

ROBBINS LAW OFFICE

Attorneys at Law



Marc Robbins
Charles W. Hardin
Mark K. Wickersham
George W. Robbins*
*Of Counsel

February 29, 2008

Hon. Virginia W. Gregg
Staff Attorney
211 Sower Blvd.
Frankfort, KY 40602

RECEIVED
MAR 3 2008
PUBLIC SERVICE
COMMISSION

RE: Case No. 2007-00424

Dear Ms. Gregg,

Please find the enclosed supplemental exhibits regarding the Application of Madison County Utility District for an Order Issuing a Certificate of Public Convenience and Necessity and for Authority to Borrow Funds to Refinance Certain Indebtedness of the District, Case No. 2007-00424.

Should you have any questions, please advise.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "C. W. Hardin", written over a horizontal line.

Charles W. Hardin

CWH/rd

Enc.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
MAR 3 2008
PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF MADISON COUNTY UTILITY)
DISTRICT FOR AN ORDER ISSUING A)
CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE NO. 2007-00424
NECESSITY AND FOR AUTHORITY TO)
BORROW FUNDS REFINANCE CERTAIN)
INDEBTEDNESS OF THE DISTRICT)

SUPPLEMENTAL EXHIBITS

ADDENDUM TO BANK DOCUMENTS

MADISON COUNTY UTILITIES DISTRICT HAS TWO SHORT TERM NOTES WITH MADISON BANK.

NOTE 1 HAS A PAYOFF OF \$191,905.81

NOTE 2 HAS A PAYOFF OF \$400,668.33

(NOTE 2 ALSO HAS AN UNDISBURSED AMOUNT OF \$104,000)

THE UTILITIES DISTRICT OWES APPROXIMATELY \$40,000.00 FOR THE REMAINING ASPHALT, LANDSCAPE AND SOD WHICH WILL BE DUE IN THE SPRING OF 2008.

LNS Inquiry - MADISON COUNTY UTILITIES - DISTRICT - 10036113 - 15

Note | Payoff | Rates | Dealer | Billing | Rebate | FVC | Escrow | Delinquency | Participation | Regs | Net Banking

| | | | | |
|--------------------------------------|------------|---|--------------------------------|------------|
| Current Balance | 190,000.00 | A | Payoff Amount | 191,905.81 |
| Interest Due (w/minimum incl) | 1,905.81 | * | Payoff Factor Now | 0.08333 |
| Escrow Payment + Insurance | 0.00 | | Next Payoff Amount | 191,905.81 |
| Late Charge Balance | 0.00 | | Next Rebate Change Day | 00 |
| Unapplied Funds Amount | 0.00 | | Payoff Factor Next | 0.00000 |
| Miscellaneous Fees Balance | 0.00 | | Estimated Payoff Amount | 0.00 |
| Unused LDC Fee Amount Due | 0.00 | | Estimated Payoff Date | 00/00/00 |
| Minimum Charge Amount | 10.00 | | Daily Interest Factor | 31.6667 |
| Interest Minimum Control | 0.00 | | Schedule Per Diem | |

ain | Pre-Payment

1 of 3

Edit | Cancel

As of 2/27/08

LMS Inquiry - MADISON COUNTY UTILITIES - DISTRICT - 10036113 - 20

Note: [Payoff] [Rates] [Dealer] [Billing] [Rebate] [RVC] [Escrow] [Delinquency] [Participation] [Regs] [Net Banking]

| | | | | | |
|-------------------------------|------------|---|-------------------------|---|------------|
| Current Balance | 396,000.00 | * | Payoff Amount | * | 400,668.33 |
| Interest Due (w/minimum incl) | 4,668.33 | * | Payoff Factor Now | | 0.00000 |
| Escrow Payment + Insurance | 0.00 | | Next Payoff Amount | | 400,668.33 |
| Late Charge Balance | 0.00 | | Next Rebate Change Day | | 00 |
| Unapplied Funds Amount | 0.00 | | Payoff Factor Next | | 0.00000 |
| Miscellaneous Fees Balance | 0.00 | | Estimated Payoff Amount | | 0.00 |
| Unused LOC Fee Amount Due | 0.00 | | Estimated Payoff Date | | 00/00/00 |
| Minimum Charge Amount | 10.00 | | Daily Interest Factor | | 66.0000 |
| Interest Minimum Control | 0.00 | | Schedule Per Diem | | |

ain [Pre-Payment]

1 of 3

Edt Cancel

As of 2/27/08

LNS Inquiry - MADISON COUNTY UTILITIES - DISTRICT - 10036113 - 20



Note | Payoff | Rates | Dealer | Billing | Rebate | RVC | Escrow | Delinquency | Participation | Regs | Net Banking

| | | | |
|----------------------------|------------|-------------------------------|----------|
| Original Principal | 0.00 | Minimum Charge Amount | 10.00 |
| Current Balance | 396,000.00 | Interest Due (w/minimum incl) | 4,668.33 |
| Amortized Balance | 0.00 | Daily Interest Factor | 66.0000 |
| Committed Liability | 500,000.00 | YTD Interest Paid | 0.00 |
| Advances Disbursed To Date | 396,000.00 | Interest Paid Last Year | 2,580.73 |
| Undisbursed Amount | 104,000.00 | Appraised Value | 645,000 |
| Committed Liability Life | 0.00 | Original Purchase Price | |
| Balance At Last Renewal | 291,000.00 | New Money Amount | 50,000 |
| Original Loan Amount | 500,000.00 | Unapplied Funds Amount | 0.00 |

Loan | Balances | Coll | Misc | DDA Links | Dates | Misc Fees | Draw | Posted Activity | Memo Activity



1 of 4

Edit Cancel

As of 2/27/08

**MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
NOVEMBER 18, 2004**

The Board of Commissioners of the Madison County Utilities District held its regular monthly meeting on November 18, 2004 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Mr. Ronnie Ginter, Mr. John C. Clark, Mr. Walter Cornelison, and Mr. James R. Carr, Board members, Mr. Faris Maupin, Mr. Kerry Odle of CMW, Ms. Becky Turpin, Ms. Alice Edwards, Mr. Chuck Hardin, and Magistrate Roger Barger.

The Chairman called the meeting to order at 1:00 p.m. The first order of business was the review by the Board of the minutes of its meeting of October 28, 2004. Following review, Mr. Walter Cornelison made a motion to approve the minutes and Mr. John Clark seconded the motion and the Board unanimously approved it.

Mr. Faris Maupin reviewed the financial statement with the Board and advised the commissioners that the District's water loss was 9% for the month and 15.7 % for the year. He further informed the Board that the District's financial statement for the end of the month was not as good due to three payrolls for the month and a high amount of materials and parts being placed into inventory.

Being that there were no visitors in attendance, the District moved into a discussion of Old Business. Mr. Kerry Odle gave the District an update on the project. He informed the District that the pump station was operational and the tank needed to be re-chlorinated and filled with water. He then advised the District that cleanup on 25 needed to be finished and that Johnny McIntosh was going to do it. Next, he informed the District that Staton Construction was ahead of schedule and should be done prior to Christmas.

Mr. Odle then informed the members that the work on Flint Road will be stopped at the end of the easements and the District recommended having the contractor use the remaining funds to repair the line at Waco. Next, Mr. Odle informed the members that he needed a resolution passed authorizing the payment of monthly expenses on the project upon receipt and review of Mr. Ginter. Mr. Walter Cornelison made a motion to approve the payment of monthly expenses on the project upon review by Mr. Ronnie Ginter which was seconded by Mr. John Clark and unanimously approved by the Board.

Next, Mr. Maupin informed the Board that the cleanup on Moberly Road leading to the Fair Grounds has been completed and the repairs to Ford Road have been completed. He also informed the Board that he had met with Junior Stewart in regards to repairing the Old Waco Bank building. He gave Mr. Maupin an estimate of around \$1,500.00 for the repair work and he will start within a


couple of weeks.

Next, Mr. Ginter advised the Board that the District was still looking for a potential building site. Mr. Maupin advised the District that they were preparing to lay the slab for the storage building.



In conclusion, Ms. Becky Turpin informed the members that she had hired a new employee for the office.

With no further business to come before the Board, the meeting was unanimously adjourned at 1:50 p.m.



WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT

**MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
JANUARY 27, 2005**

The Board of Commissioners of the Madison County Utilities District held its regular monthly meeting on January 27, 2005 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Ms. Wanda Pennington, Mr. John C. Clark, Mr. Walter Cornelison, and Mr. James R. Carr, Board members, Mr. Faris Maupin, Mr. Kerry Odle of CMW, Ms. Becky Turpin, Ms. Alice Edwards, and Mr. Chuck Hardin.

The Chairman called the meeting to order at 1:00 p.m. The first order of business was the review by the Board of the minutes of its meeting of December 30, 2004. Following review, Mr. Walter Cornelison made a motion to approve the minutes and Mr. John Clark seconded the motion and the Board unanimously approved it.

Mr. Faris Maupin reviewed the financial statement with the Board and advised the commissioners that the District's water loss was 25% for the month and 16.58 % for the year. He further informed the Board that the District's financial statement for the end of the month was not as good due to repairs and maintenance.

Being that there were no visitors in attendance, the District moved into a discussion of Old Business. Mr. Kerry Odle gave the District an update on the project. He informed the District that McIntosh was doing cleanup on US 25 and the contractor had failed to submit a pay estimate for the month. In regards to the alternate roads, Staton construction is complete with the exception of cleanup on Flint Road. In regards to the Flint road project, Mr. Odle advised the Board that they needed to approve a change order reducing the project amount on Flint Road by @ \$61,000.00. He further advised the Board that the project still exceeded the \$100,000.00 grant amount. Mr. John Clark made a motion to accept the change order which was seconded by Ms. Wanda Pennington and unanimously approved by the Board.

Next, Mr. Odle advised the Board that he needed a resolution passed to pay monthly expenses on the project in the amount of \$43,200.00. Mr. John Clark made the motion to approve the resolution authorizing the payment of monthly expenses on the project. Mr. Walter Cornelison seconded the motion and it was unanimously approved by the Board. Next, Mr. Odle informed the Board that the additional funds on the project had not been received by the District and the District needed to make arrangements for the payment of last month's expenses. Ms. Wanda Pennington made a motion to transfer the funds from the Bond and Sinking Fund to the Construction account in the amount of \$72,852.91 upon approval of the District's accountant with the express understanding that said funds would be reimbursed upon receipt. Mr. John Clark

seconded the motion and it was unanimously approved.


Mr. Odle then informed the District that he was seeking proposals for telemetry for the District. He will advertise and get bids for the District to review.

Next, Mr. Maupin informed the Board that he was looking into GPS mapping for the District. He indicated that there were three possible options: EKV, CMW and Bluegrass ADD.

Next, the District moved into a discussion of potential office locations. The Board was informed that their offer to purchase the Northgate Drive property had been rejected. Mr. James Carr recommended that the Board have a construction plan drawn up for its new office and look into other options. The Board unanimously agreed with Mr. Carr and requested CMW to begin drawing up an office design.

In conclusion, The Board was informed that Wet and Dry has advertised to have the tanks removed at Goggins Lane and US 25 North.

With no further business to come before the Board, the meeting was unanimously adjourned at 2:20 p.m.


WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT

**MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
FEBRUARY 28, 2005**

The Board of Commissioners of the Madison County Utilities District held its regular monthly meeting on February 28, 2005 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Mr. Ronnie Ginter, Ms. Wanda Pennington, Mr. John C. Clark, Mr. Walter Cornelison, and Mr. James R. Carr, Board members, Mr. Faris Maupin, Mr. Kerry Odle of CMW, Ms. Becky Turpin, Mr. Roger Barger, and Mr. Chuck Hardin.

The Chairman called the meeting to order at 1:00 p.m. The first order of business was the review by the Board of the minutes of its meeting of January 27, 2005. Following review, Mr. John Clark made a motion to approve the minutes and Ms. Wanda Pennington seconded the motion and the Board unanimously approved it.

Mr. Faris Maupin reviewed the financial statement with the Board and advised the commissioners that the District's water loss was 25% for the month and 25 % for the year. He further informed the Board that the District's financial statement contained a larger than normal amount for truck expense i.e. rentals and repairs. Otherwise, he informed the District that it appeared to be in line with previous months.

The District then recognized Mr. Jay Hoffman of Wet and Dry who was in attendance regarding the tank removal. The District was informed that the bids had been received and Isler Demo was the low bidder. Ms. Wanda Pennington made a motion to authorize Wet and Dry to proceed with the Demolition and hire Isler Demo. The motion was seconded by Mr. Ronnie Ginter and unanimously approved by the Board.

Next, the District upon motion of Mr. John Clark which was seconded by Ms. Wanda Pennington unanimously voted to go into executive session to discuss potential litigation involving liquidated damages on the contract. The District conducted a brief discussion on the issue of liquidated damages and then Mr. Walter Cornelison made a motion to move back into regular session which was seconded by Mr. Ronnie Ginter and unanimously approved by the Board.

The District then recognized Allen Grant and Allison Emmons who were in attendance to discuss their opinion regarding the issue of liquidated damages. Both Mr. Grant and Ms. Emmons denied being put on notice that liquidated damages were going to accrue on the contract beginning on April 1, 2004. They also disputed the completion date that was calculated by Mr. Odle and claimed that the District had extended the completion date by postponing the work on US 25 North. The District heard from Ms. Emmons, Mr. Grant and Mr. Odle regarding this issue and advised the parties that it would make a decision on the issue and advise them as to their opinion.

Next, the District moved into a discussion of Old Business. Mr. Kerry Odle gave the District an update on the project. He informed the District that Staton construction is complete with the exception of cleanup on Flint Road on the punch list. Mr. Odle further informed the District that plans were complete for

Charlie Norris Road.

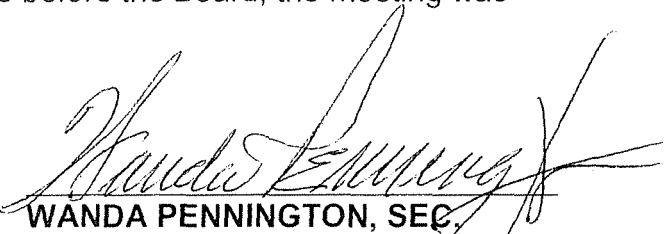
The District then discussed potential office properties and preliminary building design. Mr. Carr and Mr. Ginter informed the District that they had looked at several potential sites including two lots in front of Heartland and one lot on the new bypass. The District further agreed to proceed in looking into a design build proposal.

The District then revisited the issue of liquidated damages and decided to hold off on their decision to see if the contractor completed the remaining cleanup in a timely fashion. The District further informed Mr. Hardin to advise the contractor's attorney that it would be in his best interest to complete the cleanup in a timely fashion.

Mr. Odle then informed the District that he was seeking proposals for telemetry for the District. He will advertise and get bids for the District to review. He further informed the District that they had received the \$85,000 reimbursement for Flint Road but had not received the \$300,000 from KIA.

Next, Mr. Maupin informed the Board that he had received a request from the Developer for assistance in upgrading the line on US 627 to Combs Ferry Road. The District will look into the matter in more detail. Lastly, Mr. Odle informed the District that he had received a request from Hank Salyer in upgrading his line on Crutcher Pike. The District discussed the issue and determined that they could offer no help at this time.

With no further business to come before the Board, the meeting was unanimously adjourned at 3:20 p.m.


WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT

**MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
MARCH 31, 2005**

The Board of Commissioners of the Madison County Utilities District held its regular monthly meeting on March 31, 2005 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Mr. Ronnie Ginter, Ms. Wanda Pennington, Mr. John C. Clark, and Mr. Walter Cornelison, Board members, Mr. Kerry Odle of CMW, Ms. Becky Turpin, Mr. Roger Barger, and Mr. Chuck Hardin.

The Chairman called the meeting to order at 1:00 p.m. The first order of business was the review by the Board of the minutes of its meeting of March 31, 2005. Following review, Mr. John Clark made a motion to approve the minutes and Mr. Walter Cornelison seconded the motion and the Board unanimously approved it.

Ms. Becky Turpin reviewed the financial statement with the Board and advised the commissioners that the District's water loss was 18% for the month and 21.5 % for the year. She further informed the Board that the District's financial statement appeared to be in line with previous months.

The District then recognized visitors which were in attendance. Mr. Michael Ford was present and had questions concerning the relocation of the line behind the Lexington Boat Store. The District advised Mr. Ford that it would not object to the relocation if it was feasible and it was done at his expense. Next, the District recognized Robert Locker who was in attendance and requesting assistance from the District in upgrading the water main on US 627 to Combs Ferry Road. The District discussed this matter in great detail and determined that this project was on its list and that if Mr. Locker was willing to share the cost, it would be beneficial to the District to get the line upgraded. Mr. Ronnie Ginter made a motion to furnish plans, materials and inspectors for the project if Mr. Locker would be willing to pay the remaining costs. The motion was seconded by Mr. John Clark and unanimously approved by the Board.

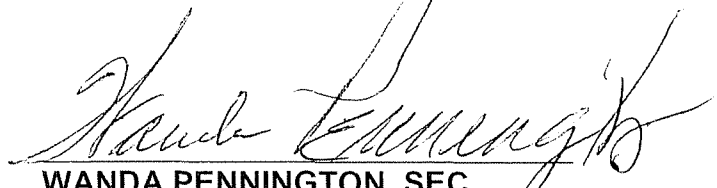
Next, the District moved into a discussion of Old Business. Mr. Kerry Odle gave the District an update on the project. He informed the District that Grant Construction had made a good faith effort to complete everything and only a minor amount was left to be completed. Staton construction is complete with the exception of cleanup on Flint Road on the punch list.

The District was then updated by Mr. Ronnie Ginter that the District had purchased the lot from Madison Bank for the future location of the District Office. Next, the District reviewed the building design that was submitted by Bobby Hisle and they indicated that they thought it was in the Districts best interest to meet with an Architect to discuss Building Design. Mr. Odle will set up a consultation with someone from his office

Mr. Odle then informed the District that no proposal has been done yet for the telemetry and that he was meeting with several companies. He will advertise and get bids for the District to review. He further informed the District that the KIA funding had been approved and the check had been issued.

Next, Mr. Odle informed the District that it had received a \$50,000.00 grant from the state for water line improvement and that the District had been approved for an additional low interest loan. Mr. Walter Cornelison made a motion to authorize Mr. Odle to accept it and to authorize Mr. Odle to prepare the preliminary engineering reports. Said motion was seconded by Mr. John Clark and unanimously approved by the Board. The District will discuss this matter in more detail at the next meeting and determine whether to postpone the loan for a year. In conclusion Mr. Odle indicated that he needed Change Order number five approved by the Board. Mr. John Clark made a motion to approve change order five which increased the project amount by \$26,000.00. Mr. Walter Cornelison seconded the motion and it was unanimously approved by the Board.

With no further business to come before the Board, the meeting was unanimously adjourned at 2:15 p.m.



WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT

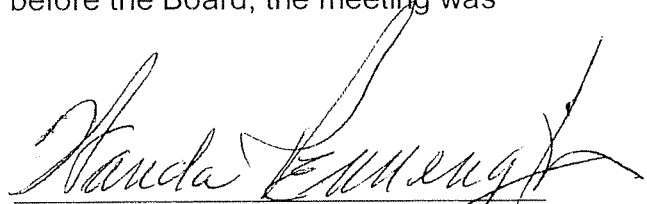
**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF
COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
MARCH 9, 2005**

The Board of Commissioners of the Madison County Utilities District held a special meeting on March 9, 2005 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Mr. Ronnie Ginter, Ms. Wanda Pennington, Mr. John C. Clark, Mr. Walter Cornelison, and Mr. James R. Carr, Board members, Mr. Kent Clark, Judge Executive, Mr. Faris Maupin, Mr. Kerry Odle of CMW, and Mr. Chuck Hardin.

The Chairman called the meeting to order at 11:00 a.m. The Members were advised by Judge Clark that Madison Bank had agreed to lower the purchase price of the Commercial Lot in front of Heartland from \$275,000 to \$255,000 if the District would purchase it. The District discussed this issue in detail and the District upon motion unanimously voted to authorize the purchase of the property and they further unanimously passed a resolution authorizing Ronnie Ginter to sign and execute any and all documents necessary for the purchase of Lot 66 in Heartland Subdivision.

The District further authorized Mr. Maupin to proceed in contacting Darrell Lucas to draft a building design for \$500.00.

With no further business to come before the Board, the meeting was unanimously adjourned at 11:50 a.m.


**WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT**

**MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
December 14, 2006**

The Board of Commissioners of the Madison County Utilities District held its regular monthly meeting on December 14, 2006 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Mr. John C. Clark, Mr. Walter Cornelison, Ms. Wanda Pennington, Mr. Marty Sizemore and Mr. James R. Carr, Board members, Mr. Faris Maupin, Ms. Becky Turpin, Ms. Alice Edwards, , Mr. Kerry Odle, Mr. Chuck Hardin and Mr. Jay Hoffman.

The Chairman called the meeting to order at 1:00 p.m. The first order of business was to recognize the visitors which were in attendance. Mr. Jay Hoffman was in attendance from Wet and Dry. Mr. Hoffman informed the Board that the inside of the tank at Colonel Road has been completed and that the Outside should be completed in March. He asked the Board to approve a pay request of @\$92,073.00 for the work which has been completed to date. Ms. Wanda Pennington made a motion to approve the request which was seconded by Mr. Marty Sizemore and unanimously approved by the Board. The Board then reviewed the minutes of its meeting of November 30, 2006. Following review, Mr. Marty Sizemore made a motion to approve the minutes and Mr. Walter Cornelison seconded the motion and the Board unanimously approved it. Mr. Faris Maupin then advised the board that the financial statement was not available due to the meeting date. He did inform the Board that water loss was around 14.18% for the year.

The next order of business was the discussion of the water line break on Red House Road. Mr. Maupin advised the members that the materials had been ordered and bids received for the Red House Road and 52 projects. He then informed the Board that he did not have a report this month for line breaks and flushings.

The District then moved into a discussion of Old Business. Mr. Hardin advised the Board that he had met with representatives from the City of Richmond regarding the property across from Kroger's where Home Depot is going to be located and that they discussed reaching an agreement regarding the acquisition of this property which would address the previous offer of paying for the Arnett Farm and the School Property. He informed the Board that he advised the City that the agreement would also need to address future acquisitions and the need for an increase in the allotment of water the District receives. The City informed Mr. Hardin that it would get an offer to the District in January along with the cost of rate study.

Mr. Maupin then updated the District on the status of the increase in the rate of meter installations. The District went into a lengthy discussion on the Districts actual costs for the various types of meter installations performed by the

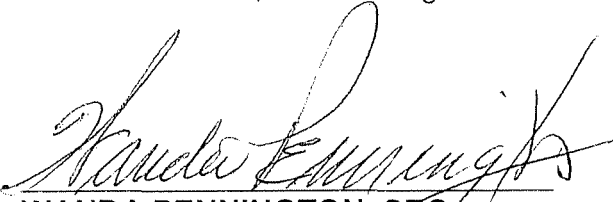
District. After a lengthy discussion, Mr. John Clark made a motion for Mr. Maupin to submit the requested rate of \$1,000 per meter to PSC. Said motion was seconded by Mr. James Carr and unanimously approved by the Board.

In regards to the Office Building, Mr. James Carr advised the members that he had met with the City Code Enforcement Officer and that there was no way to avoid paying prevailing wage on the job. He advised the members that he was aware of another commercial office building located in Gibson Bay that the District he thought the District could purchase for less than the cost of building a new 9,000 square feet office building and paying the prevailing wage. He also advised the Board that it could hire Darrell Lucas as a construction manager on the project and let him supervise the job on behalf of the District. After a lengthy discussion, the District decided to let Mr. Carr and other members look at the property at Gibson Bay prior to making any determinations on building its own structure.



In conclusion, Mr. Hardin advised the Board that he had sent a letter to Robert Locker advising him that he was responsible for the cleanup and the warranty period does not begin until the cleanup is complete.

With no further business to come before the Board, the meeting was unanimously adjourned at 2:40 p.m.


WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT

**MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
January 24, 2007**

The Board of Commissioners of the Madison County Utilities District held its regular monthly meeting on January 24, 2007 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Mr. John C. Clark, Mr. Walter Cornelison, Ms. Wanda Pennington, Mr. Marty Sizemore and Mr. James R. Carr, Board members, Mr. Faris Maupin, Ms. Becky Turpin, Mr. Kerry Odle, and Mr. Chuck Hardin.

The Chairman called the meeting to order at 1:00 p.m. The first order of business was to recognize the visitors which were in attendance. Members from the Madison County Sanitation District were in attendance including Jim Rowe and Elliott Turner. They came to the meeting to inform the Board that they were unable to commit to leasing part of the new office building at this time due to *financial constraints*. They also advised the Board that it would take some notice in order to reimburse the District the \$90,000 that it owes. They told the Board that they would look into both of these issues and get back in touch with the District. The Board then reviewed the minutes of its meeting of December 14, 2006. Following review, Mr. Marty Sizemore made a motion to approve the minutes and Mr. John Clark seconded the motion and the Board unanimously approved it. Mr. Faris Maupin then discussed the financial statement with the Board and informed the Board that water loss was around 19% for the month and 13.58% for the year as it relates to unidentified loss.

The next order of business was the discussion of line breaks and flushings. Mr. Maupin presented the Board with information showing that the District had lost over a million gallons of water since November 30, 2006 due to specific breaks and flushings. The District questioned Mr. Maupin regarding the 221,000 gallons lost at Crystal Lane and he was unable to advise as to the location of Crystal Lane. They further discussed flushings at specific developments in which he was informed to bill the developers. The next topic in the water loss was the potential theft of water at Hickory Meadows in which he was informed to contact the Sheriff to investigate.

The District then moved into a discussion of Old Business. Mr. Hardin advised the Board that he had spoke with Greg Puckett who advised him that the City should have a proposed agreement along with the cost of rate study to the District within the next week.

Mr. Maupin then updated the District on the status of the increase in the rate of meter installations. Mr. Maupin advised the District that the rate had been submitted to PSC.

In regards to the Office Building, Mr. James Carr advised the members

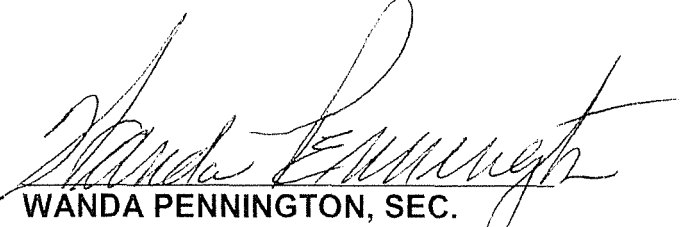
that he had met with Joe Lillis and he was willing to draw the plans for \$8,000, and that Darrell Lucas was willing to serve as construction manager for \$60,000. Mr. Lucas met with Faris and Becky and submitted a proposed sketch of the inside of the building for the commissioner's review. Mr. Carr advised the Board that if they wanted to break ground by March 1 they needed to hire a construction manager, someone to draw the plans, an accountant and CMW to do the site development plans and bid packages. Ms. Wanda Pennington made a motion to hire Darrell Lucas for \$60,000 as the construction manager, Joe Lillis for \$8,000.00 to draw the plans, David Smith as the accountant or Ben Johnson if David was unable and CMW to do the site development plans and bid packages. Mr. John Clark seconded the motion and it was unanimously approved by the Board.



Mr. Maupin then advised the Board that the water line on Redhouse Road had been replaced and that the line at the Depot was complete.

In conclusion, the Board discussed a customer's bill for water loss. It appeared from the discussion that the District did not shut the water off as quickly as it could have been and the members agreed to reduce the bill to \$961.20.

With no further business to come before the Board, the meeting was unanimously adjourned at 2:45 p.m.


WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT

RESOLUTION

WHEREAS, the Madison County Utilities District is in the process of financing the construction of an office building by a bond issuance and needs to obtain a construction loan until the issuance of the bonds.

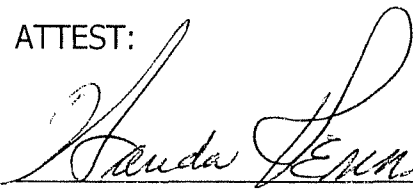
WHEREAS, the Madison County Utilities District has considered the need for a construction loan and the willingness of Madison Bank to finance said construction and has authorized its Chairman, James R. Carr, to execute any and all documents necessary for obtaining the construction loan including the execution of a note and mortgage.

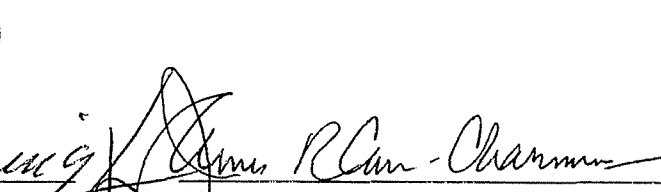
WHEREAS, in regards to receiving the funds for said loan, the Madison County Utilities District has authorized its Chairman, James R. Carr, to make withdrawal requests along with its project accountant, Ben Johnson.

NOW, THEREFORE, BE IT RESOLVED that James R. Carr, Chairman is hereby authorized and directed to execute any and all documents for obtaining the loan with Madison Bank in order to pay the bills on the project while the District is in the process of obtaining the bond issue.

Be it so resolved on this 12th day of June, 2007.

ATTEST:


Secretary, Wanda Pennington


Chairman, James R. Carr