



**KENVIRONS, INC.**  
 452 Versailles Road  
 Frankfort, Kentucky 40601  
 (502) 695-4357

**LETTER OF TRANSMITTAL**

DATE: 11/04/10	JOB NO: 2006080
ATTN: Mr. Jeff Derouen	
RE: Jackson County Water Assoc. Case No. 2010-00399	

TO: Public Service Commission  
211 Sower Blvd.  
PO Box 615  
Frankfort, KY 40602

WE ARE SENDING YOU  Attached  Under separate cover via \_\_\_\_\_ the following items:

- Shop drawings     Prints     Plans     Samples     Specifications  
 Copy of letter     Change Order     \_\_\_\_\_

COPIES	DATE	SUBMITTAL NO.	DESCRIPTION
1	10/04/10		Letter from RD State Director Outlining Loan Conditions
			<b>RECEIVED</b>
			NOV 04 2010
			PUBLIC SERVICE COMMISSION

THESE ARE TRANSMITTED as checked below:

- For approval     Approved as submitted     Resubmit \_\_\_\_\_ copies for approval  
 For your use     Approved as noted     Submit \_\_\_\_\_ copies for distribution  
 As requested     Returned for corrections     Return \_\_\_\_\_ corrected prints  
 For review and comment     \_\_\_\_\_  
 FOR BIDS DUE \_\_\_\_\_ 20 \_\_\_\_\_  PRINTS RETURNED AFTER LOAN TO US

REMARKS:

COPY TO: \_\_\_\_\_  
 \_\_\_\_\_

SIGNED:

R. Vaughn Williams, P.E.

*If enclosures are not as noted, kindly notify us at once.*



1718 Peachtree Road, Suite 576  
Atlanta, Georgia 30309  
Telephone: 404-347-1060  
Facsimile: 404-347-1065

*ves*

United States  
Department of  
Agriculture

October 4, 2010

Office of the  
General  
Counsel

Mr. Thomas G. Fern  
State Director  
Rural Development  
Lexington, Kentucky

REC'D OCT -7 2010

Subject: Jackson County Water Association, Inc.  
RUS Loan - \$3,598,000.00  
RUS Grant - \$1,542,000.00

Dear Mr. Fern:

Enclosed please find data as submitted for closing instructions.

The proposed project consists of a supplemental intake located on the South Fork of the Rockcastle River, two booster pump stations and approximately 73,000 linear feet of 16" transmission main and appurtenances. These proposed facilities will increase Jackson County Water Association's raw water supply capacity to 2.25 MGD, which is the current rated capacity of its water treatment plant. The current sustainable yield of the Association's supply reservoir, Beulah (Tyner) Lake is approximately 1.0 MGD. The loan will be secured by a real estate mortgage and a pledge of the gross water revenue. A security agreement and financing statement will be completed which contains a pledge of the water revenue from the System. The interest rate of 2.50% is in accordance with 7 U.S.C. 1927 and 1927a, as amended.

The submitted Loan Resolution Security Agreement, RUS Bulletin 1780-28, dated August 9, 2010, is satisfactory. The body of the Loan Agreement indicates that the 6 members of record were present and voting. The 6 members approved the Resolution. The document has been properly completed.

The Resolution of Members or Stockholders, Form RD 1942-8, indicates that 6 of the members were present and voting on August 6, 2010, and that their presence constituted a quorum. The Resolution reflects a loan amount not to exceed \$3,598,000.00 and a grant amount not to exceed \$1,542,000.00. The document has been properly prepared and completed.

The submitted Form RD 400-1, Equal Opportunity Agreement and Form RD 400-4, Assurance Agreement, dated March 8, 2010, have been properly prepared and executed. The execution date of these documents pre-dates that of the Loan Resolution. I would recommend re-execution of these documents to reflect an execution date subsequent to that of the Loan Resolution.

The attorney for the Jackson County Water Association, Inc. (hereinafter Association) has submitted a letter certifying the proper creation and continuous existence of the Association. The Association's organizational documents are also included in the docket. The Association is a properly formed and legal entity.

The docket is to contain a copy of the most recent annual corporation report filed with the secretary of state pursuant to KRS 273.3671 and a certified list of the directors and officers showing their respective terms.

Property evidence has been submitted in the form of two Preliminary Title Opinions describing easements vested in the Association. Should additional property or easements be acquired, the title opinions should be included in the final docket.

The promissory note is to be prepared by RD or under its supervision in accordance with 7 U.S.C. 1927a. The docket is to contain a conformed copy of the properly completed and executed note.

The docket is to contain Certificate of Rights-of-Way and Opinion of Counsel Relative to Rights-of-Way, Forms RD 1942-21 and 1942-22, which are to be inclusive of the date of closing.

The Association has retained the services of Mr. Jerome Fish of Mt. Vernon, Kentucky to serve as local counsel. The real estate mortgage is to be prepared by the attorney. The docket is to contain the original or a certified copy of the recorded mortgage.

Enclosed please find an original and two copies of a partially prepared security agreement and original and four copies of a partially prepared financing statement applicable to the income and revenue of the Association. These forms are to be properly completed and executed, and the additional collateral is to be described in the appropriate space or upon an attached Schedule "A" to the security agreement and financing statement. Such additional collateral is to be specified by serial number, manufacturer's identification number or other legally acceptable description. The docket is to contain a duplicate original of the security agreement and a certified copy of the financing statement, which is to be filed in accordance with the Kentucky statutory law and pursuant to Revised Article 9 of the Uniform Commercial Code. The agency should refer to the website for the Kentucky Secretary of State to ensure proper filing location.

Subsequent to closing and filing of the financing statement, the attorney is to issue a brief certification that, by virtue of the security agreement and financing statement, the United States has a valid lien upon the revenue and income of the Association, and such other collateral as may be specified within these instruments. This certificate is to also specify proper corporate status under Kentucky law and that no litigation is pending.

All forms and documents to be executed on behalf of the Association are to be signed by the president and attested by the secretary with the corporate seal affixed thereto. All documents requiring certification, except those which are by their nature to be certified by the clerk of the court or other public official, are to be certified by the secretary with the seal affixed thereto. Please have the corporate officers indicate their respective offices under their signatures.

All applicable requirements of RD Instructions, the requirements of the national office and any other conditions must be complied with prior to or at the time of closing the loan; also at the time of closing the loan or immediately thereafter, there will be obtained additional copies of various documents as administratively required.

The certificate below must be executed by the county supervisor or district director and the attorney for the Association after all requirements herein have been met.

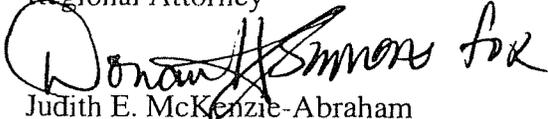
For final approval, there are to be submitted to this office, after having been reviewed by the state office, the following:

1. Certified list of directors and officers with terms and copy of current annual corporation report.
2. Conformed copy of promissory note.
3. Original or certified copy of recorded real estate mortgage.
4. Preliminary and Final Title Opinions, Forms RD 427-9 and 427-10, if applicable.
5. Certificate of Rights-of-Way and Opinion of Counsel Relative to Rights-of-Way, Forms RD 442-21 and 442-22; if applicable.
6. Duplicate original of security agreement.
7. Certified copy of filed financing statement.
8. Attorney's certificate as to lien upon revenue, corporate status, and non-litigation.
9. Grant Agreement, Form RD 1942-31

10. Certified closing instructions.

Sincerely,

ANDREA L. FOSTER  
Regional Attorney

  
Judith E. McKenzie-Abraham  
Attorney

Enclosures

JEMA/

CERTIFICATE

We certify that all requirements of these instructions have been met.

Date:

\_\_\_\_\_  
Attorney for the Association

Date:

\_\_\_\_\_  
USDA