bidder, as described above.

Attached, please find a copy of the Bid Tabulation for the project. Following is a summary of the financing and budget for this project:

- Highway Engineering
- Structural Engineering
- Water & Wastewater
- Site Development
- Master Planning
- Environmental Planning
- Surveying
- Project Management
- Cost Estimation
- Construction Inspection
- Aviation Services
- Environmental Remediation



<u>Project Budget:</u>	<u>Letter of Conditions (9/22/06 Revision)</u>	<u>Current (As Bid)</u>
Development	\$2,800,000.00	\$2,694,701.64
Land and Rights	\$ 20,000.00	\$ 5,000.00
Legal and Administrative	\$ 20,000.00	\$ 50,000.00
Engineering	\$ 308,400.00	\$ 308,900.00
Interest during Construction	\$ 50,000.00	\$ 20,000.00
Contingencies	<u>\$ 201,900.00</u>	<u>\$ 321,698.36</u>
Total Project Cost	\$3,400,300.00	\$3,400,300.00

Project Funding

RUS Loan	\$ 712,000.00
RUS Grant	\$ 325,000.00
ARC Grant	\$ 400,000.00
KIA 2020 Grant	\$ 500,000.00
2003 TDF Grant (Ind. Park Tank)	\$ 200,000.00
2005 TDF Grant	\$ 823,000.00
2005 TDF Grant (Lewis Fisc. Crt.)	\$ 100,000.00
2006 IEDF Grant	\$ 250,000.00
Tap Fees	<u>\$ 90,300.00</u>
Total Project Funding	\$3,400,300.00

It appears the project can be completed well within the available funding; therefore, we have begun the planning phase discussing additional water line extensions that may be installed, as well as considering emergency repair work at the District's existing water treatment plant and evaluating the available options.

We recommend this project be approved and allowed to go forward. Please contact our office if there are any questions, or if any additional information is required. Thank you.

Sincerely,

HMB Professional Engineers, Inc.

Chris A Stewart, PE
Project Manager



cc: Mr. Rick Hilterbrandt, General Manager - WLR
Mr. William Davis – Stoll Keenon Ogden
File



CONTRACT 1
 PHASE IV WATER LINE EXTENSIONS
 WESTERN LEWIS-RECTORVILLE WATER & GAS DISTRICT
 Bid Date: April 17, 2007 AT 3:00 PM local time

Water/Wastewater
 Transportation
 Engineers
 Environmental Planners

Project: 4056.00
 Date: 4/18/2007
 Engineer: TGF
 Page: 1 of 4

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	G & W Const. Co., Inc.		B.P. Pipeline, LLC		Silver Oaks Ventures, LLC		D.F. Bailey, Inc.		C & K Contracting, LLC		Tilton Excavating LLC		Lykins Contracting, Inc.		Clay Pipeline, Inc.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	10" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	31,900	LF	\$11.58	\$368,140.00	\$13.00	\$409,500.00	\$10.11	\$319,465.00	\$13.74	\$438,210.00	\$13.82	\$440,930.00	\$13.00	\$409,500.00	\$12.15	\$388,725.00	\$17.25	\$549,275.00
2	8" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	27,500	LF	\$5.95	\$163,900.00	\$7.00	\$192,500.00	\$5.98	\$163,900.00	\$8.23	\$226,275.00	\$7.13	\$196,075.00	\$6.00	\$163,900.00	\$8.70	\$239,250.00	\$8.75	\$240,625.00
3	4" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	65,000	LF	\$4.27	\$275,650.00	\$5.25	\$340,625.00	\$4.35	\$280,750.00	\$4.37	\$282,025.00	\$4.07	\$264,450.00	\$5.15	\$340,625.00	\$5.65	\$366,000.00	\$6.30	\$409,500.00
4	4" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	53,000	LF	\$4.55	\$240,850.00	\$5.50	\$291,500.00	\$4.66	\$245,410.00	\$4.72	\$248,400.00	\$4.85	\$255,400.00	\$6.75	\$357,150.00	\$5.50	\$241,750.00	\$5.25	\$237,600.00
5	3" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	2,100	LF	\$5.20	\$10,920.00	\$7.00	\$14,700.00	\$5.42	\$11,382.00	\$5.52	\$11,592.00	\$5.61	\$11,781.00	\$4.10	\$8,610.00	\$6.75	\$14,175.00	\$5.95	\$12,485.00
6	Trenching, Installing and Backfilling (Unclassified Excavation)	4,800	LF	\$3.77	\$18,096.00	\$4.77	\$22,806.00	\$3.81	\$18,288.00	\$3.85	\$18,520.00	\$4.18	\$20,054.00	\$4.25	\$20,400.00	\$4.10	\$19,680.00	\$4.25	\$20,400.00
7	12" Steel Casing Pipe, Furnishing and Installing Under State and County Maintained Roads, including Unclassified Boring and Jacking (Water Pipe Not Included)	350	LF	\$98.23	\$34,380.50	\$70.00	\$24,500.00	\$100.00	\$35,000.00	\$117.83	\$41,240.50	\$75.00	\$26,250.00	\$90.00	\$31,500.00	\$107.00	\$37,450.00	\$130.00	\$45,500.00
8	8" Steel Casing Pipe, Furnishing and Installing Under State and County Maintained Roads, including Unclassified Boring and Jacking (Water Pipe Not Included)	100	LF	\$82.95	\$8,295.00	\$50.00	\$5,000.00	\$115.00	\$11,500.00	\$94.87	\$9,487.00	\$65.00	\$6,500.00	\$80.00	\$8,000.00	\$89.50	\$8,950.00	\$120.00	\$12,000.00
9	6" Steel Casing Pipe, Furnishing and Installing Under State and County Maintained Roads, including Unclassified Boring and Jacking (Water Pipe Not Included)	900	LF	\$64.44	\$57,996.00	\$40.00	\$36,000.00	\$95.00	\$85,500.00	\$82.97	\$74,673.00	\$55.00	\$49,500.00	\$75.00	\$67,500.00	\$67.40	\$60,660.00	\$112.00	\$100,800.00
10	10" Type "A" Creek Crossing including Fittings, Concrete Casing, PVC Casing Pipe, Spacers and End Seals, Spaced as Shown on the Detail Sheets (Water Pipe Not Included)	200	LF	\$40.24	\$8,048.00	\$30.00	\$6,000.00	\$50.00	\$10,000.00	\$35.61	\$7,122.00	\$25.00	\$5,000.00	\$40.00	\$8,000.00	\$32.80	\$6,560.00	\$90.00	\$18,000.00
11	10" Type "B" Creek Crossing including Fittings, Concrete Casing, PVC Casing Pipe, Spacers and End Seals, Spaced as Shown on the Detail Sheets (Water Pipe Not Included)	150	LF	\$47.75	\$7,162.50	\$25.00	\$3,750.00	\$55.00	\$8,250.00	\$53.84	\$8,076.00	\$35.00	\$5,250.00	\$50.00	\$7,500.00	\$39.65	\$5,947.50	\$65.00	\$9,750.00
12	4" Type "A" Creek Crossing including Fittings, Concrete Casing, PVC Casing Pipe, Spacers and End Seals, Spaced as Shown on the Detail Sheets (Water Pipe Not Included)	120	LF	\$81.32	\$9,758.40	\$25.00	\$3,000.00	\$105.00	\$12,600.00	\$82.58	\$9,909.60	\$65.00	\$7,800.00	\$80.00	\$7,200.00	\$68.80	\$8,256.00	\$85.00	\$10,200.00
13	Installed Complete in Place as Shown on the Detail Sheets (Water Pipe Not Included)	450	LF	\$43.19	\$19,435.50	\$10.00	\$4,500.00	\$50.00	\$22,500.00	\$26.00	\$11,700.00	\$35.00	\$15,750.00	\$40.00	\$18,000.00	\$31.35	\$14,107.50	\$55.00	\$24,750.00
14	Installed Complete in Place as Shown on the Detail Sheets (Water Pipe Not Included)	800	LF	\$52.89	\$42,312.00	\$20.00	\$16,000.00	\$150.00	\$120,000.00	\$53.00	\$42,400.00	\$50.00	\$40,000.00	\$50.00	\$40,000.00	\$52.60	\$42,080.00	\$55.00	\$44,000.00
15	3" Type "A" Creek Crossing including Fittings, Concrete Casing, PVC Casing Pipe, Spacers and End Seals, Spaced as Shown on the Detail Sheets (Water Pipe Not Included)	50	LF	\$42.70	\$2,135.00	\$10.00	\$1,000.00	\$50.00	\$5,000.00	\$28.83	\$1,441.50	\$24.00	\$1,200.00	\$40.00	\$4,000.00	\$32.70	\$1,635.00	\$55.00	\$2,750.00
16	Concrete Casing, PVC Casing Pipe, Spacers and End Seals Installed Complete in Place as Shown on the Detail Sheets (Water Pipe Not Included)	50	LF	\$2,637.50	\$131,875.00	\$20.00	\$1,000.00	\$145.00	\$14,500.00	\$49.21	\$2,460.50	\$49.00	\$2,450.00	\$50.00	\$2,500.00	\$54.40	\$2,720.00	\$55.00	\$2,750.00
17	Installed Complete in Place as Shown on the Detail Sheets (PE Service Line Not Included)	200	LF	\$25.41	\$5,082.00	\$8.00	\$1,600.00	\$45.00	\$9,000.00	\$32.79	\$6,558.00	\$30.00	\$6,000.00	\$40.00	\$8,000.00	\$28.25	\$5,650.00	\$10.50	\$2,100.00
18	Type "B" Service Line Creek Crossing including Fittings, Concrete Casing, PVC Casing Pipe, Spacers and End Seals, Concrete Encasement, Installed Complete in Place as Shown on the Detail	200	LF	\$35.41	\$7,082.00	\$15.00	\$3,000.00	\$100.00	\$20,000.00	\$48.48	\$9,696.00	\$45.00	\$9,000.00	\$40.00	\$8,000.00	\$28.80	\$5,760.00	\$10.50	\$2,100.00



CONTRACT I
PHASE IV WATER LINE EXTENSIONS
WESTERN LEWIS - RECTORVILLE WATER & GAS DISTRICT

Water/Wastewater
 Transportation
 Engineers
 Environmental Planners

Project: 4059.00
 Date: 4/18/2017
 Engineer: JSF
 Page: 2 of 4

ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT	G & W Const. Co., Inc.	B. P. Pipelines LLC	Silver Oaks Ventures, LLC	D. F. Bailly, Inc.	C & K Contracting, LLC	Tilton Excavating LLC	Lynkins Contracting, Inc.	City Pipeline, Inc.		
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL		
19	4" CI AWWA NRS Gate Valve and Box, Conc. Pad, 8ft. Typical Meter Setting,	3	EA	\$1,199.40	\$3,598.20	\$450.00	\$1,350.00	\$1,500.00	\$4,500.00	\$1,095.00	\$3,285.00	\$1,300.00	\$4,140.00
20	18" CI AWWA NRS Gate Valve and Box, Conc. Pad, Complete in Place	16	EA	\$1,240.71	\$19,851.36	\$1,000.00	\$16,000.00	\$1,316.00	\$20,856.00	\$1,100.00	\$17,600.00	\$2,100.00	\$33,600.00
21	6" CI AWWA NRS Gate Valve and Box, Conc. Pad, Complete in Place	2	EA	\$908.32	\$1,816.64	\$800.00	\$1,600.00	\$877.00	\$1,754.00	\$795.00	\$1,590.00	\$1,700.00	\$3,400.00
22	4" CI AWWA NRS Gate Valve and Box, Conc. Pad, Complete in Place	22	EA	\$638.15	\$14,040.70	\$500.00	\$11,000.00	\$600.00	\$13,200.00	\$545.00	\$11,990.00	\$950.00	\$20,900.00
23	3" CI AWWA NRS Gate Valve with Box, Conc. Pad, Complete in Place	32	EA	\$553.23	\$17,703.36	\$400.00	\$12,800.00	\$492.55	\$15,761.60	\$450.00	\$14,400.00	\$880.00	\$28,160.00
24	3" CI AWWA NRS Gate Valve Assembly and Box, Complete in Place	1	EA	\$522.73	\$522.73	\$400.00	\$400.00	\$418.42	\$418.42	\$430.00	\$430.00	\$840.00	\$840.00
25	Customer Service with 5/8" Meter, Pressure Regulator, Tandem Copper Sellar, Meter Box, Ltd. Same Side of Road as Main, 70 Feet PE Service Tubing (Maximum)	38	EA	\$455.57	\$17,400.52	\$400.00	\$15,400.00	\$502.82	\$19,107.32	\$455.00	\$17,390.00	\$785.00	\$27,540.00
26	Customer Service with 5/8" Meter, Copper Sellar, Tandem Copper Sellar, Meter Box, Ltd. Same Side of Road as Main, 10 Feet PE Service Tubing (Maximum)	44	EA	\$786.21	\$33,711.24	\$500.00	\$22,000.00	\$814.40	\$35,833.60	\$750.00	\$33,000.00	\$875.00	\$38,632.00
27	Customer Service with 5/8" Meter, Copper Sellar, Tandem Copper Sellar, Meter Box, Ltd. Same Side of Road as Main, 70 Feet PE Service Tubing (Maximum)	90	EA	\$585.40	\$52,686.00	\$450.00	\$40,500.00	\$554.85	\$49,936.50	\$650.00	\$58,500.00	\$715.00	\$64,350.00
28	Customer Service with 5/8" Meter, Copper Sellar, Tandem Copper Sellar, Meter Box, Ltd. Same Side of Road as Main, 10 Feet PE Service Tubing (Maximum)	40	EA	\$628.31	\$25,132.40	\$480.00	\$19,200.00	\$741.06	\$29,642.40	\$650.00	\$26,000.00	\$800.00	\$32,000.00
29	Customer Service with 5/8" Meter, Copper Sellar, Tandem Copper Sellar, Meter Box, Ltd. Same Side of Road as Main, 70 Feet PE Service Tubing (Maximum)	32	EA	\$445.50	\$14,256.00	\$430.00	\$13,760.00	\$403.86	\$16,860.00	\$550.00	\$17,600.00	\$725.00	\$23,200.00
30	Special Street Crossing Including Two (2) Complete 5/8" Customer Services, Opposite Side of Road as Main, 70 Feet 1" PE Service Tubing as Shown on Detail Sheet	1	EA	\$1,426.04	\$1,426.04	\$1,300.00	\$1,300.00	\$1,451.02	\$1,451.02	\$2,280.00	\$2,280.00	\$1,050.00	\$1,050.00
31	Pressure Regulator and Tandem Copper Sellar, Opposite Side of Road as Main, 70 Feet 1" PE Service Tubing as Shown on Detail Sheet	1	EA	\$1,148.24	\$1,148.24	\$1,200.00	\$1,200.00	\$1,251.42	\$1,251.42	\$2,090.00	\$2,090.00	\$980.00	\$980.00
32	Appurtenances	1	EA	\$384.32	\$384.32	\$500.00	\$500.00	\$590.89	\$590.89	\$84.50	\$84.50	\$600.00	\$600.00
33	Additional 3/4" PE Service Tubing, Finishing, Laying, Trenching and Backfilling (Including, but not limited to valves, piping, fittings and appurtenances, Complete in Place as Shown on Detail Sheet)	500	LF	\$3.18	\$1,590.00	\$4.98	\$2,490.00	\$3.12	\$1,560.00	\$3.20	\$1,600.00	\$6.00	\$3,000.00
34	Additional 1" PE Service Tubing, Finishing, Laying, Trenching and Backfilling (Including, but not limited to valves, piping, fittings and appurtenances, Complete in Place as Shown on Detail Sheet)	500	LF	\$3.30	\$1,650.00	\$4.98	\$2,490.00	\$3.30	\$1,650.00	\$3.30	\$1,650.00	\$6.30	\$3,150.00
35	4" Blowoff Assembly Including Gate Valve, Piping, Fittings and Appurtenances, Complete in Place as Shown on Detail Sheet	15	EA	\$2,483.40	\$37,251.00	\$2,400.00	\$36,000.00	\$2,703.26	\$40,548.90	\$2,490.00	\$37,350.00	\$3,400.00	\$51,000.00
36	4" Blowoff Assembly Including Gate Valve, Piping, Fittings and Appurtenances, Complete in Place as Shown on Detail Sheet	20	EA	\$751.00	\$15,020.00	\$600.00	\$12,000.00	\$899.81	\$17,996.20	\$650.00	\$13,000.00	\$1,530.00	\$30,600.00
37	Maintenance 2" Pressure Reducing Valve Station (Including, but not limited to valves, piping, fittings, Conc. Vault as Shown on the Plans and not limited to Valves, Piping, Fittings, Conc. Vault as Shown on the Plans and Specifications, Complete in Place	4	EA	\$718.74	\$2,874.96	\$740.00	\$2,960.00	\$843.20	\$3,372.80	\$600.00	\$2,400.00	\$1,340.00	\$5,360.00
38	Customer Service with 5/8" Meter, Copper Sellar, Tandem Copper Sellar, Meter Box, Ltd. Same Side of Road as Main, 70 Feet PE Service Tubing (Maximum)	1	LS	\$1,052.75	\$1,052.75	\$9,000.00	\$9,000.00	\$9,582.14	\$9,582.14	\$9,205.00	\$9,205.00	\$9,000.00	\$9,000.00
39	Customer Service with 5/8" Meter, Copper Sellar, Tandem Copper Sellar, Meter Box, Ltd. Same Side of Road as Main, 70 Feet PE Service Tubing (Maximum)	1	LS	\$16,899.52	\$16,899.52	\$14,000.00	\$14,000.00	\$21,109.80	\$21,109.80	\$18,900.00	\$18,900.00	\$15,300.00	\$15,300.00

Project: 4056.00
 Date: 4/18/2007
 Engineer: TSF
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Water/Wastewater
 Transportation
 Engineers
 Environmental Planners

CONTRACT I
 PHASE IV WATER LINE EXTENSIONS
 WESTERN LEWIS - RECTORTVILLE WATER & GAS DISTRICT

Water/Wastewater
 Transportation
 Engineers
 Environmental Planners

Project: 4056.00
 Date: 4/18/2007
 Engineer: TSF
 Page: 3 of 4

ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT	G & W Const. Co. Inc.		B.P. Pipeline LLC		Silver Oaks Ventures, LLC		D.F. Bailly, Inc.		C & K Contracting, LLC		Tilton Excavating LLC		Larkin Contracting, Inc.		City Pipelines, Inc.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
40	RY 137 Control Valve including, but not limited to Valves, Piping, Filings, Conc. Vault as Shown on the Plans and Specifications, Complete in Place	1	LS	\$13,538.84	\$13,538.84	\$25,000.00	\$25,000.00	\$12,000.00	\$12,000.00	\$18,928.20	\$18,928.20	\$25,000.00	\$25,000.00	\$18,000.00	\$18,000.00	\$11,840.00	\$11,840.00	\$14,750.00	\$14,750.00
41	AA Highway Control Valve including, but not limited to Valves, Piping, Filings, Conc. Vault as Shown on the Plans and Specifications, Complete in Place	1	LS	\$17,317.50	\$17,317.50	\$25,000.00	\$25,000.00	\$16,000.00	\$16,000.00	\$28,070.32	\$28,070.32	\$31,500.00	\$31,500.00	\$20,000.00	\$20,000.00	\$13,925.00	\$13,925.00	\$17,300.00	\$17,300.00
42	6" Check Valve including but not limited to Valves, Piping, Filings, Conc. Vault as Shown on the Plans and Specifications, Complete in Place	1	LS	\$11,127.76	\$11,127.76	\$20,000.00	\$20,000.00	\$3,500.00	\$3,500.00	\$8,618.54	\$8,618.54	\$9,500.00	\$9,500.00	\$12,000.00	\$12,000.00	\$8,035.00	\$8,035.00	\$15,000.00	\$15,000.00
43	54" Curbed Stone on Trench Surface, Full Depth on Driveways, Roadway Crossings	5,000	LF	\$8.00	\$30,000.00	\$3.00	\$15,000.00	\$8.00	\$40,000.00	\$6.64	\$33,200.00	\$10.00	\$50,000.00	\$8.00	\$40,000.00	\$4.15	\$20,750.00	\$5.00	\$25,000.00
44	8" M Grouted Stone Bedding in Areas of Rock Excavation	1,500	TON	\$12.00	\$18,000.00	\$12.00	\$18,000.00	\$18.00	\$27,000.00	\$22.78	\$34,140.00	\$15.00	\$22,500.00	\$26.00	\$39,000.00	\$11.00	\$16,500.00	\$17.00	\$25,500.00
45	Bituminous Paving Replacement on Stone Bedding, Curb, Sidewalks and Driveways including Gravel Backfill	50	LF	\$20.00	\$1,000.00	\$15.00	\$750.00	\$35.00	\$1,750.00	\$17.18	\$859.00	\$40.00	\$2,000.00	\$40.00	\$2,000.00	\$23.90	\$1,195.00	\$150.00	\$7,500.00
46	Concrete Paving Replacement, 6" Thick, including Gravel Backfill	50	LF	\$40.00	\$2,000.00	\$25.00	\$1,250.00	\$50.00	\$2,500.00	\$25.08	\$1,254.00	\$50.00	\$2,500.00	\$40.00	\$2,000.00	\$34.45	\$1,722.50	\$160.00	\$8,000.00
47	Telemetry System Update as described in the Contract Documents and as shown on the Sheet (Pavement) Remote Sites plus (VPI)	1	LS	\$79,917.64	\$79,917.64	\$150,000.00	\$150,000.00	\$90,000.00	\$90,000.00	\$90,298.58	\$90,298.58	\$97,200.00	\$97,200.00	\$100,000.00	\$100,000.00	\$77,840.00	\$77,840.00	\$85,000.00	\$85,000.00
TOTAL:				\$1,828,478.22	\$1,828,478.22	\$1,879,806.00	\$1,879,806.00	\$1,994,874.00	\$1,994,874.00	\$1,995,406.62	\$1,995,406.62	\$2,046,168.00	\$2,046,168.00	\$2,088,505.00	\$2,088,505.00	\$2,090,418.00	\$2,090,418.00	\$2,590,217.00	\$2,590,217.00

** indicates an error in the Contractor's Bid. The corrected total is shown.

Water/Wastewater
Transportation
Engineers
Environmental Planners

Project: 4855.00
Date: 4/18/2017
Engineer: JSP
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ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	G & W Const. Co., Inc.		B.P. Pipeline LLC		Silver Oases Ventures		D.F. Bailey, Inc.		C & K Contracting, LLC		Tilton Excavating LLC		Lymane Contracting, Inc.		Clay Pipeline, Inc.			
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
A1.1	8" PVC Class 200 Pipe, SDR 21, Fumishing, Trenching, Installing and Backfilling (Undersized Excavation)	31,500	LF	\$9.50	\$297,750.00	\$9.00	\$283,500.00	\$9.16	\$288,540.00	\$10.75	\$338,625.00	\$10.50	\$330,750.00	\$9.45	\$297,075.00	\$14.70	\$463,050.00				
A1.7	14" Steel Casing Pipe, Fumishing and Installing Under State and County Maintained Roads, (Under Undersized Boring and/or Boring (Under Pipe Not Installed)	350	LF	\$93.27	\$32,644.50	\$90.00	\$28,000.00	\$115.00	\$40,250.00	\$90.00	\$31,500.00	\$90.00	\$31,500.00	\$107.00	\$37,450.00	\$125.00	\$43,750.00				
A1.11	8" Type "A" Creek Crossing Including Fillings, PVC Casing Pipe, Spacers and End Seals, Installed Complete in Place as Shown on the Detail	150	LF	\$47.84	\$7,176.00	\$25.00	\$3,750.00	\$50.00	\$7,500.00	\$35.00	\$5,250.00	\$60.00	\$9,000.00	\$39.65	\$5,947.50	\$115.00	\$17,250.00				
A1.12	8" CT/MVT/RRS Casing Valve and Box, Complete in Place as Shown on the Detail	120	LF	\$57.98	\$6,957.60	\$30.00	\$3,600.00	\$160.00	\$19,200.00	\$65.00	\$7,800.00	\$60.00	\$7,200.00	\$69.80	\$8,376.00	\$115.00	\$13,800.00				
A1.20	Conic Pad, Complete in Place	18	EA	\$988.28	\$17,789.04	\$800.00	\$14,400.00	\$1,000.00	\$18,000.00	\$977.00	\$17,586.00	\$800.00	\$14,400.00	\$765.00	\$13,770.00	\$1,700.00	\$30,600.00				
TOTAL:					\$329,060.26		\$331,650.00		\$371,490.00		\$388,025.42		\$397,207.00		\$391,260.00		\$361,328.50				\$565,050.00

Water/Wastewater
Transportation
Engineers
Environmental Planners

Project: 4855.00
Date: 4/18/2017
Engineer: JSP
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ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	G & W Const. Co., Inc.		B.P. Pipeline LLC		Silver Oases Ventures		D.F. Bailey, Inc.		C & K Contracting, LLC		Tilton Excavating LLC		Lymane Contracting, Inc.		Clay Pipeline, Inc.		
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE
A2.1	Telemetry/SCADA System Upgrade Including Improvements to the Existing System at the WTP, New Computers and Related Software Installation and All Other Related Items to Make a Complete in Place System as Described in the Contract Documents	1	LS	\$72,723.42	\$72,723.42	\$150,000.00	\$150,000.00	\$98,000.00	\$98,000.00	\$67,197.40	\$67,197.40	\$134,275.00	\$134,275.00	\$100,000.00	\$100,000.00	\$71,990.00	\$71,990.00	\$75,000.00	\$75,000.00	
TOTAL:					\$72,723.42		\$150,000.00		\$98,000.00		\$67,197.40		\$134,275.00		\$100,000.00		\$71,990.00			\$75,000.00



**CONTRACT II - Elevated Water Storage Tank
PHASE IV WATER LINE EXTENSIONS
WESTERN LEWIS-RECTORVILLE WATER & GAS DISTRICT
Bid Date: April 17, 2007 AT 3:00 PM local time**

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Caldwell Tanks, Inc.		Phoenix Fabricators and Erectors, Inc.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	250,000 Gallon Elevated Water Storage Tank, including Tank, Tank Foundation, Valve Vault, Piping, Site Preparation, Excavation, Access Road and all Appurtenances, as Shown on the Plans and Specifications, Complete in Place	1	LS	\$685,370.00	\$685,370.00	\$720,958.00	\$720,958.00
2	Tank Containment During Surface Preparation and Painting, including all Materials and Labor, as Described in the Contract Documents, including Installation and Removal	1	LS	\$57,000.00	\$57,000.00	\$22,000.00	\$22,000.00
3	Tank Sign as Described in the Contract Documents, Complete in Place	1	LS	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00
4	Sikalflex-1a Caulking Over Fifty (50) LF as Described in the Contract Documents, Complete in Place	10	LF	\$8.00	\$80.00	\$3.00	\$30.00
5	Tank Site Fencing as Described in the Contract Documents, Complete in Place	1	LS	\$9,000.00	\$9,000.00	\$9,900.00	\$9,900.00
6	Demolition and Disposal of Existing Steel Tollesboro Standpipe Tank, as Described in the Contract Documents, Complete	1	LS	\$6,200.00	\$6,200.00	\$6,200.00	\$6,200.00
TOTAL:				\$759,450.00		\$760,888.00	



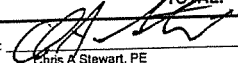
**ALTERNATE BID No. 1
Contract II - Elevated Water Storage Tank
PHASE IV WATER LINE EXTENSIONS
WESTERN LEWIS - RECTORVILLE WATER & GAS DISTRICT**

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Caldwell Tanks, Inc.		Phoenix Fabricators and Erectors, Inc.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
A1.1	300,000 Gallon Elevated Water Storage Tank, including Tank, Tank Foundation, Valve Vault, Piping, Site Preparation, Excavation, Access Road and all Appurtenances, as Shown on the Plans and Specifications, Complete in Place	1	LS	\$717,420.00	\$717,420.00	\$764,680.00	\$764,680.00
A1.2	Tank Containment During Surface Preparation and Painting, including all Materials and Labor, as Described in the Contract Documents, including Installation and Removal	1	LS	\$59,000.00	\$59,000.00	\$22,000.00	\$22,000.00
A1.3	Tank Sign as Described in the Contract Documents, Complete in Place	1	LS	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00
A1.4	Sikalflex-1a Caulking Over Fifty (50) LF as Described in the Contract Documents, Complete in Place	10	LF	\$8.00	\$80.00	\$3.00	\$30.00
A1.5	Tank Site Fencing as Described in the Contract Documents, Complete in Place	1	LS	\$9,000.00	\$9,000.00	\$9,900.00	\$9,900.00
A1.6	Demolition and Disposal of Existing Steel Tollesboro Standpipe Tank, as Described in the Contract Documents, Complete	1	LS	\$6,200.00	\$6,200.00	\$6,200.00	\$6,200.00
TOTAL:				\$793,500.00		\$804,610.00	



**ALTERNATE BID No. 2
Contract II - Elevated Water Storage Tank
PHASE IV WATER LINE EXTENSIONS
WESTERN LEWIS - RECTORVILLE WATER & GAS DISTRICT**

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Caldwell Tanks, Inc.		Phoenix Fabricators and Erectors, Inc.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
A2.1	400,000 Gallon Elevated Water Storage Tank, including Tank, Tank Foundation, Valve Vault, Piping, Site Preparation, Excavation, Access Road and all Appurtenances, as Shown on the Plans and Specifications, Complete in Place	1	LS	\$855,170.00	\$855,170.00	\$925,714.00	\$925,714.00
A2.2	Tank Containment During Surface Preparation and Painting, including all Materials and Labor, as Described in the Contract Documents, including Installation and Removal	1	LS	\$66,000.00	\$66,000.00	\$28,000.00	\$28,000.00
A2.3	Tank Sign as Described in the Contract Documents, Complete in Place	1	LS	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00
A2.4	Sikalflex-1a Caulking Over Fifty (50) LF as Described in the Contract Documents, Complete in Place	10	LF	\$8.00	\$80.00	\$3.00	\$30.00
A2.5	Tank Site Fencing as Described in the Contract Documents, Complete in Place	1	LS	\$9,000.00	\$9,000.00	\$9,900.00	\$9,900.00
A2.6	Demolition and Disposal of Existing Steel Tollesboro Standpipe Tank, as Described in the Contract Documents, Complete	1	LS	\$6,200.00	\$6,200.00	\$6,200.00	\$6,200.00
TOTAL:				\$938,250.00		\$971,644.00	

Signed: 
Chris R Stewart, PE
Kentucky PE No 23423
P:\engr\4056\Construction\Bid Tab Cont II.xls

Project: 4058.00
Date: 4/18/2007
Engineer: TSF
Page: 1 of 1



United States Department of Agriculture
Rural Development
Kentucky State Office

May 14, 2007

SUBJECT: Western Lewis Rectorville Water and Gas District
Phase IV Water Line Extensions
Contract Award Concurrence

TO: Area Director
Morehead, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 1, G & W Construction, in the amount of \$1,901,201.64, and the low bidder on Contract 2, Caldwell Tanks, in the amount of \$793,500.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


KENNETH SLONE
State Director
Rural Development

cc: HMB Engineers
Frankfort, Kentucky

Ogden Newell & Welch PLLC
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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NOTICE OF ADJUSTMENT OF WATER RATES

Western Lewis-Rectorville Water District
Mason and Lewis Counties, Kentucky

Case No. 7007-00197

Notice is hereby given that, pursuant to an application filed or to be filed with the Public Service Commission of Kentucky under KRS 278.023 by the Western Lewis-Rectorville Water District, also known as the Western Lewis-Rectorville Water and Gas District (the "District"), the District proposes to adjust its monthly water service rates and charges as follows:

<u>Present Rates</u>		<u>Proposed Rates</u>	
First 1,000 gallons	\$ 13.00 (min.)	First 1,000 gallons	\$ 14.50 (min. bill)
Next 4,000 gallons	4.50 per 1,000 gal.	Next 4,000 gallons	5.00 per 1,000 gal.
All Over 5,000 gallons	3.60 per 1,000 gal.	All Over 5,000 gallons	3.75 per 1,000 gal.

By use of federal loan and grant proceeds and local funds, the District plans to construct and install new water lines and facilities to serve approximately 172 rural customers in Lewis County and a small portion of Mason County, including a new storage tank.

WESTERN LEWIS-RECTORVILLE
WATER DISTRICT
Rick Hilterbrandt, General Manager
8000 Day Pike
Maysville, Kentucky 41056
(606) 759-5740

AFFIDAVIT OF PUBLICATION

State of Kentucky

County of Meson

Margaret Wallingford being duly sworn deposes and says
 that she is ^{business} editor/manager of The Ledger-Independent, a newspaper published
 in the city of Mayville, and that advertising
 for Western Lewis Rectorville Water District was published in the said newspaper,
 and that the following is a true description of each advertisement as to date of publication and amount
 of space occupied:

DATE	SPACE	CAPTION
<u>May 8, 2007</u>	<u>11"</u>	<u>Notice of adjustment of water rate</u>

Subscribed and sworn to before me this 8th day of May A.D., ~~19~~ 2007

Rita Kinder

Notary Public _____ County State

My commission expires May 23, 2008

(Signed) Margaret Wallingford

NOTICE OF ADJUSTMENT OF WATER RATES

Western Lewis-Rectorville Water District
Mason and Lewis Counties, Kentucky

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By use of federal loan and grant proceeds and local funds, the District plans to construct and install new water lines and facilities to serve approximately 172 rural customers in Lewis County and a small portion of Mason County, including a new storage tank.

WESTERN LEWIS-RECTORVILLE
WATER DISTRICT
Rick Hiltbrandt, General Manager
8000 Day Pike
Maysville, Kentucky 41056
(606) 759-5740

LEWIS COUNTY HERALD

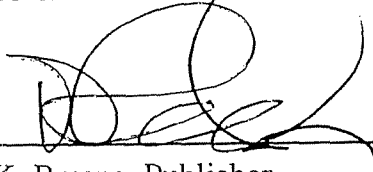
Successor To The Sun
VANCEBURG, KENTUCKY 41179

AFFIDAVIT OF PUBLICATION


To Whom It May Concern:

This is to certify that the legal notice(s) shown on the attached tear sheet(s) appeared in the Lewis County Herald newspaper on the date(s) of May 8, 2007

Subscribed and sworn to before me this 5-8-07



D.K. Brown, Publisher



Patricia Bloomfield
Notary Public

My commission expires 1-4-2011

THE LEWIS COUNTY HERALD, Tuesday, May 8, 2007

NOTICE OF ADJUSTMENT OF WATER RATES

Western Lewis-Rectorville Water District
Mason and Lewis Counties, Kentucky

Notice is hereby given that, pursuant to an application filed or to be filed with the Public Service Commission of Kentucky under KRS 278.023 by the Western Lewis-Rectorville Water District, also known as the Western Lewis-Rectorville Water and Gas District (the "District"), the District proposes to adjust its monthly water service rates and charges as follows:

Present Rates

First 1,000 gallons \$13.00 (min.)
Next 4,000 gallons 4.50 per 1,000 gal.
All Over 5,000 gallons 3.60 per 1,000 gal.

Proposed Rates

First 1,000 gallons \$14.50 (min. bill)
Next 4,000 gallons 5.00 per 1,000 gal.
All Over 5,000 gallons 3.75 per 1,000 gal.

By use of federal loan and grant proceeds and local funds, the District plans to construct and install new water lines and facilities to serve approximately 172 rural customers in Lewis County and a small portion of Mason County, including a new storage tank.

WESTERN LEWIS-RECTORVILLE
WATER DISTRICT
Rick Hilterbrandt, General Manager
8000 Day Pike
Maysville, Kentucky 41056
(606) 759-5740



**United States Department of Agriculture
Rural Development
Kentucky State Office**

September 22, 2006

Mr. John Thomas, Jr., Chairman
Western Lewis-Rectorville Water & Gas District
8000 Day Pike
Maysville, Kentucky 41056

Case No. 2007-00197

Re: Letter of Conditions Dated January 17, 2006

Dear Mr. Thomas:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated January 17, 2006. The purpose of this amendment is to (1) revise the total cost of the project due to a projected increase in the total project cost, and (2) include additional changes in accordance with current Rural Development (RD) Instructions.

The Second Paragraph on Page 1 is revised to read as follows:

“ This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$712,000; a RUS grant not to exceed \$325,000; a Kentucky Infrastructure Authority (KIA) 2020 Grant of \$500,000, a Tobacco Development Fund (TDF) Industrial Park Tank Grant of \$200,000, a Tobacco Development Fund (TDF) Lewis and Mason Counties Grant of \$823,000, a Tobacco Development Fund (TDS) Lewis County Fiscal Court Grant of \$100,000, an Infrastructure for Economic Development Fund (IEDF) 2006 Grant of \$250,000, and an Appalachian Regional Commission (ARC) Grant of \$400,000.”

Paragraph numbered "24" is revised to read as follows:

“ 24. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,800,000
Land and Rights	20,000
Legal and Administrative	20,000
Engineering	308,400
Interest	50,000
Contingencies	<u>201,900</u>
TOTAL	\$ 3,400,300

771 Corporate Drive • Suite 200 • Lexington, KY 40503
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1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

JDL
CAS

HMB Professional Engineers, Inc. *File*
OCT 10 2006 *Con*
4051

Financing:

RUS Loan	\$ 712,000
RUS Grant	325,000
ARC Grant	400,000
KIA 2020 Grant	500,000
TDF Industrial Park Grant	200,000
TDF Lewis Co. & Mason Co. Grant	823,000
TDF Lewis Co. Court Grant	100,000
IEDF 2006 Grant	250,000
Applicant Contribution	<u>90,300</u>
TOTAL	\$ 3,400,300 "

Paragraph numbered "25" is revised to read as follows:

" 25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the Kentucky Infrastructure Authority (KIA) 2020 Grant of \$500,000, the Tobacco Development Fund (TDF) Industrial Park Tank Grant of \$200,000, the Tobacco Development Fund (TDF) Lewis and Mason Counties Grant of \$823,000, the Tobacco Development Fund (TDS) Lewis County Fiscal Court Grant of \$100,000, an Infrastructure for Economic Development Fund (IEDF) 2006 Grant of \$250,000, and the Appalachian Regional Commission (ARC) Grant of \$400,000. "

Paragraph numbered "26" is revised to read as follows:

" 26. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS/TIA/TDF/IEDF/ARC grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds. "

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,

Kenneth Slone
KENNETH SLONE
State Director

- cc: Area Director - Morehead, Kentucky
- Rural Development Manager - Flemingsburg, Kentucky
- Buffalo Trace ADD - Maysville, Kentucky
- Andrew W. Wood - Maysville, Kentucky
- Stoll Kennon Ogden - Louisville, Kentucky
- ✓ HMB, Inc. - Frankfort, Kentucky
- PSC - ATTN: Bob Amato - Frankfort, Kentucky



B. H. Davis

**United States Department of Agriculture
Rural Development**
Kentucky State Office

January 17, 2006

Mr. John Thomas, Jr., Chairman
Western Lewis-Rectorville Water and Gas District
8000 Day Pike
Maysville, Kentucky 41056

Dear Mr. Thomas:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$712,000, a RUS grant not to exceed \$325,000, an Kentucky Infrastructure Authority (KIA) 2020 grant of \$500,000, a Tobacco Development Fund (TDF) Industrial Park Tank grant of \$200,000, a Tobacco Development Fund (TDF) Lewis and Mason Counties grant of \$823,000, and a Tobacco Development Fund (TDF) Lewis County Fiscal Court grant of \$100,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
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1. Number of Users and Their Contribution:

There shall be 680 gas users and 2,042 water users, of which 1,870 are existing users and 172 are new users contributing \$90,300 in connection fees toward the cost of the project. The connection fees will be collected prior to advertising for construction bids and will be placed in the construction account at loan pre-closing, unless spent for authorized purposes prior to loan pre-closing. The Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids.

2. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

3. Drug-Free Work Place:

Prior to grant approval, the District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

4. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (May 1st and November 1st) and principal will be due on or before the first of November. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

5. Recommended Repayment Method:

Payments on this loan can be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs and assist with debt service should the need arise.

The District will be required to deposit \$320 per month into a "Funded Depreciation Reserve Account" until the account reaches \$38,400. The deposits are to be resumed any time the account falls below the \$38,400.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond ordinances.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$2,764 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system.

7. Security Requirements:

A combined pledge of gross water and gas revenues will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

8. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

9. Organization:

The District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

10. Business Operations:

The District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the District after review by Rural Development. At no later than loan pre-closing, the District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed.

The enclosed audit booklet will be used as a guide for preparation of audits. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

The District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts.

12. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

13. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$169,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

14. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
1. Final plans, specifications and bid documents.
 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 3. Legal Service Agreements.
 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

15. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

17. Compliance with Special Laws and Regulations:

The District will be required to conform to any and all state and local laws and regulations affecting this type project.

18. Treatment Plant/System Operator:

The District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

19. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

21. Commercial Interim Financing:

The District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

22. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the District's construction account records shall be made by Rural Development.

23. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,250,000
Land and Rights	10,000
Legal and Administrative	20,000
Engineering	267,300
Interest	50,000
Contingencies	<u>153,000</u>
TOTAL	\$ 2,750,300

Financing:

RUS Loan	\$ 712,000
RUS Grant	325,000
KIA 2020 Grant	500,000
TDF Industrial Park Grant	200,000
TDF Lewis & Mason Counties Grant	823,000
TDF Lewis County Fiscal Court Grant	100,000
Applicant Contribution	<u>90,300</u>
TOTAL	\$ 2,750,300

25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the Kentucky Infrastructure Authority (KIA) 2020 grant of \$500,000, the Tobacco Development Fund (TDF) Industrial Park Tank grant of \$200,000, the Tobacco Development Fund (TDF) Lewis and Mason Counties grant of \$823,000, and the Tobacco Development Fund (TDF) Lewis County Fiscal Court grant of \$100,000.

26. Use of Remaining Project Funds:

The applicant contribution/connection fees shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS/KIA/TDF grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

27. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

28. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water and gas systems and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

First	1,000	gallons @ \$	14.50 - Minimum Bill.
Next	4,000	gallons @ \$	5.00 - per 1,000 gallons.
All Over	5,000	gallons @ \$	3.75 - per 1,000 gallons.

Gas rates will be at least:

First	1,000	cu ft @ \$	19.13 - Minimum Bill.
Next	4,000	cu ft @ \$	16.59 - per 1,000 cu ft.
Next	5,000	cu ft @ \$	16.53 - per 1,000 cu ft.
All Over	10,000	cu ft @ \$	16.36 - per 1,000 cu ft.

29. Water Purchase Contract:

The District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

30. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

31. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

32. Water Withdrawal Permit:

The District will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

33. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated August 25, 2003, from Mr. Ronald W. Cook, Manager.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated September 17, 2003, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

34. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


KENNETH SLONE
State Director

Enclosures

cc: Area Director - Morehead, Kentucky
Rural Development Manager - Flemingsburg, Kentucky
Buffalo Trail ADD - Maysville, Kentucky
Andrew W. Wood - Maysville, Kentucky
✓ Stoll Keenon Ogden - Louisville, Kentucky
HMB, Inc. - Frankfort, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky



United States Department of Agriculture
Rural Development
Kentucky State Office

February 1, 2006

Attn: William W. Davis
Stoll Keenon Ogden
1700 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202-2874

Re: Western Lewis-Rectorville Water and Gas District
\$712,000 Bond Issue

Dear Mr. Davis:

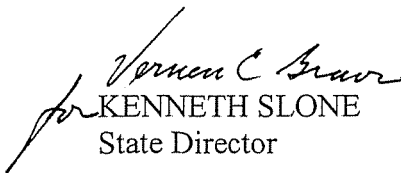
We are enclosing the Maturity Schedule for the referenced Bond Issue. The required deposits to the Funded Depreciation Reserve Account are \$320 per month with a required level of \$38,400. The Rural Development loan of \$712,000 was approved at an interest rate of 4.50%.

We are attempting to obtain the Regional Attorney's Closing Instructions at an earlier date in an effort to avoid delays in scheduling bond sales and pre-closing. Hopefully, you will be able to draft the bond authorizing documents at such a time to coincide with the Advertisement for Construction Bids. We plan to request Closing Instructions at the same time we authorize the District to advertise for construction bids.

Please provide this office with one copy of the proposed documents and forward one copy to the Rural Development Area Office.

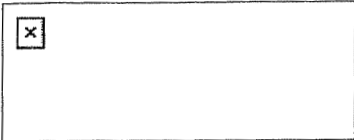
Please let us know if you have any questions.

Sincerely,


KENNETH SLONE
State Director

Enclosure

cc: Area Director - Morehead, Kentucky
HMB, Inc. - Frankfort, Kentucky



BOND SCHEDULE, 2/1/2006

Name of Borrower: Western Lewis Rectoreville Water & Gas District			
Amount of Loan	712000	Annual Interest Rate	0.045
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	false
Principal Payment Units	1000	Interest Payment Units	1

YEAR	PERIOD	NUMBER	PAYMENT	INTEREST	PRINCIPAL	BALANCE
2007	1	1	32040	32040	0	712000
2008	1	2	32040	32040	0	712000
2009	1	3	39040	32040	7000	705000
2010	1	4	39725	31725	8000	697000
2011	1	5	39365	31365	8000	689000
2012	1	6	39005	31005	8000	681000
2013	1	7	39645	30645	9000	672000
2014	1	8	39240	30240	9000	663000
2015	1	9	39835	29835	10000	653000
2016	1	10	39385	29385	10000	643000
2017	1	11	39935	28935	11000	632000
2018	1	12	39440	28440	11000	621000
2019	1	13	39945	27945	12000	609000
2020	1	14	39405	27405	12000	597000
2021	1	15	39865	26865	13000	584000
2022	1	16	39280	26280	13000	571000
2023	1	17	39695	25695	14000	557000
2024	1	18	39065	25065	14000	543000
2025	1	19	39435	24435	15000	528000
2026	1	20	39760	23760	16000	512000
2027	1	21	39040	23040	16000	496000
2028	1	22	39320	22320	17000	479000
2029	1	23	39555	21555	18000	461000
2030	1	24	39745	20745	19000	442000
2031	1	25	39890	19890	20000	422000
2032	1	26	38990	18990	20000	402000
2033	1	27	39090	18090	21000	381000
2034	1	28	39145	17145	22000	359000
2035	1	29	39155	16155	23000	336000
2036	1	30	39120	15120	24000	312000
2037	1	31	39040	14040	25000	287000
2038	1	32	39915	12915	27000	260000
2039	1	33	39700	11700	28000	232000
2040	1	34	39440	10440	29000	203000
2041	1	35	39135	9135	30000	173000
2042	1	36	39785	7785	32000	141000
2043	1	37	39345	6345	33000	108000
2044	1	38	39860	4860	35000	73000
2045	1	39	39285	3285	36000	37000
2046	1	40	38665	1665	37000	0
TOTALS			1562365	850365	712000	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.

Case No. 2007-00197

A RESOLUTION OF THE COMMISSION OF WESTERN LEWIS-RECTORVILLE WATER DISTRICT, LEWIS AND MASON COUNTIES, KENTUCKY, PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S EXISTING WATER AND GAS DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S WATER AND GAS SYSTEM REVENUE BONDS, SERIES 2006, TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID), SUCH BONDS TO BE ISSUED ON A PARITY WITH CERTAIN OUTSTANDING BONDS; MAKING AND CONFIRMING PROVISIONS FOR THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF SAID SYSTEM, AND FOR THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS HERETOFORE AND HEREIN CREATED, IN ORDER TO PROVIDE FOR THE ORDERLY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS HEREIN AUTHORIZED; SETTING FORTH CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZE

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A RESOLUTION OF THE COMMISSION OF WESTERN LEWIS-RECTORVILLE WATER DISTRICT, LEWIS AND MASON COUNTIES, KENTUCKY, PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S EXISTING WATER AND GAS DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S WATER AND GAS SYSTEM REVENUE BONDS, SERIES 2006, TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID), SUCH BONDS TO BE ISSUED ON A PARITY WITH CERTAIN OUTSTANDING BONDS; MAKING AND CONFIRMING PROVISIONS FOR THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF SAID SYSTEM, AND FOR THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS HERETOFORE AND HEREIN CREATED, IN ORDER TO PROVIDE FOR THE ORDERLY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS HEREIN AUTHORIZED; SETTING FORTH CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED

WHEREAS, pursuant to the provisions of Chapter 74 of the Kentucky Revised Statutes ("KRS"), the Western Lewis-Rectorville Water District (the "District"), Lewis and Mason Counties, Kentucky, has been created and organized as a public body corporate and a statutory water district with all powers and authority as provided in KRS Chapter 74; and the District is at this time a *de jure* water district situated wholly in Lewis and Mason Counties, Kentucky; and

WHEREAS, by Ordinance of the Commission of the District adopted on November 3, 1961 (the "1961 Ordinance"), the District authorized and thereafter issued its Water and Gas System Revenue Bonds, dated November 1, 1961 (the "1961 Bonds"), for the purpose of providing funds for the construction of a water and gas distribution system (the "System") to serve the area of the District, which 1961 Bonds have been paid and retired and are no longer outstanding; and

WHEREAS, by Resolution of September 10, 1988 (the "1988 Resolution"), the District authorized and thereafter issued its Water and Gas System Revenue Bonds, 1988 Series A and B, in the original amount of \$280,000, dated March 23, 1989 (the "1988 Bonds"), for the purpose of constructing new water line additions and extensions, a portion of which 1988 Bonds is currently outstanding; and

WHEREAS, it was provided in and by the 1988 Resolution, that the District may issue additional bonds ranking on a basis of parity and equality with the 1988 Bonds, and pursuant to those provisions the District authorized, by Resolution of May 17, 1996 (the "1996 Resolution"), and thereafter issued its Water and Gas System Revenue Bonds, 1996 Series A and B, in the original amount of \$1,721,000, dated November 12, 1996 (the "1996 Bonds"), for the purpose of constructing water system extensions and improvements, a portion of which 1996 Bonds is currently outstanding; and

WHEREAS, pursuant to the above-described parity bond provisions the District authorized, by Resolution of August 13, 2001 (the "2001 Resolution"), and thereafter issued its Water and Gas System Revenue Bonds, Series 2001, in the original amount of \$333,000, dated March 13, 2002 (the "2001 Bonds"), for the purpose of constructing water system extensions and improvements, a portion of which 2001 Bonds is currently outstanding; and

WHEREAS, in proceedings before the Public Service Commission of Kentucky, the District has obtained (or otherwise will obtain prior to issuance of the Bonds herein authorized) the right and authority to acquire, construct and operate major extensions and additions to the System, and plans and specifications have heretofore been prepared by HMB Professional Engineers, Inc., Frankfort, Kentucky, and approved by the District's Commission and all State and supervisory authorities having jurisdiction thereof; and it is the opinion of the Commission of the District that it is feasible to undertake the acquisition, construction and installation of such new facilities at this time; and

WHEREAS, it has been determined upon the basis of public bids for construction duly solicited in the manner required by law, and upon the basis of other costs and estimates, that the aggregate of all costs and expenses in connection with the described project will be \$2,750,300, and to provide such funds the District has received from the United States Department of Agriculture, Rural Development ("USDA"), an offer to make a USDA loan to the District in the amount of \$712,000, which will be supplemented by a USDA Grant in the amount of \$325,000, a KIA 2020 Grant of \$500,000, a TDF Industrial Park Grant of \$200,000, a TDF Lewis and Mason Counties Grant of \$823,000, a TDF Lewis County Fiscal Court Grant of \$100,000, and available funds of the District in the amount of \$90,300; and

WHEREAS, it is now appropriate for the District to provide for borrowing the sum of \$712,000 through issuance and sale of its Water and Gas System Revenue Bonds, Series 2006 (the "2006 Bonds"), according to authority of Kentucky Revised Statutes ("KRS") Chapters 58 and 74 and the provisions of the 1988 Resolution, 1996 Resolution and 2001 Resolution permitting the issuance of parity bonds; and the 2006 Bonds shall be payable as to both principal and interest solely (except as to capitalized interest) from the income and revenues to be derived from the operation of the System, as extended from time to time, and shall not constitute an indebtedness of the District within the meaning of debt-limiting provisions of the Constitution of Kentucky;

NOW, THEREFORE, THE COMMISSION OF WESTERN LEWIS-RECTORVILLE WATER DISTRICT, LEWIS AND MASON COUNTIES, KENTUCKY, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1

AFFIRMATION OF PREAMBLE RECITALS;
AUTHORIZATION OF THE PROJECT; DECLARATION OF NECESSITY

All statements and recitals set forth in the preamble of this Resolution, including the terms defined therein, are hereby affirmed and adopted as a part of this Resolution.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the District that the District undertake at this time the acquisition, construction and installation of major additions and extensions to the District's water distribution facilities (the "Project"), all substantially according to the plans, specifications and designs prepared for the District by HMB Professional Engineers, Inc., Frankfort, Kentucky (the "Engineers"). Immediate undertaking of such acquisition, construction and installation is hereby authorized.

SECTION 2

PROJECT TO BE MUNICIPALLY OWNED AND OPERATED

The acquisition, construction and installation of the Project is undertaken by the District for public purposes and same shall constitute and be a part of the District's municipal combined water and gas distribution system (the "System," as expanded and improved by the Project), and so long as any of the 2006 Bonds hereinafter authorized, or bonds issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the District on a combined and consolidated basis for the security and source of payment of the 2006 Bonds hereinafter authorized to be issued, and all other parity bonds outstanding and any such parity bonds which may be hereafter issued. The Project is to be acquired, constructed, installed and acquired and the System is to be operated pursuant to the provisions of KRS Chapters 74 and 58, now in full force and effect. The System, as expanded from time to time, and including the Project, is hereby declared to be a public project within the meaning and application of KRS 58.010 to 58.140, inclusive.

SECTION 3

2006 BONDS AUTHORIZED; CERTAIN TERMS AND DETAILS

For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the 2006 Bonds hereinafter authorized, there are hereby authorized to be issued the District's Water and Gas System Revenue Bonds, Series 2006, in the aggregate principal amount of \$712,000 (the "2006 Bonds").

The 2006 Bonds shall be dated as of the date of their original delivery and shall be issuable as a single fully registered bond without coupons as hereinafter provided in Section 5,

with reservation of right on the part of the District to issue additional bonds in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter prescribed and set forth. The 2006 Bonds shall be offered at public sale as provided in Section 4 of this Resolution.

The 2006 Bonds shall mature as to principal in installments on November 1 in each of the years 2008 to 2045, inclusive, as set forth in the schedule appearing below; and shall bear interest from their date until payment of principal, such interest to the respective principal maturity dates to be payable semiannually on May 1 and November 1 of each year, and such interest to be at such rate as may be established by a supplemental Resolution upon the basis of competitive sale of the 2006 Bonds as hereinafter provided. The installments of principal of the 2006 Bonds, in fully registered form as aforesaid, shall be as set forth in the following schedule:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2008	\$ 7,000	2021	\$13,000	2034	\$ 23,000
2009	8,000	2022	14,000	2035	24,000
2010	8,000	2023	14,000	2036	25,000
2011	8,000	2024	15,000	2037	27,000
2012	9,000	2025	16,000	2038	28,000
2013	9,000	2026	16,000	2039	29,000
2014	10,000	2027	17,000	2040	30,000
2015	10,000	2028	18,000	2041	32,000
2016	11,000	2029	19,000	2042	33,000
2017	11,000	2030	20,000	2043	35,000
2018	12,000	2031	20,000	2044	36,000
2019	12,000	2032	21,000	2045	37,000
2020	13,000	2033	22,000		

provided, however, that installments of principal of the 2006 Bonds maturing on and after November 1, 2017, shall be subject to prepayment at the option of the District prior to maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after November 1, 2016, upon terms of par plus accrued interest without any prepayment premium, upon thirty (30) days' prior written notice mailed to the registered holder or holders of the 2006 Bonds; provided, that so long as USDA is the owner of any of the 2006 Bonds, the same may be prepaid in whole or in part at any time, at par plus accrued interest, and without notice or prepayment premium. The 2006 Bonds may be prepaid only in increments of \$1,000.

Both principal of and interest on the 2006 Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the District or, so long as USDA is the registered holder, at the office or address as may be designated by USDA from time to time.

If any District officer whose signature appears on any 2006 Bond shall cease to be such officer prior to delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such 2006 Bond. The 2006 Bonds, together with the interest thereon, and any bonds which may hereafter be issued on a basis of parity therewith subject to the conditions and restrictions hereinafter set forth, shall be payable only out of the "Water and Gas System Revenue Bonds, 1988 Bond and Interest 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 revenues of the System which the District has pledged to said Fund, subject to the terms hereof.

The District finds and declares that the 2006 Bonds herein authorized to be issued shall rank on a basis of parity and equality as to security and source of payment with the outstanding 1988 Bonds, 1996 Bonds and 2001 Bonds, as previously defined, inasmuch as the District is in compliance with all covenants and undertakings in connection with its 1988, 1996 and 2001 Bonds, has obtained the waiver and consent of USDA, as the holder of the 1988, 1996 and 2001 Bonds, to the issuance of the parity 2006 Bonds herein authorized, and is otherwise in compliance with the parity bond terms and conditions of the 1988 Resolution.

SECTION 4

PROVISIONS RELATING TO SALE OF BOND ISSUE

The 2006 Bonds authorized by this Resolution shall be publicly offered for sale according to a Notice of Sale of Bonds conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven (7) days nor more than twenty-one (21) days prior to the date therein specified (by and at the discretion of the Chairman of the Commission of the District) for the opening and consideration of purchase bids, in each of the following: (a) the Lewis County Herald, a legal newspaper published in Vanceburg, Lewis County, Kentucky, which is qualified under KRS 424.120 to publish advertisements for the District; (b) the Ledger Independent, a legal newspaper published in Maysville, Mason County, Kentucky, which is qualified under KRS 424.120 to publish advertisements for the District; and (c) The Courier-Journal, Louisville, Kentucky, a legal newspaper having statewide circulation.

Said Notice shall state the name and amount of 2006 Bonds to be sold, the time of the sale and other details concerning the 2006 Bonds and the sale and shall inform prospective bidders that a copy of the Official Notice of Bond Sale, setting out the maturities, security of the 2006 Bonds, provisions as to redemption prior to maturity, and related information, may be obtained from the District. Such Official Notice shall contain, *inter alia*, substantially the following bidding requirements:

(A) Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the 2006 Bonds and who are not purchasing for more than one account and do not intend to redistribute the 2006 Bonds. The District will make available to any such qualified bidder, upon written request, any financial and other material information regarding the District and the System in the

District's possession. Bidders are required to bid a cash price of not less than par value for the 2006 Bonds.

(B) The single interest rate must be in a multiple of 1/8 or 1/10 of one percent.

(C) Bids will be considered only for the entire 2006 Bond issue.

(D) Bidders (except USDA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2% of the face amount of the 2006 Bonds, which good faith deposit may be applied as partial payment for the 2006 Bonds, or as liquidated damages in the event that such bidder, if successful, fails to comply with the terms of his bid.

(E) Preference in award will be given to the bid resulting in the lowest net interest cost to the District.

(F) The lowest net interest cost will be determined by deducting the total amount of any premium bid from the aggregate amount of interest upon the 2006 Bonds, computed from the first day of the month following the date of sale of the 2006 Bonds (even though the 2006 Bonds will bear interest only from the date of delivery) to the final maturity specified in each respective bid.

(G) The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the 2006 Bonds at the office of the District within 45 days after the date of sale thereof. If the 2006 Bonds are not ready for delivery and payment within forty-five days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the 2006 Bonds, except that 2006 Bonds purchased by any agency of the Federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(H) The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(I) The District will furnish the 2006 Bonds, together with customary closing documents, including no-litigation certificate.

(J) The successful bidder will receive the approving legal opinion of Stoll Keenon Ogden PLLC, Bond Counsel, Louisville, Kentucky, as to the legality of and tax-exempt status of interest on the 2006 Bonds, without additional cost to the successful bidder.

In the event that there is no bid, or that all bids are rejected, the District may re-advertise the sale pursuant to this Resolution.

Bond Counsel having submitted to the Commission of the District forms of the Notice of Sale of Bonds and the Official Notice of Bond Sale, together with an Official Bid Form for use by all bidders except USDA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the 2006 Bonds.

SECTION 5

2006 BONDS TO BE ISSUED IN
FULLY REGISTERED FORM; FULLY REGISTERED BOND FORM

Upon the sale of the 2006 Bonds, the District shall issue a single fully registered 2006 Bond numbered R-1 (hereinafter referred to as the "Fully Registered Bond"). The Fully Registered Bond shall be in the aggregate principal amount of \$712,000, maturing as to principal in installments as set out in Section 3 hereof. The Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. The Fully Registered Bond shall, upon execution on behalf of the District (which execution shall be by manual signatures of the Chairman and Secretary of the Commission, and actual impression of the corporate seal), constitute a part of the 2006 Bond issue herein authorized and referred to, shall be non-negotiable, without interest coupons, registered as to principal and interest, payable as directed by the payee, and be in substantially the form hereinafter set forth.

The District hereby directs that books for the registration and for the transfer of the Fully Registered Bond shall be kept by the Secretary, who is hereby appointed as Bond Registrar in connection with such Bond. The Fully Registered Bond shall be transferable only upon said Bond Registrar's books at the request of the registered holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Secretary duly executed by the registered holder or his duly authorized attorney. Upon the transfer of the Fully Registered Bond, the Bond Registrar shall complete (with the name of the transferee), date and execute the registration schedule appearing on such Fully Registered Bond and deliver a Fully Registered Bond to such transferee. The person in whose name the Fully Registered Bond shall be properly registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal thereof or interest thereon shall be made only to or upon the order of the registered holder thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Fully Registered Bond to the extent of the sum or sums so paid. The face amount of the Fully Registered Bond, portions of which mature on different dates, will be reduced upon the payment of each maturity, and the Secretary shall keep appropriate records of all payments (both principal and interest) with respect to the Fully Registered Bond.

The Fully Registered Bond shall be in substantially the following form (with appropriate insertions):

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTIES OF MASON AND LEWIS
WESTERN LEWIS-RECTORVILLE WATER DISTRICT
WATER AND GAS SYSTEM REVENUE BOND, SERIES 2006

No. R-1

\$712,000

KNOW ALL MEN BY THESE PRESENTS:

That Western Lewis-Rectorville Water District (the "District"), acting by and through its Commission, a public body corporate created and existing pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Mason and Lewis Counties, Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of SEVEN HUNDRED TWELVE THOUSAND DOLLARS (\$712,000) on the first day of November in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
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(Here insert the principal maturities of the 2006 Bonds)

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of percent _____% per annum, semiannually on the first days of May and November in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable to the registered holder hereof at the address shown on the registration books of the District or, so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, at the office or address as may be designated by said registered holder from time to time.

This Bond is the Bond in fully registered form representing a total authorized series of Bonds in the principal amount of \$712,000 issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including among others Chapters 58 and 74 of the Kentucky Revised Statutes, and pursuant to a duly adopted Resolution of the District, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the acquisition, construction and installation of major extensions and additions to the District's water and gas distribution system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the issue which it represents, together with such additional bonds ranking on a parity therewith that have previously been issued and are outstanding and that may hereafter be issued and outstanding from time to time in accordance with the conditions and restrictions set forth in the Resolution authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the issue of which it forms a part, and such outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Water and Gas System Revenue Bonds, 1988 Bond and Interest Sinking Fund." The Bonds of this series rank on a basis of parity and equality with certain previously issued and outstanding 1988 Series A and B Bonds, 1996 Series A and B Bonds and Series 2001 Bonds.

This Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky, and the District is not and shall not be obligated to pay this Bond or the interest hereon except from said special fund. The District, acting by and through its Commission, covenants that it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the interest on and principal of this issue of Bonds and all other bonds ranking on a parity therewith as may be issued and outstanding from time to time in accordance with the conditions and restrictions prescribed in that connection, as well as to pay the costs of operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Secretary of the District, as the Bond Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after November 1, 2016, in the inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof in multiples of One Thousand Dollars (\$1,000) as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered holder of this Bond at least thirty (30) days prior to the date fixed for prepayment. Provided, however, that so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, this Bond may be prepaid at any time, in whole or in part, at par or face value and without notice or prepayment premium.

Upon default in the payment of any principal or interest payment on this Bond or upon failure by the District to comply with any other provisions of this Bond or with the provisions of the Resolution authorizing the issuance of this Bond, the registered holder may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said Resolution.

This Bond is exempt from *ad valorem* taxation in the Commonwealth of Kentucky.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, being the total authorized amount of Bonds of the issue which this Bond represents, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the Western Lewis-Rectorville Water District, in the Commonwealth of Kentucky, by its Commission, has caused this Bond to be executed by the Chairman of its Commission, attested by the Secretary, and its corporate seal to be hereunto affixed, on the date of this Bond, which is _____.

WESTERN LEWIS-RECTORVILLE
WATER DISTRICT

By _____
Chairman of the Commission

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

(FORM OF REGISTRATION)

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Signature of the Water District's Bond Registrar</u>
	United States of America Department of Agriculture State Office 771 Corporate Dr., Suite 200 Lexington, Kentucky 40503*	

*(To be inserted if USDA purchases the 2006 Bonds)

SECTION 6

DISPOSITION OF 2006 BOND PROCEEDS; CONSTRUCTION FUND

The Treasurer of the District shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in the bank or banks in Kentucky as the Commission of the District may from time to time designate (hereinafter sometimes referred to, singularly and collectively, as the "Depository Bank"). All such moneys of the District deposited in the Depository Bank in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The Treasurer shall execute a fidelity bond in an amount and with a surety company approved by USDA so long as it is the holder of any of the 2006 Bonds; and USDA and the District shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of USDA. The proceeds of the 2006 Bonds shall be applied as follows:

Upon the issuance and delivery of the 2006 Bonds authorized by this Resolution, the entire proceeds thereof shall be deposited in an account designated "Western Lewis-Rectorville Water District 2006 Construction Fund" (the "Construction Fund"), which is hereby created. The 2006 Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to constructing, installing and acquiring the Project, including expenses incurred in the issuance of the 2006 Bonds and paying interim financing obligations (both principal and interest) incurred in connection with the Project as authorized by the separate interim financing Resolution of the Commission of the District adopted concurrently herewith; provided, however, any 2006 Bond proceeds so used to pay such interim financing obligations may be disbursed directly to the appropriate lender without the requirement of being deposited to the Construction Fund. There shall also be deposited in the Construction Fund, as received, the proceeds of all grants in aid of construction of the Project (as specified in the conditions of the USDA loan to the District), unless said sums, or any portions thereof, have already been expended for authorized Project purposes.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the 2006 Bonds (following delivery thereof) during construction and development of the Project shall be earmarked, used and applied to the payment of interest on the 2006 Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the District Treasurer, and such disbursements shall be authorized and approved in writing by the District Chairman or Secretary and, if USDA is the purchaser of the Bonds, by USDA.

Pending disbursement, the 2006 Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the District in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in Kentucky and approved by the Commission of the District, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the Project for the next 60 days, the District shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than six months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the District, unless otherwise authorized by USDA.

In the event any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid USDA loan, and to USDA approval, shall be transferred and deposited in the Sinking Fund and shall be used at the earliest practicable date for the retirement of 2006 Bonds by purchase thereof (or principal prepayment) in inverse numerical and maturity order.

In the event that the amount hereinabove provided to be set aside from 2006 Bond proceeds for payment for interest during the construction and development of the Project should prove to be insufficient for such purpose, additional moneys may, upon approval by USDA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the Project, to the extent authorized by USDA.

Pending disbursements for the authorized purposes, the proceeds of all 2006 Bonds at any time issued pursuant to this Resolution shall be subject to a first and paramount lien and charge in favor of the holders of 2006 Bonds issued and outstanding hereunder and for their further security.

SECTION 7

OPERATION OF SYSTEM; FLOW OF FUNDS; ACCUMULATION OF REVENUES

It is hereby resolved and provided that from and after issuance and delivery of the 2006 Bonds herein authorized, and so long as any of the 2006 Bonds or parity bonds remain outstanding and unpaid, the System shall continue to be operated on a fiscal year basis, and on that basis the cash income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

(A) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created by the 1961 Ordinance identified as the "Western Lewis-Rectorville Water District Revenue Fund" (the "Revenue Fund"), the continued existence of which is reaffirmed and which shall continue to be maintained in the Depository Bank; and the District covenants and agrees that it will deposit therein, promptly as received from time to time, all cash income and revenues of the System. The moneys in the Revenue Fund from time to time shall be used, disbursed and applied by the District, as permitted by applicable statutes, as follows:

(B) A separate and special fund or account of the District was created to be deposited and maintained in the Depository Bank, distinct and apart from all other funds and accounts, designated and identified as the "Water and Gas System Revenue Bonds, 1988 Bond and Interest Sinking Fund" (the "Sinking Fund"), which shall continue to be maintained so long as any of the 2006 Bonds herein authorized or parity bonds 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 1988, 1996, 2001 and 2006 Bonds and any parity bonds which may be issued and outstanding from time to time pursuant to the provisions of this Resolution.

Following delivery of and payment for the 2006 Bonds herein authorized, there shall be transferred on or before the 20th day of each month from the Revenue Fund to the Sinking Fund, in addition to the principal and interest requirements of the 1988 Bonds, 1996 Bonds and 2001 Bonds according to the 1988, 1996 and 2001 Resolutions, not less than the following amounts:

- (i) beginning with and including the month in which interest shall last be payable from all 2006 Bond proceeds, a sum equal to one-sixth (1/6) of the next succeeding interest installment to become due on all 2006 Bonds then outstanding; and
- (ii) beginning on November 20, 2007, a sum equal to one-twelfth (1/12) of the principal of all 2006 Bonds maturing on the next succeeding November 1.

In the event additional parity bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, 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.

Moneys from time to time in the Sinking Fund may be held in cash, in which event the same shall be secured (to the extent not insured by FDIC) by a valid pledge of bonds, notes, or certificates of indebtedness of the United States Government having at all times an equal market value; or the same may, upon order of the Commission, be invested and reinvested in interest-bearing obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, maturing no later than five (5) years from the date the investment is made, or the final maturity date of 2006 Bonds or parity bonds issued pursuant to this Resolution, whichever date is the earlier. Income from any such investments shall be accumulated in the Sinking Fund, and may be invested in the same manner.

(C) A separate and special fund or account of the District was heretofore created, distinct and apart from all other funds and accounts of the District, and is designated and identified as the "Western Lewis-Rectorville Water District Depreciation Fund" (the "Depreciation Fund"), which is hereby continued.

After observing the priority of deposits set forth in (A) above, which are cumulative, there shall be set apart and paid into the Depreciation Fund each month for the account of the 2006 Bonds (in addition to such monthly payments required for the account of the 1988, 1996 and 2001 Bonds) not less than \$320 from the remaining funds in the Revenue Fund, such monthly deposits to continue so long as any bonds payable from the income and revenues of the System remain outstanding and unpaid.

In addition to the above deposits from the Revenue Fund, there shall also be deposited in the Reserve Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn out or obsolescent properties of the System, if the same be sold upon order of the Commission. Fees levied and collected by the Commission of the District for the privilege of connecting to the System shall, unless otherwise directed by the Commission of the District, be paid, as received, into the Depreciation Fund. The term "cash revenues" of the System, as used in this Section 7, means all proceeds of water service rates and charges, and does not include the other cash items enumerated in this paragraph.

The Depreciation Fund shall be available and may be withdrawn and used by the District, upon appropriate certification as to the authorization for such withdrawal, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals or replacements, not included in the Annual Budget of Current Expenses, and the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a higher degree of service. The Depreciation Fund shall also be available for transfer to the Sinking Fund in order to avoid default in connection with any bonds payable from the Sinking Fund.

At any time when the accumulations in the Depreciation Fund shall exceed anticipated and foreseeable needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in interest-bearing obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, maturing or subject to redemption at the option of the holder not later than three (3) years after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Depreciation Fund shall be carried to the credit of the Depreciation Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(D) A separate and special fund or account of the District was heretofore created, distinct and apart from all other funds and accounts of the District, and is designated and identified as the "Western Lewis-Rectorville Water District Operation and Maintenance Fund" (the

"Operation and Maintenance Fund"), which Fund is hereby continued and shall continue to be maintained for the benefit of the System and all bonds payable from the income and revenues of the System. The District covenants that it will transfer monthly from the funds in the Revenue Fund, after making the transfers required by (A) and (B) of this Section 7 (which are cumulative), to the Operation and Maintenance Fund sums sufficient to pay as they accrue the Current Expenses of operating and maintaining the System pursuant to the Annual Budget, for which provision is hereafter made, and to accrue an operation and maintenance reserve not in excess of anticipated requirements for a two-month period pursuant to the Annual Budget.

(E) Subject to the provisions of subparagraphs (A), (B) and (C) of this Section 7, which are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred within sixty (60) days after the end of each fiscal year the balance of excess funds in the Revenue Fund on such date to (i) the Sinking Fund to be used in redeeming outstanding bonds payable from the Sinking Fund in inverse numerical or maturity order or purchasing such outstanding bonds at a price not to exceed the price at which such bonds may be redeemed on the next succeeding redemption date; provided, however, that notwithstanding the provisions hereof, the District reserves the right to redeem bonds which are redeemable without redemption premium prior to redeeming bonds which are only redeemable upon the payment of redemption premium, or (ii) the Depreciation Fund.

* * * * *

All payments into the above special funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All moneys held in any of the above special funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC shall (unless invested as herein authorized) be secured by a surety bond or bonds or by pledge of direct obligations or by guaranteed bonds or securities of the United States Government having a market value equivalent to such deposit.

SECTION 8

COVENANTS TO BONDHOLDERS

The District hereby irrevocably covenants and agrees with the holder or holders of any and all 2006 Bonds and parity bonds at any time issued and outstanding pursuant to authority of this Resolution that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(A) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, and by the terms and provisions of this Resolution.

(B) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(C) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(D) The District covenants and agrees that, so long as any of the 2006 Bonds are outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Resolution, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the 2006 Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its 2006 Bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (1) redemption of outstanding 1988, 1996, 2001 or 2006 Bonds in accordance with the provisions governing prepayment of said bonds in advance of maturity, or (2) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided;

(iii) it certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) notwithstanding all of the foregoing, no such sale, abandonment or transfer of System facilities shall be made so long as USDA owns any of the 2006 Bonds herein authorized, without the written consent and approval of USDA.

(E) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of reserves as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the date of issuance of the 2006 Bonds, the District will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any 2006

Bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the Secretary of the District, and furnish copies thereof to the holder of any Bond upon request. The term "Current Expenses," as herein used, includes all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation and payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution duly adopted by the Commission of the District determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the District agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the said sinking funds during such ensuing fiscal year, and to build up and maintain the reserves specified and referred to in Section 7 of this Resolution, and to pay Current Expenses, the District covenants and agrees that it will revise its rates and charges for services rendered by the System, so that the same will be adequate to meet all of such requirements.

(F) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a Consulting Engineer of national reputation that the proposed reduction will not adversely affect the ability of the District to meet all the requirements set forth in this Resolution.

(G) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the District, and will promptly and regularly make application and distribution thereof into the special funds provided in this Resolution, in the amount and with due regard for the priorities herein attributed thereto.

(H) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries of all transactions relating to the System, and the same shall be available and open to inspection by any Bondholder, and any agent or representative of a Bondholder.

(I) It will, within ninety (90) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, and reflecting in reasonable detail the financial condition and records of the System, including the status of the several funds hereinbefore created, the status of the insurance and fidelity bonding, the number and type of connections, and the current rates and charges, with comments of the auditor concerning whether the books and records are being kept in compliance with this Resolution and in accordance with recognized

accounting practices, and will promptly cause a copy of the Audit Report to be filed in the office of the Secretary where it will be available for public inspection, and will promptly mail a copy thereof to the original recipients of 2006 Bonds issued hereunder. If requested to do so, the District will furnish to any Bondholder a condensed form of the Balance Sheet, and a condensed form of the Operating Report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as USDA holds any of the 2006 Bonds herein authorized, the District shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by USDA.

(J) Any holder of 2006 Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by said District and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal of or interest on any of the 2006 Bonds, then upon the filing of suit by any holder of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Resolution and the provisions of said statute laws of Kentucky aforesaid.

(L) The District will cause each municipal officer or other person (other than depository banks) having custody of any moneys administered under the provisions of this Resolution to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time; each such bond to have surety given by a surety corporation qualified to do business in Kentucky and approved by the Commission, and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(M) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in the Depreciation Fund. Such insurance shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percentum (80%) of the full insurable value of the damaged facility.

(N) The District will procure and at all times maintain Public Liability Insurance relating to the operation of the System, with limits of not less than \$200,000 for one person

and \$500,000 for more than one person involved in one accident to protect the District from claims for bodily injury and/or death; and not less than \$100,000 from claims for damage to property of others which may arise from the District's operation of the System.

(O) The District will carry suitable Workers' Compensation Insurance in accordance with law.

(P) If the District owns or operates a vehicle in the operation of the System, the District will procure and at all times maintain Vehicular Public Liability Insurance with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District from claims for bodily injury and/or death, and not less than \$100,000 against claims for damage to property of others which may arise from the District's operation of vehicles. Provided, notwithstanding (M), (N), (O) and (P) above, that so long as USDA holds any 2006 Bonds, the District will procure and maintain insurance of such types and amounts as USDA may specify.

(Q) So long as USDA is the holder of any bonds of the District, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by USDA without immediately prepaying all of such bonds held by USDA.

SECTION 9

PARITY BONDS PERMITTED; TERMS

The 2006 Bonds authorized 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 revenues herein pledged, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the 2006 Bonds authorized to be issued under the provisions of this Resolution, regardless of the fact that they may actually be issued and delivered at different times. No other bonds or other obligations shall be issued by the District and made payable from the income and revenues of the System unless the pledge of revenues for the same is expressly made subordinate and inferior to the lien and pledge herein created; provided, however, the District hereby reserves the right and privilege of issuing additional bonds, from time to time, payable from the revenues of the System, ranking on a basis of equality and parity as to security and source of payment with the 2006 Bonds herein authorized, for the following purposes and subject to the following conditions and restrictions:

(A) The District covenants and agrees that in the event the cost of constructing the Project, together with incidental expenses, shall exceed the cost upon which the dollar amount of 2006 Bonds herein authorized has been computed, it shall pay the amount of such excess out of funds available to it for such purpose. The District may provide such excess (but only such excess) through the issuance of parity bonds, provided that it has obtained (i) the consent of USDA, and (ii) if any 2006 Bonds are owned by persons other than USDA, the consent of the holders of two-thirds in principal amount of the outstanding 2006 Bonds so held.

(B) The District shall have the right to add new System facilities and related auxiliary facilities 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 and any other security pledged to the 2006 Bonds, provided in each instance that:

- (i) the facility or facilities to be built 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 2006 Bonds and parity bonds, if any;
- (ii) the District is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the income and revenues of the System or any part thereof;
- (iii) the net revenues (defined as gross revenues less essential operation and maintenance expenses) of the System for the fiscal year preceding the year of issuance of additional parity bonds are certified by an independent certified public accountant to have been equal to at least one and twenty hundredths (1.20) times the average annual requirements for principal and interest on all 2006 Bonds and parity bonds, if any, then outstanding; and
- (iv) the estimated average annual net revenues of the facility or facilities to be constructed or acquired with the proceeds of such additional bonds (and any other funds pledged as security), when added to the estimated future average annual net revenues of the then existing System, shall be at least one and twenty hundredths (1.20) times the average annual debt service requirements for principal and interest on all outstanding 2006 Bonds and on the additional bonds then to be issued. Future net revenue estimates shall be furnished by a recognized independent consulting engineer or firm of such engineers and shall be forecast over a period not exceeding five (5) years from the date of the additional bonds proposed to be issued. Provided, however, the foregoing conditions and limitations prescribed in subparagraph (iii) immediately above and this subparagraph (iv) may be waived or modified by the written consent of the holders of at least seventy-five percent (75%) in principal amount of the then outstanding 2006 Bonds and parity bonds, if any.

(C) The District hereby covenants and agrees that in the event additional series of parity bonds are issued, it shall:

- (i) adjust the monthly deposits into the Sinking Fund on the same basis as that prescribed in Section 7(B) hereof to reflect the annual debt service on the additional bonds;

- (ii) adjust and increase appropriately the monthly amount to be deposited into the Depreciation Fund in accord with controlling resolutions to give recognition to the facilities and equipment to be constructed or acquired with the proceeds of such additional bonds; and
- (iii) make such additional bonds payable as to principal on November 1 of each year in which principal falls due and payable as to interest on May 1 and November 1 of each year.

(D) The additional parity bonds (sometimes herein referred to as “permitted” to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the revenues of the System on a basis of equality and parity with the 2006 Bonds herein specifically authorized, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the 2006 Bonds and parity bonds herein authorized to be issued. The District expressly reserves the right to issue its bonds or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality and parity with the 2006 Bonds and parity bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the 2006 Bonds and parity bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is intended or shall be construed as a restriction upon the ordinary refunding of the initially authorized 2006 Bonds, and/or of any bonds which may have been issued and are outstanding under any of the provisions of this Resolution, if such refunding does not operate to increase, in any year until the final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

SECTION 10

PROVISIONS OF RESOLUTION CONSTITUTE CONTRACT

The provisions of this Resolution shall constitute a contract between the District and the holders of the 2006 Bonds herein authorized and any parity bonds herein permitted to be issued, and after the issuance of any of the 2006 Bonds, no change, variation, or alteration of any kind of the provisions of this Resolution shall be made in any manner except as herein provided until such time as all of the 2006 Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

SECTION 11

TAX COVENANTS

The District covenants and agrees that the Project will be constructed expeditiously and the expenditure of the portion of the proceeds of the 2006 Bonds deposited in the Construction Fund

for the payment of the costs of the Project will be made promptly in order that the Project will be completed and in operation at the earliest possible date. The District further certifies and covenants with the holders of the 2006 Bonds that so long as any of the 2006 Bonds remain outstanding, moneys on deposit in any fund or account in connection with the 2006 Bonds, whether or not such moneys were derived from the proceeds of the sale of the 2006 Bonds or from any other sources, will not be invested or used in a manner which will cause the 2006 Bonds to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any lawful regulations promulgated or proposed thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised. The Chairman and/or Secretary, as the officers of the District charged with the responsibility for issuing the Bonds, are authorized and directed, for and on behalf of the District, to execute all papers, documents, certificates and other instruments that may be required for evidencing compliance with federal "arbitrage bond" regulations, and any representations and certifications contained in such papers, documents, certificates and other instruments so executed shall be deemed to constitute representations and certifications of the District.

The District further represents, warrants, agrees and covenants as follows:

(A) Within the meaning of Section 141 of the Code and the Income Tax Regulations issued thereunder, over the terms of the Bonds (i) less than 10% of the proceeds of the 2006 Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the 2006 Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payments (whether or not to the District) in respect of such property; (ii) at least 90% of the proceeds of the 2006 Bonds will be applied for a governmental use of the District; (iii) any private business use of the Project will be related to such governmental use of the District and will not be unrelated or disproportionate; and (iv) none of the proceeds of the 2006 Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the 2006 Bonds (a) the Project will be available for general public use, in that it will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (b) no nongovernmental person will have any special legal entitlement to use the Project, and (c) there will be no direct or indirect payments made with respect to the Project or the security of the 2006 Bonds by any persons or entities other than payments by the general public as described in clause (a) above.

(B) Within the meaning of Section 148(f)(4)(B), it is reasonably expected at least 75% of the net proceeds (including investment proceeds) of the 2006 Bonds will be used for construction expenditures with respect to property which is owned by a governmental unit, at least 10% of such proceeds will be spent for the governmental purposes of the issue within six months from the date the 2006 Bonds are issued, at least 45% of such proceeds will be spent for such purposes within one year from such date, at least 75% of such proceeds will be spent for such purposes within eighteen months from such date, and at least 100% of such proceeds will be spent within two years from such date. It is also reasonably expected at least 50% of all proceeds (including investment proceeds) of the 2006 Bonds will be used for expenditures on the Project within six months, at

least 60% will be so used within 12 months and 100% will be so used within 18 months from the date of issuance of the 2006 Bonds. If for any reason the arbitrage rebate requirements of Section 148(f) of the Code should be deemed to apply to the 2006 Bonds, the District will take all action necessary to comply therewith.

(C) It is reasonably expected that during the term of the 2006 Bonds the Project will not be disposed of, provided, however, should there be any disposition of any personal property constituting a part of the Project because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(D) The weighted average maturity of the 2006 Bonds does not exceed 120% of the weighted average useful life of the facilities comprising the Project.

(E) The District has not heretofore expended any sums on the Project which are to be reimbursed from the proceeds of the 2006 Bonds, other than (a) certain preliminary expenditures such as engineering and planning costs not exceeding 20% of the 2006 Bond proceeds, (b) expenditures made within 60 days prior to the date of adoption of this Resolution, and (c) expenditures prior to which the District had adopted an official intent resolution regarding reimbursement from tax-exempt bond proceeds.

(F) The 2006 Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(G) The District will comply with the information reporting requirements of Section 149(e) of the Code.

(H) The District will not use or permit the use of any of the funds provided by the 2006 Bonds in such manner as to, or take or omit to take any action which would, impair the exclusion from gross income for federal income tax purposes of interest on the 2006 Bonds. The District shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the District on the 2006 Bonds shall, for the purposes of federal income taxation, be excludable from gross income.

(I) This Resolution is intended to and does constitute, in part, a declaration of official intent under applicable Income Tax Regulations.

SECTION 12

SEVERABILITY CLAUSE

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

SECTION 13

REPEAL OF INCONSISTENT PROVISIONS

All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

SECTION 14

WHEN RESOLUTION EFFECTIVE

This Resolution shall be in full force and effect from and after its adoption, approval and attestation as provided by law.

ADOPTED BY THE COMMISSION OF THE WESTERN LEWIS-RECTORVILLE WATER DISTRICT, LEWIS AND MASON COUNTIES, KENTUCKY, at a meeting held on the ___ day of _____, 2006, on the same occasion signed in open session by the Chairman, attested under seal by the Secretary, and declared to be in full force and effect.

(Seal)

Chairman of the Commission

Attest:

Secretary

CERTIFICATION

The undersigned, Secretary of the Commission of Western Lewis-Rectorville Water District, Lewis and Mason Counties, Kentucky, hereby certifies that the foregoing is a true, complete and correct copy of a Resolution adopted by the Commission of the District at a properly convened meeting of the Commission of the District held on the ___ day of _____, 2006, signed by the Chairman and attested under seal by me as Secretary, as shown by the official records in my custody and under my control.

WITNESS my hand this ___ day of _____, 2006.

Secretary