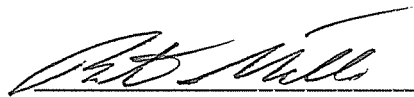


RESPONSE #11

Attached is a spreadsheet showing, in detail, the funds that Versailles used to finance the cost of the most recent plant capacity expansion of the Versailles Water Treatment Plant and the upgrade of its main water supply main. Response Number 12 gives the details of each bond issuance.

It is hereby certified that the foregoing response was prepared by Bart Miller, Versailles Public Works Director, and that the response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Bart Miller
Public Works Director
City of Versailles

1-17-12
Date

Recap of Financing for Water Plant and Water Main to Town: 2003-2005									
				Series 2000	House Bill 502	Series 2001	Series 2004	Sereis 2005	
	Budgeted:		Bond Issue			Bond Issue	Bond Issue	Bond Issue	Total
Water Plant and Main to Town								Issue	
Water Plant Design	529,728.00		307,587.42	132,432.00	89,708.58	N/A	N/A	N/A	529,728.00
Raw Water Main Design	71,260.00		57,008.00	3,563.00	10,689.00	N/A	N/A	N/A	71,260.00
High Service Main Extension Design	23,198.00		13,918.80	1,159.90	8,119.30	N/A	N/A	N/A	23,198.00
WTP Expansion Site Surveys	7,500.00		7,500.00	N/A	N/A	N/A	N/A	N/A	7,500.00
High Svce. Main Extension Surveys	7,000.00		7,000.00	N/A	N/A	N/A	N/A	N/A	7,000.00
RWM-HSM Plan Profile Surveys	13,600.00		13,600.00	N/A	N/A	N/A	N/A	N/A	13,600.00
Water Plant Geotechnical Design	9,397.75		7,401.00	1,996.75	N/A	N/A	N/A	N/A	9,397.75
Distribution System Master Plan	27,444.00		N/A	27,444.00	N/A	N/A	N/A	N/A	27,444.00
Water Trmt. Plant Bidding	15,000.00		N/A	15,000.00	N/A	N/A	N/A	N/A	15,000.00
Water Plant Construction	9,987,211.61		N/A	N/A	6,714,127.36	2,604,985.62	705,391.03	N/A	10,024,504.01
Water Plant Construction Admin.	150,000.00		N/A	79,500.00	12,000.00	58,500.00	N/A	N/A	150,000.00
Water Plant Resident Inspection	168,000.00		N/A	77,000.11	13,999.95	76,999.94	N/A	N/A	168,000.00
Water Plant Geotechnical Construction	15,088.00		N/A	10,311.80	3,327.72	882.68	N/A	N/A	14,522.20
Water Plant Systems Integration	130,080.00		N/A	39,024.00	17,560.80	69,592.80	3,902.40	N/A	130,080.00
Water Plant Systems Integrth. Software	19,200.00		N/A	8,130.55	N/A	11,012.42	N/A	N/A	19,142.97
Water Main Construction	1,972,073.70		N/A	N/A	1,964,345.50	140,622.07	N/A	N/A	2,104,967.57
Water Line Construction (Vaughn Asphalt)	2,000.00		N/A	N/A	N/A	2,000.00	N/A	N/A	2,000.00
Water Main Easement Acquisition			N/A	N/A	2,328.75	N/A	N/A	N/A	2,328.75
Misc. (US 33-US 62 Connector)	553.93		553.93	N/A	N/A	N/A	N/A	N/A	553.93
Water Plant O&M Manual	20,000.00		N/A	N/A	N/A	19,000.00	1,000.00	N/A	20,000.00
Water Plant Furniture			N/A	N/A	N/A	1,759.89	N/A	N/A	1,759.89
Water Plant Computer Equipment			N/A	N/A	N/A	7,104.64	N/A	N/A	7,104.64
Water Plant Const. Admin. Ext. Services	7,500.00		N/A	N/A	N/A	7,500.00	N/A	N/A	7,500.00
Water Plant Concrete Testing			N/A	N/A	N/A	N/A	1,771.20	N/A	1,771.20
Water Plant Lagoon Fencing	2,754.00		N/A	N/A	N/A	N/A	2,754.00	N/A	2,754.00
Total Spent: Water Plant & Main:	13,178,588.99		414,569.15	395,562.11	8,836,206.96	2,999,960.06	714,818.63		13,361,116.91

RESPONSE #12

REQUEST

For each bond issuance in which the proceeds were used to finance costs of the most recent plant capacity expansion of the Versailles

Water Treatment Plant:

- a. State the date of the bond issuance;
- b. State the amount of the bond issuance;
- c. State the amount of proceeds used to finance the expansion; and
- d. Provide a copy of the bond ordinance.

RESPONSE

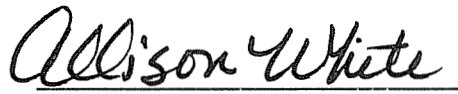
The following documents are relative to the following bond issuance and/or grant source to finance costs of plant capacity expansion of the Versailles Water Treatment Plant:

NOTE: Please see attached spreadsheet indicating the amount of proceeds used to finance the expansion from all bond issues relative to water treatment plant expansion.

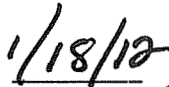
1. Bond Anticipation Note, Series of 2000 (KLC Pooled Lease Financing Program)
 - a. Date of Bond Issue: December 21, 2000
 - b. Amount of Issue: \$1,567,325
 - c. Amount Used to Finance Expansion: \$414,569.15
 - d. Copy of Bond Ordinance Attached
2. Water & Sewer Revenue Bond Issuance, Series 2001
 - a. Date of Bond Issue: September 15, 2001
 - b. Amount of Bond Issue: \$9,800,000
 - c. Amount Used to Finance Expansion: \$8,836,206.96
 - d. Copy of Bond Ordinance attached
3. Water & Sewer Revenue Bond Issuance, Series 2004
 - a. Date of Bond Issue: August 1, 2004
 - b. Amount of Issue: \$8,635,000
 - c. Amount Used to Finance Expansion: \$2,999,960.06
 - d. Copy of Bond Ordinance attached

4. Water & Sewer Revenue Bond Issuance, Series 2005
- a. Date of Bond Issue: August 1, 2005
 - b. Amount of Bond Issue: \$8,500,000
 - c. Amount Used to Finance Expansion: \$714,818.63
 - d. Copy of Bond Ordinance attached

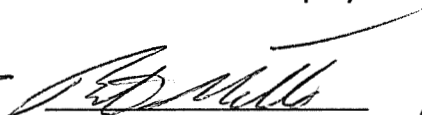
It is hereby certified that the foregoing response was prepared by Allison White, Versailles City Clerk, and Bart Miller, Versailles Public Works Director, and that the response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



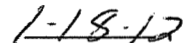
Allison White
Versailles City Clerk



Date



Bart Miller
Versailles Public Works Director



Date

**KENTUCKY LEAGUE OF CITIES POOLED
LEASE FINANCING PROGRAM
CITY OF VERSAILLES, KENTUCKY
\$1,567,325 VARIABLE RATE LEASE**

DATED: DECEMBER 21, 2000

TRANSCRIPT OF PROCEEDINGS

KENTUCKY LEAGUE OF CITIES
POOLED LEASE FINANCING PROGRAM
CITY OF VERSAILLES, KENTUCKY
\$1,567,325 VARIABLE RATE LEASE

DATED: DECEMBER 21, 2000

Approving Opinion:
PECK, SHAFFER & WILLIAMS, L.L.P. • Covington, Kentucky

VARIABLE RATE LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT (the "Lease"), dated as of December 21, 2000, is entered into by and between KENTUCKY MUNICIPAL FINANCE CORPORATION (the "Corporation" or the "Lessor"), a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky (the "State"), as lessor, and the CITY OF VERSAILLES, KENTUCKY (the "Lessee"), a municipal corporation and political subdivision of the State duly organized and validly existing under the laws of the State, as lessee.

RECITALS

A. Under the Kentucky Interlocal Cooperation Act, as amended, KRS 65.210 to 65.300 (the "Act"), any power or powers, privileges or authority exercised or capable of exercise by a political subdivision of the State (a "public agency") may be exercised jointly with any other public agency under an agreement (an "interlocal cooperation agreement") with one another for joint or cooperative action, and such public agencies may acquire, construct, maintain, add to and improve such property, real and personal, as is required in order to accomplish the public purposes of the participating public agencies as set forth in such interlocal cooperation agreement. In order to provide funds to accomplish the purposes of such interlocal cooperation agreement, any one of the public agencies acting pursuant to such agreement may issue, on behalf of all public agencies which are parties to the agreement, negotiable revenue bonds, provided that the bonds shall be payable solely from the revenues derived from the joint or cooperative action undertaken pursuant to the interlocal cooperation agreement and shall not constitute an indebtedness of the State or of any of the participating public agencies.

B. The Act further authorizes the parties to enter into an interlocal cooperation agreement to create a "separate legal or administrative agency" which may, on behalf of the participating public agencies, have certain powers delegated to it under the interlocal cooperation agreement in furtherance of the joint and cooperative undertaking of the participating public agencies.

C. Under KRS 58.010 to 58.140, any public agency of the State, acting separately or jointly with any one or more other public agencies, is authorized to acquire, construct, maintain, add to and improve any "public project" (as defined in KRS 58.010), including lands, buildings, or structures, works or facilities suitable for and intended for use as public property for public purposes and, for the purpose of defraying the costs thereof, to borrow money and issue negotiable revenue bonds, which bonds shall be payable solely from the revenues derived from the public project or public projects and shall not constitute an indebtedness of the State or of any such public agency.

D. Pursuant to the Act, certain cities of the State and other authorized public agencies (the "Cities"), including the Lessee which is a party to this Lease, have entered into an Amended and Restated Interlocal Cooperation Agreement dated as of January 1, 1990 (the "Interlocal Cooperation Agreement") for the purpose of jointly and cooperatively establishing a pooled lease financing program (the "Kentucky Municipal League Pooled Lease Financing Program" or the "Program") to provide financing or refinancing for the acquisition, construction and installation

of various public projects intended for use by the respective Cities (the "Projects"). The Program authorized under the Interlocal Cooperation Agreement consists of [i] the issuance by the City of Danville, Kentucky, as issuer (the "Issuer"), on behalf of all the Cities, of negotiable revenue bonds pursuant to the Act and KRS 58.010 to 58.140; [ii] the creation of the Corporation as the agent and instrumentality of the Issuer to act as a "separate administrative or legal entity" under the Interlocal Cooperation Act, on behalf of the Issuer and the Cities, for the implementation of the Program; [iii] the delivery of the proceeds from the sale of the bonds to a trustee under a trust indenture pursuant to which the bonds will be issued; [iv] the disbursement of such proceeds by the trustee to or for the account of the Corporation in order to finance or refinance the Projects for the Cities; and [v] the lease of each respective Project by the Corporation to the Lessee on whose behalf such Project is being financed, under leases which in the aggregate provide for rental payments sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable and all other costs and expenses of the Program.

E. Pursuant to the Interlocal Cooperation Agreement, and in furtherance of the Program established thereunder, the Issuer, the Corporation and Chase Manhattan Trust Company, National Association, (successor by acquisition to Citizens Fidelity Bank and Trust Company), Louisville, Kentucky, a banking corporation organized under the laws of the State, as trustee (the "Trustee") have entered into a Trust Indenture dated as of March 1, 1989, as supplemented (the "Indenture"), and the Issuer has issued and secured thereunder \$152,975,000 aggregate principal amount of its City of Danville, Kentucky, Money Market Municipal Multi-City Lease Revenue Bonds (Kentucky Municipal League Pooled Lease Financing Program) Series 1989, dated on original issuance as of March 9, 1989 (the "Bonds"), for the purpose of financing or refinancing the acquisition, construction and installation of the Projects. The proceeds from the sale of the Bonds have been delivered to the Trustee, and the Trustee is authorized under the Indenture to disburse such proceeds to or for the account of the Corporation in order to finance or refinance the Projects.

F. The Corporation, acting as agent of the Issuer pursuant to the Interlocal Cooperation Agreement, and the Lessee desire to enter into this lease whereby the Lessee will lease from the Corporation the Project hereinafter described.

G. Under the Indenture, as supplemented, the Issuer and the Corporation have assigned all of their right, title and interest hereunder, together with all of their right, title and interest under other similar leases entered into by other Cities pursuant to the Program (the "Leases"), to the Trustee to secure the payment of the principal of, premium, if any, and interest on the Bonds and the performance by the Issuer and the Corporation of all of their other obligations under the Indenture and under the Credit Facility Agreement (as defined in the Indenture).

H. The Lessee has heretofore issued its "Water and Sewer Refunding Revenue Bonds, Series of 1996", its "Water and Sewer Refunding Revenue Bonds, Series of 1999" and its "Water and Sewer Revenue Bond Anticipation Notes, Series of 2000" with the Corporation (collectively, together with any additional obligations issued on a parity therewith or permitted under Lessee's general utility financing documents and any obligations issued to refund or refinance any of the foregoing, the "Prior Bonds") to finance or refinance portions of its water and sewer system as a combined and consolidated system (the "System").

I. The Prior Bonds are secured by a pledge of the gross income and revenues of the System (collectively, the "Revenues"). To secure the obligations of the Lessee under this Lease, the Lessee is herein pledging the Revenues to and for the benefit of the Corporation and the Trustee as the assignee of the Corporation, which pledge shall be on a basis inferior and subordinate to the pledge securing the Prior Bonds.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

All words and phrases will have the meanings specified below unless the context clearly requires otherwise. Terms not defined herein shall have the meanings assigned to them in the Indenture.

"Acquisition Account" means the Lessee Acquisition Account created under the Indenture in the name and for the account of Lessee in which the funds to finance or refinance the acquisition, construction or installation of the Project will be deposited.

"Acquisition Period" means the period between the date on which the Lease is first executed and the Completion Date for the Project.

"Additional Rentals" means any expenses of the Lessor in connection with this Lease and the Project and any taxes or any other expenses, including, but not limited to, licenses, permits, state and local sales and use or ownership taxes or property taxes which the Lessor may pay with respect to the Project and any Program Expenses not included in Base Rentals.

"Administration Agreement" means the agreement dated as of March 1, 1989 among the Administrator, the Corporation and the Credit Facility Provider relating to the administration of the Program.

"Administrator" means the Kentucky League of Cities (formerly the Kentucky Municipal League), a nonprofit, unincorporated association, or such other program administrator as is selected by the Corporation and approved by the Trustee and the Credit Facility Provider to originate and service the Leases or any portion thereof and to act as the Corporation's agent for purposes of this Lease and in the administration of the Program as set forth in the Administration Agreement.

"Available Moneys" means [i] moneys which have been on deposit with the Trustee for at least 183 days during and prior to which no Act of Bankruptcy of the Lessee has occurred and is continuing, [ii] moneys in the Acquisition Account and [iii] any other moneys which in the opinion of a counsel with recognized expertise in the law of bankruptcy are not subject to being recovered as preferential transfers.

"Bank Rate" means the interest rate borne by Bonds acquired or owned by the Bank.

"Base Rentals" means the payments by the Lessee pursuant to Section 6.1 of this Lease during the Lease Term, which payments are for and in consideration of the right to use and the option to purchase the Project during the Lease Term and shall be comprised of [i] scheduled payments of principal, [ii] Lessee's Proportionate Share of interest on the Bonds and [iii] Lessee's Proportionate Share of recurring Program Expenses.

"Business Day" means a day on which the Trustee is not required or authorized by law to remain closed.

"Closing" means the time at which a Lease and any Collateral Document relating thereto are executed and delivered and after which the Trustee disburses funds to an Acquisition Account whereby the Costs of a Project are financed, refinanced or reimbursed to the Lessee.

"Closing Costs" means the fees and expenses of the Lessor, the Trustee, the Credit Facility Provider, the Remarketing Agent and the Program incurred in connection with the negotiation, execution and delivery of this Lease and all Collateral Documents, and, if applicable, the costs of remarketing the Correlative Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral Document" means any letter of credit, mortgage, escrow agreement, guaranty, security agreement, pledge agreement, or other document or agreement, if any, securing an obligation of the Lessee under this Lease or executed by the Lessor or Lessee in connection with this Lease.

"Completion Date" means the date on which completion of the construction, acquisition, installation and equipping of the Project occurs, as evidenced by the certificate provided for in Section 7.3 of this Lease.

"Correlative Bonds" means Bonds which have been converted to Fixed Rate Bonds in connection with this Lease.

"Correlative Leases" means Leases as to which the interest rate component of Base Rentals will be determined in part on the interest rate of certain Fixed Rate Bonds.

"Costs of the Project" shall be deemed to include payment of or reimbursement for the following items:

A. obligations incurred or assumed in connection with the construction, acquisition, installation and equipping of the Project;

B. the costs of construction, acquisition, installation and equipping of the Project; including, without limitation, legal fees and expenses, taxes, inspection costs, permit fees, filing and recording costs and advertising expenses in connection with the acquisition of the Project; and

C. all other costs which are considered to be a part of the costs of the construction, acquisition, installation and equipping of the Project in accordance with generally accepted accounting principles and which will not affect the exclusion from gross income for federal income purposes of the designated interest component of Base Rentals payable by the Lessee under this Lease and will not affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds, including, without limitation, financing fees, Closing Costs and similar items plus sums required to reimburse the Lessee for advances made by the Lessee that are properly chargeable to the construction, acquisition, installation and equipping of the Project or to the interest component of Base Rentals prior to the Completion Date.

"Financing Statements" means Uniform Commercial Code Financing Statements Form UCC-1.

"Fiscal Year" means the twelve (12) month period commencing on June 1 and ending on the next June 30.

"Fixed Rate" means an interest rate which is fixed and nonvariable for a period of at least one (1) year.

"Force Majeure" means the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of restraints of any kind of the government of the United States of America or of the State or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; or any other cause or event not within the control of the Lessee, but not due to the Lessee's negligence.

"Indenture" means the Trust Indenture dated as of March 1, 1989, among the Issuer, the Trustee and the Lessor and amendments or supplements thereto.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court in the State and who is not an employee of the Lessor or the Lessee.

"Late Payment Rate" means the rate of interest identified in the Term Sheet as the Late Payment Rate.

"Lease" means this Lease Agreement and any amendments or supplements hereto, including the Term Sheet and Exhibits attached hereto.

"Lease Rental Payment Date" means [i] the dates set forth as Lease Rental Payment Dates in the Term Sheet with respect to the interest component and principal component of Base Rentals; and [ii] with respect to Additional Rentals fifteen (15) days after written request for such payment.

"Lease Rental Payment Period" means a calendar month.

"Lease Rental Payments" means Base Rentals and Additional Rentals and any payment of the Optional Prepayment Price.

"Lease Term" means the term as determined pursuant to Article 4 hereof.

"Lessee" means the lessee under this Lease.

"Lessee Representative" means [i] the person or persons at the time designated to act on behalf of the Lessee for the purpose of performing any act under this Lease by a written certificate furnished to the Lessor containing the specimen signature of such person or persons and signed on behalf of the Lessee by the City's Mayor, or [ii] if any or all of the Lessee's rights and obligations are assigned hereunder, the person or persons at the time designated to act on behalf of the Lessee and the assignees.

"Lessor" or the "Corporation" means the Kentucky Municipal Finance Corporation, acting as lessor under this Lease or any successor thereto.

"Lessor Representative" means the Administrator or any other person or persons at the time designated to act on behalf of the Lessor for purposes of performing any act on behalf of the Lessor under this Lease by a written certificate furnished to the Lessee containing the specimen signature of such person or persons and signed on behalf of the Lessor by its President or other duly authorized officer.

"Liquidation Proceeds" means amounts received by the Trustee or Credit Facility Provider in connection with enforcement of any of the remedies under this Lease or a Collateral Document after the occurrence of an Event of Default.

"Maximum Rate" means as to the Bonds, other than Bank Bonds, the maximum rate on the Bonds as set forth on the Term Sheet.

"Money Market Municipal Rate" means the weighted average variable rate of interest borne by the Money Market Municipal Bonds.

"Net Proceeds," when used with respect to any proceeds from policies of insurance with respect to damage or destruction to the Project, proceeds of any condemnation award relating to all or any portion of the Project or the proceeds from any sale of the Project means the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys fees and costs) incurred in the collection of such proceeds.

"Optional Prepayment Price" means the amount which a Lessee may, in its discretion, pay under the Lease in order to prepay in full its Lease Rental Payments, which amount shall be equal to the unpaid principal component of Base Rentals increased by the sum of [a] the amount of any due or past due Lease Rental Payments together with interest on such past due Lease Rental Payments to the date of such prepayment in full at the Late Payment Rate, [b] an estimated amount equal to all interest, Program Expenses and Additional Rentals which would have been due under the Lease between the date of the prepayment by the Lessee and the date on which the prepayment is used to reimburse the Credit Facility Provider, to redeem Bonds or is deposited in the Revolving Fund Account (it being understood that all investment earnings on the Optional Prepayment Price, other than on past-due Lease Rental Payments, will be paid to the Lessee as received or applied, if necessary, as a part of the Optional Prepayment Price and any excess payment under this subpart [b] shall be paid to the Lessee on the date the prepayment is used to reimburse the Credit Facility Provider, to redeem Bonds or is deposited in the Revolving Fund Account); and [c] the premium, if any, payable on any Bonds to be redeemed or purchased on account of the payment of such Optional Prepayment Price.

"Parity" means the value of the assets of the Program as of the date of calculation and valued as provided in the Indenture equals 100% of the principal amount of all Outstanding Bonds as of the date of calculation.

"Permitted Encumbrances" means, as of any particular time: [a] liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to the provisions of Article 10 and Article 11 of this Lease; [b] this Lease; [c] any lien created by a Collateral

Document; [d] utility, access and other easements and rights of way, restrictions and exceptions which do not, in the opinion of the Independent Counsel, interfere with or impair the Project; [e] any Financing Statements filed to perfect security interests; [f] such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Equipment and Improvements and as do not, in the opinion of the Independent Counsel, materially impair title to the Project and [g] such additional Permitted Encumbrances set forth in Exhibit G.

"Principal Prepayment" means any payment or recovery of the principal component of any Lease Rental Payment which is received more than one month in advance of its scheduled due date, including the portion of any Liquidation Proceeds or Optional Prepayment Price representing such amount.

"Program" means the Program of the Issuer and the Lessor described in the recitals to this Lease.

"Program Expenses" means the expenses and fees of the Lessor and the Administrator relating to the Program; the costs of issuance of the Bonds; the fees and expenses of the Issuer, the Trustee, and the Paying Agent relating to the Program; the fees and expenses of the Remarketing Agent other than the fees and expenses of remarketing the Fixed Rate Bonds which are to be paid by the Lessees under the Correlative Leases; those fees and expenses of the Credit Facility Provider which are not included in the Bank Rate; and such other fees and expenses in connection with the Program and the Bonds as the Lessor and the Administrator may in good faith determine are allocable to all Leases in effect at the time such fees and expenses are paid or incurred.

"Project" means the Project described in Exhibit A hereto.

"Proportionate Share" means a fraction the numerator of which is the outstanding principal components of Base Rentals under a Lease as of the date of calculation and the denominator of which is the sum of the outstanding principal components of Base Rentals under all the Leases as of the date of calculation plus the amount, if any, in the Project Fund (other than the Lessee Acquisition Accounts) as of the date of calculation.

"Term Sheet" means the attachment to this Lease designated as such which sets forth information and terms regarding this Lease.

[End of Article I]

ARTICLE 2

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants for the benefit of the Lessor as follows:

A. Lessee is a municipal corporation and political subdivision of the State, has power to enter into this Lease, and has duly authorized and taken the necessary acts required prior to (including all required approvals) the execution and delivery of this Lease. Lessee represents and warrants that this Lease is a valid, legal and binding special obligation of the Lessee in accordance with its terms.

B. During the Lease Term Lessee will maintain its existence as a municipal corporation and political subdivision of the State and will not consolidate with or merge into another political subdivision of the State or permit one or more other political subdivisions of the State to consolidate with or merge into it, unless the entity created thereby assumes Lessee's obligations hereunder.

C. Neither the execution and delivery of this Lease or any Collateral Document, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound or constitutes a default under any of the foregoing, nor conflicts with or results in a violation of any provision of law governing the Lessee. No representation, covenant and warranty of the Lessee herein is false, misleading, or erroneous in any material respect.

D. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Lessee, nor to the best of the knowledge of the Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated by this Lease or which would adversely affect the validity or enforceability of this Lease or any material agreement or instrument to which Lessee is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

E. The estimated Costs of the Project are not less than the amount identified in Exhibit A as the Costs of the Project. The Project will be designed and constructed so as to comply with all applicable standards, regulations and requirements relating to the Project. Lessee has obtained (or will obtain as soon as practicable) all licenses, permits and other governmental approvals necessary to acquire, and/or install and to use and operate the Project.

F. The Lessee further specifically covenants that the Lessee is not in default, and no event has occurred which with the passage of time or notice or both can become a default or an event of default, under any indenture, lease or any agreement relating to the borrowing of money; provided however, that this representation, warranty and covenant does not relate to any

such obligation as to which the Lessee is not the true obligor under such indenture, lease or such agreement relating to the borrowing of money.

G. The Lessee further specifically covenants:

[1] at least one of the following two conditions will be satisfied: [A] less than 10% of Lessee's Acquisition Account will be used directly or indirectly in the business of a person other than a state or local governmental unit (a "nongovernmental person") or [B] less than 10% of the principal or interest components of Base Rentals is directly or indirectly [i] secured by an interest in property used or to be used in a business of a nongovernmental person or any interest in payments made with respect to such property or [ii] to be derived from payments made with respect to property, or borrowed money, used or to be used in a business of a nongovernmental person;

[2] less than 5% of the Acquisition Account allocated to the Lessee will be used by nongovernmental persons for a use unrelated to the Project;

[3] it will not loan directly or indirectly more than 5% of the Acquisition Account allocated to the Lessee to nongovernmental persons;

[4] it will not enter into any management contract with respect to the Project unless it obtains an opinion of Bond Counsel that such management contract will not impair the exclusion from gross income for federal income tax purposes of the interest component of Base Rentals;

[5] Lessee acknowledges that the continued exclusion of the interest component of Base Rentals and the interest on the Bonds from gross income for federal income tax purposes depends, in part, upon compliance by the Lessee with the arbitrage limitations imposed by § 148 of the Code, and Lessee agrees that it will comply with all the requirements of § 148 of the Code and shall not permit at any time any of the Acquisition Account allocated to it or its other funds to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the obligations of the Lessee under this Lease to be an "arbitrage bond" for purposes of § 148 of the Code;

[6] the Base Rentals are not and shall not be "federally guaranteed" as defined in § 149(b) of the Code;

[7] the Lease Term does not exceed 120% of the average reasonably expected economic life of the Project being financed pursuant to this Lease;

[8] to use all funds in its Acquisition Account to pay Costs of the Project on or before December 1, 2003, unless the Lessee delivers to Lessor an opinion of Bond Counsel satisfactory to the Lessor to the effect that failure to use all such funds in its Acquisition Account will not impair the exclusion from gross income for federal income tax purposes of [i] the interest component of Base Rentals or [ii] the interest on the Bonds;

[9] the Lessee is not in default, and no event has occurred which with the passage of time or notice or both can become a default or an event of default, under any indenture, lease or any agreement relating to the borrowing of money; provided however, that this representation, warranty and covenant does not relate to any such obligation as to which the Lessee is not the true obligor under such indenture, lease or such agreement relating to the borrowing of money; and

[10] the Lessee (and any "related person" within the meaning of § 147(a)(2) of the Code) shall not purchase any of the Bonds pursuant to any formal or informal arrangement, in amounts related directly or indirectly to the Lease Rental Payments.

Section 2.2 Representations, Covenants and Warranties of Lessor. The Lessor represents, covenants and warrants for the benefit of the Lessee as follows:

A. Lessor is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State and has all necessary power to enter into this Lease and has duly authorized the execution and delivery of this Lease.

B. Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound, or constitutes a default under any of the foregoing.

C. To the knowledge of the Lessor, there is no litigation or proceeding pending or threatened against the Lessor or any other person which would affect the right of the Lessor to execute or deliver this Lease and to comply with its obligations under this Lease. Neither the execution and delivery of this Lease, nor compliance by Lessor with its obligations under this Lease, require the approval of any regulatory body, any parent company, or any other entity, which approval has not been obtained.

[End of Article II]

ARTICLE 3

DEMISING CLAUSE

In consideration of the financing transaction giving rise to this Lease for the benefit of the Lessee, and for other good and valuable consideration the receipt of which is hereby acknowledged, the Lessor leases the Project to the Lessee, to have and hold for the Lease Term, for the purpose of accomplishing the financing transaction contemplated by this Lease. Title to the Project or interests therein shall be held by the Lessee, subject only to Permitted Encumbrances, until foreclosed on or conveyed as provided in Article 12. Upon (i) the occurrence of one or more Events of Default as defined in Section 14.1, (ii) the occurrence of any event of damage, destruction, condemnation or defect or title defect, as provided in Article 8 or (iii) the violation by the Lessor of any provision of this Lease, Lessee covenants to convey its right, title and interest in the Project to Lessor.

In recognition of and subject to the foregoing, the Lessor hereby leases the Project to the Lessee, and the Lessee hereby leases the Project from the Lessor, in accordance with the provisions of this Lease, to have to hold for the Lease Term.

[End of Article III]

ARTICLE 4

LEASE TERM

Section 4.1 Duration of Lease Term.

The Lease Term shall commence as of the commencement date set forth in the Term Sheet and shall terminate on the termination date set forth in the Term Sheet unless earlier terminated as provided in Section 4.2 hereof.

Section 4.2 Termination of Lease Term. The Lease Term shall terminate prior to the termination date set forth in the Term Sheet upon the earliest of any of the following events:

- A. The purchase by the Lessee of the Project as provided in Article 12;
- B. An Event of Default and termination of this Lease as provided in Article 14;
- C. Conveyance of the Project to the Lessee upon payment of all Base Rentals for the entire Lease Term and all Additional Rentals accrued to the date of termination of this Lease; or
- D. Discharge of the Indenture, as provided in Article 8 thereof.

Termination of the Lease Term shall terminate all obligations of the Lessee to pay Lease Rental Payments except for Lease Rental Payments accrued to the date of termination, and shall terminate Lessee's rights to use, possess or occupy the Project under this Lease (unless a conveyance of the Project to the Lessee has occurred pursuant to Article 12).

Section 4.3 Acceleration of Lease Term Upon Expiration of Credit Facility. If the stated Lease Term extends beyond the Expiration Date of the Credit Facility and the Credit Facility Provider gives notice to the Trustee that it will not extend the term of the Credit Facility, then the expiration date of the Lease Term hereunder shall be accelerated to the Expiration Date, and the remaining unpaid principal components of Base Rentals shall be due in full on the Expiration Date; provided, however, that if an Alternate Credit Facility is secured prior to the Expiration Date the amortization schedule in Exhibit B shall remain in full force and effect.

[End of Article IV]

ARTICLE 5

ENJOYMENT OF THE PROJECT

The Lessor hereby covenants that the Lessee shall during the Lease Term peaceably and quietly hold and enjoy the Project without suit, trouble or hindrance from the Lessor, except as expressly required or permitted by this Lease. The Lessor shall not interfere with the quiet use and enjoyment of the Project by the Lessee during the Lease Term so long as the Lease Term shall be in effect. The Lessor shall, at the request of the Lessee and at the cost of the Lessee, cooperate fully in any legal action in which the Lessee asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Project. In addition, the Lessee may, at its own expense, join in any legal action affecting its possession and enjoyment of the Project and shall be joined (to the extent legally possible; and at the expense of the Lessee) in any action affecting its liabilities hereunder.

The provisions of this Article 5 shall be subject to the Lessor's right to inspect the Project and records of the Lessee relating to any Collateral Documents.

[End of Article V]

ARTICLE 6

PAYMENTS BY THE LESSEE

Section 6.1 Base Rentals and Additional Rentals.

A. The Lessee shall pay from the sources herein provided, Base Rentals directly to the Trustee during the Lease Term, on the applicable Lease Rental Payment Date as set forth in Exhibit B hereto, as it may be amended hereunder. Prior to the Completion Date, the Lessee may by requisition direct that there be credited against the amount of Base Rentals otherwise payable hereunder any earnings derived from the investment of the Lessee's Acquisition Account. The Lessee shall pay, from the sources herein provided, Additional Rentals to the Trustee within fifteen (15) days after a written request therefor is mailed to the Lessee by the Administrator.

B. The Lessee shall have the option to prepay this Lease on the dates and at the Optional Prepayment Price or Prices set forth on Exhibit C. Upon payment of such Optional Prepayment Price, the Trustee shall hold such payment until it is applied on the immediately following February 1 or August 1, as the case may be, to reimburse the Credit Facility Provider, to redeem Bonds or is deposited in the Revolving Fund Account created under the Indenture. All investment earnings on the Optional Prepayment Price, other than on past-due Lease Rental Payments, will be paid to the Lessee as received or applied, if necessary, as a part of the Optional Prepayment Price, and any excess payment shall be paid to the Lessee on the date the prepayment is so used.

C. In the event of any permitted Principal Prepayment, the schedule of payments of the principal component in Exhibit B shall be recalculated and revised by Lessor, with the consent of the Credit Facility Provider, so that the remaining unpaid principal component is being amortized on substantially the same basis over the remaining Lease Term as was used in computing the original amortization schedule for the principal component of Base Rentals.

D. In the event of a deficiency in the Debt Service Reserve Fund as a result of a decline in value of the investments therein, the Lessee shall pay its Proportionate Share of such deficiency in not more than six (6) equal monthly installments. Any deficiency in the Debt Service Reserve Fund because of Lessee's failure to make a Lease Rental Payment shall be paid in not more than six (6) equal monthly installments.

E. If Lessee fails to pay any Base Rentals or Additional Rentals within five (5) days after they are due, Lessee agrees to pay interest on such past due payment at the Late Payment Rate for the period from their due date until paid.

Section 6.2 Calculation of Base Rentals.

A. The interest component of Base Rentals shall include interest on the principal components of the Lease outstanding as of each Lease Rental Payment Date. Lessee's interest component is initially based on a Money Market Municipal Rate, and shall remain so based unless changed in accordance with the terms hereof or the Indenture. If the interest component of Base Rentals is based upon a Money Market Municipal Rate, the interest rate for this interest

component shall be comprised of [i] Lessee's Proportionate Share of interest on the Outstanding Money Market Municipal Bonds, [ii] the fee charged by the Credit Facility Provider for credit enhancement and liquidity support for Lessee expressed as a percentage and [iii] the Lessee's Proportionate Share of recurring Program Expenses expressed as a percentage. If Lessee's interest component is based upon a Fixed Rate, the interest rate for this interest component shall be comprised of [i] the interest rate of the Correlative Bonds, [ii] the fees charged by the Credit Facility Provider for credit enhancement and liquidity support for Lessee expressed as a percentage and [iii] the Lessee's Proportionate Share of recurring Program Expenses expressed as a percentage. A Lessee's obligation to pay interest also includes its obligation to pay its Proportionate Share of interest on an amount of Bonds equal to the Debt Service Reserve Fund and the Project Fund (other than the Lessee Acquisition Accounts) if the investment earnings on those Funds are insufficient to pay such interest.

B. Lessee acknowledges that the interest component of Base Rentals set forth in Exhibit B is estimated and that if Lessee's actual interest component is greater than estimated or that if the Program Expenses included in Base Rentals are greater than estimated, Lessee is obligated to pay the actual interest component and additional payments of Base Rentals, subject to lawful appropriation by the Lessee. Lessee further acknowledges that if Bonds (including Bonds that had been Correlative Bonds) are purchased with funds provided by the Credit Facility Provider, the interest component of Base Rentals during the period such Bonds are owned by the Bank or its transferee may be higher because such Bonds will bear interest at the Bank Rate. If the interest component of Base Rentals should be higher than estimated in Exhibit B, a new Exhibit B to the Lease will be substituted by the Lessor to adjust the interest component of Base Rentals accordingly. The schedule of Base Rentals may also be modified by Lessor if Lessee's Proportionate Share of recurring Program Expenses is greater than the estimate contained in the existing Schedule B, as evidenced by a certificate of the Lessor to that effect. Absent manifest error, any such certificate of the Lessor shall be conclusive as to the matters stated therein. Absent manifest error, Lessee shall accept such substituted Exhibit B as an addendum to the Lease and any adjustment to Base Rentals resulting from an increase in the interest component of Base Rentals.

C. The principal component of Base Rentals is set forth on Exhibit B

Section 6.3 Disposition of Base Rentals and Additional Rentals.

A. The payments of Base Rentals shall be applied in the following order upon receipt thereof by the Trustee:

- [1] To the accrued and unpaid interest component of Base Rentals;
- [2] To the accrued and unpaid principal component of Base Rentals;
- [3] To the Lessee's Proportionate Share of Program Expenses which have not been paid by Lessee; and
- [4] To the accrued and unpaid Additional Rentals due from Lessee.

B. The payments of Additional Rentals shall be applied in the following order upon receipt thereof by the Trustee:

[1] To the accrued and unpaid Additional Rentals due from Lessee; and

[2] The excess, if any, shall be held by the Trustee in an account for the credit of the Lessee until needed to be applied for the payment of Base Rentals or Additional Rentals coming due during the remainder of the Fiscal Year and then applied as provided in Section 6.4 hereof.

Section 6.4 Credits for Overpayments.

A. If the total of the Lease Rental Payments made by the Lessee for a Fiscal Year exceed the actual liability of a Lessee for such Lease Rental Payments for such Fiscal Year, as certified by the Administrator to the Lessee and the Trustee, the Lessee shall be entitled to credit such overpayment against its next accruing installment(s) of Base Rentals in the following Fiscal Year.

B. The Administrator, on behalf of the Lessor, within thirty (30) days after the end of each Fiscal Year, shall execute and deliver to Lessee a certificate showing in reasonable detail for such preceding Fiscal Year:

[1] the total payments by Lessee of Base Rentals and Additional Rentals during such completed Fiscal Year;

[2] the amount of Base Rentals actually applied to payment of interest on the Bonds and to the fees of the Credit Facility Provider; the amount of Base Rentals applied in payment of the principal component of Base Rentals; and the amount of Additional Rentals actually applied in payment of Additional Rentals; and

[3] the excess of [1], if any, over [2].

C. The certificate shall show in reasonable detail the calculation of such excess payments. Absent manifest error in such calculations, the certificate shall be conclusive evidence as to the proper application of such payments and as to the amount of the credit excess payment, if any.

Section 6.5 Manner of Payment. The Base Rentals, the Additional Rentals and, if paid, the Optional Prepayment Price shall be paid to the Trustee at its principal corporate trust office. The obligation of the Lessee to pay the Base Rentals and Additional Rentals during the Lease in the manner herein provided, shall be absolute and unconditional, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances. Notwithstanding any dispute between the Lessee and the Lessor, or any other person, the Lessee shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals when due and shall not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute, nor shall the Lessee assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor shall affect the Lessee's obligation to pay all Base Rentals and

Additional Rentals (except to the extent of a permitted assignment under Article 13 hereof) during the Lease Term.

Section 6.6 Conversion to Fixed Interest Rate.

A. If Lessee's interest component of Base Rentals is based on a Money Market Municipal Rate, the Lessee may, at its option, with the approval of the Administrator (on behalf of the Lessor) and the Credit Facility Provider, convert the interest component of Base Rentals to one based on a Fixed Rate. In connection with such conversion, the Lessee shall execute any supplements to this Lease deemed necessary or desirable to reflect such conversion to a Fixed Rate and shall deliver such other Collateral Documents as may be necessary to convert the interest component of Base Rentals to a Fixed Rate. The Lessee further agrees to pay the costs of remarketing of the Correlative Bonds necessitated by the conversion to a Fixed Rate and all other Closing Costs related to such conversion.

B. If Lessee's interest component of Base Rentals is based on a Money Market Municipal Rate, Lessee must give at least sixty (60) days written notice of its desire to convert the interest component of Base Rentals to one based on a Fixed Rate. Such conversion shall not occur unless [i] the Administrator (on behalf of the Lessor) and the Credit Facility Provider consent and [ii] Correlative Bonds are remarketed in the secondary market at a Fixed Rate by the Remarketing Agent.

Section 6.7 Expression of Lessee's Need for the Project and Useful Life. The Lessee hereby declares its current need for the Project and further determines and declares its expectations that the Project will adequately serve the needs for which it is being acquired throughout this Lease Term. The Lessee hereby determines and declares that, to the best of its knowledge, the Lease Term does not exceed the useful life of the Project. It is hereby declared to be the present intention and expectation of the Lessee that this Lease will be continued annually until the Project is acquired or reacquired by the Lessee pursuant to this Lease; but this declaration shall not be construed as contractually obligating or otherwise binding the Lessee. The Lessee hereby agrees and determines that the Base Rentals hereunder during the Lease Term represent the fair value of the use of the Project; and that the Optional Prepayment Price represents the fair purchase price of the Project at the time of exercise of the purchase option pursuant to Article 12 hereof, if the Lessee chooses to exercise such option. The Lessee further determines that, to the best of its knowledge, the Base Rentals do not exceed a reasonable payment amount so as to place the Lessee under an economic compulsion either not to terminate this Lease or to exercise its option to purchase the Project hereunder. In making such determinations, the Lessee has given consideration to the Costs of the Project, the uses and purposes for the Project, the benefit to the Lessee by reason of the acquisition or installation of the Project, the use or occupancy of the Project pursuant to the terms and provisions of this Lease, the Lessee's option to purchase the Project, and the expected eventual vesting of title to the Site in the Lessee.

Section 6.8 Closing Costs. Lessee shall pay at Closing or thereafter upon demand of the Lessor all Closing Costs incurred in connection with this Lease.

[End of Article VI]

ARTICLE 7

ACQUISITION OF THE PROJECT; FUNDS

Section 7.1 Agreement To Acquire and Install the Project and Lease It to the Lessee.

A. The Lessee shall provide for completion of the acquisition and installation of the Project as the agent of the Lessor pursuant to such terms as the Lessor and the Lessee deem reasonable through the application of moneys to be disbursed from the Acquisition Account. The Lessee shall take possession of the Project upon delivery thereof, and Lessor agrees to lease the Project to the Lessee for the Lease Term.

B. The Lessee agrees that in order to effectuate the purposes of this Lease it will make, execute, acknowledge and transmit any and all contracts, orders, receipts, writings and instructions to or with any other persons, firms or corporations and in general do all things which may be necessary or proper, all for the acquisition and installation of the Project on behalf of the Lessor as equitable owner and the Lessee as Lessee of the Project. Acquisition and installation of the Project shall be in accordance with the purchase orders and contracts approved by the Lessee, subject to reasonable change orders or any other reasonable changes approved by the Lessee. While this Lease is in full force and effect and no Event of Default shall have occurred, the Lessee shall have full power to carry out the acts and agreements provided in this Section 7.1.

C. The Lessee agrees that, based upon estimates of costs provided to it by its advisers the Costs of the Project do not exceed the total funds to be available therefor in the Acquisition Account plus any income anticipated to be derived from the investment thereof, and other funds, if any, available to the Lessee and appropriated for such purpose. If the total funds available to pay the Costs of a Project shall prove to be insufficient therefor, the Lessee and the Lessor will use their best efforts to negotiate an amendment to this Lease to provide additional funds to the Acquisition Account to pay the Costs of the Project at an interest rate to be agreed upon and to amend Exhibit B and Exhibit C to reflect such amendment. Lessee acknowledges that any such amendment to this Lease is subject to the approval of the Credit Facility Provider.

D. Upon the occurrence of an Event of Default, or otherwise upon termination of the Lessee's right to control acquisition or installation of the Project, the Lessor, shall, upon the written direction of the Credit Facility Provider complete the acquisition, construction or installation of the Project, utilizing any moneys remaining in the Acquisition Account. All contracts relating to the Project are hereby assigned to the Trustee, which assignment shall become effective only upon a termination of the Lease Term by reason of the occurrence of an Event of Default, or upon the Trustee's assuming control over completion of the Project. All such contracts shall provide that, upon written notice by the Lessor to the other party or parties thereto that any of the events described in the preceding sentence has occurred and with the consent of the Credit Facility Provider, [i] such contracts shall be fully and freely assumable by the Trustee without the consent of any other person and the Trustee may choose to assume or not assume such contracts; and [ii] if the Trustee does so assume such contracts, the other party or parties thereto shall perform the agreements contained therein for the Trustee. All such contracts shall also provide that upon an Event of Default and upon written notice from the Trustee, the

Trustee may terminate such contracts; and the other party or parties thereto shall then be entitled to payment only from amounts available therefor in the Acquisition Account and only for work done or other consideration furnished prior to such termination.

E. Any rights, powers, or privileges given the Lessor or the Trustee under this Article 7 shall pass to the Credit Facility Provider upon the occurrence of an Event of Default and the assignment of this Lease to the Credit Facility Provider.

Section 7.2 Disbursements From Acquisition Account.

A. As long as no Event of Default shall have occurred, the Lessor authorizes disbursements from the Acquisition Account [a] to pay the Costs of the Project, [b] to reimburse the Lessee for any Costs of the Project paid by the Lessee, [c] to apply to the prepayment of Base Rentals in the event the moneys in the Acquisition Account are not otherwise fully expended, [d] to make payments of the interest portion of Base Rentals which are payable prior to the Completion Date or [e] to pay costs incurred in connection with the entering into of this Lease.

B. Moneys in the Acquisition Account shall be disbursed by the Trustee only if the terms and conditions specified in this Section 7.2 have been satisfied.

C. Before the Trustee makes a disbursement from moneys held in the Acquisition Account, the Trustee must receive a request for disbursement approved by the Lessor and Lessor must receive the following documentation:

[1] a statement of the amount and nature of each item of the Costs of the Project to be paid and the name and address of the payee, with the payee's statement and, if reimbursement to the Lessee of amounts previously paid is requested, evidence of such payment thereof attached;

[2] a statement that each item for which payment or reimbursement is requested is or was necessary in connection with the Costs of the Project and none of such items formed the basis for any previous payment from the Lessee Acquisition Account;

[3] a statement that each contractor, subcontractor and materialman has filed with the Lessee receipts or waivers of liens for all amounts theretofore certified for payment, or an amount therein certified for reimbursement to the Lessee or that there is on file with the Lessee a cancelled check endorsed by the contractor, subcontractor or materialman evidencing such payment and copies of each such receipt, waiver or check;

[4] a statement that all of the warranties and representations of the Lessee contained in the Lease and any Collateral Documents are true and correct as of the date of such disbursement as though such warranties and representations were made on such date and that proceeds allocated to the Lease and other moneys available therefor will be sufficient to complete the acquisition, construction and installation of the Project (the final request for disbursement shall state that acquisition, construction and installation of the Project has been completed); and

[5] any other documents required by the Credit Facility Provider or requested by the Lessor.

Section 7.3 Completion of Acquisition and Installation of the Project. Unless Lessor has otherwise agreed as specified in the Term Sheet, Lessee shall complete the acquisition, and equipping of the Project by December 1, 2003 (the "Acquisition Expiration Date"). When the acquisition, and installation of the Project has been completed, the Lessee shall deliver a certificate to the Trustee, which has been approved by the Lessor stating that, except for amounts estimated to be necessary for payment of any Costs of the Project not then due and payable, the Project has been completed. Any funds in the Acquisition Account which will not be required to pay the Costs of a Project shall be applied, at the direction of the Lessor, either to payment of the principal component of Base Rentals as a prepayment of such principal or as a credit against the Lease Rental Payments next coming due. If such prepayment occurs, the principal component of Base Rentals in Exhibit B shall be revised as specified by the Lessor and the Credit Facility Provider.

Section 7.4 Additional Covenants and Agreements.

A. This Lease may be modified by supplements or addenda containing additional or substitute covenants, representations and warranties as may be appropriate for a particular Project, but only as may be approved by the Credit Facility Provider. Any such supplement or addendum shall be deemed a part of this Lease as fully as if set forth herein or shall constitute a Collateral Document.

B. Lessee acknowledges that the Credit Facility Provider may require certain additional representations, warranties, covenants and agreements as a condition to its approval of this Lease which representations, warranties and agreements will be incorporated in a schedule to this Lease or in a separate agreement. Any such schedule or separate agreement, including but not limited to the schedule attached hereto as Exhibit G, shall be considered an integral part of this Lease.

Section 7.5 Contractor's Performance and Payment Bonds. Each contractor entering into a construction contract relating to the Project shall be required to furnish a performance bond and a separate labor and material payment bond, copies of which shall be provided to the Lessor.

In the event of any material default by a contractor under any construction contract, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the Lessee shall promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies against such contractor and/or against each surety of any bond securing the performance of the construction contract. The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, and after reimbursement to the Lessor of any amounts theretofore paid by the Lessor and not previously reimbursed to the Lessor for correcting or remedying the default or breach of warranty, shall be paid to the Lessor for deposit into the Acquisition Account if received before the Completion Date therefor, or if received thereafter, shall be deposited as otherwise provided in Section 8.2 of this Lease or otherwise applied as provided in Section 8.3 of this Lease. The Net Proceeds of any performance or payment bond or insurance policy required by this Section

shall likewise be paid into the Acquisition Account if received before the Completion Date, or, if received thereafter, shall either be deposited as provided in Section 8.2 of this Lease or otherwise applied as provided in Section 8.3 of this Lease.

Section 7.6 Contractor's General Public Liability and Property Damage Insurance. Each contractor entering into a construction contract with respect to the Project shall be required by the Lessee to procure and maintain standard form [a] comprehensive general public liability and property damage insurance, at its own cost and expense, during the duration of such contract, in the amount of at least \$1,000,000, and [b] comprehensive automobile liability insurance on owned, hired and nonowned vehicles for limits not less than \$1,000,000. Such policies shall include the Lessor and the Lessee as additional named insureds, and shall include a provision prohibiting cancellation or termination without 30 days' prior notice by certified mail to the Lessee and the Lessor. A certificate of insurance in a form acceptable to the Lessee and the Lessor shall be provided to the Lessee and the Lessor with respect to each contractor and subcontractor. Such insurance shall provide protection from all claims for bodily injury, including death, property damage and contractual liability, products/completed operations, broad-form property damage and XCU (explosive, collapse and underground damage) where applicable.

Section 7.7 Contractor's Builder's Risk, Completed Value Insurance. If the Project is to be constructed, the Lessee will purchase and maintain property insurance (builder's risk) upon the Project during its construction, acquisition, and installation (excluding contractor's tools and equipment) at the full and insurable value thereof. This insurance will include the interest of the Lessor, Lessee and the contractor as additional insureds; and shall insure against "all risk" subject to standard policy conditions and exclusions. The contractor shall purchase and maintain similar insurance for portions of the work in transit when such portions of the work are to be included in an application for payment. The contractor shall be responsible for the payment of any deductible amounts associated with this insurance.

Section 7.8 [Reserved]

Section 7.9 Filing With the Lessor. The Lessee shall cause copies of all performance bonds and insurance contracts or approved certificates thereof to be delivered to the Lessor in a timely manner and in such form as to certify compliance with the provisions of such sections. The Lessor shall promptly deliver copies of all such documents to the Credit Facility Provider.

[End of Article VII]

ARTICLE 8

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 8.1 Damage, Destruction or Condemnation. If during the Lease Term [i] the Project or any portion thereof is destroyed, or damaged by fire or other casualty; [ii] title to, or the temporary or permanent use of the Project or any portion thereof or the estate of the Lessee or the Lessor in the Project or any portion thereof shall be taken under the power of eminent domain by any governmental authority; [iii] a material defect in construction of the Project shall become apparent, or [iv] title to or the use of all or any portion of the Project shall be lost by reason of a defect in title, then the Lessee shall continue to be obligated to pay Base Rentals and Additional Rentals regardless of whether the certificate provided for in Section 7.3 of this Lease shall have been delivered to the Lessor.

Section 8.2 Obligation of the Lessee To Repair and Replace the Project. Subject to the provisions of Section 8.3 of this Lease, the Lessor shall cause the Net Proceeds any insurance policies, performance bonds, condemnation awards or Net Proceeds received as a consequence of default under a construction contract or made available by reason of any occurrence described in Section 8.1 hereof, to be deposited in the Acquisition Account, if received before the Completion Date of the Project, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee. Except as set forth in Section 8.3 of this Lease, all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Project upon receipt of requisitions acceptable to the Lessor approved by the Lessee Representative stating with respect to each payment to be made: [a] the requisition number; [b] the name and address of the person, firm or corporation to whom payment is due; [c] the amount to be paid; and [d] that each obligation mentioned therein has been properly incurred, is a proper charge against the Acquisition Account, or the separate trust fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. In carrying out any of the provisions of this Section 8.2, the Lessee shall have all power and authority granted under Article 7 of this Lease. The Lessor shall cooperate with the Lessee in the administration of such fund and shall not unreasonably withhold its approval of requisitions under this Section 8.2. The balance of any such Net Proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall, if received prior to the Completion Date, shall be deposited into the Acquisition Account; and if received thereafter, shall be applied to prepayment of the principal components of Base Rentals. If such prepayment occurs, the principal component of Base Rentals in Exhibit B shall be revised so that the reduced principal is repaid on substantially the same basis as the original principal component was to be repaid. Any repair, restoration, modification, improvement or replacement paid for in whole or in part from such Net Proceeds shall be the property of the Lessor, subject to this Lease, and shall be included as part of the Project under this Lease.

Section 8.3 Insufficiency of Net Proceeds; Discharge of the Obligation of the Lessee To Repair the Project. After the Completion Date, if the Net Proceeds (plus any amount withheld therefrom by reason of any deductible clause) shall be insufficient to pay in full the cost of and repair, restoration, modification, improvement or replacement of the Project as required

under Section 8.2 of this Lease, the Lessee may elect to proceed under any of the following options:

A. The Lessee may complete the work and pay any cost in excess of the amount of the Net Proceeds, and the Lessee agrees that, if by reason of any such insufficiency of Net Proceeds, the Lessee shall make any payments pursuant to the provisions of this Section 8.3A, the Lessee shall not be entitled to any reimbursement therefor from the Lessor, nor shall the Lessee be entitled to any diminution of the Base Rentals and Additional Rentals.

B. The obligation of the Lessee to repair or replace the Project under Section 8.2 of this Lease may, at the option of the Lessee, be discharged by causing the Net Proceeds of such insurance policies, performance bonds or condemnation awards to be applied to the payment of the Optional Prepayment Price in accordance with Article 12 of this Lease. In the event of an insufficiency of the Net Proceeds for such purpose, the Lessee shall pay such amounts as may be necessary to equal the Optional Prepayment Price; and in the event the Net Proceeds shall exceed the Optional Prepayment Price, such excess shall be paid to or retained by the Lessee.

C. Within 90 days of the occurrence of an event specified in Section 8.1 of this Lease, the Lessee shall commence the repair, restoration, modification, improvement or replacement of the Project, or shall elect, by written notice to the Lessor, to proceed under the provisions of Section 8.3B. For purposes of this Section, "commence" shall include the retention of an architect or engineer in anticipation of repair, restoration, modification, improvement or replacement of the Project. If the Lessee shall, after commencing the repair, restoration, modification, improvement or replacement of the Project, determine that the Net Proceeds (plus any amount withheld therefrom by reason of any deductible clause) shall be insufficient for the accomplishment thereof, the Lessee may elect to proceed under Section 8.3B. For purposes of this Section, "commence" shall include the retention of an architect or engineer in anticipation of repair, restoration, modification, improvement or replacement of the Project. If the Lessee shall, after commencing the repair, restoration, modification, improvement or replacement of the Project, determine that the Net Proceeds (plus any amount withheld therefrom by reason of any deductible clause) shall be insufficient for the accomplishment thereof, the Lessee may elect to proceed under Section 8.3B.

Section 8.4 Cooperation of Lessor. The Lessor shall cooperate fully with the Lessee in filing any proof of loss with respect to any insurance policy covering the events described in Section 8.1. In no event shall the Lessor or the Lessee voluntarily settle, or consent to the settlement of, and proceeding arising out of any insurance claim with respect to the Project without the written consent of the other and the Credit Facility Provider.

[End of Article VIII]

ARTICLE 9

DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 9.1 Disclaimer of Warranties. THE LESSOR, THE ISSUER, THE TRUSTEE AND THE CREDIT FACILITY PROVIDER AND THE OWNERS OF THE BONDS MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT. The Lessee acknowledges that it is solely responsible for the acquisition, installation and equipping of the Project as the agent of the Lessor, and for the operation and maintenance of the Project during the Lease Term, and that the Lessor, the Issuer, the Trustee and the Credit Facility Provider, and the Owners of the Bonds have no responsibility therefor. In no event shall the Lessor be liable for any direct or indirect, incidental, special or consequential damages in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the Lessee of any item, product or service provided for herein.

Section 9.2 Further Assurances and Corrective Instruments. The Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby leased or intended so to be, or for otherwise carrying out the intention hereof.

Section 9.3 Lessor and Lessee Representatives. Whenever the approval of the Lessor or the Lessee is required, unless otherwise provided, such approval or such request shall be given for the Lessor by the Administrator and for the Lessee by the Lessee Representative and the Lessor and the Lessee shall be authorized to act on any such approval or request.

Section 9.4 Compliance With Requirements. During the Lease Term, the Lessee and the Lessor shall observe and comply promptly with all applicable orders of all courts or regulatory authorities having jurisdiction over the Project or any portion thereof (or be diligently and in good faith contesting such orders), and all requirements of all insurance companies writing policies covering the Project or any portion thereof.

[End of Article IX]

ARTICLE 10

MAINTENANCE, TAXES, INSURANCE AND OTHER CHARGES

Section 10.1 Maintenance of the Project by the Lessee. The Lessee agrees that, during the Lease Term and at its sole cost and expense, the Lessee will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and that the Lessee will from time to time make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 8.3 of this Lease. The Lessor, the Issuer, the Trustee, the Credit Facility Provider and the Owners of the Bonds shall not have any responsibility in any of these matters or for the making of any additions, modifications or replacements to the Project.

Section 10.2 Modification of the Project; Installation of Equipment and Machinery of the Lessee. The Lessee shall have the privilege of remodeling the Project or making substitutions, additions, modifications and improvements to the Project, at its own cost and expense (however, title to the same shall be held as provided in Article 3, subject to this Lease, and shall be included under the terms of this Lease); provided, however, that such remodeling, substitutions, additions, modifications and improvements shall not in any way damage the Project or cause the Project to be used for purposes other than lawful governmental functions of the Lessee; and provided that the Project, as remodeled, improved or altered, upon completion of such remodeling, substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Project immediately prior to such remodeling or such making of substitutions, additions, modifications and improvements.

The Lessee may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Project. All such machinery, equipment and other tangible property shall remain the sole property of the Lessee in which neither the Lessor nor any assignee of the Lessor shall have any interest; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to the Project shall be in the Lessor, subject to this Lease and shall be included under the terms of this Lease in the event the Lessor shall reasonably determine that the Project would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 10.3 Replacement and Substitution of Equipment. The Lessee shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary equipment which is a part of the Project. In any instance where the Lessee determines that any such equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may remove such equipment from the Project and (on behalf of the Lessor) sell, trade in, exchange or otherwise dispose of it (as a whole or in part) without any responsibility or accountability to the Lessor or any assignee of the Lessor therefor, provided that the Lessee shall either:

A. Substitute (by direct payment of the costs thereof or by designating as a part of the Project other equipment, machinery, equipment or other personal property, other than property included as part of the Project pursuant to Section 10.2 hereof) and install other

equipment, machinery or related property having equal or greater value and utility (but not necessarily having the same function) in the operation of the Project; or

B. Not make any such substitution and installation, provided [i] in case of the sale of any such equipment to anyone other than itself or in the case of the scrapping thereof, the Lessee shall pay to the Lessor, as a prepayment of the principal component of Base Rentals the net proceeds from such sale or the scrap value thereof, as the case may be, [ii] that in the case of the trade-in of such equipment for other machinery, equipment or related property not to be installed in or on the Project, the Lessee shall pay to the Lessor as a prepayment of principal components of Base Rentals the amount of the credit received by it in such trade-in and [iii] that in the case of the sale of any such equipment to the Lessee, or in the case of any other disposition thereof, the Lessee shall pay to the Lessor the amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practices.

C. The removal from the Project of any portion of the equipment pursuant to the provisions of this Section 10.3 shall not entitle the Lessee to any postponement, abatement or diminution of the Base Rentals or Additional Rentals.

D. The Lessee will promptly report in writing to the Lessor and the Credit Facility Provider each removal, substitution, sale or other disposition under this Section and will pay to the Lessor all amounts required by this Section promptly after any subsequent sale, trade in or other disposition requiring such payment. All substituted machinery, equipment or related property installed pursuant to this Section 10.3 shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Project. The Lessee will not remove, or permit the removal of, any of the equipment from the Project except in accordance with this Section 10.3 or in accordance with Article 11 of this Lease. The Lessor and its assignees will cooperate with the Lessee in implementing the Lessee's rights to dispose of equipment pursuant to this Section 10.3 and will execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith.

E. The provisions of this Section shall not apply in any case where the entire Project is sold or otherwise disposed of.

Section 10.4 Taxes, Other Governmental Charges and Utility Charges. If the Project or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Lessee shall, during the Lease Term, pay the amount of all such taxes, assessments and governmental charges then due as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Lessee shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the Lease Term. The Lessee shall not allow any liens for taxes, assessments or governmental charges with respect to the Project or any portion thereof to become delinquent (including, without limitation, any taxes levied upon the Project or any portion thereof which, if not paid, will become a charge on the rentals and receipts from the Project or any portion thereof, or any interest therein, including the interest of the Lessor, or the rentals and revenues derived therefrom or hereunder. The Lessee shall also pay as Additional Rentals, as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the maintenance and upkeep of the Project.

The Lessee may, at the expense and in the name of the Lessee and/or Lessor, in good faith, contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Lessor or the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to this Lease will be materially endangered or the Project or any portion thereof will be subject to loss or forfeiture, or the Lessor will be subject to liability, in which event such taxes, assessments, utility or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

Section 10.5 Provisions Regarding Casualty, Public Liability and Property Damage Insurance.

A. Commencing on the Completion Date, the Lessee shall cause casualty and property damage insurance to be carried and maintained with respect to the Project in an amount equal to the aggregate principal components of Base Rentals then payable; or the replacement cost of the Project, whichever is greater. The insurance policy may have a deductible clause not greater than that then customarily carried by the Lessee. The Project may be insured under a blanket insurance policy which insures other buildings as well as long as such blanket insurance policy complies with the requirements of this Lease. If the Lessee shall insure against casualty or property damage risks by self-insurance, the Lessee, at its election, but only with the approval of the Credit Facility Provider, may provide for such casualty and property damage insurance, partially or wholly by means of an adequate self-insurance fund.

B. Upon execution and delivery of this Lease, the Lessee shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the Project. Such insurance shall be in amounts and with such coverages and exclusions as are customary and reasonable for the Lessee.

C. The public liability insurance may be by blanket insurance policy or policies. If the Lessee shall insure against such risks by self-insurance, the Lessee, at its election, but only with the approval of the Credit Facility Provider may provide for public liability insurance with respect to the Project, partially or wholly by means of an adequate self-insurance fund.

D. Any self-insurance fund shall be reviewed annually by the Lessee's risk manager or an independent insurance consultant. The Lessor may rely on a certificate of the Lessee's risk manager or an independent insurance consultant (dated as of the first day of the fiscal year) as to the adequacy of any self-insurance fund.

E. Any casualty and property damage insurance policy shall be so written or endorsed as to make losses, if any, greater than \$500,000 payable to the Lessor. Each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the Lessor or the Lessee, without first giving written notice thereof to the Lessee and the Lessor at least 20 days in advance of such cancellation or modification. All insurance policies shall be deposited with the Lessor. No agent or employee of the Lessee shall have the power to adjust or settle any casualty or property

damage loss greater than \$10,000 with respect to the Project, whether or not covered by insurance, without the prior written consent of the Lessor.

Section 10.6 Advances. In the event that the Lessee shall fail to pay any Additional Rentals during the Lease Term, the Lessor may (but shall be under no obligation to) pay such Additional Rentals, which Additional Rentals the Lessee agrees to reimburse to the Lessor, together with interest thereon at the Late Payment Rate.

[End of Article X]

ARTICLE 11

TITLE TO THE PROJECT; LIMITATIONS ON ENCUMBRANCES

Section 11.1 Title to the Project. Except for personal property purchased by the Lessee at its own expense pursuant to Section 10.2 of this Lease, title to the Project and any and all additions and modifications to or replacements of any portion of the Project shall be held in the manner described in Article 3.

The Lessee shall have no right, title or interest in the Project or any additions and modifications to or replacements of any portion of the Project, except as expressly set forth in this Lease.

Section 11.2 No Encumbrance, Mortgage or Pledge of Project. The Lessor and the Lessee shall not permit any mechanic's or other lien to be perfected or remain against the Project; provided that subsequent to the Completion Date, if the Lessee shall first notify the Lessor, the Lessee may in good faith contest any mechanic's or other lien filed or perfected against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Lessor shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the Lessor's title to the Project, or the lien on the Project, will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Lessor will cooperate fully with the Lessee in any such contest, upon the request and at the expense of the Lessee. Neither the Lessor nor, except as provided above, the Lessee shall directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Site or the Project, except Permitted Encumbrances. The Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred or suffered to exist. The Lessor shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred or suffered to exist.

Section 11.3 Security Interest. To secure the payment and performance of all of the Lessee's obligations under this Lease, the Lessee hereby grants to the Lessor a lien and security interest in any equipment, machinery, furnishings, furniture, vehicles and other personal property comprising a portion of the Project and in all additions, attachments, accessions and substitutions thereto, and on any proceeds therefrom, subject and subordinate, however, to the security interest therein granted by the Lessor to the Trustee pursuant to the Indenture. The Lessee agrees to execute such additional documents, including financing statements, affidavits, notices and similar instruments, as may be required by the Lessor or Credit Facility Provider to perfect and maintain the security interest granted by this Section 11.3.

[End of Article XI]

ARTICLE 12

CONVEYANCE OF THE PROJECT

Section 12.1 Conveyance of the Project.

A. The Lessor shall transfer and convey the Project to the Lessee, in the manner provided in this Lease if prior to such transfer and conveyance Lessee shall have paid in full all Lease Rental Payments required hereunder for the Lease Term.

B. The Lessee is hereby granted the option to terminate the Lease Term and to purchase the Project on any date set forth in Exhibit C during the Lease Term upon payment by the Lessee of the then applicable Optional Prepayment Price plus any applicable premium and payment of all Lease Rental Payments due. Unless waived by Lessor and the Credit Facility Provider, the Lessee shall notify the Lessor in writing of its intention to exercise this option at least sixty (60) days prior to the date in which this Lease will be terminated.

Section 12.2 Manner of Conveyance. At the closing of any purchase or other conveyance of the Project pursuant to this Article 12, the Lessor shall execute and deliver to the Lessee or an assignee of the Lessee all necessary documents assigning, transferring and conveying good and marketable title to the Project as it then exists, subject to [i] all liens, encumbrances and restrictions created or suffered to exist by the Lessor as required or permitted by this Lease or arising as a result of any action taken or omitted to be taken by the Lessor as required or permitted by this Lease; and [ii] any lien or encumbrance created by the Lessee.

Section 12.3 Escrowed Documents. In order to facilitate the Lessee's enforcement of the Lessor's obligations to convey the Project to the Lessee under the circumstances provided in this Article 12, the Lessor, on request of the Lessee, shall prepare and hold in escrow the bill of sale and the cancellation of the Lease relating to the Site and the Project, in form satisfactory to the Lessee. The Lessor shall, upon payment of all Lease Rental Payments due for the Lease Term date and deliver the bill of sale and the cancellation of Lease to the Lessee for recording.

[End of Article XII]

ARTICLE 13

ASSIGNMENT, SUBLEASING, INDEMNIFICATION AND SELLING

Section 13.1 Assignment by Lessor. As security for the payment and performance by the Issuer of all of its obligations under the Indenture and under the Credit Facility Agreement, including particularly the payment of the principal of, premium, if any, and interest on the Bonds, the Lessor hereby assigns to the Trustee, without recourse, all of the Lessor's right, title and interest under this Lease and any Collateral Documents, including, but not limited to, the right to receive directly the Lease Rental Payments due hereunder and the security interest granted hereunder in any property comprising a portion of the Project. This assignment shall entitle the Trustee to enforce any obligation of the Lessee hereunder and to exercise any remedy of the Lessor hereunder.

Section 13.2 Assignment and Subleasing by the Lessee. This Lease may not be assigned by the Lessee for any reason. However, the Project may be subleased, as a whole or in part, by the Lessee, without the necessity of obtaining the consent of the Lessor; subject, however, to each of the following conditions:

A. the Project may be subleased, in whole or in part, only to an agency or department or political subdivision of the State, or to another entity or entities if, in the opinion of nationally recognized bond counsel acceptable to the Lessor, such sublease will not impair the exclusion from gross income for Income tax purposes of the interest on the Bonds;

B. this Lease and the obligations of the Lessee hereunder shall during the Lease Term remain obligations of the Lessee, and the Lessee shall maintain its direct relationships with the Lessor notwithstanding any sublease;

C. the Lessee shall furnish or cause to be furnished to the Lessor a copy of any sublease agreement; and

D. no sublease by the Lessee shall cause the Project to be used for any purpose which would violate the Constitution, statutes or laws of the State.

Section 13.3 Release and Indemnification Covenants. To the extent permitted by law, the Lessee shall and hereby agrees to indemnify and save the Lessor harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the operation or management of the Project during the Lease Term, including: [i] any condition of the Project; [ii] any act of negligence of the Lessee or of any of its agents, contractors or employees or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; and [iii] the incurrence of any cost or expense in connection with the acquisition of the Project in excess of the moneys available therefor in the Acquisition Account. To the extent permitted by law, the Lessee shall indemnify and save the Lessor harmless from any such claim arising aforesaid or in connection with any action or proceeding brought thereon and, upon notice from the Lessor, shall defend or pay the cost of defending the Lessor in any such action or proceeding.

[End of Article XIII]

ARTICLE 14

EVENTS OF DEFAULT AND REMEDIES

Section 14.1 Events of Default Defined. The following shall be "Events of Default" or "Defaults" under this Lease.

- A. failure by the Lessee to pay any Base Rentals at the time specified herein;
- B. failure by the Lessee to pay any Additional Rentals or to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 14.1A and B, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to the Lessee by the Lessor, unless the Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, that if such failure cannot be corrected within the applicable period, the Lessor will not unreasonably withhold its consent to an extension of time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until such failure is corrected. If, however, by reason of Force Majeure the Lessee is unable in whole or in part to carry out any of its agreements contained herein (other than its obligations contained in Section 2.1 and Article 6 hereof), the Lessee shall not be deemed in default during the continuance of such inability. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out such agreement, provided that the settlement of strikes and other employee-related disturbances shall be entirely within the discretion of the Lessee and the Lessee shall not be required to make settlement of strikes, lockouts and other employee-related disturbances by acceding to the demands of the opposing party or parties when such course is in its judgment unfavorable to the Lessee;
- C. a default or event of default under a Collateral Document;
- D. a failure to use or apply the funds in the Acquisition Account to pay the Costs of the Project or as otherwise permitted hereunder;
- E. a breach by Lessee of the representations, covenants and warranties set forth in Section 2.1F hereof or Exhibit G hereto;
- F. the dissolution or liquidation of the Lessee, except as authorized by Section 2.1 hereof, or the voluntary initiation by the Lessee of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief; and
- G. such additional Events of Default as may be described in Exhibit G.

Section 14.2 Remedies on Default. Whenever an Event of Default shall have happened and be continuing, the Trustee, on behalf of the Lessor, may, with the consent of the Credit Facility Provider, or at the request of the Owners of a majority in aggregate principal amount of the Bonds Outstanding (but only with the consent of the Credit Facility Provider), or, at the direction of the Credit Facility Provider, shall, without any further demand or notice, exercise any of the remedies set forth below:

A. The Trustee may (i) terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project, within sixty (60) days from the date of such notice and (ii) declare that all Base Rentals and Additional Rentals are immediately due and payable.

B. The Trustee shall be entitled to all amounts on deposit in the Lessee's Acquisition Account.

C. The Trustee may exercise all the rights and remedies of a secured party under the Kentucky Uniform Commercial Code with respect to any personal property comprising a portion of the Project and may otherwise repossess and liquidate such property in any lawful manner.

D. The Trustee, acting for the Lessor, may sublease the Project or any portion thereof.

E. The Trustee, acting for the Lessor, may recover from the Lessee, the Optional Prepayment Price calculated to the date of recovery of such amount.

F. The Trustee may sell or otherwise dispose of the Project and apply the Liquidation Proceeds to payment of amounts due.

G. The Trustee, acting for the Lessor, but only with the consent of the Credit Facility Provider, may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Project under this Lease and any Collateral Documents.

H. If this Lease is assigned to the Credit Facility Provider, all rights, powers and privileges of the Trustee and Lessor hereunder shall pass to the Credit Facility Provider.

Section 14.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lessor, is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved in this Article 14, it shall not be necessary to give any notice, other than such notice as may be required in this Article 14.

Section 14.4 Waivers. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 14.5 Agreement To Pay Attorneys Fees and Expenses. If either party hereto shall default under any of the provisions hereof and the non-defaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals and Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred, to the extent

that such attorneys fees and expenses may be determined to be reasonable by a court of competent jurisdiction.

Section 14.6 Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws.
The Lessor and the Lessee agree, to the extent permitted by law, that in the case of a termination of the Lease Term by reason of an Event of Default, neither the Lessor nor the Lessee nor any one claiming through or under either of them shall or will set up claim or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Lease; and the Lessor and the Lessee, for themselves and all who may at any time claim through or under either of them, each hereby waives, to the full extent that it may lawfully do so, the benefit of all such laws.

[End of Article XIV]

ARTICLE 15

MISCELLANEOUS

Section 15.1 Notices. All notices, certificates or other communications required to be given pursuant to this Lease shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, addressed as follows:

A. If the notice is to the Lessor, then it shall be addressed to Kentucky Municipal Finance Corporation, 101 East Vine Street, Suite 600, Lexington, Kentucky 40507, Attention: Secretary;

B. If the notice is to the Lessee, then it shall be addressed to the Lessee at its address set forth in the Term Sheet;

C. If the notice is to the Issuer, then it shall be addressed to City of Danville, 455 W. Main Street, P.O. Box 670, Danville, Kentucky 40422, Attention: City Manager;

D. If the notice is to the Trustee, then it shall be addressed to Chase Manhattan Trust Company, National Association, 220 West Main, Suite 1750, Louisville, Kentucky 40202, Attention: Corporate Trust Department;

E. If the notice is to the Administrator, then it shall be addressed to Kentucky League of Cities, 101 East Vine Street, Suite 600, Lexington, Kentucky 40507, Attention: Program Administrator; and

F. If the notice is to the Credit Facility Provider, then it shall be addressed to PNC Bank, National Association, Citizens Plaza, 500 West Jefferson, Louisville, Kentucky 40296, Attention: Letter of Credit Department.

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 15.2 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Article 13 of this Lease.

Section 15.3 Amendments, Changes and Modifications. This Lease may not be effectively amended, changed, modified or altered without the written consent of the Lessor and the Lessee and the written approval of the Credit Facility Provider.

Section 15.4 Net Lease. This Lease shall be deemed and construed to be an absolutely "net lease," and the Base Rentals, Additional Rentals and all other payments required hereunder shall be free of any deductions, and without abatement, deduction or set-off (other than credits against Base Rentals expressly provided for in this Lease).

Section 15.5 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a legal holiday or a day on which banking institutions in the city in which the principal corporate trust office of the Lessor is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next preceding day that is not a legal holiday or a day on which such banking institutions are not authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Lease.

Section 15.6 Severability. In the event that any provision of this Lease, other than the requirement of the Lessee to pay Base Rentals and Additional Rentals and the requirement of the Lessor to provide quiet enjoyment of the Project and to convey the Project to the Lessee under the conditions set forth in Article 12 of this Lease, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15.7 Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.8 Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

Section 15.9 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

Section 15.10 Term Sheet. The Term Sheet attached as an Appendix to this Lease is an integral part of this Lease and is hereby incorporated as a part of this Lease.

Section 15.11 Exhibits. The Exhibits hereto are an integral part of this Lease and are hereby incorporated as a part of this Lease.

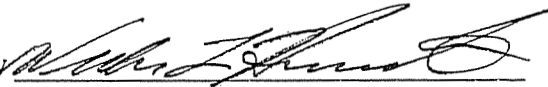
[End of Article XV]

IN WITNESS THEREOF, the Lessor has executed this Lease in its corporate name and attested by its duly authorized officer, and the Lessee has caused this Lease to be executed in its corporate name and the seal of the Lessee affixed and attested by duly authorized officer as of the date first above written.

**KENTUCKY MUNICIPAL FINANCE
CORPORATION, Lessor**

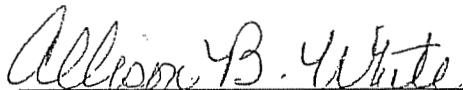
Attest:



Title: Assistant Secretary

By 
Title: Secretary

**CITY OF VERSAILLES, KENTUCKY,
Lessee**

Attest:


Title: City Clerk

By 
Title: Mayor

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF FAYETTE)

The foregoing instrument was acknowledged before me on December 20, 2000 by William Hamilton and Garrett Drakeford, Secretary and Assistant Secretary, respectively, of Kentucky Municipal Finance Corporation, a Kentucky nonprofit corporation, on behalf of said corporation.

My Commission expires: 9-19-2003

Dundag Shearer
Notary Public

(SEAL)

COMMONWEALTH OF KENTUCKY)
) : SS
COUNTY OF WOODFORD)

The foregoing instrument was acknowledged before me on December 21, 2000 by Fred Siegelman and Allison White, Mayor and City Clerk, respectively, of the City of Versailles, Kentucky, a municipal corporation and political subdivision of the Commonwealth of Kentucky, on behalf of said municipal corporation.

My Commission expires: 4/23/2002

Dusk Bedard
Notary Public

This instrument prepared by:

Dirk Bedarff
Dirk M. Bedarff, Esq.
Peck, Shaffer & Williams LLP
118 W. Fifth Street
Covington, Kentucky 41011

Appendix

TERM SHEET

LESSEE: CITY OF VERSAILLES, KENTUCKY
196 S. MAIN
VERSAILLES, KENTUCKY 40383

TOTAL AMOUNT BORROWED: \$1,567,325

COMMENCEMENT DATE: December 21, 2000

STATED TERMINATION DATE: June 15, 2005

LETTER OF CREDIT FEE CHARGEABLE TO LESSEE: 1.1589%

LESSEE'S INITIAL PROPORTIONATE SHARE: 1.1589%

ACQUISITION PERIOD EXPIRATION DATE: December 1, 2003

SCHEDULED PROJECT COMPLETION DATE: March 1, 2002

PAYMENT SCHEDULE: Interest payments are due to the Trustee the fifteenth day of each June and December, with the principal component due June 15 and December 15 of each year. In the event the Lessee fails to make any payment within five days after the due date, the Lessee is required to pay at the Late Payment Rate.

LATE PAYMENT RATE: The Late Payment Rate is defined in the Indenture and is initially equal to a fluctuating interest rate of two percent per annum above the prime rate in effect from time to time.

MAXIMUM RATE: The maximum Late Payment Rate payable as to bonds shall on no day exceed twenty-two percent (22%) per annum; provided, however, that the Late Payment Rate may on any day exceed twenty-two percent (22%) per annum if the interest paid on the Bonds from their date of original issuance to that day does not exceed the total interest which would have been permitted to have been paid on the Bonds if the Bonds had borne interest at all time from the date of issuance to that day at twenty-two (22%) per annum; provided, further, that if such amounts are insufficient to pay interest at the Late Payment Rate (without regard to such maximum rate), then the Late Payment Rate shall be adjusted, to recapture the amount of any such deficiency, during any subsequent period that the Late Payment Rate (without regard to this adjustment) may be lower than such maximum rate.

ADMINISTRATIVE FEE: .25%

CITY OF VERSAILLES (KENTUCKY)
WATER AND SEWER REVENUE BONDS
SERIES OF 2001
\$9,800,000
DATED: SEPTEMBER 15, 2001

LAW OFFICES

HENRY M. REED III

2218 FRANKFORT AVENUE
LOUISVILLE, KENTUCKY 40206-2408

TRANSCRIPT OF PROCEEDINGS

\$9,800,000

City of Versailles (Kentucky)

Water and Sewer Revenue Bonds

Series of 2001, dated September 15, 2001

AN ORDINANCE OF THE CITY OF VERSAILLES, KENTUCKY, PROVIDING FOR THE ISSUANCE OF CITY OF VERSAILLES WATER AND SEWER REVENUE BONDS, SERIES OF 2001 (THE "BONDS") IN THE PRINCIPAL AMOUNT OF \$9,800,000; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID BONDS AND ADDITIONAL BONDS RANKING ON A PARITY THERE WITH ARE TO BE AND MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE PAYMENT OF SAID BONDS AND THE INTEREST THEREON; PROVIDING FOR THE RIGHTS OF THE REGISTERED OWNERS OF SAID BONDS AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR THE COLLECTION AND APPLICATION OF THE INCOME AND REVENUES DERIVED FROM THE OPERATION OF THE COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM OF THE CITY.

WHEREAS, the existing works and facilities supplying water and sewer service to the City of Versailles, Kentucky ("City") and certain surrounding areas of Woodford County, Kentucky are owned and operated by the City, having been combined and consolidated as a municipal water and sewer system, and in that connection the City presently has outstanding and unpaid \$565,000 of its Water and Sewer Refunding Revenue Bonds, Series of 1996, dated October 1, 1996 and \$2,300,000 of its Water and Sewer Refunding Revenue Bonds, Series of 1999, dated January 1, 1999 (collectively, "Outstanding Bonds") and \$4,310,00 of its Water and Sewer Revenue Bond Anticipation Notes, Series of 2000 (the "Notes"), and

WHEREAS, the City acting by and through its City Council has determined that it is necessary and desirable to construct substantial improvements to the combined and consolidated water and sewer system ("System") and the City has determined and does hereby determine the necessity, advantage, and practicability of issuing \$9,800,000 of its City of Versailles, Kentucky Water and Sewer Revenue Bonds, Series of 2001, to be dated September 15, 2001 ("Bonds"), and

WHEREAS, under the terms and conditions of the Ordinances authorizing the Outstanding Bonds, it was provided that additional bonds might be issued ranking on a parity as to security and source of payment with the Outstanding Bonds whenever there was procured prior to the issuance of such additional bonds and filed with the City Clerk, a statement by a Certified Public Accountant reciting the opinion based upon necessary investigation that the net revenues for twelve consecutive months out of the eighteen months preceding the issuance additional bonds were equal to at least 1.30 times the maximum annual debt service requirements for the Outstanding Bonds and said additional bonds, and

WHEREAS, it has been determined that the City will be able to procure and file with the City Clerk a statement by a Certified Public Accountant in accordance with the terms and conditions of the Ordinances authorizing the Outstanding Bonds and Notes, governing the issuances of additional bonds ranking on the basis of parity as to security and source of payment with said Outstanding Bonds;

NOW, THEREFORE, BE IT AND IT IS HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF VERSAILLES, WOODFORD COUNTY, KENTUCKY, AS FOLLOWS:

SECTION 1. PUBLIC PURPOSE. That it is hereby determined and declared necessary and desirable that the City construct necessary improvements to its combined water and sewer System ("Project") that it is hereby determined that the improvements to the System constitute a public project within the meaning of Section 58.010 through 58.150 of the Kentucky Revised Statutes ("KRS") and that from and after the adoption of this Ordinance, said System shall be owned, controlled, operated, and maintained on a revenue producing basis for the security and source of payment for the Outstanding Bonds, the Notes, and the Bonds herein authorized.

The City Council hereby authorizes and approves the constructions of the improvements to the System constituting the Project in accordance with the plans and specifications of its engineers.

SECTION 2. AUTHORIZATION OF REVENUE BONDS. That for the purposes recited in the preamble hereto there are hereby authorized and ordered to be issued and sold the negotiable "Water and Sewer Revenue Bonds, Series of 2001" of said City, in the aggregate principal amount of \$9,800,000 to be dated September 15, 2001 (or such other date as market conditions dictate). All such Bonds to be in denominations in multiples of \$5,000 within the same maturity. Said Bonds shall be issued in fully registered (both principal and interest) form, bear interest from date, payable June 1, 2002 and semiannually thereafter on December 1 and June 1 of each year, at interest rates not exceeding the legal maximum as may be fixed by municipal order after the determination of the best purchase offer as a result of the publicly advertised, competitive sale of said Bonds, and shall mature on December 1 thereafter of the respective years as set out below.

The principal maturities of said Bonds are as follows:

PRINCIPAL

<u>YEAR</u>	<u>PRINCIPAL MATURITIES</u>
2002	\$ 315,000
2003	325,000
2004	340,000
2005	350,000
2006	365,000
2007	380,000
2008	400,000
2009	415,000
2010	435,000
2011	455,000
2012	475,000
2013	500,000
2014	525,000
2015	550,000
2016	580,000
2017	610,000
2018	640,000
2019	675,000
2020	715,000
2021	750,000

In the event the Purchaser of the Bonds elects to exercise its option to designate certain principal maturities as Term Bonds, the Bond Registrar/Paying Agent shall select by lot a principal amount of Bonds equal to the serial principal maturity originally scheduled to mature on the principal due date as reflected by the successful bid and shall notify the Registered Owners of the Bonds so selected for mandatory redemption not less than thirty days prior to said principal due date by regular United States mail.

Said Bonds shall bear interest from September 15, 2001 payable on June 1, 2002, and semiannually thereafter on December 1 and June 1 of each year; interest being payable by the Paying Agent hereinafter designated directly to the Registered Owners of said Bonds (as of the 15th day of the month preceding the due date) by remittances made through regular United States Mail. Refunding Bonds shall be payable at maturity upon their surrender to the Paying Agent; provided, however, that the payment of principal and interest may be effected by said Paying Agent through the Book-Entry-Only-System as hereinafter authorized.

SECTION 3. PLACE OF PAYMENT; EXECUTION OF BONDS; AND PROVISIONS AS TO PRIOR REDEMPTION. That both principal of and interest on said Bonds shall be payable at or by the Central Bank & Trust Co., Lexington, Kentucky, which bank is hereby designated as the Paying Agent and Bond Registrar in connection with the issuance of said Bonds. Principal and interest shall be payable without deduction for exchange or collection charges in lawful money of the United States of America.

Said Bonds shall be executed on behalf of the City with the duly authorized, reproduced facsimile signature of the Mayor, attested by the authorized, reproduced facsimile signature of the City Clerk, and said officers, by the execution of appropriate certifications, shall adopt as and for their own proper signatures their respective facsimile signatures as same appear on the Bonds. It shall be necessary for a reproduced facsimile of the corporate seal of the City to appear on said Bond Certificates in order for same to be legal and binding debt instruments of the City.

The Bonds maturing on or after December 1, 2012 are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after December 1, 2011, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent by regular United States Mail to the Registered Owners of the Bonds so selected not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, plus a redemption premium equal to 1% of the face amount so redeemed if the date of redemption is on or before November 30, 2012 and on the same terms if redeemed thereafter and on or before November 30, 2013 except that the redemption premium shall then be ½ of 1%, and without redemption premium

from July 1 of each year to June 30 of each respective ensuing year, or on such other fiscal year basis as shall be adopted for the operation of the System. That the gross income and revenues of the System shall be set aside monthly into a separate and special fund established by that certain Ordinance passed and adopted on October 18, 1960 identified as the "Revenue Fund" which shall be deposited and maintained as set forth in the Ordinance passed and adopted on October 18, 1960 and subsequent Ordinances authorizing the Outstanding Bonds. That the revenues of the System so set aside into the Revenue Fund shall then be expended, used and apportioned in the manner and order as follows:

(A) A separate and special fund or account of the City, distinct and apart from all other funds and accounts, has heretofore been created, and shall be continued, and is designated and identified as the "City of Versailles Water and Sewer Revenue Fund" (the "1960 Revenue Fund" or "Revenue Fund"), which shall be maintained with a bank or banks which are members of FDIC; and the City covenants and agrees that it will deposit therein promptly as covenants and agrees that it will deposit therein promptly as received from time to time all cash revenues of the System. The moneys in this Fund from time to time shall be used and disbursed and applied by the City (as previously provided and hereby continued) only for the purposes, and in the manner and order of priorities, specified in the succeeding subsections of this Section 6, all as permitted by applicable statutes, as follows:

(B) A separate and special fund or account of the City, distinct and apart from all other funds and accounts, was created by the Original Bond Ordinance adopted October 18, 1960 and is designated and identified as the "Water and Sewer Revenue Bond and Interest Redemption Fund of 1960" (the "1960 Bond Fund" or "Bond Fund"), which shall continue to be maintained so long as any of the Bonds authorized by and issued under the Ordinances authorizing the Outstanding Bonds or this Ordinance, or permitted by said Ordinances to be issued, are outstanding, in a Bank which is a member of FDIC, 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 and interest on such Bonds as may be issued and outstanding from time to time pursuant to the provisions of the Ordinances authorizing the Outstanding Bonds and of this Ordinance, including additional parity bonds.

From the Revenue Fund, as a first charge thereon, there shall be set aside and deposited in the Bond Fund in equal monthly deposits on or before the 20th day of each month sums no less than:

(i) a sum equal to one-fifth ($1/5$) the interest becoming due on the next succeeding interest due date, with respect to all Bonds issued and outstanding pursuant to the Ordinances authorizing the Outstanding Bonds and this Ordinance, and such additional parity bonds, if any, as may be issued; and

(ii) a sum equal to one-tenth ($1/10$) of the principal of all such Bonds (including such additional parity bonds, if any, as may be issued) maturing on the next succeeding December 1; until there shall have been accumulated in the Bond Fund a sum sufficient to pay interest to become due on all such Outstanding Bonds and Bonds on the next succeeding June 1, and interest and principal to become due on the next succeeding December 1, together with an additional sum equal to the maximum amount of principal and interest thereafter becoming due in any one year on the Outstanding Bonds and the Bonds (the "Required Minimum Balance") such additional sum to be held within the Bond Fund in the "Water and Sewer Revenue Debt Service Fund of 1960" (the "1960 Debt Reserve Fund" or "Debt Reserve Fund"); and

(iii) after the accumulation of the Required Minimum Balance in the Debt Reserve Fund, then monthly, on or before the 20th of each month, monthly transfers from the Revenue Fund of sums equal to one-sixth ($1/6$) of the interest to become due on all Outstanding Bonds and the Bonds (and parity bonds) on the next succeeding interest payment date; plus sums equal to one-twelfth ($1/12$) of the principal to become due on the next principal payment date, provided, however, that if the Debt Reserve Fund shall at any time be reduced below the above-prescribed level, or if additional parity bonds be issued subject to the conditions and restrictions set forth in this Ordinance, then in either of said events the monthly payments or deposits into the Bond Fund shall forthwith be resumed at the rate of one-fifth ($1/5$) of interest to become due on all such Outstanding Bonds, Bonds and additional parity bonds on the next ensuing interest payment date, plus one-tenth ($1/10$) of the principal maturing on the next succeeding December 1, until such time as the Debt Reserve Fund shall be restored to an amount equal to the maximum amount of principal and interest thereafter becoming due in any year, and, if such additional parity bonds be issued, to accumulate within five (5) years a similarly computed increase of such Debt Reserve Fund, whereupon said monthly deposits may be reduced to $1/6$ th of next maturing interest, plus $1/12$ th of next maturing principal, so long as the Debt Reserve Fund shall remain at the prescribed amount of the Required Minimum Balance.

All provisions relating to deposits and accumulations in the Bond Fund shall be cumulative, and if there be failure to deposit the prescribed amounts in any one or more months, a sum equal to the deficiency shall be deposited as soon as available, and the same shall be in addition to the amounts otherwise prescribed to be deposited in the Bond Fund for the succeeding

System which will either enhance its revenue-producing capacity or provide a higher degree of service.

In the event the moneys available in the Bond Fund, including the Debt Reserve Fund, on any November 30 or May 31 shall be insufficient to pay the next maturing interest on and/or principal of the Bonds outstanding pursuant to the Ordinances authorizing the Outstanding Bonds and the Bonds authorized by this Ordinance, the City shall transfer from the Depreciation Fund such amounts as are necessary to eliminate the deficiency and avoid default.

(F) Whenever all specified and required transfers and payments into the above special Funds have been made, and the prescribed reserves have been accumulated to the stated amounts, and there is a balance in the Revenue Fund in excess of the estimated amounts required to be transferred and paid into the special Funds during the next succeeding three (3) months, such excess or any part thereof may be transferred to the Depreciation Fund, or may be used to purchase or retire Bonds, but at a price not exceeding the redemption terms on the next succeeding redemption date, or such excess or any part may be used for the payment of the interest on or principal of other obligations of the City incurred in connection with the System, or for any other lawful purpose.

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

All moneys held in any of the above special Funds shall be kept apart from all other municipal funds and shall be deposited with a bank or banks which are members of FDIC, and all such cash deposits which cause the aggregate deposit of the City in any one bank to be in excess of the amount secured by FDIC shall be secured by a surety bond or bonds or by pledge of direct obligations of or by guaranteed bonds or securities of or guaranteed by the United States Government having a market value equivalent to such deposit. Any amounts in the Bond Fund or Note Fund in excess of the amount of interest and/or principal becoming due in the next twelve (12) months, or in the Depreciation Fund, may be invested in direct obligations or guaranteed bonds or securities of or guaranteed by the United States Government having a maturity date or being subject to redemption at the option of the holder at such a time as monies are required for the purpose for which the particular Fund was established.

7. CITY OFFICIALS TO BE BONDED. The City will cause each municipal officer or other person having custody of any monies administered under the provisions of this Ordinance to be bonded at all times in an amount equal to the maximum amount of such monies in his custody at any time. The City will segregate and earmark such funds, consistent with this Ordinance, in such manner as to enable the City to obtain the benefit of the lowest possible surety premium rates on such surety bond or bonds. Each such bond shall have a surety given by a surety corporation qualified or authorized to do business in Kentucky, and approved by the governing body of the City, and the premium of such surety bond shall constitute a proper expense of operating and maintaining the System, and may be paid from the monies available in the "Operation and Maintenance Fund".

SECTION 8. CURRENT OPERATING STATEMENTS FOR SYSTEM. The City covenants and agrees that it will prepare monthly statements for the System reflecting the costs of operating, maintaining, repairing and servicing debt and that said monthly statements will be made available to any holder of the Outstanding Bonds, or the Notes, or the Bonds upon request.

SECTION 9. RATES AND CHARGES FOR SERVICES OF THE SYSTEM. While the Bonds authorized hereunder, or any of them, remain outstanding and unpaid, the rates for all services and facilities rendered by the System to the City and to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all Bonds and the accruing interest on all such Bonds as may be outstanding under the provisions of this Ordinance, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Ordinance. Compensation for services and facilities rendered to the City shall be made by monthly payments into the Revenue Fund the same as other income and revenues of the System are paid, and shall then be apportioned as other income and revenues thereof are required by this Ordinance to be apportioned among the various funds. Prior to the issuance of the Bonds a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Ordinance has been established and adopted and is now in full force and effect.

"Net revenues" as herein used are defined as gross income and revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, cost of water purchased, if any, materials and supplies, pumping costs, insurance, and all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowance for depreciation.

"Gross income and revenues" shall include investment income, connection fees, and all other items of income which have been established as "reasonably anticipated annual income of the System", based upon a certification of independent consulting engineers and/or certified public accountants.

"Operating expenses" shall include only those items of cost and maintenance and operation which are "reasonably anticipated annual operation and maintenance expense of the System", and shall exclude any items of operation and maintenance expense which are of a generally non-recurring nature, according to the certification of independent consulting engineers and/or of certified public accountants.

Such "Net revenues" may be adjusted for the purpose of the foregoing computations to reflect (i) any revisions in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also reflect (ii) any increase in such net revenues projected by reason of the revenues anticipated to be derived from the extensions, additions and/or improvements to the System being financed (in whole or in part) by such additional parity bonds; provided such latter adjustment shall be made only if contracts for the immediate acquisition and/or construction of such extensions, additions and/or improvements have been or will have been entered into (secured by 100% performance bond) prior to the issuance of such additional parity bonds. All of such adjustments shall be based upon the written certification of an independent consulting engineer.

The interest payment dates for all such additional parity bonds shall be semi-annually on June 1 and December 1 of each year, and the principal and maturities thereof shall be on December 1 of the year in which any such principal is scheduled to become due.

(3) Parity Bonds to Refund or Refinance Outstanding Bonds.

The City further reserves the right to issue one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenue of the System, for the purpose of refunding or refinancing the Outstanding Bonds or Bonds, or any portion thereof, and/or any then previously issued parity bonds, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the City Clerk a statement by a certified public accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing System for the fiscal year preceding the date of issuance of such parity bonds, after taking into account the revised debt service requirements resulting from the issuance of such parity bonds and from the elimination of the bonds being refunded or refinanced thereby, are equal to not less than 120% of the maximum net annual debt service then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified above [130% until the retirement or defeasance of the Outstanding Bonds.]; or

(b) in the alternative, that the debt service requirements for the Outstanding Bonds or the Bonds, any then previously issued parity bonds and the proposed parity refunding bonds, in any year of maturities thereof after the redemption of the Outstanding Bonds or the Bonds scheduled to be refunded through the issuance of such proposed parity refunding bonds, shall not exceed the scheduled net annual debt service requirements applicable to the then outstanding Bonds or the Bonds and any then previously issued parity bonds for any corresponding year prior to the issuance of such proposed parity bonds and the redemption of the Outstanding Bonds or Bonds and/or other parity bonds to be refunded.

The additional parity bonds, the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the income and revenues of the System on a parity with the Outstanding Bonds and Refunding Bonds (and any parity bonds) and shall not be deemed to include nor to prohibit the issuance of any other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the Bond Fund for the Outstanding Bonds and Bonds.

(b) Liability Insurance on Facilities.

The City shall continue to procure and maintain, so long as any bonds are outstanding, public liability insurance relating to the operation of the facilities of the System with limits of not less than \$300,000 for one person and \$500,000 for more than one person involved in one accident, to protect the City 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 City's operations of the System and any other facilities constituting a portion of the System.

(c) Vehicle Liability Insurance.

The City shall continue to procure and maintain, so long as any bonds are outstanding, vehicular public liability insurance with limits of not less than \$300,000 for one person and \$500,000 for more than one person involved in one accident, to protect the City 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 operation of such vehicles by the City.

SECTION 14. RECORDS, AUDITS AND REPORTS; ENGINEERING INSPECTION. Insofar as consistent with the laws of Kentucky, the City agrees that so long as any of the Bonds remain outstanding, it will keep proper books of records and account showing complete and correct entry of all transactions relating to the System in accordance with generally accepted accounting principles (for facilities of like type and size), in which complete and correct entries shall be made of all pertinent transactions. All such records and books of account shall at all times during normal business hours be subject to inspection by the holders of 10% or more of the principal amount of any issue of bonds then outstanding, or by their duly authorized representatives.

The City further covenants that as soon as may be feasible after the close of each fiscal year, and in any event not later than sixty (60) days thereafter, the City will cause an audit of the financial affairs of the System to be prepared by a certified public accountant, covering the operation of the System for the preceding fiscal year.

A copy of said audit report shall be kept on file in the office of the City Clerk, where it will be subject to inspection at any reasonable time by or on behalf of any holder of outstanding bonds. A condensation of the important facts shown by such report will be mailed to any such bondholder upon request.

The City further covenants and agrees to retain an independent consulting engineer or firm of independent consulting engineers, to inspect the combined and consolidated municipal water and sewer System and its operation at least once in each period of three years and to file with the City Clerk a written report of the findings and recommendations as a result of such inspection.

SECTION 15. ARBITRAGE RESTRICTIONS. The City covenants that the proceeds of the Bonds shall not be invested in investments which would cause any of the City's Bonds to be treated as taxable "arbitrage bonds" within the meaning of Internal Revenue Code of 1986, as amended and the applicable Income Tax Regulations issued thereunder provided, however, that funds may be invested to whatever extent and whenever such Code and/or applicable Regulations permit same to be invested without causing any bonds to be treated as taxable arbitrage bonds.

On the basis of known facts and reasonable expectations on the date of adoption of this Bond Ordinance, the City certifies that it is not expected that the proceeds of the Bonds will be used in a manner which would cause such Notes or Bonds to be "arbitrage bonds".

Prior to or at the time of delivery of the Bonds the Mayor and/or the City Treasurer is authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning the anticipated investments of the proceeds of the Bonds, including the execution of necessary and/or desirable certifications of the type contemplated by the "Arbitrage Regulations".

By the adoption of this Ordinance the City certifies that it does not reasonably expect to issue in excess of \$10,000,000 of its debt obligations during either of the calendar years ending December 31, 2001, and hereby designates the Bonds as "qualified tax exempt obligations" in accordance with the Code.

SECTION 16. GENERAL COVENANTS. The City covenants that so long as any of the Outstanding Bonds, the Bonds, and any parity bonds, are outstanding, as follows:

Any holder of said Bonds or Notes may, either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by said City and its officers and agents of all duties imposed or required by law or by either the Bond Ordinances authorizing the Outstanding Bonds or this Ordinance in connection with the operation of the System, including the making and collection of sufficient rates, the segregation of the income and revenues and the application thereof in accordance with the provisions of either.

Upon the occurrence of an "event of default" as defined above, then upon the filing of suit by any holder of said Bonds or Notes, any court having jurisdiction of the action may appoint a Receiver pursuant to KRS 58.060 to administer the System on behalf of said City, with power to charge and collect rates and charges for the services and facilities provided by the System sufficient to provide for the payment of any Bonds or obligations outstanding, and the interest thereon, and revenues in accordance with the provisions of either the Ordinance authorizing the Outstanding Bonds or this Ordinance, and of the applicable statutes of Kentucky, and to take such other legal action as may be appropriate for the protection of any such holder.

The City hereby agrees to transfer to any bona fide Receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the City's obligations, all contracts and other rights of the City pertaining to the System, conditionally, for such time only as such Receiver or operator shall operate by authority of the Court. In the event of default, the holder of any Bonds or Notes, may require the governing body of the City by injunction to raise the rates a reasonable amount.

SECTION 19. COVENANT TO REQUIRE USE OF SEWER SYSTEM. The City agrees that during the time any Bonds or any bonds issued on a parity therewith as to security in accordance with the provisions herein contained, are outstanding, it will take all such steps as may be necessary to cause the owners of all properties abutting upon any sewer lines of the City to connect thereto and to keep connected thereto all sanitary sewage drain pipes on such properties. The foregoing covenant shall be in favor of and enforceable by the holders of all Bonds and all parity bonds in accordance with the provisions herein contained. If the City fails to take such steps it may be required to do so by such bondholders.

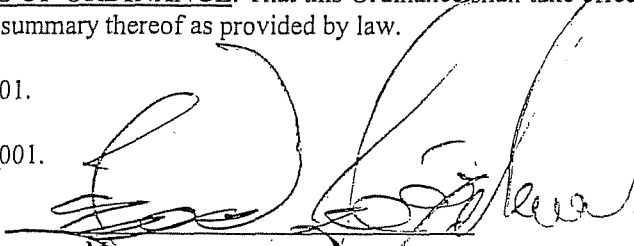
SECTION 20. PROVISIONS IN CONFLICT REPEALED. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are, to the extent of such conflict, hereby repealed, and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

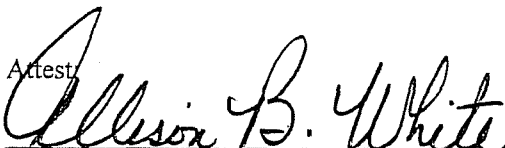
SECTION 21. SEVERABILITY CLAUSE. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 22. EFFECTIVE DATE OF ORDINANCE. That this Ordinance shall take effect from and after its passage and approval and the publication of a summary thereof as provided by law.

Given First Reading September 4, 2001.

Passed and Adopted September 18, 2001.


Mayor
City of Versailles, Kentucky

Attest

City Clerk

**CITY OF VERSAILLES (KENTUCKY)
WATER AND SEWER REVENUE BONDS
SERIES OF 2004
\$8,635,000**

DATED: AUGUST 1, 2004

LAW OFFICES

HENRY M. REED III

2218 FRANKFORT AVENUE
LOUISVILLE, KENTUCKY 40206-2408

TRANSCRIPT OF PROCEEDINGS

\$8,635,000

City of Versailles (Kentucky)
Water and Sewer Revenue Bonds
Series of 2004, dated August 1, 2004

The principal maturities of said Bonds are as follows:

<u>YEAR</u>	<u>PRINCIPAL MATURITIES</u>
2005	25,000
2006	25,000
2007	30,000
2008	30,000
2009	30,000
2010	25,000
2011	390,000
2012	405,000
2013	420,000
2014	435,000
2015	460,000
2016	480,000
2017	505,000
2018	525,000
2019	550,000
2020	580,000
2021	605,000
2022	1,000,000
2024	1,050,000
2024	1,105,000

In the event the Purchaser of the Bonds elects to exercise its option to designate certain principal maturities as Term Bonds, the Bond Registrar/Paying Agent shall select by lot a principal amount of Bonds equal to the serial principal maturity originally scheduled to mature on the principal due date as reflected by the successful bid and shall notify the Registered Owners of the Bonds so selected for mandatory redemption not less than thirty days prior to said principal due date by regular United States mail.

Said Bonds shall bear interest from August 1, 2004 payable on December 1, 2004, and semiannually thereafter on June 1 and December 1 of each year; interest being payable by the Paying Agent hereinafter designated directly to the Registered Owners of said Bonds (as of the 15th day of the month preceding the due date) by remittances made through regular United States Mail. Refunding Bonds shall be payable at maturity upon their surrender to the Paying Agent; provided, however, that the payment of principal and interest may be effected by said Paying Agent through the Book-Entry-Only-System as hereinafter authorized.

SECTION 3.PLACE OF PAYMENT; EXECUTION OF BONDS; AND PROVISIONS AS TO PRIOR REDEMPTION. That both principal of and interest on said Bonds shall be payable at or by the Central Bank & Trust Co., Lexington, Kentucky, which bank is hereby designated as the Paying Agent and Bond Registrar in connection with the issuance of said Bonds. Principal and interest shall be payable without deduction for exchange or collection charges in lawful money of the United States of America.

Said Bonds shall be executed on behalf of the City with the duly authorized, reproduced facsimile signature of the Mayor, attested by the authorized, reproduced facsimile signature of the City Clerk, and said officers, by the execution of appropriate certifications, shall adopt as and for their own proper signatures their respective facsimile signatures as same appear on the Bonds. It shall be necessary for a reproduced facsimile of the corporate seal of the City to appear on said Bond Certificates in order for same to be legal and binding debt instruments of the City.

The Bonds maturing on or after December 1, 2015 are subject to redemption at the option of the City prior to their stated maturities on any date falling on or after December 1, 2014, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent by regular United States Mail to the Registered Owners of the Bonds so selected not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest but without redemption premium.

Notwithstanding anything contained herein to the contrary, no Bond Certificate shall be valid or binding upon the City unless and until it is validated by the manual signature of the duly authorized representative of the Bond Registrar.

The Bonds shall be in substantially the same form as the Bond Certificate attached to this Ordinance as Exhibit A, with appropriate substitutions or modifications.

Notwithstanding the provisions of this Bond Ordinance regarding the use of Bond Certificates and their authentication by the Bond Registrar, at the direction of the City, the Bond Registrar, shall be authorized to utilize the "Book-Entry-Only-System" for the issuance and transfer of the Bonds in order to eliminate the need for physical movement of Bond Certificates throughout the term of the Bonds.

The Mayor and City Clerk of the City are hereby authorized and directed, as is the Bond Registrar, to enter into such agreements with The Depository Trust Company ("DTC") and/or Cede & Co., an affiliate of DTC, as are necessary to implement the "Book-Entry-Only-System".

In the event the "Book-Entry-Only-System" is utilized, principal and interest payments on the Bonds shall be made directly to DTC or at DTC's direction.

The Mayor and City Clerk are authorized to execute a blanket "Letter of Representations" and such "Operational Arrangements" as DTC or Cede & Co. may require to authorize the "Book-Entry-Only-System" for the issue of Bonds described in this Bond Ordinance.

In addition, the Mayor and City Clerk are hereby authorized to execute a Continuing Disclosure Agreement with the Bond Registrar in order to comply with the Regulations of the Securities and Exchange Commission.

SECTION 4. SECURITY AND SOURCE OF PAYMENT OF BONDS; SYSTEM REVENUES PLEDGED TO PAYMENT. That all of said Bonds, together with the interest thereon, and any additional parity bonds as may be issued and outstanding from time to time under the conditions and restrictions hereinafter set forth shall be payable on a first lien basis out of the Bond Fund created by the Ordinances authorizing the Outstanding Bonds, and the holders of said Outstanding Bonds and Bonds herein authorized shall have a claim only against said Bond Fund and its Debt Service Reserve Fund, and against the necessary designated portion or amount of the income and revenues of the System pledged to said Fund.

SECTION 5. ESTABLISHMENT OF CONSTRUCTION FUND; DISPOSITION OF PROCEEDS OF BONDS That there is hereby established with a Bank or Banks which is a member or are member of Federal Deposit Insurance Corporation ("FDIC") a separate and special account of the City designated as the "Water and Sewer System Construction Fund of 2004" ("Construction Fund").

Upon the sale of the Bonds herein authorized, there shall first be deducted and paid from the proceeds of said sale any and all expenses incident to the authorization, issuance, sale and delivery of the said Bonds. Next, there shall be deducted from said proceeds, such sums received from the Purchaser of said Bonds representing accrued interest thereon which shall immediately be deposited in the Bond Fund hereinafter established. The balance of the proceeds of said Bonds then remaining shall be deposited in the Construction Fund and towards the costs of improvements to the System or to reimburse the City for any funds so advanced for said construction.

Monies on deposit in the Construction fund in excess of the amount covered by FDIC insurance shall be secured by obligations of or obligations which are fully guaranteed by the United States of America. Monies on deposit in the Construction Fund may, at the direction of the City Treasurer, be invested in those "investments" permitted in accordance with the provisions of KRS 66.480.

Following the delivery of the Bonds disbursements of monies on deposit in the Construction Fund shall be made only upon order of the City Council approving such disbursements.

SECTION 6. DISPOSITION OF INCOME AND REVENUES OF SYSTEM. That from and after the date of delivery of the Bonds, the System shall continue to be operated as a combined and consolidated water and sewer project for the security and source of payment of the Outstanding Bonds, the Bonds, and any parity bonds, on a fiscal year basis from July 1 of each year to June 30 of each respective ensuing year, or on such other fiscal year basis as shall be adopted for the operation of the System. That the gross income and revenues of the System shall be set aside monthly into a separate and special fund established by that certain Ordinance passed and adopted on October 18, 1960 identified as the "Revenue Fund" which shall be deposited and maintained as set forth in the Ordinance passed and adopted on October 18, 1960 and subsequent Ordinances authorizing the Outstanding Bonds. That the revenues of the System so set aside into the Revenue Fund shall then be expended, used and apportioned in the manner and order as follows:

(A) A separate and special fund or account of the City, distinct and apart from all other funds and accounts, has heretofore been created, and shall be continued, and is designated and identified as the "City of Versailles Water and Sewer Revenue Fund" (the "1960 Revenue Fund" or "Revenue Fund"), which shall be maintained with a bank or banks which are members of FDIC; and the City covenants and agrees that it will deposit therein promptly as received from time to time all cash revenues of the System. The moneys in this Fund from time to time shall be used and disbursed and applied by the City (as previously provided and hereby continued) only for the purposes, and in the manner and order of priorities, specified in the succeeding subsections of this Section 6, all as permitted by applicable statutes, as follows:

(B) A separate and special fund or account of the City, distinct and apart from all other funds and accounts, was created by the Original Bond Ordinance adopted October 18, 1960 and is designated and identified as the "Water and Sewer Revenue Bond and Interest Redemption Fund of 1960" (the "1960 Bond Fund" or "Bond Fund"), which shall continue to be maintained so long as any of the Bonds authorized by and issued under the Ordinances authorizing the Outstanding Bonds or this Ordinance, or permitted by said Ordinances to be issued, are outstanding, in a Bank which is a member of FDIC, 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 and interest on such Bonds as may be issued and outstanding from time to time pursuant to the provisions of the Ordinances authorizing the Outstanding Bonds and of this Ordinance, including additional parity bonds.

From the Revenue Fund, as a first charge thereon, there shall be set aside and deposited in the Bond Fund in equal monthly deposits on or before the 20th day of each month sums no less than:

(i) a sum equal to one-fifth (1/5) the interest becoming due on the next succeeding interest due date, with respect to all Bonds issued and outstanding pursuant to the Ordinances authorizing the Outstanding Bonds and this Ordinance, and such additional parity bonds, if any, as may be issued; and

(ii) a sum equal to one-tenth (1/10) of the principal of all such Bonds (including such additional parity bonds, if any, as may be issued) maturing on the next succeeding December 1; until there shall have been accumulated in the Bond Fund a sum sufficient to pay interest to become due on all such Outstanding Bonds and Bonds on the next succeeding June 1, and interest and principal to become due on the next succeeding December 1, together with an additional sum equal to the maximum amount of principal and interest thereafter becoming due in any one year on the Outstanding Bonds and the Bonds (the "Required Minimum Balance") such additional sum to be held within the Bond Fund in the "Water and Sewer Revenue Debt Service Fund of 1960" (the "1960 Debt Reserve Fund" or "Debt Reserve Fund"); and

(iii) after the accumulation of the Required Minimum Balance in the Debt Reserve Fund, then monthly, on or before the 20th of each month, monthly transfers from the Revenue Fund of sums equal to one-sixth (1/6) of the interest to become due on all Outstanding Bonds and the Bonds (and parity bonds) on the next succeeding interest payment date; plus sums equal to one-twelfth (1/12) of the principal to become due on the next principal payment date, provided, however, that if the Debt Reserve Fund shall at any time be reduced below the above-prescribed level, or if additional parity bonds be issued subject to the conditions and restrictions set forth in this Ordinance, then in either of said events the monthly payments or deposits into the Bond Fund shall forthwith be resumed at the rate of one-fifth (1/5) of interest to become due on all such Outstanding Bonds, Bonds and additional parity bonds on the next ensuing interest payment date, plus one-tenth (1/10) of the principal maturing on the next succeeding December 1, until such time as the Debt Reserve Fund shall be restored to an amount equal to the maximum amount of principal and interest thereafter becoming due in any year, and, if such additional parity bonds be issued, to accumulate within five (5) years a similarly computed increase of such Debt Reserve Fund, whereupon said monthly deposits may be reduced to 1/6th of next maturing interest, plus 1/12th of next maturing principal, so long as the Debt Reserve Fund shall remain at the prescribed amount of the Required Minimum Balance.

All provisions relating to deposits and accumulations in the Bond Fund shall be cumulative, and if there be failure to deposit the prescribed amounts in any one or more months, a sum equal to the deficiency shall be deposited as soon as available, and the same shall be in addition to the amounts otherwise prescribed to be deposited in the Bond Fund for the succeeding month or months.

Moneys from time to time in the Debt Reserve 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 or guaranteed by the United States Government having at all times an equal market value; or the same may, upon order of the City Council, be invested and reinvested in such United States Government securities maturing not later than three (3) years from date of investment, or not later than final maturity date of Outstanding Bonds or the Bonds issued pursuant to this Ordinance, whichever date is the earlier. Income from any such investments shall be accumulated in the Debt Reserve Fund, and may be invested in the same manner.

Withdrawals shall be made from the Debt Reserve Fund, and transferred to the Bond Fund, if and to any extent required at any time to prevent default in the payment of principal and interest on any Bonds which by their terms are payable from the Bond Fund; and if necessary, securities held as investments in the Debt Reserve Fund shall be converted into cash for such purposes; but no withdrawals therefrom shall be made for any other purposes, and the City hereby irrevocably pledges all moneys and securities in the Debt Reserve Fund for such specified purposes only. In the event any such permitted withdrawals are made, the deficiency in said Debt Reserve Fund shall be restored as soon as revenues are available.

(C) Subject to the required monthly transfers from the Revenue Fund to the Bond Fund as set forth above, there shall be transferred from the Revenue Fund each month and deposited in a separate and special account designated as the "City of Versailles, Kentucky Pollution Abatement and Water Resources Finance Authority Debt Service Fund" (the "KIA Loan Fund") in accordance with the terms of the Grant/Assistance Agreement by and between the City and Kentucky Pollution Abatement Authority and Water Resources Finance Authority (now Kentucky Infrastructure Authority) such amounts as are required to pay the Loan from Authority to the City in accordance with the terms of said Grant/Assistance Agreement and which transfers shall continue until said Loan is paid in full in accordance with the terms of said Assistance Agreement; provided, however, that in no event shall transfers be made from said Revenue Fund to meet the requirements of said Loan unless and until the requirements of the Bond Fund and Debt Reserve Fund set forth above have been met in full.

(D) Subject to the required monthly transfers from the Revenue Fund to the Bond Fund as set forth above, there shall be transferred from the Revenue Fund each month and deposited in a separate and special account designated as the "City of Versailles, Kentucky Loan Agreement Debt Service Fund" (the "Kentucky League of Cities Loan Fund") in accordance with the terms of a Loan Agreement by and between the City and Kentucky League of Cities Funding Trust such amounts as are required to pay the Loan from the Funding Trust to the City in accordance with the terms of said Loan Agreement and which transfers shall continue until said Loan is paid in full in accordance with the terms of said Loan Agreement; provided, however, that in no event shall transfers be made from said Revenue Fund to meet the requirements of said Loan unless and until the requirements of the Bond Fund and Debt Reserve Fund set forth above have been met in full.

(E) A separate and special fund or account for the City was created by the Ordinances authorizing the Outstanding Bonds and is designated and identified as the "1960 Maintenance and Operation Fund," (the "Maintenance and Operation Fund") and so long as any Bonds are outstanding pursuant hereto, such fund shall continue to be maintained. After observing the priority of payments and deposits set forth in (B) (C) and (D) above, there shall be deposited each month in the Maintenance and Operation Fund, from the Revenue Fund, a sum equal to the anticipated expenses of operating and maintaining the System for the next ensuing month.

(F) A separate and special fund or account of the City was created by the Ordinances authorizing the Outstanding Bonds and is designated and identified as the "1960 Depreciation Fund," (the "Depreciation Fund") which shall be continued and maintained so long as any Bonds are outstanding. Subject to the recognized priority of the foregoing cumulative provisions for deposits into the Bond Fund, the KIA Loan Fund, the Funding Trust Loan Fund and Maintenance and Operation Fund, the City covenants that it will transfer and deposit monthly into the Depreciation Fund not less than ten percent (10%) of the funds remaining in the Revenue Fund, so long as the unexpended balance in the Depreciation Fund is less than \$100,000.

The City further covenants and agrees that it will additionally deposit into the Depreciation Fund the proceeds from the sale of any equipment no longer useable or needed, all fees or charges collected from potential customers to aid in the financing of the cost of extensions and improvements, and any proceeds received from property damage insurance. Moneys in the Depreciation Fund may be withdrawn and used by the City, upon appropriate certification, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements, not included in the Annual Budget of Current Expenses (for which provision is hereinafter made), and of paying 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.

In the event the moneys available in the Bond Fund, including the Debt Reserve Fund, on any November 30 or May 31 shall be insufficient to pay the next maturing interest on and/or principal of the Bonds outstanding pursuant to the Ordinances authorizing the Outstanding Bonds and the Bonds authorized by this Ordinance, the City shall transfer from the Depreciation Fund such amounts as are necessary to eliminate the deficiency and avoid default.

(G) Whenever all specified and required transfers and payments into the above special Funds have been made, and the prescribed reserves have been accumulated to the stated amounts, and there is a balance in the Revenue Fund in excess of

the estimated amounts required to be transferred and paid into the special Funds during the next succeeding three (3) months, such excess or any part thereof may be transferred to the Depreciation Fund, or may be used to purchase or retire Bonds, but at a price not exceeding the redemption terms on the next succeeding redemption date, or such excess or any part may be used for the payment of the interest on or principal of other obligations of the City incurred in connection with the System, or for any other lawful purpose.

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

All moneys held in any of the above special Funds shall be kept apart from all other municipal funds and shall be deposited with a bank or banks which are members of FDIC, and all such cash deposits which cause the aggregate deposit of the City in any one bank to be in excess of the amount secured by FDIC shall be secured by a surety bond or bonds or by pledge of direct obligations of or by guaranteed bonds or securities of or guaranteed by the United States Government having a market value equivalent to such deposit. Any amounts in the Bond Fund in excess of the amount of interest and/or principal becoming due in the next twelve (12) months, or in the Depreciation Fund, may be invested in direct obligations or guaranteed bonds or securities of or guaranteed by the United States Government having a maturity date or being subject to redemption at the option of the holder at such a time as monies are required for the purpose for which the particular Fund was established.

7. CITY OFFICIALS TO BE BONDED. The City will cause each municipal officer or other person having custody of any monies administered under the provisions of this Ordinance to be bonded at all times in an amount equal to the maximum amount of such monies in his custody at any time. The City will segregate and earmark such funds, consistent with this Ordinance, in such manner as to enable the City to obtain the benefit of the lowest possible surety premium rates on such surety bond or bonds. Each such bond shall have a surety given by a surety corporation qualified or authorized to do business in Kentucky, and approved by the governing body of the City, and the premium of such surety bond shall constitute a proper expense of operating and maintaining the System, and may be paid from the monies available in the "Operation and Maintenance Fund".

SECTION 8. CURRENT OPERATING STATEMENTS FOR SYSTEM. The City covenants and agrees that it will prepare monthly statements for the System reflecting the costs of operating, maintaining, repairing and servicing debt and that said monthly statements will be made available to any holder of the Outstanding Bonds, or the Bonds upon request.

SECTION 9. RATES AND CHARGES FOR SERVICES OF THE SYSTEM. While the Outstanding Bonds and the Bonds authorized hereunder, or any of them, remain outstanding and unpaid, the rates for all services and facilities rendered by the System to the City and to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all Outstanding Bonds and the Bonds authorized hereunder, and the accruing interest on all such Bonds as may be outstanding under the provisions of this Ordinance, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Ordinance and the Ordinances authorizing the Outstanding Bonds. Compensation for services and facilities rendered to the City shall be made by monthly payments into the Revenue Fund the same as other income and revenues of the System are paid, and shall then be apportioned as other income and revenues thereof are required by this Ordinance to be apportioned among the various funds. Prior to the issuance of the Bonds a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Ordinance has been established and adopted and is now in full force and effect.

The City covenants that it will not reduce the rates and charges for services rendered by the System without first filing with the City Clerk a certification of an independent consulting engineer to the effect that the annual net revenues (defined as gross revenues less essential operation and maintenance expenses) of the then existing System for the fiscal year preceding the date on which such reduction is proposed, as such annual revenues are adjusted, after taking into account the projected reduction in revenues anticipated to result from such proposed rate decrease, are equal to not less than 130% of the maximum debt service requirements falling due in any fiscal year thereafter for the principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The City also covenants to cause a report to be filed with the City Council within four months after the end of each fiscal year by certified public accountants and/or independent consulting engineers, setting forth what was the precise percentage ("coverage") of the maximum debt service requirements falling due in any fiscal year thereafter for principal of and interest on

all of the then outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the City covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 130% of the maximum debt service requirements, the City shall increase the rates by an amount sufficient, in the opinion of such engineers and/or accountants, to establish the existence of or immediate projection of, such minimum 130% coverage. Notwithstanding the foregoing, upon the retirement or defeasance of the Outstanding Bonds, dated October 1, 1996 and January 1, 1999, such coverage shall be maintained at 120% of maximum debt service.

SECTION 10. INFERIOR BONDS; PARITY BONDS; AND SURPLUS FACILITIES.

(1) Inferior Bonds.

Except as provided below in this Section, the City shall not so long as any of the Outstanding Bonds or Bonds authorized herein (and any bonds ranking on a parity therewith) are outstanding, issue any additional bonds payable from the revenues of the System or any part thereof unless the lien or pledge of the revenues to secure such additional bonds is made inferior and subordinate in all respects to the security of the Outstanding Bonds, the Bonds, and any parity Bonds.

The City expressly reserves the right at any time or times to issue its bonds or other obligations payable from the revenues of the System and not ranking on a basis of equality and parity with the Outstanding Bonds and the Bonds, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for extensions, additions, improvements and/or other benefits to the System, and provided such inferior bonds whenever issued may only be issued with express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds and the Bonds and any parity bonds; provided, however, that nothing in this Section is intended to restrict, or shall be construed as a restriction upon the ordinary refunding of bonds.

(2) Parity Bonds to Finance Future Extensions, Additions and for Improvements; Conditions or Showings Required.

The City further reserves the right to add new water or sewer and/or related auxiliary facilities, and/or to finance future extensions, additions and/or improvements to said combined and consolidated System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenues of the System, provided that:

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds issued for that purpose 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 Bonds and Bonds, and

(b) There shall have been procured and filed with the City Clerk a statement by a certified public accountant, reciting the opinion based upon necessary investigation that the net revenues of the combined and consolidated System for 12 consecutive months out of the preceding 18 months (with adjustments as hereinafter provided) were equal to at least 1.20 times the maximum annual debt service that will become due in any fiscal year for both principal and interest on the Outstanding Bonds and

, the Bonds then outstanding, and any parity bonds, including the bonds then proposed to be issued. (The calculation of maximum annual debt service for principal of and interest on the additional bonds to be issued shall be determined on the basis of the principal of and interest on such bonds being payable in approximately equal annual installments). Said ratio shall be 1.30 times maximum annual debt service until the retirement or defeasance of the Outstanding Bonds, dated October 1, 1996 and January 1, 1999.

"Net revenues" as herein used are defined as gross income and revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, cost of water purchased, if any, materials and supplies, pumping costs, insurance, and all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowance for depreciation.

"Gross income and revenues" shall include investment income, connection fees, and all other items of income which have been established as "reasonably anticipated annual income of the System", based upon a certification of independent consulting engineers and/or certified public accountants.

"Operating expenses" shall include only those items of cost and maintenance and operation which are "reasonably anticipated annual operation and maintenance expense of the System", and shall exclude any items of operation and maintenance expense which are of a generally non-recurring nature, according to the certification of independent consulting engineers and/or of certified public accountants.

Such "Net revenues" may be adjusted for the purpose of the foregoing computations to reflect (i) any revisions in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also reflect (ii) any increase in such net revenues projected by reason of the revenues anticipated to be derived from the extensions, additions and/or improvements to the System being financed (in whole or in part) by such additional parity bonds; provided such latter adjustment shall be made only if contracts for the immediate acquisition and/or construction of such extensions, additions and/or improvements have been or will have been entered into (secured by 100% performance bond) prior to the issuance of such additional parity bonds. All of such adjustments shall be based upon the written certification of an independent consulting engineer.

The interest payment dates for all such additional parity bonds shall be semi-annually on June 1 and December 1 of each year, and the principal and maturities thereof shall be on December 1 of the year in which any such principal is scheduled to become due.

(3) Parity Bonds to Refund or Refinance Outstanding Bonds.

The City further reserves the right to issue one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenue of the System, for the purpose of refunding or refinancing the Outstanding Bonds or Bonds, or any portion thereof, and/or any then previously issued parity bonds, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the City Clerk a statement by a certified public accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing System for the fiscal year preceding the date of issuance of such parity bonds, after taking into account the revised debt service requirements resulting from the issuance of such parity bonds and from the elimination of the bonds being refunded or refinanced thereby, are equal to not less than 120% of the maximum net annual debt service then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified above [130% until the retirement or defeasance of the Outstanding Bonds.]; or

(b) in the alternative, that the debt service requirements for the Outstanding Bonds or the Bonds, any then previously issued parity bonds and the proposed parity refunding bonds, in any year of maturities thereof after the redemption of the Outstanding Bonds or the Bonds scheduled to be refunded through the issuance of such proposed parity refunding bonds, shall not exceed the scheduled net annual debt service requirements applicable to the then outstanding Bonds or the Bonds and any then previously issued parity bonds for any corresponding year prior to the issuance of such proposed parity bonds and the redemption of the Outstanding Bonds or Bonds and/or other parity bonds to be refunded.

The additional parity bonds, the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the income and revenues of the System on a parity with the Outstanding Bonds and the Bonds herein authorized (and any parity bonds) and shall not be deemed to include nor to prohibit the issuance of any other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the Bond Fund for the Outstanding Bonds and Bonds.

(4) Priority of Lien: Permissible Disposition of Surplus or Obsolete Facilities: Conditions:

The City covenants and agrees that so long as any of the Bonds are outstanding, the City will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided for above, 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 Bonds. Notwithstanding the foregoing, the City may at any time permanently abandon the use of, or sell at the fair market value, any part of the facilities of the System, provided that:

(a) It is in compliance with all covenants and undertakings in connection with all of the Bonds then outstanding and payable from the revenues of the System, the Debt Service Reserve Fund for such Bonds has been fully established and the required minimum balance is being maintained therein at the stipulated level;

(b) It will, in the event of any such sale, apply the proceeds to either (i) redemption of outstanding Bonds in accordance with the provisions governing prepayment of Bonds in advance of maturity or purchase of Bonds in the open market at not exceeding the next applicable redemption price, or (ii) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System as hereinbefore provided;

(c) It certifies, in good faith, prior to any abandonment of use, that the facility or facilities to be abandoned is or are no longer economically feasible of producing net revenues;

(d) It certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding fiscal year, plus the estimated net revenues of the facility or facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of additional parity bonds.

(e) Such sale or disposition will not have the effect of causing the Outstanding Bonds, or Bonds, or any parity bonds to become taxable arbitrage bonds.

SECTION 11. ALL BONDS OF THIS ISSUES ARE EQUAL. The Bonds authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other or over the Outstanding Bonds in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Bonds authorized or permitted to be issued under the provisions of this Ordinance or the Ordinance authorizing the Outstanding Bonds, regardless of the fact that they may be actually issued and delivered at different times.

SECTION 12. DEFEASANCE. The City may, at any time, cause the pledge of the revenues securing the Outstanding Bonds and the Bonds to be defeased and released by paying an amount into an escrow fund sufficient, when invested in direct obligations of or obligations which are fully guaranteed by the United States of America, or in certificates of deposit of a bank or banks which are fully secured by a pledge of direct obligations of or obligations fully guaranteed by the United States of America, to assure the availability in such escrow fund of an adequate amount to call for redemption and to redeem and retire all of such outstanding Bonds, both as to principal and as to interest, on the next optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on said Bonds to and on said date.

SECTION 13.INSURANCE.

(a) Fire and Extended Coverage.

If and to the extent that the System includes structures above ground level, the City shall continue to procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System.

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

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

(b) Liability Insurance on Facilities.

The City shall continue to procure and maintain, so long as any bonds are outstanding, public liability insurance relating to the operation of the facilities of the System with limits of not less than \$300,000 for one person and \$500,000 for more than one person involved in one accident, to protect the City 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 City's operations of the System and any other facilities constituting a portion of the System.

(c) Vehicle Liability Insurance.

The City shall continue to procure and maintain, so long as any bonds are outstanding, vehicular public liability insurance with limits of not less than \$300,000 for one person and \$500,000 for more than one person involved in one accident, to protect the City 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 operation of such vehicles by the City.

SECTION 14. RECORDS, AUDITS AND REPORTS; ENGINEERING INSPECTION. Insofar as consistent with the laws of Kentucky, the City agrees that so long as any of the Bonds remain outstanding, it will keep proper books of

records and account showing complete and correct entry of all transactions relating to the System in accordance with generally accepted accounting principles (for facilities of like type and size), in which complete and correct entries shall be made of all pertinent transactions. All such records and books of account shall at all times during normal business hours be subject to inspection by the holders of 10% or more of the principal amount of any issue of bonds then outstanding, or by their duly authorized representatives.

The City further covenants that as soon as may be feasible after the close of each fiscal year, and in any event not later than sixty (60) days thereafter, the City will cause an audit of the financial affairs of the System to be prepared by a certified public accountant, covering the operation of the System for the preceding fiscal year.

A copy of said audit report shall be kept on file in the office of the City Clerk, where it will be subject to inspection at any reasonable time by or on behalf of any holder of outstanding bonds. A condensation of the important facts shown by such report will be mailed to any such bondholder upon request.

The City further covenants and agrees to retain an independent consulting engineer or firm of independent consulting engineers, to inspect the combined and consolidated municipal water and sewer System and its operation at least once in each period of three years and to file with the City Clerk a written report of the findings and recommendations as a result of such inspection.

SECTION 15. ARBITRAGE RESTRICTIONS. The City covenants that the proceeds of the Bonds shall not be invested in investments which would cause any of the City's Bonds to be treated as taxable "arbitrage bonds" within the meaning of Internal Revenue Code of 1986, as amended and the applicable Income Tax Regulations issued thereunder provided, however, that funds may be invested to whatever extent and whenever such Code and/or applicable Regulations permit same to be invested without causing any bonds to be treated as taxable arbitrage bonds.

On the basis of known facts and reasonable expectations on the date of adoption of this Bond Ordinance, the City certifies that it is not expected that the proceeds of the Bonds will be used in a manner which would cause such Bonds to be "arbitrage bonds".

Prior to or at the time of delivery of the Bonds the Mayor and/or the City Treasurer is authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning the anticipated investments of the proceeds of the Bonds, including the execution of necessary and/or desirable certifications of the type contemplated by the "Arbitrage Regulations".

By the adoption of this Ordinance the City certifies that it does not reasonably expect to issue in excess of \$10,000,000 of its debt obligations during the calendar year ending December 31, 2004, and hereby designates the Bonds as "qualified tax exempt obligations" in accordance with the Code.

SECTION 16. GENERAL COVENANTS. The City covenants that so long as any of the Outstanding Bonds, the Bonds, and any parity bonds, are outstanding, as follows:

A. It will at all times own and operate the System as a combined and consolidated public project on a revenue-producing basis, and will permit no services to be rendered free of charge or without full compensation.

B. It will at all times maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance as herein provided, and will make renewals and replacements, as the same may be required, through application of revenues accumulated and set aside into the Depreciation Fund.

C. It will not permit any competing water or sewer system, public or private, to sell or serve water or sewer service to customers within the City limits and its outside service area, to the extent that the City is legally able to prevent same.

D. It will perform all duties with reference to the System required by the Statutes and Constitution of Kentucky and will not sell, lease, mortgage or in any manner dispose of the System, or any part thereof except as authorized herein.

E. Pursuant to KRS 96.934 and other applicable legal provisions, the City will cause rates and charges for water and sewer services furnished by the System to be billed simultaneously to the same customers, and will provide that water service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges so billed, including such penalties and fees for disconnection and/or reconnection as may be prescribed from time to time, to the greatest extent permitted by law.

SECTION 17. CONTRACTUAL NATURE OF BOND ORDINANCE. The provisions of the Bond Ordinance shall constitute a contract between the City and the holders of the Outstanding Bonds, the Bonds and any parity bonds; and after the issuance of any of Bonds, no change, variation, or alteration of any kind in the provisions of this Ordinance shall be made in any manner except as herein provided until such time as all of the Bonds and the interest thereon have been paid or provided for in full, by defeasance or as otherwise provided herein; provided (a) that the governing body of the City may adopt an Ordinance to evidence the succession of another bank(s) or trust company as payee bank and/or alternate paying agent and may enact any other ordinance for any other purpose not inconsistent with the terms of this Ordinance, and which shall not impair the security of the holders of Bonds and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto; and (b) provided further, that the holders of eighty percent (80%) in principal amount of Bonds at any time outstanding shall have the right to consent to, and approve the adoption of ordinances, resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Ordinance, subject to the condition that the Ordinance shall be so modified if any manner that may adversely affect the rights of any certain holders without similarly affecting the rights of all holders of the Outstanding Bonds, the Bonds, and any parity bonds then outstanding, or to reduce the percentage of the number of holders whose consent is required to effect a further modification.

SECTION 18. EVENT OF DEFAULT; BONDHOLDERS' REMEDIES. The following items shall constitute an "Event of Default" on the part of the City:

(a) The failure to pay principal of any of the Outstanding Bonds, the Bonds, or of any parity bonds, when due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on said Outstanding Bonds, the Bonds, or on any parity bonds, when the same shall become due and payable or within 30 days thereafter.

(c) The failure of the City to fulfill any of its obligations pursuant to either this Ordinance or the Ordinances authorizing the Outstanding Bonds.

(d) The failure to promptly repair, replace, or reconstruct needed or essential facilities of the System that have been damaged and/or destroyed.

(e) The entering of an order or decree with the consent or acquiescence of the City appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree having been entered without the acquiescence or consent of the City, its failure in not having the order vacated, discharged, or stayed on appeal within 60 days after entry.

(f) The default by the City in the due or punctual performance of any other of the covenants, conditions, agreements, and provisions contained in the Ordinances authorizing the Outstanding Bonds or this Ordinance.

Any holder of said Bonds may, either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by said City and its officers and agents of all duties imposed or required by law or by either the Bond Ordinances authorizing the Outstanding Bonds or this Ordinance in connection with the operation of the System, including the making and collection of sufficient rates, the segregation of the income and revenues and the application thereof in accordance with the provisions of either.

Upon the occurrence of an "event of default" as defined above, then upon the filing of suit by any holder of said Bonds, any court having jurisdiction of the action may appoint a Receiver pursuant to KRS 58.060 to administer the System on behalf of said City, with power to charge and collect rates and charges for the services and facilities provided by the System sufficient to provide for the payment of any Bonds or obligations outstanding, and the interest thereon, and revenues in accordance with the provisions of either the Ordinance authorizing the Outstanding Bonds or this Ordinance, and of the applicable statutes of Kentucky, and to take such other legal action as may be appropriate for the protection of any such holder.

The City hereby agrees to transfer to any bona fide Receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the City's obligations, all contracts and other rights of the City pertaining to the System, conditionally, for such time only as such Receiver or operator shall operate by authority of the Court. In the event of default, the holder of any Bonds may require the governing body of the City by injunction to raise the rates a reasonable amount.

SECTION 19. COVENANT TO REQUIRE USE OF SEWER SYSTEM. The City agrees that during the time any Bonds or any bonds issued on a parity therewith as to security in accordance with the provisions herein contained, are outstanding, it will take all such steps as may be necessary to cause the owners of all properties abutting upon any sewer lines

of the City to connect thereto and to keep connected thereto all sanitary sewage drain pipes on such properties. The foregoing covenant shall be in favor of and enforceable by the holders of all Bonds and all parity bonds in accordance with the provisions herein contained. If the City fails to take such steps it may be required to do so by such bondholders.

SECTION 20. PROVISIONS IN CONFLICT REPEALED. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are, to the extent of such conflict, hereby repealed, and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

SECTION 21. PUBLIC SALE OF BONDS AUTHORIZED. That the Bonds herein authorized shall be offered for competitive sale on a publicly advertised basis in accordance with Chapter 424 of the Kentucky Revised Statutes. First Kentucky Securities Corporation, Frankfort, Kentucky, Financial Advisor to the City shall prepare and disseminate an Official Statement containing information necessary to promote public bidding. Henry M. Reed III, Bond Counsel, Louisville, Kentucky, is hereby authorized to advertise the required Notice of Bond Sale. The Mayor in concert with the Financial Advisor shall determine the best bid received for the purchase of said Bonds and shall accept same on behalf of the City as the purchase contract without further action by the City Council.

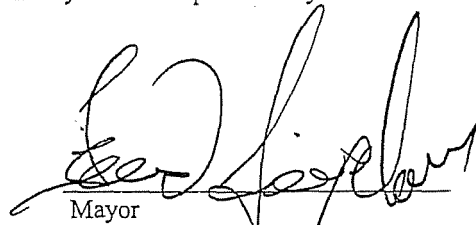
SECTION 22. COMPLIANCE WITH SEC RULES. As a result of the City having previously issued municipal securities in an aggregate amount exceeding \$10,000,000, the City shall enter into an Agreement with the Bond Registrar providing for continuing financial disclosures in accordance with SEC Rule 15c2-12 and the Mayor and City Clerk are hereby authorized to execute said Continuing Disclosure Agreement on behalf of the City.

SECTION 23. SEVERABILITY CLAUSE. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

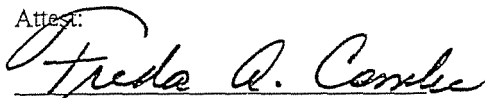
SECTION 24. EFFECTIVE DATE OF ORDINANCE. That this Ordinance shall take effect from and after its passage and approval and the publication of a summary thereof as provided by law.

Given First Reading July 6, 2004.

Passed and Adopted July 20, 2004.


Mayor
City of Versailles, Kentucky

Attest:


City Clerk

**CITY OF VERSAILLES (KENTUCKY)
WATER AND SEWER REVENUE BONDS
SERIES OF 2005
\$8,500,000**

DATED: AUGUST 1, 2005

AN ORDINANCE OF THE CITY OF VERSAILLES, KENTUCKY, PROVIDING FOR THE ISSUANCE OF CITY OF VERSAILLES WATER AND SEWER REVENUE BONDS, SERIES OF 2005 (THE "BONDS") IN THE PRINCIPAL AMOUNT OF \$8,500,000; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID BONDS AND ADDITIONAL BONDS RANKING ON A PARITY THERE WITH ARE TO BE AND MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE PAYMENT OF SAID BONDS AND THE INTEREST THEREON; PROVIDING FOR THE RIGHTS OF THE REGISTERED OWNERS OF SAID BONDS AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR THE COLLECTION AND APPLICATION OF THE INCOME AND REVENUES DERIVED FROM THE OPERATION OF THE COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM OF THE CITY.

WHEREAS, the existing works and facilities supplying water and sewer service to the City of Versailles, Kentucky (ACity@) and certain surrounding areas of Woodford County, Kentucky are owned and operated by the City, having been combined and consolidated as a municipal water and sewer system, and in that connection the City presently has outstanding and unpaid \$160,000 of its Water and Sewer Refunding Revenue Bonds, Series of 1996, dated October 1, 1996, \$1,700,000 of its Water and Sewer Refunding Revenue Bonds, Series of 1999, dated January 1, 1999, \$8,780,000 of its Water and Sewer Revenue Bonds, Series of 2001, dated September 15, 2001, \$8,635,000 Water and Sewer Revenue Bonds, Series of 2004, dated August 1, 2004 (collectively, AOutstanding Bonds@), and

WHEREAS, the City acting by and through its City Council has determined that it is necessary and desirable to construct substantial improvements to the combined and consolidated water and sewer system (ASystem@) and the City has determined and does hereby determine the necessity, advantage, and practicability of issuing \$8,500,000 of its City of Versailles, Kentucky Water and Sewer Revenue Bonds, Series of 2005, to be dated August 1, 2005 (ABonds@), and

WHEREAS, under the terms and conditions of the Ordinances authorizing the Outstanding Bonds, it was provided that additional bonds might be issued ranking on a parity as to security and source of payment with the Outstanding Bonds whenever there was procured prior to the issuance of such additional bonds and filed with the City Clerk, a statement by a Certified Public Accountant reciting the opinion based upon necessary investigation that the net revenues for twelve consecutive months out of the eighteen months preceding the issuance additional bonds were equal to at least 1.30 times the maximum annual debt service requirements for the Outstanding Bonds and said additional bonds, and

WHEREAS, it has been determined that the City will be able to procure and file with the City Clerk a statement by a Certified Public Accountant in accordance with the terms and conditions of the Ordinances authorizing the Outstanding Bonds, governing the issuances of additional bonds ranking on the basis of parity as to security and source of payment with said Outstanding Bonds;

NOW, THEREFORE, BE IT AND IT IS HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF VERSAILLES, WOODFORD COUNTY, KENTUCKY, AS FOLLOWS:

SECTION 1. PUBLIC PURPOSE. That it is hereby determined and declared necessary and desirable that the City construct necessary improvements to its combined water and sewer System (AProject@) that it is hereby determined that the improvements to the System constitute a public project within the meaning of Section 58.010 through 58.150 of the Kentucky Revised Statutes (AKRS@) and that from and after the adoption of this Ordinance, said System shall be owned, controlled, operated, and maintained on a revenue producing basis for the security and source of payment for the Outstanding Bonds and the Bonds herein authorized.

The City Council hereby authorizes and approves the constructions of the improvements to the System constituting the Project in accordance with the plans and specifications of its engineers.

SECTION 2. AUTHORIZATION OF REVENUE BONDS. That for the purposes recited in the preamble hereto there are hereby authorized and ordered to be issued and sold the negotiable "Water and Sewer Revenue Bonds, Series of 2005" of said City, in the aggregate principal amount of \$8,500,000 to be dated August 1, 2005 (or such other date as market conditions dictate). All such Bonds to be in denominations in multiples of \$5,000 within the same maturity. Said Bonds shall be issued in fully registered (both principal and interest) form, bear interest from date, payable December 1, 2005 and semiannually thereafter on June 1 and December 1 of each year, at interest rates not exceeding the legal maximum as may be fixed by municipal order after the determination of the best purchase offer as a result of the publicly advertised, competitive sale of said Bonds, and shall mature on December 1 thereafter of the respective years as set out below.

The principal maturities of said Bonds are as follows:

<u>YEAR</u>	<u>PRINCIPAL MATURITIES</u>
2006	\$ 200,000
2007	205,000
2008	215,000
2009	215,000
2010	225,000
2011	230,000
2012	245,000
2013	250,000
2014	260,000
2015	270,000

<u>YEAR</u>	<u>PRINCIPAL MATURITIES</u>
2016	\$ 280,000
2017	295,000
2018	305,000
2019	320,000
2020	335,000
2021	350,000
2022	735,000
2023	770,000
2024	800,000
2025	1,995,000

In the event the Purchaser of the Bonds elects to exercise its option to designate certain principal maturities as Term Bonds, the Bond Registrar/Paying Agent shall select by lot a principal amount of Bonds equal to the serial principal maturity originally scheduled to mature on the principal due date as reflected by the successful bid and shall notify the Registered Owners of the Bonds so selected for mandatory redemption not less than thirty days prior to said principal due date by regular United States mail.

Said Bonds shall bear interest from August 1, 2005 payable on December 1, 2005, and semiannually thereafter on June 1 and December 1 of each year; interest being payable by the Paying Agent hereinafter designated directly to the Registered Owners of said Bonds (as of the 15th day of the month preceding the due date) by remittances made through regular United States Mail. Bonds shall be payable at maturity upon their surrender to the Paying Agent; provided, however, that the payment of principal and interest may be effected by said Paying Agent through the Book-Entry-Only-System as hereinafter authorized.

SECTION 3. PLACE OF PAYMENT; EXECUTION OF BONDS; AND PROVISIONS AS TO PRIOR REDEMPTION. That both principal of and interest on said Bonds shall be payable at or by the Central Bank & Trust Co., Lexington, Kentucky, which bank is hereby designated as the Paying Agent and Bond Registrar in connection with the issuance of said Bonds. Principal and interest shall be payable without deduction for exchange or collection charges in lawful money of the United States of America.

Said Bonds shall be executed on behalf of the City with the duly authorized, reproduced facsimile signature of the Mayor, attested by the authorized, reproduced facsimile signature of the City Clerk, and said officers, by the execution of appropriate certifications, shall adopt as and for their own proper signatures their respective facsimile signatures as same appear on the Bonds. It shall be necessary for a reproduced facsimile of the corporate seal of the City to appear on said Bond Certificates in order for same to be legal and binding debt instruments of the City.

Notwithstanding anything contained herein to the contrary, no Bond Certificate shall be valid or binding upon the City unless and until it is validated by the manual signature of the duly authorized representative of the Bond Registrar.

The Bonds shall be in substantially the same form as the Bond Certificate attached to this Ordinance as Exhibit A, with appropriate substitutions or modifications.

Notwithstanding the provisions of this Bond Ordinance regarding the use of Bond Certificates and their authentication by the Bond Registrar, at the direction of the City, the Bond Registrar, shall be authorized to utilize the ABook-Entry-Only-System® for the issuance and transfer of the Bonds in order to eliminate the need for physical movement of Bond Certificates throughout the term of the Bonds.

The Mayor and City Clerk of the City are hereby authorized and directed, as is the Bond Registrar, to enter into such agreements with The Depository Trust Company (ADTC®) and/or Cede & Co., an affiliate of DTC, as are necessary to implement the ABook-Entry-Only-System®.

In the event the ABook-Entry-Only-System® is utilized, principal and interest payments on the Bonds shall be made directly to DTC or at DTC's direction.

The Mayor and City Clerk are authorized to execute a blanket ALetter of Representations® and such AOperational Arrangements® as DTC or Cede & Co. may require to authorize the ABook-Entry-Only-System® for the issue of Bonds described in this Bond Ordinance.

In addition, the Mayor and City Clerk are hereby authorized to execute a Continuing Disclosure Agreement with the Bond Registrar in order to comply with the Regulations of the Securities and Exchange Commission.

SECTION 4. SECURITY AND SOURCE OF PAYMENT OF BONDS; SYSTEM REVENUES PLEDGED TO PAYMENT. That all of said Bonds, together with the interest thereon, and any additional parity bonds as may be issued and outstanding from time to time under the conditions and restrictions hereinafter set forth shall be payable on a first lien basis out of the Bond Fund created by the Ordinances authorizing the Outstanding Bonds, and the holders of said Outstanding Bonds and Bonds herein authorized shall have a claim only against said Bond Fund and its Debt Service Reserve Fund, and against the necessary designated portion or amount of the income and revenues of the System pledged to said Fund.

SECTION 5. ESTABLISHMENT OF CONSTRUCTION FUND; DISPOSITION OF PROCEEDS OF BONDS That there is hereby established with a Bank or Banks which is a member or are member of Federal Deposit Insurance Corporation (AFDIC@) a separate and special account of the City designated as the AWater and Sewer System Construction Fund of 2005" (AConstruction Fund@).

Upon the sale of the Bonds herein authorized, there shall first be deducted and paid from the proceeds of said sale any and all expenses incident to the authorization, issuance, sale and delivery of the said Bonds. Next, there shall be deducted from said proceeds, such sums received from the Purchaser of said Bonds representing accrued interest thereon which shall immediately be deposited in the Bond Fund hereinafter established. The balance of the proceeds of said Bonds then remaining shall be deposited in the Construction Fund and towards the costs of improvements to the System or to reimburse the City for any funds so advanced for said construction.

Monies on deposit in the Construction fund in excess of the amount covered by FDIC insurance shall be secured by obligations of or obligations which are fully guaranteed by the United States of America. Monies on deposit in the Construction Fund may, at the direction of the City Treasurer, be invested in those Ainvestments@ permitted in accordance with the provisions of KRS 66.480.

Following the delivery of the Bonds disbursements of monies on deposit in the Construction Fund shall be made only upon order of the City Council approving such disbursements.

SECTION 6.DISPOSITION OF INCOME AND REVENUES OF SYSTEM. That from and after the date of delivery of the Bonds, the System shall continue to be operated as a combined and consolidated water and sewer project for the security and source of payment of the Outstanding Bonds, the Bonds, and any parity bonds, on a fiscal year basis from July 1 of each year to June 30 of each respective ensuing year, or on such other fiscal year basis as shall be adopted for the operation of the System. That the gross income and revenues of the System shall be set aside monthly into a separate and special fund established by that certain Ordinance passed and adopted on October 18, 1960 identified as the "Revenue Fund" which shall be deposited and maintained as set forth in the Ordinance passed and adopted on October 18, 1960 and subsequent Ordinances authorizing the Outstanding Bonds. That the revenues of the System so set aside into the Revenue Fund shall then be expended, used and apportioned in the manner and order as follows:

(A) A separate and special fund or account of the City, distinct and apart from all other funds and accounts, has heretofore been created, and shall be continued, and is designated and identified as the "City of Versailles Water and Sewer Revenue Fund" (the "1960 Revenue Fund" or "Revenue Fund"), which shall be maintained with a bank or banks which are members of FDIC; and the City covenants and agrees that it will deposit therein promptly as received from time to time all cash revenues of the System. The moneys in this Fund from time to time shall be used and disbursed and applied by the City (as previously provided and hereby continued) only for the purposes, and in the manner and order of priorities, specified in the succeeding subsections of this Section 6, all as permitted by applicable statutes, as follows:

(B) A separate and special fund or account of the City, distinct and apart from all other funds and accounts, was created by the Original Bond Ordinance adopted October 18, 1960 and is designated and identified as the "Water and Sewer Revenue Bond and Interest Redemption Fund of 1960" (the "1960 Bond Fund" or "Bond Fund"), which shall continue to be maintained so long as any of the Bonds authorized by and issued under the Ordinances authorizing the Outstanding Bonds or this Ordinance, or permitted by said Ordinances to be issued, are outstanding, in a Bank which is a member of FDIC, 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 and interest on such Bonds as may be issued and outstanding from time to time pursuant to the provisions of the Ordinances authorizing the Outstanding Bonds and of this Ordinance, including additional parity bonds.

From the Revenue Fund, as a first charge thereon, there shall be set aside and deposited in the Bond Fund in equal monthly deposits on or before the 20th day of each month sums no less than:

(i) a sum equal to one-fifth (1/5) the interest becoming due on the next succeeding interest due date, with respect to all Bonds issued and outstanding pursuant to the Ordinances authorizing the Outstanding Bonds and this Ordinance, and such additional parity bonds, if any, as may be issued; and

(ii) a sum equal to one-tenth (1/10) of the principal of all such Bonds (including such additional parity bonds, if any, as may be issued) maturing on the next succeeding December 1; until there shall have been accumulated in the Bond Fund a sum sufficient to pay interest to become due on all such Outstanding Bonds and Bonds on the next succeeding June 1, and interest and principal to become due on the next succeeding December 1, together with an additional sum equal to the maximum amount of principal and interest thereafter becoming due in any one year on the Outstanding Bonds and the Bonds (the "Required Minimum Balance") such additional sum to be held within the Bond Fund in the "Water and Sewer Revenue Debt Service Fund of 1960" (the "1960 Debt Reserve Fund" or "Debt Reserve Fund"); and

(iii) after the accumulation of the Required Minimum Balance in the Debt Reserve Fund, then monthly, on or before the 20th of each month, monthly transfers from the Revenue Fund of sums equal to one-sixth (1/6) of the interest to become due on all Outstanding Bonds and the Bonds (and parity bonds) on the next succeeding interest payment date; plus sums equal to one-twelfth (1/12) of the principal to become due on the next principal payment date, provided, however, that if the Debt Reserve Fund shall at any time be reduced below the above-prescribed level, or if additional parity bonds be issued subject to the conditions and restrictions set forth in this Ordinance, then in either of said events the monthly payments or deposits into the Bond Fund shall forthwith be resumed at the rate of one-fifth (1/5) of interest to become due on all such Outstanding Bonds, Bonds and additional parity bonds on the next ensuing interest payment date, plus one-tenth (1/10) of the principal maturing on the next succeeding December 1, until such time as the Debt Reserve Fund shall be restored to an amount equal to the maximum amount of principal and interest thereafter becoming due in any year, and, if such additional parity bonds be issued, to accumulate within five (5) years a similarly computed increase of such Debt Reserve Fund, whereupon said monthly deposits may be reduced to 1/6th of next maturing interest, plus 1/12th of next maturing principal, so long as the Debt Reserve Fund shall remain at the prescribed amount of the Required Minimum Balance.

All provisions relating to deposits and accumulations in the Bond Fund shall be cumulative, and if there be failure to deposit the prescribed amounts in any one or more months, a sum equal to the deficiency shall be deposited as soon as available, and the same shall be in addition to the amounts otherwise prescribed to be deposited in the Bond Fund for the succeeding month or months.

Moneys from time to time in the Debt Reserve 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 or guaranteed by the United States Government having at all times an equal market value; or the same may, upon order of the City Council, be invested and reinvested in such United States Government securities maturing not later than three (3) years from date of investment, or not later than final maturity date of Outstanding Bonds or the Bonds issued pursuant to this Ordinance, whichever date is the earlier. Income from any such investments shall be accumulated in the Debt Reserve Fund, and may be invested in the same manner. Withdrawals shall be made from the Debt Reserve Fund, and transferred to the Bond Fund, if and to any extent required at any time to prevent default in the payment of principal and interest on any Bonds which by their terms are payable from the Bond Fund; and if necessary, securities held as investments in the Debt Reserve Fund shall be converted into cash for such purposes; but no withdrawals therefrom shall be made for any other purposes, and the City hereby irrevocably pledges all moneys and securities in the Debt Reserve Fund for such specified purposes only. In the event any such permitted withdrawals are made, the deficiency in said Debt Reserve Fund shall be restored as soon as revenues are available.

(C) Subject to the required monthly transfers from the Revenue Fund to the Bond Fund as set forth above, there shall be transferred from the Revenue Fund each month and deposited in a separate and special account designated as the "City of Versailles, Kentucky Pollution Abatement and Water Resources Finance Authority Debt Service Fund" (the "KIA Loan Fund") in accordance with the terms of the Grant/Assistance Agreement by and between the City and Kentucky Pollution Abatement Authority and Water Resources Finance Authority (now Kentucky Infrastructure Authority) such amounts as are required to pay the Loan from Authority to the City in accordance with the terms of said Grant/Assistance Agreement and which transfers shall continue until said Loan is paid in full in accordance with the terms of said Assistance Agreement; provided, however, that in no event shall transfers be made from said Revenue Fund to meet the requirements of said Loan unless and until the requirements of the Bond Fund and Debt Reserve Fund set forth above have been met in full.

(D) Subject to the required monthly transfers from the Revenue Fund to the Bond Fund as set forth above, there shall be transferred from the Revenue Fund each month and deposited in a separate and special account designated as the "City of Versailles, Kentucky Loan Agreement Debt Service Fund" (the "Kentucky League of Cities Loan Fund") in accordance with the terms of a Loan Agreement by and between the City and Kentucky League of Cities Funding Trust such amounts as are required

to pay the Loan from the Funding Trust to the City in accordance with the terms of said Loan Agreement and which transfers shall continue until said Loan is paid in full in accordance with the terms of said Loan Agreement; provided, however, that in no event shall transfers be made from said Revenue Fund to meet the requirements of said Loan unless and until the requirements of the Bond Fund and Debt Reserve Fund set forth above have been met in full.

(E) A separate and special fund or account for the City was created by the Ordinances authorizing the Outstanding Bonds and is designated and identified as the "1960 Maintenance and Operation Fund," (the "Maintenance and Operation Fund") and so long as any Bonds are outstanding pursuant hereto, such fund shall continue to be maintained. After observing the priority of payments and deposits set forth in (B) (C) and (D) above, there shall be deposited each month in the Maintenance and Operation Fund, from the Revenue Fund, a sum equal to the anticipated expenses of operating and maintaining the System for the next ensuing month.

(F) A separate and special fund or account of the City was created by the Ordinances authorizing the Outstanding Bonds and is designated and identified as the "1960 Depreciation Fund," (the "Depreciation Fund") which shall be continued and maintained so long as any Bonds are outstanding. Subject to the recognized priority of the foregoing cumulative provisions for deposits into the Bond Fund, the KIA Loan Fund, the Funding Trust Loan Fund and Maintenance and Operation Fund, the City covenants that it will transfer and deposit monthly into the Depreciation Fund not less than ten percent (10%) of the funds remaining in the Revenue Fund, so long as the unexpended balance in the Depreciation Fund is less than \$____,000.

The City further covenants and agrees that it will additionally deposit into the Depreciation Fund the proceeds from the sale of any equipment no longer useable or needed, all fees or charges collected from potential customers to aid in the financing of the cost of extensions and improvements, and any proceeds received from property damage insurance. Moneys in the Depreciation Fund may be withdrawn and used by the City, upon appropriate certification, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements, not included in the Annual Budget of Current Expenses (for which provision is hereinafter made), and of paying 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.

In the event the moneys available in the Bond Fund, including the Debt Reserve Fund, on any November 30 or May 31 shall be insufficient to pay the next maturing interest on and/or principal of the Bonds outstanding pursuant to the Ordinances authorizing the Outstanding Bonds and the Bonds authorized by this Ordinance, the City shall transfer from the Depreciation Fund such amounts as are necessary to eliminate the deficiency and avoid default.

(G) Whenever all specified and required transfers and payments into the above special Funds have been made, and the prescribed reserves have been accumulated to the stated amounts, and there is a balance in the Revenue Fund in excess of the estimated amounts required to be transferred and paid into the special Funds during the next succeeding three (3) months, such excess or any part thereof may be transferred to the Depreciation Fund, or may be used to purchase or retire Bonds, but at a price not exceeding the redemption terms on the next succeeding redemption date, or such excess or any part may be used for the payment of the interest on or principal of other obligations of the City incurred in connection with the System, or for any other lawful purpose.

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

All moneys held in any of the above special Funds shall be kept apart from all other municipal funds and shall be deposited with a bank or banks which are members of FDIC, and all such cash deposits which cause the aggregate deposit of the City in any one bank to be in excess of the amount secured by FDIC shall be secured by a surety bond or bonds or by pledge of direct obligations of or by guaranteed bonds or securities of or guaranteed by the United States Government having a market value equivalent to such deposit. Any amounts in the Bond Fund in excess of the amount of interest and/or principal becoming due in the next twelve (12) months, or in the Depreciation Fund, may be invested in direct obligations or guaranteed bonds or securities of or guaranteed by the United States Government having a maturity date or being subject to redemption at the option of the holder at such a time as monies are required for the purpose for which the particular Fund was established.

7. CITY OFFICIALS TO BE BONDED. The City will cause each municipal officer or other person having custody of any monies administered under the provisions of this Ordinance to be bonded at all times in an amount equal to the maximum amount of such monies in his custody at any time. The City will segregate and earmark such funds, consistent with this Ordinance, in such manner as to enable the City to obtain the benefit of the lowest possible surety premium rates on such surety bond or bonds. Each such bond shall have a surety given by a surety corporation qualified or authorized to do business in Kentucky, and approved by the governing body of the City, and the premium of such surety bond shall constitute a proper expense of operating and maintaining the System, and may be paid from the monies available in the "Operation and Maintenance Fund".

SECTION 8. CURRENT OPERATING STATEMENTS FOR SYSTEM. The City covenants and agrees that it will prepare monthly statements for the System reflecting the costs of operating, maintaining, repairing and servicing debt and that said monthly statements will be made available to any holder of the Outstanding Bonds, or the Bonds upon request.

SECTION 9. RATES AND CHARGES FOR SERVICES OF THE SYSTEM. While the Outstanding Bonds and the Bonds authorized hereunder, or any of them, remain outstanding and unpaid, the rates for all services and facilities rendered by the System to the City and to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all Outstanding Bonds and the Bonds authorized hereunder, and the accruing interest on all such Bonds as may be outstanding under the provisions of this Ordinance, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Ordinance and the Ordinances authorizing the Outstanding Bonds. Compensation for services and facilities rendered to the City shall be made by monthly payments into the Revenue Fund the same as other income and revenues of the System are paid, and shall then be apportioned as other income and revenues thereof are required by this Ordinance to be apportioned among the various funds. Prior to the issuance of the Bonds a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Ordinance has been established and adopted and is now in full force and effect.

The City covenants that it will not reduce the rates and charges for services rendered by the System without first filing with the City Clerk a certification of an independent consulting engineer to the effect that the annual net revenues (defined as gross revenues less essential operation and maintenance expenses) of the then existing System for the fiscal year preceding the date on which such reduction is proposed, as such annual revenues are adjusted, after taking into account the projected reduction in revenues anticipated to result from such proposed rate decrease, are equal to not less than 130% of the maximum debt service requirements falling due in any fiscal year thereafter for the principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The City also covenants to cause a report to be filed with the City Council within four months after the end of each fiscal year by certified public accountants and/or independent consulting engineers, setting forth what was the precise percentage ("coverage") of the maximum debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the City covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 130% of the maximum debt service requirements, the City shall increase the rates by an amount sufficient, in the opinion of such engineers and/or accountants, to establish the existence of or immediate projection of, such minimum 130% coverage. Notwithstanding the foregoing, upon the retirement or defeasance of the Outstanding Bonds, dated October 1, 1996 and January 1, 1999, such coverage shall be maintained at 120% of maximum debt service.

SECTION 10. INFERIOR BONDS; PARITY BONDS; AND SURPLUS FACILITIES.

(1) Inferior Bonds.

Except as provided below in this Section, the City shall not so long as any of the Outstanding Bonds or Bonds authorized herein (and any bonds ranking on a parity therewith) are outstanding, issue any additional bonds payable from the revenues of the System or any part thereof unless the lien or pledge of the revenues to secure such additional bonds is made inferior and subordinate in all respects to the security of the Outstanding Bonds, the Bonds, and any parity Bonds.

The City expressly reserves the right at any time or times to issue its bonds or other obligations payable from the revenues of the System and not ranking on a basis of equality and parity with the Outstanding Bonds and the Bonds, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for extensions, additions, improvements and/or other benefits to the System, and provided such inferior bonds whenever issued may only be issued with express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds and the Bonds and any parity bonds; provided, however, that nothing in this Section is intended to restrict, or shall be construed as a restriction upon the ordinary refunding of bonds.

(2) Parity Bonds to Finance Future Extensions, Additions and for Improvements; Conditions or Showings Required.

The City further reserves the right to add new water or sewer and/or related auxiliary facilities, and/or to finance future extensions, additions and/or improvements to said combined and consolidated System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenues of the System, provided that:

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds issued for that purpose 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 Bonds and Bonds, and

(b) There shall have been procured and filed with the City Clerk a statement by a certified public accountant, reciting the opinion based upon necessary investigation that the net revenues of the combined and consolidated System for 12 consecutive months out of the preceding 18 months (with adjustments as hereinafter provided) were equal to at least 1.20 times the maximum annual debt service that will become due in any fiscal year for both principal and interest on the Outstanding Bonds and the Bonds then outstanding, and any parity bonds, including the bonds then proposed to be issued. (The calculation of maximum annual debt service for principal of and interest on the additional bonds to be issued shall be determined on the basis of the principal of and interest on such bonds being payable in approximately equal annual installments). Said ratio shall be 1.30 times maximum annual debt service until the retirement or defeasance of the Outstanding Bonds, dated October 1, 1996 and January 1, 1999.

"Net revenues" as herein used are defined as gross income and revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, cost of water purchased, if any, materials and supplies, pumping costs, insurance, and all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowance for depreciation.

"Gross income and revenues" shall include investment income, connection fees, and all other items of income which have been established as "reasonably anticipated annual income of the System", based upon a certification of independent consulting engineers and/or certified public accountants.

"Operating expenses" shall include only those items of cost and maintenance and operation which are "reasonably anticipated annual operation and maintenance expense of the System", and shall exclude any items of operation and maintenance expense which are of a generally non-recurring nature, according to the certification of independent consulting engineers and/or of certified public accountants.

Such "Net revenues" may be adjusted for the purpose of the foregoing computations to reflect (i) any revisions in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also reflect (ii) any increase in such net revenues projected by reason of the revenues anticipated to be derived from the extensions, additions and/or improvements to the System being financed (in whole or in part) by such additional parity bonds; provided such latter adjustment shall be made only if contracts for the immediate acquisition and/or construction of such extensions, additions and/or improvements have been or will have been entered into (secured by 100% performance bond) prior to the issuance of such additional parity bonds. All of such adjustments shall be based upon the written certification of an independent consulting engineer.

The interest payment dates for all such additional parity bonds shall be semi-annually on June 1 and December 1 of each year, and the principal and maturities thereof shall be on December 1 of the year in which any such principal is scheduled to become due.

(3) Parity Bonds to Refund or Refinance Outstanding Bonds.

The City further reserves the right to issue one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenue of the System, for the purpose of refunding or refinancing the Outstanding Bonds or Bonds, or any portion thereof, and/or any then previously issued parity bonds, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the City Clerk a statement by a certified public accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing System for the fiscal year preceding the date of issuance of such parity bonds, after taking into account the revised debt service requirements resulting from the issuance of such parity bonds and from the elimination of the bonds being refunded or refinanced thereby, are equal to not less than 120% of the maximum net annual debt service then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified above [130% until the retirement or defeasance of the Outstanding Bonds.]; or

(b) in the alternative, that the debt service requirements for the Outstanding Bonds or the Bonds, any then previously issued parity bonds and the proposed parity refunding bonds, in any year of maturities thereof after the redemption of the Outstanding Bonds or the Bonds scheduled to be refunded through the issuance of such proposed parity refunding

bonds, shall not exceed the scheduled net annual debt service requirements applicable to the then outstanding Bonds or the Bonds and any then previously issued parity bonds for any corresponding year prior to the issuance of such proposed parity bonds and the redemption of the Outstanding Bonds or Bonds and/or other parity bonds to be refunded.

The additional parity bonds, the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the income and revenues of the System on a parity with the Outstanding Bonds and the Bonds herein authorized (and any parity bonds) and shall not be deemed to include nor to prohibit the issuance of any other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the Bond Fund for the Outstanding Bonds and Bonds.

(4) Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities; Conditions;

The City covenants and agrees that so long as any of the Bonds are outstanding, the City will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided for above, 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 Bonds. Notwithstanding the foregoing, the City may at any time permanently abandon the use of, or sell at the fair market value, any part of the facilities of the System, provided that:

- (a) It is in compliance with all covenants and undertakings in connection with all of the Bonds then outstanding and payable from the revenues of the System, the Debt Service Reserve Fund for such Bonds has been fully established and the required minimum balance is being maintained therein at the stipulated level;
- (b) It will, in the event of any such sale, apply the proceeds to either (i) redemption of outstanding Bonds in accordance with the provisions governing prepayment of Bonds in advance of maturity or purchase of Bonds in the open market at not exceeding the next applicable redemption price, or (ii) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System as hereinbefore provided;
- (c) It certifies, in good faith, prior to any abandonment of use, that the facility or facilities to be abandoned is or are no longer economically feasible of producing net revenues;
- (d) It certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding fiscal year, plus the estimated net revenues of the facility or facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of additional parity bonds.
- (e) Such sale or disposition will not have the effect of causing the Outstanding Bonds, or Bonds, or any parity bonds to become taxable arbitrage bonds.

SECTION 11. ALL BONDS OF THIS ISSUE ARE EQUAL. The Bonds authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other or over the Outstanding Bonds in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Bonds authorized or permitted to be issued under the provisions of this Ordinance or the Ordinance authorizing the Outstanding Bonds, regardless of the fact that they may be actually issued and delivered at different times.

SECTION 12. DEFEASANCE. The City may, at any time, cause the pledge of the revenues securing the Outstanding Bonds and the Bonds to be defeased and released by paying an amount into an escrow fund sufficient, when invested in direct obligations of or obligations which are fully guaranteed by the United States of America, or in certificates of deposit of a bank or banks which are fully secured by a pledge of direct obligations of or obligations fully guaranteed by the United States of America, to assure the availability in such escrow fund of an adequate amount to call for redemption and to redeem and retire all of such outstanding Bonds, both as to principal and as to interest, on the next optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on said Bonds to and on said date.

SECTION 13. INSURANCE.

(a) Fire and Extended Coverage.

If and to the extent that the System includes structures above ground level, the City shall continue to procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System.

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

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

(b) Liability Insurance on Facilities.

The City shall continue to procure and maintain, so long as any bonds are outstanding, public liability insurance relating to the operation of the facilities of the System with limits of not less than \$300,000 for one person and \$500,000 for more than one person involved in one accident, to protect the City 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 City's operations of the System and any other facilities constituting a portion of the System.

(c) Vehicle Liability Insurance.

The City shall continue to procure and maintain, so long as any bonds are outstanding, vehicular public liability insurance with limits of not less than \$300,000 for one person and \$500,000 for more than one person involved in one accident, to protect the City 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 operation of such vehicles by the City.

SECTION 14. RECORDS, AUDITS AND REPORTS; ENGINEERING INSPECTION. Insofar as consistent with the laws of Kentucky, the City agrees that so long as any of the Bonds remain outstanding, it will keep proper books of records and account showing complete and correct entry of all transactions relating to the System in accordance with generally accepted accounting principles (for facilities of like type and size), in which complete and correct entries shall be made of all pertinent transactions. All such records and books of account shall at all times during normal business hours be subject to inspection by the holders of 10% or more of the principal amount of any issue of bonds then outstanding, or by their duly authorized representatives.

The City further covenants that as soon as may be feasible after the close of each fiscal year, and in any event not later than sixty (60) days thereafter, the City will cause an audit of the financial affairs of the System to be prepared by a certified public accountant, covering the operation of the System for the preceding fiscal year.

A copy of said audit report shall be kept on file in the office of the City Clerk, where it will be subject to inspection at any reasonable time by or on behalf of any holder of outstanding bonds. A condensation of the important facts shown by such report will be mailed to any such bondholder upon request.

The City further covenants and agrees to retain an independent consulting engineer or firm of independent consulting engineers, to inspect the combined and consolidated municipal water and sewer System and its operation at least once in each period of three years and to file with the City Clerk a written report of the findings and recommendations as a result of such inspection.

SECTION 15. ARBITRAGE RESTRICTIONS. The City covenants that the proceeds of the Bonds shall not be invested in investments which would cause any of the City's Bonds to be treated as taxable "arbitrage bonds" within the meaning of Internal Revenue Code of 1986, as amended and the applicable Income Tax Regulations issued thereunder (the "Code") provided, however, that funds may be invested to whatever extent and whenever such Code and/or applicable Regulations permit same to be invested without causing any bonds to be treated as taxable arbitrage bonds.

On the basis of known facts and reasonable expectations on the date of adoption of this Bond Ordinance, the City certifies that it is not expected that the proceeds of the Bonds will be used in a manner which would cause such Bonds to be "arbitrage bonds".

Prior to or at the time of delivery of the Bonds the Mayor and/or the City Treasurer is authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning the anticipated investments of the proceeds of the Bonds, including the execution of necessary and/or desirable certifications of the type contemplated by the "Arbitrage Regulations".

By the adoption of this Ordinance the City certifies that it does not reasonably expect to issue in excess of \$10,000,000 of its debt obligations during the calendar year ending December 31, 2005, and hereby designates the Bonds as "qualified tax exempt obligations" in accordance with the Code.

By the adoption of this Ordinance the City certifies that it does not reasonably expect to issue bonds or other obligations considered under the Code to be "tax-exempt obligations" in a principal amount in excess of \$10,000,000 during the calendar year ending December 31, 2005, and for that reason the City has been advised by Bond Counsel that the Bond Fund, Construction Fund, or any other fund or account established under the provisions of this Ordinance are not subject to the "rebate requirements" on excess earnings in favor of the United States of America imposed by the Code. Nevertheless, Bond Counsel has advised the City that the enumerated funds will be exempt from "rebate requirements" even if the \$10,000,000 annual limit is exceeded, if the proceeds deposited in the Construction Fund are expended (calculated from the date said Bonds are delivered) 10% within six months, 45% within twelve months, 75% within eighteen months; and 100% within twenty-four months. Notwithstanding the foregoing, the City covenants and agrees that in the event it is subsequently determined by the City, upon advice of nationally recognized bond counsel, that the Bond Fund, Construction Fund, or any other fund established under this Ordinance are subject to said rebate requirements and do in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Paying Agent to be designated as the "Excess Earnings and Rebate Fund," which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States on or before a date five years and thirty days from the date said Bonds are delivered, and once every five years thereafter until the final retirement of the Bonds; the last installment, to the extent required, to be made no later than sixty days following the date on which funds sufficient for the complete retirement of the Bonds are deposited with the Paying Agent or any escrow agent.

SECTION 16. GENERAL COVENANTS. The City covenants that so long as any of the Outstanding Bonds, the Bonds, and any parity bonds, are outstanding, as follows:

A. It will at all times own and operate the System as a combined and consolidated public project on a revenue-producing basis, and will permit no services to be rendered free of charge or without full compensation.

B. It will at all times maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance as herein provided, and will make renewals and replacements, as the same may be required, through application of revenues accumulated and set aside into the Depreciation Fund.

C. It will not permit any competing water or sewer system, public or private, to sell or serve water or sewer service to customers within the City limits and its outside service area, to the extent that the City is legally able to prevent same.

D. It will perform all duties with reference to the System required by the Statutes and Constitution of Kentucky and will not sell, lease, mortgage or in any manner dispose of the System, or any part thereof except as authorized herein.

E. Pursuant to KRS 96.934 and other applicable legal provisions, the City will cause rates and charges for water and sewer services furnished by the System to be billed simultaneously to the same customers, and will provide that water service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges so billed, including such penalties and fees for disconnection and/or reconnection as may be prescribed from time to time, to the greatest extent permitted by law.

SECTION 17. CONTRACTUAL NATURE OF BOND ORDINANCE. The provisions of the Bond Ordinance shall constitute a contract between the City and the holders of the Outstanding Bonds, the Bonds and any parity bonds; and after the issuance of any of Bonds, no change, variation, or alteration of any kind in the provisions of this Ordinance shall be made in any manner except as herein provided until such time as all of the Bonds and the interest thereon have been paid or provided for in full, by defeasance or as otherwise provided herein; provided (a) that the governing body of the City may adopt an Ordinance to evidence the succession of another bank(s) or trust company as payee bank and/or alternate paying agent and may enact any other ordinance for any other purpose not inconsistent with the terms of this Ordinance, and which shall not impair the security of the holders of Bonds and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto; and (b) provided further, that the holders of eighty percent (80%) in principal amount of Bonds at any time outstanding shall have the right to consent to, and approve the adoption of ordinances, resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Ordinance, subject to the condition that the Ordinance shall be so modified in any manner that may adversely affect the rights of any certain holders without similarly affecting the rights of all holders of the Outstanding Bonds, the Bonds, and any parity bonds then outstanding, or to reduce the percentage of the number of holders whose consent is required to effect a further modification.

SECTION 18. EVENT OF DEFAULT; BONDHOLDERS' REMEDIES. The following items shall constitute an "Event of Default" on the part of the City:

(a) The failure to pay principal of any of the Outstanding Bonds, the Bonds, or of any parity bonds, when due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on said Outstanding Bonds, the Bonds, or on any parity bonds, when the same shall become due and payable or within 30 days thereafter.

(c) The failure of the City to fulfill any of its obligations pursuant to either this Ordinance or the Ordinances authorizing the Outstanding Bonds.

(d) The failure to promptly repair, replace, or reconstruct needed or essential facilities of the System that have been damaged and/or destroyed.

(e) The entering of an order or decree with the consent or acquiescence of the City appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree having been entered without the acquiescence or consent of the City, its failure in not having the order vacated, discharged, or stayed on appeal within 60 days after entry.

(f) The default by the City in the due or punctual performance of any other of the covenants, conditions, agreements, and provisions contained in the Ordinances authorizing the Outstanding Bonds or this Ordinance.

Any holder of said Bonds may, either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by said City and its officers and agents of all duties imposed or required by law or by either the Bond Ordinances authorizing the Outstanding Bonds or this Ordinance in connection with the operation of the System, including the making and collection of sufficient rates, the segregation of the income and revenues and the application thereof in accordance with the provisions of either.

Upon the occurrence of an "event of default" as defined above, then upon the filing of suit by any holder of said Bonds, any court having jurisdiction of the action may appoint a Receiver pursuant to KRS 58.060 to administer the System on behalf of said City, with power to charge and collect rates and charges for the services and facilities provided by the System sufficient to provide for the payment of any Bonds or obligations outstanding, and the interest thereon, and revenues in accordance with the provisions of either the Ordinance authorizing the Outstanding Bonds or this Ordinance, and of the applicable statutes of Kentucky, and to take such other legal action as may be appropriate for the protection of any such holder.

The City hereby agrees to transfer to any bona fide Receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the City's obligations, all contracts and other rights of the City pertaining to the System, conditionally, for such time only as such Receiver or operator shall operate by authority of the Court. In the event of default, the holder of any Bonds may require the governing body of the City by injunction to raise the rates a reasonable amount.

SECTION 19. COVENANT TO REQUIRE USE OF SEWER SYSTEM. The City agrees that during the time any Bonds or any bonds issued on a parity therewith as to security in accordance with the provisions herein contained, are outstanding, it will take all such steps as may be necessary to cause the owners of all properties abutting upon any sewer lines of the City to connect thereto and to keep connected thereto all sanitary sewage drain pipes on such properties. The foregoing covenant shall be in favor of and enforceable by the holders of all Bonds and all parity bonds in accordance with the provisions herein contained. If the City fails to take such steps it may be required to do so by such bondholders.

SECTION 20. PROVISIONS IN CONFLICT REPEALED. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are, to the extent of such conflict, hereby repealed, and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

SECTION 21. PUBLIC SALE OF BONDS AUTHORIZED. That the Bonds herein authorized shall be offered for competitive sale on a publicly advertised basis in accordance with Chapter 424 of the Kentucky Revised Statutes. First Kentucky Securities Corporation, Frankfort, Kentucky, Financial Advisor to the City shall prepare and disseminate an Official Statement containing information necessary to promote public bidding. Henry M. Reed III, Reed & Johnson, Bond Counsel, Louisville, Kentucky, is hereby authorized to advertise the required Notice of Bond Sale. The Mayor in concert with the Financial Advisor shall determine the best bid received for the purchase of said Bonds and shall accept same on behalf of the City as the purchase contract without further action by the City Council.

By the adoption of this Ordinance the City hereby delegates to First Kentucky Securities Corporation as Fiscal Agent the authority to execute the Official Bid Form submitted by the successful bidder on behalf of the City which shall then become the Bond Purchase Agreement; such delegation shall not prohibit the Fiscal Agent from submitting a bid for the purchase of said Bonds alone or in conjunction with other underwriters.

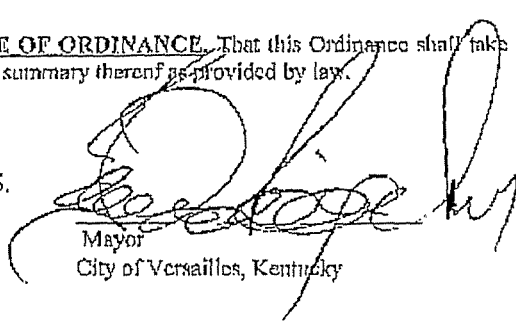
SECTION 22. COMPLIANCE WITH SEC RULES. As a result of the City having previously issued municipal securities in an aggregate amount exceeding \$10,000,000, the City shall enter into an Agreement with the Bond Registrar providing for continuing financial disclosures in accordance with SEC Rule 15c2-12 and the Mayor and City Clerk are hereby authorized to execute said Continuing Disclosure Agreement on behalf of the City.


SECTION 23. SEVERABILITY CLAUSE. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 24. EFFECTIVE DATE OF ORDINANCE. That this Ordinance shall take effect from and after its passage and approval and the publication of a summary thereof as provided by law.

Given First Reading July 19, 2005.

Passed and Adopted August 16, 2005.


Mayor
City of Versailles, Kentucky

Attest: 
City Clerk

(Seal of City)

By the adoption of this Ordinance the City hereby delegates to First Kentucky Securities Corporation as Fiscal Agent the authority to execute the Official Bid Form submitted by the successful bidder on behalf of the City which shall then become the Bond Purchase Agreement; such delegation shall not prohibit the Fiscal Agent from submitting a bid for the purchase of said Bonds alone or in conjunction with other underwriters.

SECTION 22. COMPLIANCE WITH SEC RULES. As a result of the City having previously issued municipal securities in an aggregate amount exceeding \$10,000,000, the City shall enter into an Agreement with the Bond Registrar providing for continuing financial disclosures in accordance with SEC Rule 15c2-12 and the Mayor and City Clerk are hereby authorized to execute said Continuing Disclosure Agreement on behalf of the City.

SECTION 23. SEVERABILITY CLAUSE. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 24. EFFECTIVE DATE OF ORDINANCE. That this Ordinance shall take effect from and after its passage and approval and the publication of a summary thereof as provided by law.

Given First Reading July 19, 2005.

Passed and Adopted August 16, 2005.

Mayor
City of Versailles, Kentucky

Attest:

City Clerk

(Seal of City)

**CERTIFICATE OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
REGARDING NET INCOME AND REVENUES OF THE
WATER AND SEWER SYSTEM OF
THE CITY OF VERSAILLES, KENTUCKY**

The undersigned Jerry W. Hensley, 230 Lexington Green Circle, Suite 600, Lexington, Kentucky is a Certified Public Accountant, ("CPA"), and hereby certifies that the CPA is not in the regular employ of the City of Versailles, Kentucky ("City"), and that he has performed accounting services for the City of Versailles, Kentucky, in connection with the City's water and sewer system ("System").

I further certify that I have made such investigation of the books and records of the System for the twelve (12) month period ended June 30, 2005 ("Test Period"), and have determined that the actual net annual revenues of such System for such Test Period were \$2,187,346. The actual net annual revenues have been determined in accordance with Section 10 of the Bond Ordinance of the City of Versailles passed and adopted on August 16, 2005 ("2005 Bond Ordinance"). The Test Period constitutes a period of twelve (12) consecutive months out of the eighteen (18) months preceding the delivery of the 2005 Bonds identified below on August 31, 2005. That in accordance with Section 10(2)(b) of the 2005 Bond Ordinance said actual net annual revenues have been adjusted to reflect the increase in the rates and charges for the services of the System implemented by the City's Ordinances passed and adopted on June 21, 2005 and July 5, 2005 ("2005 Rate Ordinances") with the result that the "adjusted net annual revenues" of the System for the "Test Period" were \$2,821,091.

I further certify that the estimated maximum annual principal and interest requirements for the \$8,465,000 City of Versailles Water and Sewer Revenue Bonds, Series of 2005, dated August 1, 2005 ("2005 Bonds" or "Parity Bonds") scheduled to be delivered on August 31, 2005 are estimated to be \$865,400; said computations for the maximum annual principal and interest requirements are based upon the Final Schedule prepared by First Kentucky Securities Corporation, Frankfort, Kentucky which is attached to and made a part of the Certificate as Exhibit A.

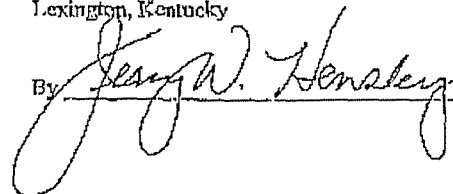
I further certify that the maximum annual principal and interest requirements for the City's outstanding Water and Sewer Refunding Revenue Bonds, Series of 1996, dated October 1, 1996, Water and Sewer Refunding Revenue Bonds, Series of 1999, dated January 1, 1999, Water and Sewer Revenue Bonds, Series of 2001, dated September 15, 2001 and Water and Sewer Revenue Bonds, Series of 2004, dated August 1, 2004, ("Outstanding Bonds") and Water and Sewer Revenue Bonds, Series of 2005, dated August 1, 2005 are \$2,014,038.

I further certify that said adjusted net annual revenues for the Test Period are 1.40 times the combined maximum annual debt service requirements for the 2005 Bonds and the Outstanding Bonds.

Dated as of this 26 day of August, 2005.

JERRY W. HENSLEY, CPA
Ray, Foley, Hensley & Company, PLLC
Lexington, Kentucky

By



CITY OF VERSAILLES, KENTUCKY
WATER AND SEWER SYSTEM REVENUE BONDS
SERIES 2005

Estimated Debt Service Requirements

Outstanding W&S Debt Prior to Series 2005 Bonds	Maturity Date	Principal	Interest	Total	Fiscal Year Total	Total Outstanding Debt After Series 2005 Bonds
\$1,492,557.50	02/01/2006		\$176,286.25	\$176,286.25	\$176,286.25	\$1,668,843.75
1,490,810.00	08/01/2006	\$200,000	176,286.25	376,286.25		
	02/01/2007		173,536.25	173,536.25	549,822.50	2,040,332.50
1,487,760.00	08/01/2007	205,000	173,536.25	378,536.25		
	02/01/2008		170,563.75	170,563.75	549,100.00	2,036,860.00
1,488,332.50	08/01/2008	215,000	170,563.75	385,563.75		
	02/01/2009		167,285.00	167,285.00	552,848.75	2,041,181.25
1,492,296.25	08/01/2009	215,000	167,285.00	382,285.00		
	02/01/2010		163,845.00	163,845.00	546,130.00	2,038,426.25
1,489,772.50	08/01/2010	225,000	163,845.00	388,845.00		
	02/01/2011		160,076.25	160,076.25	548,921.25	2,038,693.75
1,491,905.00	08/01/2011	230,000	160,076.25	390,076.25		
	02/01/2012		156,051.25	156,051.25	546,127.50	2,038,032.50
1,488,326.25	08/01/2012	245,000	156,051.25	401,051.25		
	02/01/2013		151,580.00	151,580.00	552,631.25	2,040,957.50
1,492,275.00	08/01/2013	250,000	151,580.00	401,580.00		
	02/01/2014		146,830.00	146,830.00	548,410.00	2,040,685.00
1,488,936.25	08/01/2014	260,000	146,830.00	405,830.00		
	02/01/2015		141,760.00	141,760.00	548,590.00	2,037,526.25
1,488,343.75	08/01/2015	270,000	141,760.00	411,760.00		
	02/01/2016		136,360.00	136,360.00	548,120.00	2,036,463.75
1,489,670.00	08/01/2016	280,000	136,360.00	418,360.00		
	02/01/2017		130,830.00	130,830.00	547,190.00	2,037,180.00
1,488,518.75	08/01/2017	295,000	130,830.00	425,830.00		
	02/01/2018		124,708.75	124,708.75	550,538.75	2,039,157.50
1,489,083.75	08/01/2018	305,000	124,708.75	429,708.75		
	02/01/2019		118,303.75	118,303.75	548,012.50	2,037,066.25
1,491,207.50	08/01/2019	320,000	118,303.75	438,303.75		
	02/01/2020		111,503.75	111,503.75	549,807.50	2,041,015.00
1,488,953.75	08/01/2020	335,000	111,503.75	446,503.75		
	02/01/2021		104,301.25	104,301.25	550,805.00	2,040,758.75
1,490,417.50	08/01/2021	350,000	104,301.25	454,301.25		
	02/01/2022		96,688.75	96,688.75	550,990.00	2,041,407.50
1,126,112.50	08/01/2022	735,000	96,688.75	831,688.75		
	02/01/2023		80,518.75	80,518.75	912,207.50	2,038,320.00
1,127,425.00	08/01/2023	770,000	80,518.75	850,518.75		
	02/01/2024		63,386.25	63,386.25	913,905.00	2,041,330.00
1,131,243.75	08/01/2024	800,000	63,386.25	863,386.25		
	02/01/2025		45,386.25	45,386.25	908,772.50	2,040,016.25
	08/01/2025	1,995,000	45,386.25	2,040,386.25	2,040,386.25	2,040,386.25
528,715,347.50	Totals	\$8,500,000	\$5,239,802.50	\$13,739,602.50		\$42,451,950.00

EXHIBIT A

CERTIFICATE OF DELIVERY AND PAYMENT

I, Alison B. White, the duly appointed City Clerk of the City of Versailles, Kentucky, do hereby certify as follows:

1. I have this day delivered to the Purchaser thereof, namely JP Morgan Securities, Inc., Chicago, Illinois, fully registered Bonds designated "City of Versailles, Kentucky, Water and Sewer Revenue Bonds, Series of 2005, dated August 1, 2005", (the "Bonds"), in the principal amount of \$8,465,000 bearing interest payable semi-annually on June 1, and December 1, commencing June 1, 2006, and maturing as to principal on December 1, in each of the years 2006 through 2025.

2. At the time of said delivery full payment for said Bonds was received by the City of Versailles, Kentucky in accordance with terms of the sale thereof, being \$8,297,314.46 for the \$8,465,000 principal amount, plus accrued interest to the date of delivery (\$27,313.02).

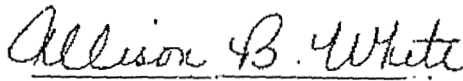
3. That the Bonds identified in this instrument are the Bonds which have been authorized by said City to be payable from the revenues of the City's Water and Sewer System in accordance with the provisions of the 2005 Ordinance.

4. I further certify that no litigation of any nature is now pending or threatened, either in State or Federal Courts, restraining or enjoining the issuance, sale, execution and delivery of said Bonds; that neither the corporate existence of said City nor the title of its present officers to their respective offices is being contested; and that no authority or proceedings for the issuance, sale, execution or delivery of said Bonds have been repealed, rescinded, revoked or amended.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 31st day of August, 2005.

(SEAL OF CITY)

CITY OF VERSAILLES, KENTUCKY



Alison B. White,
City Clerk

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Agreement") made and entered into as of the 1st day of August, 2005 by and between the City of Versailles, Kentucky ("City"), Central Bank & Trust Co., Lexington, Kentucky ("Bank") and the Registered and Beneficial Owners hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

The City has never failed under previous written agreements to comply in all material respects with any previous undertaking with regard to the Rule to provide required financial reports or notices of material events.

WITNESSETH:

WHEREAS, the City pursuant to the provisions of Sections 58.010 through 58.150 of the Kentucky Revised Statutes ("KRS") and the City's Bond Ordinance has authorized the issuance, sale and delivery of \$8,500,000 of the City's Water and Sewer Revenue Bonds, Series of 2005, dated August 1, 2005 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by First Kentucky Securities Corporation, Frankfort, Kentucky ("Financial Advisor") and approved by the authorized representatives of the City, and

WHEREAS, the Securities and Exchange Commission ("SEC"), pursuant to the Securities and Exchange Act of 1934, has amended the provisions of SEC Rule 15c2-12 relating to financial disclosures by the issuers of municipal securities under certain circumstances ("Rule"), and

WHEREAS, it is intended by the parties to this Agreement that all terms utilized herein shall have the same meanings as defined by the Rule, and

WHEREAS, the City is an "obligated person" as defined by the Rule and subject to the provisions of said Rule, and

WHEREAS, failure by the City to observe the requirements of the Rule will inhibit the subsequent negotiation, transfer and exchange of the Bonds with a resulting diminution in the market value thereof to the detriment of the Registered and Beneficial Owners of said Bonds and the City;

NOW, THEREFORE, in order to comply with the provisions of the Rule and in consideration of the purchase of the Bonds by the Registered and Beneficial Owners, the parties hereto agree as follows:

1. ANNUAL FINANCIAL INFORMATION.

The City agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the City for its fiscal years ending June 30 of each year to the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRS") as specified by SEC Regulations and the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

For the purposes of the Rule "annual financial information" means financial information or operating data provided annually, of the type included in the FOS with respect to the Assessments and the Bonds, and shall include annual audited financial statements for the City in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the City.

The annual financial information shall be prepared in accordance with Generally Accepted Accounting Principles, Generally Accepted Auditing Standards or in accordance with the appropriate sections of KRS or Kentucky Administrative Regulations.

The parties hereto agree that this Agreement is entered into among them for the benefit of those who become Registered and Beneficial Owners of the Bonds as third party beneficiaries to said Agreement.

2. MATERIAL EVENTS NOTICES.

Under the Rule, Section 15c2-12(b)(5)(i)(C), the following eleven (11) events must be disclosed to the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRS") or to the Municipal Securities Rule Making Board ("MSRB") and to the SID, if any:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of Bondholders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing the repayment of the Bonds; and
- (11) Rating changes.

Notice of said material events shall be given to the entities identified in this Section by the City on a timely basis in light of the date of occurrence of the material events. Notwithstanding the foregoing, the provisions of the documents under which the Bonds are authorized and issued do not provide for a debt service reserve, credit enhancements or credit or liquidity providers.

In accordance with Rule Section 15c2-12(b)(5)(i)(D), the City agrees that in the event of a failure to provide the financial information required under Section 1 of this Agreement, it will notify each NRMSIR or MSRB and SID of such failure in a timely manner.

3. SPECIAL REQUESTS FOR INFORMATION.

Upon the request of any Registered or Beneficial Owner of the Bonds or the original purchaser of the Bonds or any subsequent broker-dealer buying or selling said Bonds on the secondary market ("Underwriters"), the City shall cause financial information or operating data regarding the City to be made available on a timely basis following such request as set forth in Section 1.

4. DISCLAIMER OF LIABILITY.

The City hereby disclaims any liability for monetary damages for any breach of the commitments set forth in this Agreement and remedies for any breach of the continuing disclosure undertaking shall be limited to an action for specific performance or mandamus in a court of competent jurisdiction in Kentucky following notice and an opportunity to cure such a breach.

5. FINAL OFFICIAL STATEMENT.

That the Final Official Statement prepared by the Financial Advisor and approved by the authorized representatives of the City is hereby incorporated in this Agreement as fully as if copied herein and the "financial information" required under Section 1 hereof shall in summary form update the specific information set forth in said FOS.

6. DURATION OF THE AGREEMENT.

This Agreement shall be in effect so long as any of the Bonds remain outstanding and unpaid; provided, however, that the right is reserved in the City to delegate its responsibilities under the Agreement to a competent agent or trustee, or to adjust the format of the presentation of annual financial information so long as the intent and purpose of the Rule to present adequate and accurate financial information regarding the City is served.

7. AMENDMENT; WAIVER

Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Bond Ordinance for amendments to the Bond Ordinance with the consent of the holders of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

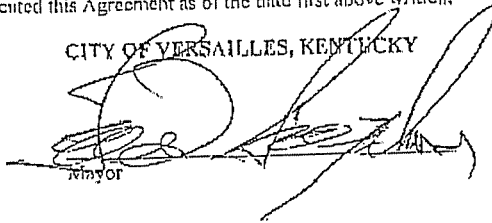
In the event of any amendment or waiver of a provision of this Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Section 15c2-12(b)(5)(i)(C) of the Rule, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

8. DEFAULT

In the event of a failure of the City to comply with any provision of this Agreement, the Bank may and, at the request of any Underwriter or any Registered or Beneficial Owner of Bonds, shall, or any Registered or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Bond Ordinance, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

In witness whereof the parties hereto have executed this Agreement as of the date first above written.

CITY OF VERSAILLES, KENTUCKY

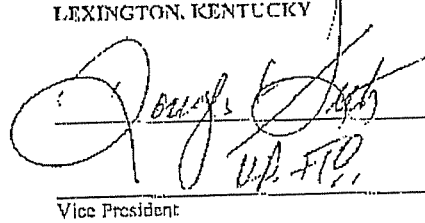


Mayor

Attest:

Allison B. White
City Clerk

CENTRAL BANK & TRUST CO.
LEXINGTON, KENTUCKY



Vice President

FINAL OFFICIAL STATEMENT

\$8,465,000
CITY OF VERSAILLES, KENTUCKY
WATER AND SEWER REVENUE BONDS
SERIES OF 2005

Dated August 1, 2005

This Official Statement, which includes the cover page, is being distributed by the City of Versailles, Kentucky, (the "City") to furnish pertinent information to all who may become holders of its Water and Sewer Revenue Bonds, Series of 2005, dated August 1, 2005 (the "Bonds") being offered hereby pursuant to the provisions of Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, and pursuant to the terms of a Bond Ordinance adopted by the City.

The summaries and references to Sections of the Kentucky Revised Statutes, the Bond Ordinance, as included in this Official Statement, do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document.

DESCRIPTION OF THE BONDS

Authorization

Pursuant to Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the City Council of the City adopted a Bond Ordinance (i) authorizing the issuance of \$8,465,000 Water and Sewer Revenue Bonds; (ii) approving the publication of a Notice of Sale of Bonds; (iii) approving the terms and conditions of bond sale; and (iv) authorizing the Mayor of the City to execute the Official Statement related to the Bonds.

Terms

The Bonds will be dated August 1, 2005, will bear interest payable June 1, 2006, and thereafter semiannually on each December 1 and June 1 at the rates established upon acceptance of a bid for said Bonds and, will mature on the dates and in the amounts set forth on the cover page.

Book Entry

The following information regarding DTC and Cede & Co. will be applicable to the Bonds as long as a book entry system is utilized. The City does not assume any responsibility for the accuracy or completeness of the information set forth under this caption "Book Entry", and the City is not required to supervise, and will not supervise, the operation of the book entry system described herein.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Upon issuance of the Bonds, DTC Participants shall receive a credit balance in the records of DTC. *The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") will be recorded through the records of the applicable DTC Participant.* Beneficial Owners will receive a written confirmation of their purchase provided by the applicable DTC Participant, providing details of the Bonds acquired. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interests") will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except as specifically provided in the Ordinance.

The City has no responsibility or liability for any aspects of the records relative to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership.

Principal, sinking fund, and interest payments on the Bonds will be made to DTC or its nominee, as registered owner of the Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its DTC Participant, to the Paying Agent and Registrar, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the DTC Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Paying Agent and Registrar, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

The Paying Agent and Registrar, so long as a book entry method is used for the Bonds, will send only to DTC any notice of redemption or other notices required to be sent to Bondholders. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

The City and the Paying Agent and Registrar cannot and do not represent or give any assurances that DTC, the DTC Participants or Indirect Participants or others will distribute payments of debt service charges on the Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

Optional Redemption Provision

The Bonds maturing on and after December 1, 2016, shall be subject to redemption by the City prior to maturity, in whole or in part, in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any date, on or after December 1, 2015, at a redemption price equal to the principal amount of the Bonds called for redemption, plus unpaid interest accrued to the date of redemption, without premium.

Statutory Authority, Purpose of Issue and Security

The Bonds are authorized pursuant to the provisions of Chapter 58 of the Kentucky Revised Statutes, including KRS 58.010 through 58.140, and a Bond Ordinance passed and adopted by the City Council of the City. The Bonds are revenue bonds and do not constitute a direct indebtedness of the City but are payable solely from and secured by a pledge of the first gross revenues derived from the operation of the combined and consolidated municipal water and sewer system ("System").

The Series 2005 Bonds will rank on the basis of parity as to security and source of payment with certain of the City's outstanding Water and Sewer Refunding Revenue Bonds, Series of 1996, dated October 1, 1996; Water and Sewer Refunding Revenue Bonds, Series of 1999, dated January 1, 1999; Water and Sewer Revenue Bonds, Series of 2001, dated September 15, 2001, and Water and Sewer Revenue Bonds, Series of 2004, dated August 1, 2004 ("Outstanding Bonds"). Prior to the delivery of the Series 2005 Bonds, the City will obtain the required certification that the net income and revenues of the combined and consolidated municipal water and sewer System for twelve consecutive months out of the eighteen months preceding the issuance of the Series 2005 Bonds were equal to at least 1.30 times the maximum amount of principal and interest that will become due in any System fiscal year on all Outstanding Bonds and these Series 2005 Bonds after adjustment to reflect increased rates and charges for service which became effective in June of 2004.

DESCRIPTION OF THE INSURER

The following information has been supplied by the Insurer for inclusion in this Official Statement. No representation is made by Issuer/Underwriter as to the accuracy or completeness of the information.

The Insurer accepts no responsibility for the accuracy or completeness of this Official Statement or any other information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer and its affiliates set forth under this heading. In addition, the Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

General

XL Capital Assurance Inc. (the "Insurer" or "XLCA") is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. The Insurer is currently licensed to do insurance business in, and is subject to the insurance regulation and supervision by, all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Singapore.

The Insurer is an indirect wholly owned subsidiary of XL Capital Ltd, a Cayman Islands corporation ("XL Capital Ltd"). Through its subsidiaries, XL Capital Ltd is a leading provider of insurance and reinsurance coverages and financial products to industrial, commercial and professional service firms, insurance companies and other enterprises on a worldwide basis. The common stock of XL Capital Ltd is publicly traded in the United States and listed on the New York Stock Exchange (NYSE: XL). XL Capital Ltd is not obligated to pay the debts of or claims against the Insurer.

The Insurer was formerly known as The London Assurance of America Inc. ("London"), which was incorporated on July 25, 1991 under the laws of the State of New York. On February 22, 2001, XL Reinsurance America Inc. ("XL Re") acquired 100% of the stock of London. XL Re merged its former financial guaranty subsidiary, known as XL Capital Assurance Inc. (formed September 13, 1999) with and into London, with London as the surviving entity. London immediately changed its name to XL Capital Assurance Inc. All previous business of London was 100% reinsured to Royal Indemnity Company, the previous owner at the time of acquisition.

Reinsurance

The Insurer has entered into a facultative quota share reinsurance agreement with XL Financial Assurance Ltd ("XLFA"), an insurance company organized under the laws of Bermuda, and an affiliate of the Insurer. Pursuant to this reinsurance agreement, the Insurer expects to cede up to 90% of its business to XLFA. The Insurer may also cede reinsurance to third parties on a transaction-specific basis, which cessions may be any or a combination of quota share, first loss or excess of loss. Such reinsurance is used by the Insurer as a risk management device and to comply with statutory and rating agency requirements and does not alter or limit the Insurer's obligations under any financial guaranty insurance policy. With respect to any transaction insured by XLCA, the percentage of risk ceded to XLFA may be less than 90% depending on certain factors including, without limitation, whether XLCA has obtained third party reinsurance covering the risk. As a result, there can be no assurance as to the percentage reinsured by XLFA of any given financial guaranty insurance policy issued by XLCA, including the Policy.

Based on the audited financials of XLFA, as of December 31, 2004, XLFA had total assets, liabilities, redeemable preferred shares and shareholders' equity of \$1,173,450,000, \$558,655,000, \$39,000,000 and \$575,795,000, respectively, determined in accordance with generally accepted accounting principles in the United States ("US GAAP"). XLFA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by S&P and Fitch Inc. In addition, XLFA has obtained a financial enhancement rating of "AAA" from S&P.

The obligations of XLFA to the Insurer under the reinsurance agreement described above are unconditionally guaranteed by XL Insurance (Bermuda) Ltd ("XLI"), a Bermuda company and one of the world's leading excess commercial insurers. XLI is a wholly owned indirect subsidiary of XL Capital Ltd. In addition to A.M. Best's rating of "A+" (Negative Outlook), XLI's insurance financial strength rating is "Aa2" (Outlook Negative) by Moody's, "AA-" by Standard & Poor's and "AA" (Ratings Watch Negative) by Fitch. The ratings of XLFA and XLI are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch.

Notwithstanding the capital support provided to the Insurer described in this section, the Bondholders will have direct recourse against the Insurer only, and neither XLFA nor XLI will be directly liable to the Bondholders.

Financial Strength and Financial Enhancement Ratings of XLCA

The Insurer's insurance financial strength is rated "Aaa" by Moody's and "AAA" by Standard & Poor's and Fitch, Inc. ("Fitch"). In addition, XLCA has obtained a financial enhancement rating of "AAA" from Standard & Poor's. These ratings reflect Moody's, Standard & Poor's and Fitch's current assessment of the Insurer's creditworthiness and claims-paying ability as well as the reinsurance arrangement with XLFA described under "Reinsurance" above.

The above ratings are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch. Any downward revision or withdrawal of these ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

Capitalization of the Insurer

Based on the audited financials of XLCA, as of December 31, 2004, XLCA had total assets, liabilities, and shareholder's equity of \$827,815,000, \$593,849,000, and \$233,966,000, respectively, determined in accordance with U.S. GAAP.

Based on the audited statutory financial statements for XLCA as of December 31, 2004 filed with the State of New York Insurance Department, XLCA has total admitted assets of \$341,937,000, total liabilities of \$143,494,000 and total capital and surplus of \$198,443,000 determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities ("SAP").

Incorporation by Reference of Financials

For further information concerning XLCA and XLFA, see the financial statements of XLCA and XLFA, and the notes thereto, incorporated by reference in this Official Statement. The financial statements of XLCA and XLFA are included as exhibits to the periodic reports filed with the Securities and Exchange Commission (the "Commission") by XL Capital Ltd and may be reviewed at the EDGAR website maintained by the Commission. All financial statements of XLCA and XLFA included in, or as exhibits to, documents filed by XL Capital Ltd pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or prior to the date of this Official Statement, or after the date of this Official Statement but prior to termination of the offering of the Bonds, shall be deemed incorporated by reference in this Official Statement. Except for the financial statements of XLCA and XLFA, no other information contained in XL Capital Ltd's reports filed with the Commission is incorporated by reference. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department.

Regulation of the Insurer

The Insurer is regulated by the Superintendent of Insurance of the State of New York. In addition, the Insurer is subject to regulation by the insurance laws and regulations of the other jurisdictions in which it is licensed. As a financial guaranty insurance company licensed in the State of New York, the Insurer is subject to Article 69 of the New York Insurance Law, which, among other things, limits the business of each insurer to financial guaranty insurance and related lines, prescribes minimum standards of solvency, including minimum capital requirements, establishes contingency, loss and unearned premium reserve requirements, requires the maintenance of minimum surplus to policyholders and limits the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. The Insurer is also required to file detailed annual financial statements with the New York Insurance Department and similar supervisory agencies in each of the other jurisdictions in which it is licensed.

The extent of state insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing permitted investments and governing the payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings.

THE FINANCIAL GUARANTY INSURANCE POLICIES ISSUED BY THE INSURER, INCLUDING THE INSURANCE POLICY, ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

The principal executive offices of the Insurer are located at 1221 Avenue of the Americas, New York, New York 10020 and its telephone number at this address is (212) 478-3400.

PROJECT DESCRIPTION

The proceeds of the Bonds are being issued to meet the costs associated with the third phase of the expansion of the water plant, which includes the following:

Versailles Wastewater Treatment Plant Improvements consists of, but is not limited to the installation of all materials, construction, testing, start-up, initial operation and placing in service the following: full surface skimming equipment for two (2) existing clarifiers, renovation to the existing screening facility including a new screening press unit, a new blower/pump building including three (3) rotary positive displacement blowers and two (2) positive displacement digested sludge pumps, two (2) 75' x 75' x 16' SWD aerated sludge holding basins, a sludge truck loading station, a 460 GPM duplex submersible pump station, a belt filter press/gravity belt thickener facility with two (2) polymer feed systems, modifications to the existing plant operations building, one (1) positive displacement thickened sludge pump; along with all other piping, valves, controls, demolition and related appurtenances.

Construction for the Hunteartown Road Elevated Water Storage Tank – consisting of constructing, testing, and placing in service one (1) 1,000,000 gallon elevated water storage tank

High Service Water Mains and New Booster Pump Station - consisting of a new Booster Pumping Station; ±440 L.F. of 8" D.I. water main; ±6,650 L.F. of 12" D.I. water main; ± 1,015 L.F. of 16" D.I. water main; ± 12,900 L.F. of 24" D.I. water main, ± 230 L.F. of 24" water main bored and jacked under State Roads; (5) cut and caps of various size; (6) wet taps of various size, (3) dry taps of various size, valves and hydrants.

The work includes, but is not limited to the following: Installation of the procurement and installation of all materials, construction, testing, start-up; initial operation, and placing in service of approximately 30,823 linear feet of 30", 21", 18", 15", 12", 10", and 8" diameter PVC and DIP gravity sewer, 9,939 linear feet of 14" and 10" PVC force main; 3,850 linear feet of 14" restrained PVC force main; boring and jacking approximately 1,242 linear feet of variously sized diameter gravity sewer and force main in steel casing beneath U.S. highways, state routes, and railroad tracks; installation of 116 manholes; demolition of 9 existing submersible sewage lift stations, and construction of 4 new submersible sewage lift stations.

USES AND SOURCES OF FUNDS

<u>Uses of Funds:</u>	
Project Costs	\$7,700,000.00
Underwriting Discount	167,685.54
Debt Service Reserve	521,480.00
Costs of Bond Issuance	74,290.00
Contingency	<u>1,544.46</u>
Total Project Costs	<u>\$8,465,000.00</u>

<u>Sources of Funds</u>	
Par Amount of Bonds	<u>\$8,465,000.00</u>
Total Sources of Funds	<u>\$8,465,000.00</u>

DISPOSITION OF BOND PROCEEDS

Upon issuance and delivery of the Bonds, all sums representing accrued interest received from the purchaser(s) shall be deposited in the Bond Fund (hereinafter described) and shall be used for payment of interest coming due on the Bonds.

Next, there shall be set aside and paid from the proceeds of the Bonds all expenses incident to the authorization, sale and delivery thereof.

Next, there shall be set aside and paid from the proceeds of the Bonds a Debt Service Reserve.

The entire remaining proceeds of the Bonds shall be deposited, until needed for construction purposes, with the Construction Depository (Central Bank & Trust Co., Lexington, Kentucky), into a special account called "City of Versailles Water & Sewer System Series 2005 Construction Fund" (the "Construction Fund").

Flow of Funds

The income and revenues of the combined and consolidated Water and Sewer System shall be collected, segregated, accounted for and distributed as follows:

Revenue Fund - A separate and special fund or account of the City has heretofore been created and shall be continued and is designated the "City of Versailles Water and Sewer Revenue Fund" (the "Revenue Fund") into which the City has pledged to deposit promptly as received all cash revenues of the System. The moneys in this Fund shall be applied by the City only for the purposes and in the order of priorities as described below.

Bond Fund - There has previously been created with the Depository a separate account designated the "Water and Sewer Revenue Bond and Interest Redemption Fund of 1960" (the "Bond Fund") and such account shall continue to be maintained so long as any Bonds are outstanding. Within the Bond Fund there is, and shall continue to be maintained, the "Water and Sewer Debt Reserve Fund of 1960" (the "Debt Reserve Fund") into which there shall be deposited and maintained an amount equal to the maximum amount of principal of and interest on all outstanding Water and Sewer Revenue Bonds in any year (the "Required Minimum Balance") including any parity bonds issued in the future, so long as any Bonds remain outstanding.

At any time when the Debt Reserve Fund contains an amount below the required minimum balance, whether because of the issuance of parity bonds or because of authorized withdrawals, there shall be transferred to the Bond Fund from the Revenue Fund, and as a first charge thereon, on or before the 20th day of each month, a sum equal to one-fifth (1/5) of the interest becoming due on the next succeeding interest due date plus one-tenth (1/10) of the principal becoming due on the next succeeding December 1.

At any time when the Required Minimum Balance has been accumulated in the Debt Reserve Fund, the transfers from the Revenue Fund to the Bond Fund on or before the 20th day of each month shall be equal to one-sixth (1/6) of the interest to become due on the next succeeding interest due date plus one-twelfth (1/12) of the principal becoming due on the next succeeding December 1.

All provisions relating to deposits and accumulations in the Bond Fund shall be cumulative, and if there be failure to deposit the prescribed amounts in any one or more months, a sum equal to the deficiency shall be deposited as soon as available, and the same shall be in addition to the amounts otherwise prescribed to be deposited in the Bond Fund for the succeeding month or months.

Moneys held in the Debt Reserve Fund may, upon order of the City Council, be invested in bonds, notes or certificates of indebtedness of the United States Government maturing not later than three (3) years from date of investment. Income from any such investments shall be accumulated in the Debt Reserve Fund.

Amounts on deposit in the Bond Fund and the Debt Reserve Fund are irrevocably pledged solely for the payment of the principal of and interest on such Water and Sewer Revenue Bonds as may be outstanding from time to time and for no other purpose.

Withdrawals from the Debt Reserve Fund may be made if and to the extent at any time required to prevent default in the payment of principal of or interest on any bonds which by their terms are payable from the Bond Fund and for no other purpose.

Following the required deposits to the Bond Fund and Debt Service Reserve Fund, monthly transfers shall be made in amounts equal to one-sixth (1/6) of the interest becoming due on the City's outstanding Notes which shall be deposited in the Water and Sewer Revenue Bond Anticipation Note Fund ("Note Fund").

Following the required deposits to the Bond Fund, Debt Reserve Fund and Note Fund monthly transfers shall be made from the Revenue Fund sufficient to meet the City's obligations under its Loan Agreement with the Kentucky Infrastructure Authority ("KIA") which shall be deposited in the KIA Loan Fund.

Maintenance and Operation Fund - A separate fund or account of the City has previously been created and shall continue to be maintained so long as any bonds are outstanding, such account designated the "Maintenance and Operation Fund". After observing the priority of deposits into the Bond Fund and KIA Loan Fund, there shall be deposited each month in the Maintenance and Operation Fund a sum equal to the anticipated expenses of operating and maintaining the System for the next ensuing month.

Depreciation Fund - The City has created and maintains a special account with the Depository Bank identified as the "Depreciation Fund" which shall continue to be maintained so long as any of the Water and Sewer Revenue Bonds are outstanding. The City covenants that, after observing the priorities of deposits into the Bond Fund and KIA Loan Fund, it will transfer monthly into the Depreciation Fund an amount equal to ten percent (10%) of the funds remaining in the Revenue Fund, so long as the unexpended balance remaining in the Depreciation Fund is less than \$100,000. The City further covenants that it will additionally deposit into the

Depreciation Fund the proceeds from the sale of any equipment no longer usable or needed, all fees or charges collected from potential customers to aid in the financing of the cost of extensions and improvements, and any proceeds received from property damage insurance.

Moneys in the Depreciation Fund may be withdrawn and used by the City for (a) paying the costs of unusual or extraordinary repairs, renewals or replacements; (b) paying the costs of constructing additions and improvements to the System which will either enhance its revenue producing capacity or provide a higher degree of service; or the prevention of default in the payment of interest on and/or principal of any bonds outstanding from time to time.

Surplus in Revenue Fund - Whenever all specified and required transfers and payments into the above special funds have been made, and the prescribed reserves have been accumulated to the required amounts and there is a balance in the Revenue Fund in excess of the estimated amount required to be transferred and paid into the special funds during the next succeeding three (3) months, such excess may be transferred to the Depreciation Fund, or may be used to purchase or retire bonds, or for the payment of payment of the interest on or principal of other obligations of the City incurred in connection with the System, or for any other lawful purpose.

CERTAIN PROVISIONS OF THE BOND ORDINANCE

The Bond Ordinance contains various covenants of the City and provisions for the payment of the Bonds in accordance with their terms, certain of which are summarized below. Reference is made to the Bond Ordinance for a full and complete statement of its provisions.

The City has authorized the issuance of its City of Versailles, Kentucky, Water and Sewer Revenue Bonds, in an aggregate amount of \$8,500,000. The Bonds are fully registered and in denominations in multiples of \$5,000. The Bonds bear interest payable on June 1 and December 1 in each year, beginning June 1, 2006, at such interest rate or rates as may be fixed by the City, as a result of an advertised sale of said Bonds in competitive bidding therefor. Said Bonds shall mature on December 1, 2006 and each December 1 thereafter of the respective years as provided in the Bond Ordinance and elsewhere herein.

Paying Agent and Registrar

Central Bank & Trust Co., Lexington, Kentucky, has been named Paying Agent and Bond Registrar. Interest and principal payments will be made by the Paying Agent by wire transfer to DTC on each due date. Please see "Book Entry" supra.

Parity Bonds

The City reserves the right to issue additional bonds in the future in order to pay the costs of additions, extensions and improvements to the System ranking on parity with these 2005 Revenue Bonds, together with the Outstanding Bonds. Neither these Bonds, the Outstanding Bonds previously issued and presently outstanding, nor bonds issued in the future in accordance with the restrictions and conditions contained in the Ordinance shall be entitled to priority, one over the other, in the application of the revenues pledged.

Prior to the issuance of such parity bonds, there shall be procured and filed with the City Clerk a statement by an independent public accountant not in the regular employ of the City reciting the conclusion that the net revenues of the System during a period of twelve consecutive months out of the eighteen months immediately preceding the issuance of such parity bonds were equal to at least 1.30 times the maximum amount that will become due in any succeeding fiscal year of the System for both principal of and interest on all Bonds then outstanding and also the parity bonds then proposed to be issued. In the event that the net revenues for such period were inadequate to meet the foregoing requirements; the amount of gross revenues reflected in such certificate may be adjusted to reflect any revision in the schedule of rates being imposed at the time and also reflect the additional estimated net revenues to be realized through the extensions; betterments and improvements of the System to be acquired or constructed through the issuance of such additional bonds, such adjustments to be based upon certification by a consulting engineer of national reputation not in the regular employ of the City.

The City further reserves the right to issue additional bonds payable from the revenues pledged but not ranking on parity with these 2005 Bonds and the Outstanding Bonds.

Upon the retirement of the Outstanding Bonds, dated October 1, 1996, and January 1, 1999, the required parity coverage requirement shall be reduced from 1.30 to 1.20 times the maximum annual debt service for the Outstanding Bonds dated September 15, 2001, August 1, 2004, these Series 2005 Bonds, and any parity bonds.

Arbitrage Provisions

The City 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 City on the Bonds shall, for the purpose of Federal income taxation, be excludable from the gross income of the recipients under any valid provision of law.

The City shall not permit at any time any of the proceeds of the Bonds or other funds of the City to be used to acquire any securities or obligations the acquisition of which would cause any such Bond to be an "arbitrage bond", as defined in the Internal Revenue Code of 1986, as amended (the "Code"), unless under any valid provision of law hereafter enacted, the interest paid by the City on the Bonds shall be excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to compliance with the Code.

Ordinance to Constitute a Contract

The provisions of the Ordinance shall constitute a contract between the City and the Registered Owners of any Bonds from time to time outstanding and, after the sale of such Bonds, no change in the provisions of the Resolution shall be permitted while any of said Bonds remain outstanding and unpaid, except as expressly authorized in the Ordinance.

Other Covenants

The City further covenants that so long as any of the bonds issued pursuant to the authority of the 2004 Ordinance remain outstanding and unpaid:

- (A) It will perform all duties required by law and by the terms of the Ordinance.
- (B) It will maintain the System in good condition and will make renewals and replacements as same may be required.
- (C) It will not sell, mortgage, pledge, lease or in any manner dispose of the System or the revenues thereof, except as permitted by the Ordinance.
- (D) It will establish, enforce and collect reasonable rates and charges to be adequate at all times to operate and maintain the System, provide for depreciation thereof and for orderly payment of principal and interest on all outstanding bonds.

- (E) It will adopt, by July 1 of each year, a budget of current expenses for the System and an estimate of gross revenues for the ensuing fiscal year, and to the extent that gross revenues are insufficient, it will revise its rates and charges.
- (F) It will not at any time reduce the prevailing schedule of rates and charges without first obtaining the written determination of a consulting engineer that the proposed reduction will not adversely affect the ability of the City to meet all the requirements set forth in the Ordinance.
- (G) It will at all times segregate and regularly make application of the revenues of the System in accordance with the Ordinance.
- (H) It will keep proper books of record, separate from all other municipal records.
- (I) It will within 90 days after the end of each fiscal year cause an audit to be made of the books of record by an independent accountant.
- (J) Any Registered Owner of 2005 Bonds may enforce and compel performance by the City of all duties imposed by law or the Ordinance.
- (K) If there be any default in the payment of the principal of or interest on any of the 2005 Bonds, any Registered Owner of said bonds may file suit and any court having jurisdiction may appoint a receiver to administer the System on behalf of the City with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System and for payment of operating expenses and to apply the revenues in conformity with the Ordinance.
- (L) It will cause each municipal officer or other person (other than depository banks) having custody of any moneys administered under the provisions of the Ordinance to be bonded at all times in a amount at least equal to the maximum amount of such moneys in custody at any time.
- (M) It will maintain at all times insurance of all insurable properties constituting parts of 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.
- (N) Pursuant to KRS 95.934 rates and charges for sewer service provided by the System shall be billed simultaneously with rates for water service provided by the System and water service will be discontinued to any premises where there is failure to pay any part of the aggregate charges so billed including such interest, penalties and fees for disconnection and/or reconnection as may be prescribed from time to time.

CONTINUING DISCLOSURE

As a result of the City and issuing agencies acting on behalf of the City having outstanding, at the time the Bonds referred to herein are offered for public sale, municipal securities in excess of \$10,000,000, the City will enter into a written agreement for the benefit of all parties who may become Registered Owners or Beneficial Owners of the Bonds whereunder said Board shall be obligated to (i) supply to the repositories designated under said Rule by the Municipal Securities Rule Making City notice of any of the "material events" outlined in said Rule should same occur and (ii) supply financial information on an annual basis. A draft of said agreement is attached hereto as Appendix D.

Financial Information regarding the City may be obtained from the City Clerk, City of Versailles, Kentucky, Post Office Box 625, Versailles, Kentucky, 40383 (phone number: (859) 873-4581).

TAX EXEMPTION

With regard to the Internal Revenue Code of 1986, as amended, Bond Counsel advises as follows:

- (A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.
- (B) The interest income from the Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes under existing law; provided, that the corporate entities noted below are advised of certain tax consequences as follows:
 - 1) In the computation of the corporate minimum tax, earnings and profits may include otherwise tax-exempt interest on the Bonds; this provision applies to corporations only.
 - 2) Property and casualty insurance companies may be denied certain loss reserve deductions to the extent of otherwise tax-exempt interest on the Bonds.

- (C) As a result of designations and certifications by the City, indicating the issuance of less than \$10,000,000 of "qualified tax-exempt obligations" during the calendar year ending December 31, 2005, the Bonds may be treated by financial institutions as if they were acquired before December 8, 1986.
- (D) The interest income from the Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes under existing law for individuals; however, said income must be included in the calculation of "modified adjusted gross income" in the determination of whether and to what extent Social Security benefits are subject to Federal income taxation.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT

The initial public offering price to be paid for certain Bonds (each a "Discount Bond") is less than the amount payable on such Bond at its stated maturity.

An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that stated maturity are sold to the public at such price) and the amount payable at stated maturity constitutes interest to the initial purchaser of such Discount Bonds. A portion of such interest, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at stated maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest at the yield to stated maturity on such Discount Bond.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by the Tax Reform Act of 1986 and the environmental tax imposed by the Superfund Revenue Act of 1986, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement Benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable dispositions of a Discount Bond prior to stated maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Henry M. Reed III, Reed and Johnson, Louisville, Kentucky, Bond Counsel to the City. The approving legal opinion of Bond Counsel will be printed on the Bonds and will contain a statement of tax exemption as represented herein. Bond Counsel has reviewed the information herein pertaining to the Bonds under the headings "Description

of the Bonds", "Certain Provisions of the Bond Ordinance", "Continuing Disclosure" and "Tax Exemption" and is of the opinion that such information is a fair summary of the principal provisions of the instruments and information therein described. Bond Counsel has not otherwise participated in the preparation of the Official Statement and has not verified the accuracy or completeness of any financial information, projections, or computations related thereto, and therefore can make no representation with respect to such information.

FINANCIAL ADVISOR

The Bonds were sold on a publicly advertised, competitive basis. First Kentucky Securities Corporation, Frankfort, Kentucky, Financial Advisor to the City will receive a fee, subject to delivery of the Bonds, for its advisory services.

RATING

As noted on the cover page of this Official Statement, Moody's Investors Service, Inc. ("Moody's") has assigned its municipal bond rating of "Aaa" to the Bonds on the basis of the Insurer's Policy. See "Appendix E- Financial Guaranty Insurance Policy Specimen".

Such rating reflect only the view of said organizations. Any explanation of the significance of such rating may only be obtained from the rating agency at the following address: Moody's Investors Service at 99 Church Street, New York, New York 10007, (212) 553-0300. There is no assurance that the rating will continue for any given period of time or that a rating will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading in any material respect.

All quotations from, and summaries and explanations of, the Kentucky Revised Statutes and the Bond Ordinance contained herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Bond Ordinance may be obtained from First Kentucky Securities Corporation, P. O. Box 554, Frankfort, Kentucky 40602-0554.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holder of any of the Bonds.

CITY OF VERSAILLES, KENTUCKY

/s/ Fred Siegelman
Mayor

ATTEST:

/s/ Allison B. White
City Clerk

APPENDIX A

*City of Versailles, Kentucky
Water and Sewer System*

**CITY OF VERSAILLES KENTUCKY
WATER AND SEWER SYSTEM**

The City of Versailles owns and operates a combined water and sewer utility serving approximately 5,716 water customers and 5,021 sewer customers. Improvements have been made to meet the demands of continued growth of the area. Funds for financing the improvements were derived from revenues of the system, water and sewer revenue bond issues and from federal and state grants for the sewerage facilities.

The City's water distribution system includes adequate mains, services and elevated treated water storage at the present time.

Water Connections and Water Pumpage

<u>Year</u>	<u>Average Daily Pumpage (Gals.) **</u>	<u>Maximum Daily Pumpage (Gals.)</u>	<u>Average Number Water Services</u>
2005	2,806,000	4,014,000 (6 mos)	5,716
2004	2,679,000	3,762,000	5,574
2003	2,647,016	3,651,700	5,490
2002	3,048,507	3,798,400	5,412
2001	3,084,065	4,095,360	5,416
2000	2,811,899	3,600,000	5,395

** "Average Daily Pumpage" includes water bought as needed from Kentucky American Water.

Sewer Connections and Sewer Pumpage

<u>Year</u>	<u>Average Daily Wastewater Pumpage (Gals.)</u>	<u>Average Number Sewer Customers</u>
2005	1,845,000 (6 mos)	5,021
2004	2,075,000	4,878
2003	1,930,000	4,872
2002	1,580,000	4,768
2001	2,030,000	4,739
2000	1,870,000	4,605

Water and Sewer Service Rates (effective July 1, 2005)

Water Service

	<u>Inside City</u>		<u>Outside City</u>
Monthly Meter Charge	\$3.60	Monthly Meter Charge	\$4.38
Per 1,000 gallons:		Per 1,000 gallons:	
First 150,000 gallons	\$2.73	First 150,000 gallons	\$3.21
Next 850,000 gallons	\$2.64	Next 850,000 gallons	\$3.06
All Over 1,000,000 gallons	\$2.62	All Over 1,000,000 gallons	\$2.99

Sewer Service

	<u>Inside City</u>		<u>Outside City</u>
Monthly Meter Charge	\$3.88	Monthly Meter Charge	\$4.74
Based on Water Usage, Per 1,000 Gallons:		Based on Water Usage, Per 1,000 Gallons:	
First 150,000 gallons	\$2.66	First 150,000 gallons	\$3.59
Next 850,000 gallons	\$2.34	Next 850,000 gallons	\$3.21
All Over 1,000,000 Gallons	\$2.29	All Over 1,000,000 Gallons	\$3.20

Ten Largest Users of Water System

<u>Customer's Name</u>	<u>Read in Hundreds</u>	
	<u>Usage (Gallons)</u>	<u>Charge</u>
Northeast Woodford Water District	146,447,600	\$294,905.02
South Woodford Water District	108,387,500	227,451.18
United L-N Glass, Inc.	80,922,500	327,159.78
Osram Sylvania Products	37,230,700	155,582.94
World Color (Quebecor)	30,275,200	91,083.39
Y H America, Inc.	10,123,900	43,697.32
Versailles Housing Authority	7,996,700	26,576.61
Kuhlman, Inc.	5,352,800	15,890.31
Willow Oaks	2,965,400	13,081.79
Bluegrass Community Hospital	3,838,300	14,887.98

Assessment of Taxable Property

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Real Property</u>	<u>Bank Franchise</u> <u>& Deposit Tax</u>
2005	\$469,789,867	Not yet available
2004	443,448,367	328,678,603
2003	415,328,310	303,339,231
2002	369,050,278	285,341,780
2001	370,695,278	271,222,255
2000	351,415,244	264,300,296

Property Tax Rates (Per \$100 of Assessed Value)

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Real Property</u>	<u>Bank Shares</u>
2005	.053 proposed rate	Not yet available
2004	.051	.224
2003	.044	.224
2002	.048	.224
2001	.046	.224
2000	.047	.224

Taxes Levied and Collected (Includes Bank Shares)

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>
2005	\$498,812.81	\$482,730.05
2004	397,875.36	450,852.24
2003	323,605.28	252,965.89
2002	239,784.57	254,109.29
2001	230,181.60	175,062.47

Outstanding Water and Sewer Revenue Bonds

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Amount of Original Issue</u>	<u>Outstanding August 1, 2005</u>
October 1, 1996	12/1/05	\$ 710,000	\$ 160,000
January 1, 1999	12/1/10	2,715,000	1,700,000
September 15, 2001	12/1/21	9,800,000	8,780,000
August 1, 2004	12/1/24	8,635,000	8,635,000
Total		<u>\$21,860,000</u>	<u>\$19,275,000</u>

Debt Service Coverage

The Bond Ordinance requires that, prior to the issuance of parity bonds, a certification by a Certified Public Accountant, not in the regular employ of the City, be obtained to the effect that the net revenues of the System are no less than 1.30 times the maximum amount of principal of and interest on the Prior Bonds and the bonds proposed to be issued in any year prior to the final maturities.

Following is the calculation of coverage of maximum debt service by net revenues, as adjusted, after issuance of the 2005 Bonds, using amounts for the fiscal year ended December 30, 2004:

Gross Revenues	\$4,581,889
Less: Operating Expenses	<u>1,773,104</u>
Net Operating Revenues	<u>2,808,785</u>
Debt Service - Maximum Principal and Interest in fy 2014	2,014,038
Debt Service Covered	1.39 x

General Information

Located in the heart of thoroughbred country, Woodford County is the home of many beautiful horse farms. Woodford County, with a land area of 191 square miles, had a 2004 population of 23,961.

Versailles, the county seat of Woodford County, is located in central Kentucky's famous Bluegrass Region. Versailles is located 15 miles west of Lexington, Kentucky; 63 miles southeast of Louisville, Kentucky; 88 miles south of Cincinnati, Ohio; and 186 miles north of Knoxville, Tennessee. Versailles had a 2004 population of 7,487.

Major highways serving Versailles and Woodford County are U.S. Highways 60 and 62, both "AAA"-rated trucking highways. The Blue Grass Parkway is located three miles south of Versailles. Thirty-one common carrier trucking companies provide interstate and/or intrastate service to Versailles. The Lexington and Ohio Railroad provides branch line rail service to Versailles. Scheduled commercial airline service is available at Blue Grass Airport, eight miles east of the city.

Total Population

	2000	2001	2002	2003	2004
Labor Market Area	709,341	717,410	725,640	735,593	742,664
Woodford County	23,208	23,331	23,403	23,659	23,961
Versailles	7,511	7,486	7,472	7,459	7,498
Midway	1,620	1,613	1,609	1,606	1,614

Source: U.S. Department of Commerce, Bureau of the Census.

Population Projections

	2005	2010	2015	2020
Labor Market Area	748,299	796,227	844,010	887,104
Woodford County	23,711	24,607	25,665	26,529

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development.

Population by Selected Age Groups, 2000

	Woodford County		Labor Market Area	
	Number	Percent	Number	Percent
Under 18	5,891	25.4	166,025	23.4
18-24	1,835	7.9	86,503	12.2
25-34	3,028	13.0	108,711	15.3
35-44	4,210	18.1	113,738	16.0
45-54	3,623	15.6	96,939	13.7
55-64	2,207	9.5	60,022	8.5
65-74	1,350	5.8	41,664	5.9
75 and older	1,064	4.6	35,739	5.0
Median Age	37.1		34.3	

Source: U.S. Department of Commerce, Bureau of the Census.

Population by Race and Hispanic Origin, 2003

	Woodford County		Labor Market Area	
	Number	Percent	Number	Percent
White	22,076	93.3	651,261	88.5
Black	1,279	5.4	63,367	8.6
Asian, Pacific Islander	97	0.4	11,375	1.5
American Indian	27	0.1	1,591	0.2
Hispanic Origin	886	3.7	20,465	2.8

Note: Hispanic is not a race category. A person can be white, black, etc. and be of hispanic origin.

Source: U.S. Department of Commerce, Bureau of the Census.

Personal Income

	1998	2003	Pct. Change
Woodford County	\$31,197	\$33,830	8.4%
Kentucky	\$22,043	\$26,575	20.6%
U.S.	\$26,883	\$31,472	17.1%
Labor Market Area Range	\$17,399 - \$31,197	\$18,804 - \$34,242	

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Households

	2000		2002
	Number of Households	Persons Per Household	Median Household Income
Woodford County	8,893	2.6	\$49,325

U.S. Department of Commerce, Bureau of the Census.

Total Available Labor

	Available Labor, 2003			Future Labor: Becoming 18 Years of Age (2005-2009)
	Total	Unemployed	Potential Labor Supply	
Labor Market Area	25,481	17,401	8,080	46,283
Woodford County	374	374	NA	1,752

Source: U.S. Department of Labor, Bureau of Labor Statistics; Kentucky Cabinet for Economic Development (KCED); U.S. Department of Commerce, Bureau of the Census.

Note: Total Available Labor = Unemployed + Potential Labor Supply.

Unemployed - people currently not employed, but actively seeking work.

Potential Labor Supply: Determined by the national labor force participation rate minus each county's labor force participation rate. Labor force participation rates are calculated by dividing the population by the labor force. NA (Not Applicable) applies to counties with a labor force participation rate greater than the national average.

Future Labor - people becoming 18 years of age (not part of the total available labor statistics).

Civilian Labor Force

	Woodford County		Labor Market Area	
	2004	May. 2005	2004	May. 2005
Civilian Labor Force	12,796	13,230	381,834	390,335
Employed	12,455	12,689	366,910	371,988
Unemployed	341	541	14,924	18,347
Unemployment Rate (%)	2.7	4.1	3.9	4.7

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment Rate (%)

Year	Woodford County	Labor Market Area	Kentucky	U.S.
2000	2.8	3.3	4.2	4.0
2001	3.4	3.8	5.3	4.7
2002	3.3	4.3	5.7	5.8
2003	3.0	4.7	6.2	6.0
2004	2.7	3.9	5.3	5.5

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Commuting Patterns

Residents of Woodford County	2000	Percent
Working and Residing In County	5,591	45.2
Commuting Out of County	6,786	54.8
Total Residents	12,377	100.0
Employees in Woodford County		
Working and Residing In County	5,591	51.3
Commuting Into County	5,300	48.7
Total Employees	10,891	100.0

Source: U.S. Department of Commerce, Bureau of the Census, Journey-To-Work & Migration Statistics Branch.

Average Weekly Wage, 2002

	Woodford County	Kentucky (Statewide)	U.S.	Ohio
All Industries	\$597	\$577	\$697	\$640
Agriculture, Forestry, Fishing and Hunting	0	NA	NA	NA
Mining	0	872	1,148	910
Construction	509	630	737	717
Manufacturing	792	732	827	822
Trade, Transportation, and Utilities	555	548	621	576
Information	461	658	1,078	839
Financial Activities	553	691	1,065	796
Services	467	495	610	550
Public Administration	594	617	773	763
Other	515	NA	NA	NA

	Indiana	Illinois	Tennessee	Virginia
All Industries	\$611	\$752	\$606	\$706
Agriculture, Forestry, Fishing and Hunting	NA	NA	NA	NA
Mining	885	967	870	862
Construction	706	911	654	672
Manufacturing	810	842	710	736
Trade, Transportation, and Utilities	535	678	592	587
Information	681	982	759	1,436
Financial Activities	757	1,155	819	925
Services	515	661	530	651
Public Administration	590	807	612	905
Other	NA	NA	NA	NA

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Summary of Recent Locations and Expansions, 2002-Present

		Reported	
	Companies	Jobs	Investment
Manufacturing Location	2	131	\$16,544,000
Manufacturing Expansion	4	20	\$2,100,000
Supportive/Service Location	0	0	\$0
Supportive/Service Expansion	1	3	\$0

Click [here](#) for detailed location and expansion information.

Note: Totals include announced locations and expansions.

Source: Kentucky Cabinet for Economic Development (08/05/2005).

Major Business & Industry

Firm	Product(s)/Service(s)	Emp.	Year Established
<i>Midway</i>			
Weisenberger Mills Inc	Flour, corn meal & baking mixes	5	1862
<i>Versailles</i>			
Cabinet Supplier of Kentucky, Inc	Counter top cabinet distribution	30	1990
Clark Distributing Co	Beer & ale distribution	97	1986
customKYnetics Inc	Designs and develops systems that use electrical stimulation to activate muscles paralyzed as a result of spinal cord injury.	3	2003
Kuhlman Electric Corp	Headquarters & manufacture instrument and distribution transformers	200	1969
McCauley Brothers Inc	Horse feed & supplements	25	1938
Nisshin Automotive Tubing LLC	Stainless steel automotive tubing	7	2005
Osram Sylvania	Fluorescent lamps	540	1964
Osram Sylvania	Glass tubing, components are used in automotive lighting industry	249	1972
Osram Sylvania Inc	Warehousing and distribution facility	123	2004
Quebecor World	Book publishing & printing; staple, saddle stitch & perfect binding	883	1962
Ruggles Sign Co	Electric, fluorescent, metal, neon, plastic & wooden signs	54	1946
Suran Systems Inc	Spiral plastic, side wire, saddle stitch, ring, staple, glue & perfect binding, computer software development	20	1991
United L-N Glass Inc	Automobile windshield & side and back window glass	400	1987
Woodford Feed Co	Feed & fertilizer grinding, mixing & blending	36	1940
Woodford Reserve Distillery, Labrot & Graham Proprietors	Distilled liquors	18	1812
Woodford Sun Co Inc	Newspaper publishing	12	1869
Y H America Inc/Div 1	Automobile air conditioning & power steering hoses, fittings & assemblies; fluid converging products.	315	1989
Y H America Inc/Div 2	Sealants & primers	27	1998

Source: Kentucky Cabinet for Economic Development (08/05/2005).

APPENDIX B

*Debt Service Requirements
on
Series 2005 Revenue Bonds*

CITY OF VERSAILLES, KENTUCKY
WATER AND SEWER REVENUE BONDS
SERIES OF 2005

DEBT SERVICE REQUIREMENTS

Maturity Date	Principal	Interest	Total	Fiscal Year Total
06/01/2006		\$273,130.21	\$273,130.21	\$273,130.21
12/01/2006	\$195,000	163,878.13	358,878.13	
06/01/2007		160,465.63	160,465.63	519,343.76
12/01/2007	205,000	160,465.63	365,465.63	
06/01/2008		156,878.13	156,878.13	522,343.76
12/01/2008	215,000	156,878.13	371,878.13	
06/01/2009		153,115.63	153,115.63	524,993.76
12/01/2009	215,000	153,115.63	368,115.63	
06/01/2010		149,084.38	149,084.38	517,200.01
12/01/2010	230,000	149,084.38	379,084.38	
06/01/2011		144,771.88	144,771.88	523,856.26
12/01/2011	235,000	144,771.88	379,771.88	
06/01/2012		140,365.63	140,365.63	520,137.51
12/01/2012	245,000	140,365.63	385,365.63	
06/01/2013		135,771.88	135,771.88	521,137.51
12/01/2013	255,000	135,771.88	390,771.88	
06/01/2014		130,990.63	130,990.63	521,762.51
12/01/2014	265,000	130,990.63	395,990.63	
06/01/2015		126,021.88	126,021.88	522,012.51
12/01/2015	275,000	126,021.88	401,021.88	
06/01/2016		120,865.63	120,865.63	521,887.51
12/01/2016	285,000	120,865.63	405,865.63	
06/01/2017		115,521.88	115,521.88	521,387.51
12/01/2017	295,000	115,521.88	410,521.88	
06/01/2018		109,990.63	109,990.63	520,512.51
12/01/2018	310,000	109,990.63	419,990.63	
06/01/2019		104,178.13	104,178.13	524,168.76
12/01/2019	320,000	104,178.13	424,178.13	
06/01/2020		97,978.13	97,978.13	522,156.26
12/01/2020	330,000	97,978.13	427,978.13	
06/01/2021		91,584.38	91,584.38	519,562.51
12/01/2021	345,000	91,584.38	436,584.38	
06/01/2022		84,900.00	84,900.00	521,484.38
12/01/2022	730,000	84,900.00	814,900.00	
06/01/2023		70,300.00	70,300.00	885,200.00
12/01/2023	760,000	70,300.00	830,300.00	
06/01/2024		55,100.00	55,100.00	885,400.00
12/01/2024	785,000	55,100.00	840,100.00	
06/01/2025		39,400.00	39,400.00	879,500.00
12/01/2025	1,970,000	39,400.00	2,009,400.00	2,009,400.00
Totals	\$8,465,000	\$4,811,577.24	\$13,276,577.24	

Source: Financial Advisor

RESPONSE #13

Since 2001, Versailles has not prepared or commissioned any studies, analyses, or reports specific to expected customer water demand, relying instead on historical data.

It is hereby certified that the foregoing response was prepared by Bart Miller, Versailles Public Works Director, and that the response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

A handwritten signature in cursive script, appearing to read "Bart Miller", written over a horizontal line.

Bart Miller
Public Works Director
City of Versailles

1-17-12
Date

RESPONSE #14

REQUEST

List each wholesale customer of Versailles and state its average daily demand and its peak daily demand. (If daily demand is not available, provide monthly demand information).

RESPONSE

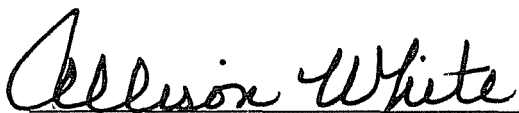
The two wholesale customers of the Versailles Municipal Utilities are as follows:

South Woodford Water District

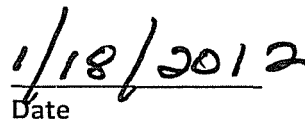
Northeast Woodford Water District

The City does not maintain daily demand information on these customers, only monthly demand. The attached reports show the monthly demand for 2010 and 2011.

It is hereby certified that the foregoing response was prepared by Allison White, Versailles City Clerk, and that the response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Allison White
Versailles City Clerk



Date

Versailles Wholesale Customers 2010-2011 Usage Data

	<div> <div>Northeast</div> <div>Woodford</div> <div>Water District</div> </div>	<div> <div>South Woodford</div> <div>Water District</div> </div>
January-10	13,464,600	14,638,300
February-10	11,277,500	13,716,800
March-10	11,933,300	12,437,500
April-10	13,719,100	11,958,100
May-10	12,630,400	9,325,600
June-10	15,580,300	16,709,000
July-10	7,600,700	15,763,800
August-10	21,734,400	15,052,500
September-10	17,064,300	19,021,000
October-10	17,497,000	17,226,100
November-10	14,007,500	14,712,200
December-10	15,495,600	14,384,000
Total 2010	172,004,700	174,944,900
January-11	10,440,200	14,170,000
February-11	11,329,500	10,933,800
March-11	8,934,400	12,578,000
April-11	12,683,400	13,183,100
May-11	8,375,100	12,234,300
June-11	16,031,600	18,266,600
July-11	13,592,600	13,609,900
August-11	14,725,700	16,755,400
September-11	14,125,400	17,839,100
October-11	8,977,500	15,532,000
November-11	12,483,900	12,766,200
December-11	13,322,800	11,126,200
Total 2011	145,022,100	168,994,600

RESPONSE #15

REQUEST

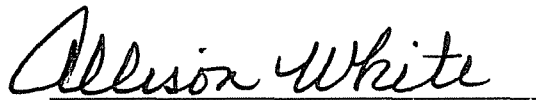
List each industrial and large commercial customer of Versailles and state its average daily demand and its peak daily demand. (If daily demand information is not available, provide monthly demand information.)

RESPONSE

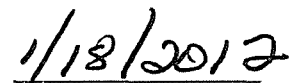
Refer to the following pages entitled "Versailles Largest Industrial and Commercial Customers 2010-2011 Usage Data".

The City does not maintain daily demand information on these customers, only monthly demand. The attached reports show the monthly demand for 2010 and 2011.

It is hereby certified that the foregoing response was prepared by Allison White, Versailles City Clerk, and that the response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Allison White
Versailles City Clerk



Date

Versailles Largest Industrial and Commercial Customers 2010-2011 Usage Data

	Pilkington Glass	Osram Sylvania	World Color	Versailles Municipal Housing	Bluegrass Community Hospital	YH America	Woodfrd Invstmt LLC	Willow Oaks Apts.	Ryne Creek Apts.	McDonalds	Margaret Hall Manor
January-10	7,020,000	2,030,400	1,352,000	488,400	208,700	361,600	285,000	243,900	78,300	72,000	86,400
February-10	7,020,000	2,608,700	1,214,000	434,600	163,700	365,500	270,700	181,500	73,300	61,500	61,100
March-10	6,610,000	1,452,500	1,000,000	287,500	98,600	305,100	168,400	155,800	44,100	56,900	65,600
April-10	7,720,000	1,849,900	1,061,000	405,600	386,700	338,500	258,600	170,100	69,600	81,000	73,400
May-10	6,730,000	1,983,000	1,052,000	408,900	129,800	250,900	210,900	189,800	62,300	77,300	75,700
June-10	8,440,000	1,956,600	2,513,000	505,800	448,300	348,500	294,200	207,100	88,600	104,000	89,000
July-10	6,160,000	1,673,100	1,760,000	346,500	379,600	254,300	183,700	186,800	55,300	76,600	71,800
August-10	6,380,000	2,323,300	2,175,000	207,100	448,800	268,300	219,000	180,000	67,800	81,400	69,500
September-10	8,020,000	2,952,900	2,226,000	352,200	615,700	336,200	264,300	203,700	97,900	91,900	78,600
October-10	7,992,000	3,377,600	1,545,000	445,900	462,100	334,700	230,500	223,200	87,700	97,700	73,500
November-10	8,018,000	2,177,900	685,000	541,900	289,800	537,500	177,600	197,400	100,800	101,200	70,100
December-10	6,100,000	2,030,900	599,000	455,500	235,800	284,900	155,600	199,600	95,600	76,300	69,600
Total 2010	86,210,000	26,416,800	17,182,000	4,879,900	3,867,600	3,986,000	2,718,500	2,338,900	921,300	977,800	884,300
January-11	6,040,000	1,805,300	445,000	425,000	242,100	269,400	138,200	261,000	123,400	83,900	88,900
February-11	6,150,000	1,821,000	501,000	367,500	95,000	332,400	96,300	156,600	79,500	77,400	55,300
March-11	7,620,000	1,864,600	583,000	374,700	135,400	295,800	144,800	218,000	109,000	90,300	82,400
April-11	6,930,000	1,918,700	737,000	385,000	142,100	122,900	128,600	163,900	114,400	100,100	59,600
May-11	5,040,000	1,647,800	1,148,000	441,500	302,700	520,000	128,600	148,900	159,600	84,700	61,500
June-11	4,380,000	3,007,800	2,912,000	445,300	548,000	350,100	201,500	192,700	166,200	113,400	77,100
July-11	5,390,000	3,853,600	1,690,000	442,100	423,700	144,100	163,500	159,000	67,400	86,200	76,200
August-11	6,229,900	4,420,000	1,959,000	136,700	649,600	325,800	174,700	183,800	114,900	80,900	90,700
September-11	7,419,100	2,623,100	1,919,000	256,200	458,100	312,500	128,500	189,100	98,900	93,500	108,300
October-11	6,890,000	2,479,900	1,340,000	375,300	343,800	339,400	141,700	166,900	83,800	85,000	93,000
November-11	8,012,100	2,658,000	562,000	497,600	353,700	374,000	493,000	212,400	89,100	76,200	110,300
December-11	6,178,800	2,090,600	842,000	417,200	212,600	270,700	149,000	136,400	95,800	60,600	72,500
Total 2011	76,279,900	30,190,400	14,638,000	4,564,100	3,906,800	3,657,100	2,088,400	2,188,700	1,302,000	1,032,200	975,800

RESPONSE 16a & b.

REQUEST

16a. For the period from 2006 to present:

List all industrial and large commercial customers that have terminated service and for which Service has not been restored, the date of termination of each customer's service, and the Customer's average monthly usage.

16b. For the period from 2006 to present:

List all industrial or large commercial customers that have started water service, the date of commencement of each customer's service, and the customer's average monthly usages.

RESPONSE

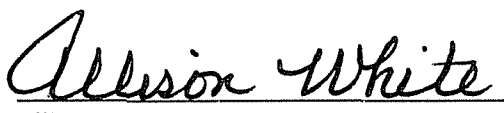
16a. For the period requested, the City has not actually had any industrial or large commercial customers that have terminated service. Kuhlman Corp. ceased their manufacturing operations in late 2010, however, their two water meters have remained in service (at their request and further noting that the building is for sale) and the monthly demand has decreased. The attached reports provide a detail monthly demand of their two accounts (meters) as follows and from 2006 to present:

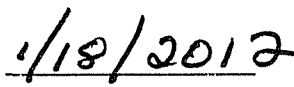
Kuhlman Corp. (Acct. 51-03163300) Monthly Demand Provided as Hundreds per gallon

Kuhlman Electric (Acct. 51-03163310) Monthly Demand Provided as Hundreds per gallon

16b. Versailles Municipal Utilities has had no new industrial or large commercial customers since 2006.

It is hereby certified that the foregoing response was prepared by Allison White, Versailles City Clerk, and that the response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Allison White
Versailles City Clerk


Date

2012 Seq: 51-10117 Bill: 18293 Bank :
r: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	01/15/2006	WATER	CHG	01/01/2006	0012		823.09	0000875121 000002
		UTILITY CHARGE	CHG	01/01/2006	0012		24.69	0000875121 000003
		SEWER	CHG	01/01/2006	0012		766.28	0000875121 000004
				01/01/2006				
		*Mtr Read Fr: 11/14/05 To: 12/13/05 CNS: 3053 A						
		WATER	PAYMT	01/10/2006	UB1	310494.01	823.09-	0000881839 100000
		UTILITY CHARGE	PAYMT	01/10/2006	UB1	310494.01	24.69-	0000881839 100000
		SEWER	PAYMT	01/10/2006	UB1	310494.01	766.28-	0000881839 100000
				12/16/2008				
		DELINQUENT NOTICE SENT						
				01/15/2006	Total=		\$0.00	
02/15/2006		WATER	CHG	02/01/2006	0001		719.87	0000893491 000002
		UTILITY CHARGE	CHG	02/01/2006	0001		21.60	0000893491 000003
		SEWER	CHG	02/01/2006	0001		674.79	0000893491 000004
				02/01/2006				
		*Mtr Read Fr: 12/13/05 To: 01/11/06 CNS: 2662 A						
		WATER	PAYMT	02/15/2006	UB1	319632.01	719.87-	0000903678 100000
		UTILITY CHARGE	PAYMT	02/15/2006	UB1	319632.01	21.60-	0000903678 100000
		SEWER	PAYMT	02/15/2006	UB1	319632.01	674.79-	0000903678 100000
				02/15/2006	Total=		\$0.00	
3/15/2006		WATER	CHG	03/01/2006	0002		761.84	0000911364 000002
		UTILITY CHARGE	CHG	03/01/2006	0002		22.86	0000911364 000003
		SEWER	CHG	03/01/2006	0002		711.99	0000911364 000004
				03/01/2006				
		*Mtr Read Fr: 01/11/06 To: 02/10/06 CNS: 2821 A						
		WATER	PAYMT	03/15/2006	UB1	325055.01	761.84-	0000920256 100000
		UTILITY CHARGE	PAYMT	03/15/2006	UB1	325055.01	22.86-	0000920256 100000
		SEWER	PAYMT	03/15/2006	UB1	325055.01	711.99-	0000920256 100000
				03/15/2006	Total=		\$0.00	
04/15/2006		WATER	CHG	04/01/2006	0003		766.33	0000928655 000002
		UTILITY CHARGE	CHG	04/01/2006	0003		22.99	0000928655 000003
		SEWER	CHG	04/01/2006	0003		715.97	0000928655 000004
				04/01/2006				
		*Mtr Read Fr: 02/10/06 To: 03/14/06 CNS: 2838 A						
		WATER	PAYMT	04/11/2006	UB1	329071.01	766.33-	0000935983 100000
		UTILITY CHARGE	PAYMT	04/11/2006	UB1	329071.01	22.99-	0000935983 100000
		SEWER	PAYMT	04/11/2006	UB1	329071.01	715.97-	0000935983 100000
				04/15/2006	Total=		\$0.00	
05/15/2006		WATER	CHG	05/01/2006	0004		669.71	0000946884 000002
		UTILITY CHARGE	CHG	05/01/2006	0004		20.09	0000946884 000003
		SEWER	CHG	05/01/2006	0004		630.33	0000946884 000004
				05/01/2006				
		*Mtr Read Fr: 03/14/06 To: 04/12/06 CNS: 2472 A						
		WATER	PAYMT	05/10/2006	UB1	335763.01	669.71-	0000954905 100000
		UTILITY CHARGE	PAYMT	05/10/2006	UB1	335763.01	20.09-	0000954905 100000
		SEWER	PAYMT	05/10/2006	UB1	335763.01	630.33-	0000954905 100000
				05/15/2006	Total=		\$0.00	
5/15/2006		WATER	CHG	06/01/2006	0005		628.52	0000965144 000002

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2012 Seq: 51-10117 Bill: 18293 Bank :
er: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	06/15/2006	UTILITY CHARGE	CHG	06/01/2006	0005		18.86	0000965144 000003
		SEWER	CHG	06/01/2006	0005		593.82	0000965144 000004
				06/01/2006				
		*Mtr Read Fr: 04/12/06 To: 05/12/06 CNS: 2316 A						
		WATER	PAYMT	06/14/2006	UB1	343106.01	628.52-	0000974504 100000
		UTILITY CHARGE	PAYMT	06/14/2006	UB1	343106.01	18.86-	0000974504 100000
		SEWER	PAYMT	06/14/2006	UB1	343106.01	593.82-	0000974504 100000
				06/15/2006	Total=		\$0.00	
07/15/2006		WATER	CHG	07/01/2006	0006		622.19	0000983489 000002
		UTILITY CHARGE	CHG	07/01/2006	0006		18.67	0000983489 000003
		SEWER	CHG	07/01/2006	0006		588.21	0000983489 000004
				07/01/2006				
		*Mtr Read Fr: 05/12/06 To: 06/13/06 CNS: 2292 A						
		WATER	PAYMT	07/12/2006	UB1	349129.01	622.19-	0000992033 100000
		UTILITY CHARGE	PAYMT	07/12/2006	UB1	349129.01	18.67-	0000992033 100000
		SEWER	PAYMT	07/12/2006	UB1	349129.01	588.21-	0000992033 100000
				07/15/2006	Total=		\$0.00	
08/15/2006		WATER	CHG	08/01/2006	0007		839.50	0001001239 000002
		UTILITY CHARGE	CHG	08/01/2006	0007		25.19	0001001239 000003
		SEWER	CHG	08/01/2006	0007		781.02	0001001239 000004
				08/01/2006				
		*Mtr Read Fr: 06/13/06 To: 07/13/06 CNS: 3057 A						
		WATER	PAYMT	08/10/2006	UB1	354424.01	839.50-	0001009200 100000
		UTILITY CHARGE	PAYMT	08/10/2006	UB1	354424.01	25.19-	0001009200 100000
		SEWER	PAYMT	08/10/2006	UB1	354424.01	781.02-	0001009200 100000
				08/15/2006	Total=		\$0.00	
09/15/2006		WATER	CHG	09/01/2006	0008		819.87	0001019767 000002
		UTILITY CHARGE	CHG	09/01/2006	0008		24.60	0001019767 000003
		SEWER	CHG	09/01/2006	0008		763.64	0001019767 000004
				09/01/2006				
		*Mtr Read Fr: 07/13/06 To: 08/14/06 CNS: 2984 A						
		WATER	PAYMT	09/14/2006	UB1	361712.01	819.87-	0001028177 100000
		UTILITY CHARGE	PAYMT	09/14/2006	UB1	361712.01	24.60-	0001028177 100000
		SEWER	PAYMT	09/14/2006	UB1	361712.01	763.64-	0001028177 100000
				09/15/2006	Total=		\$0.00	
10/15/2006		WATER	CHG	10/01/2006	0009		505.14	0001036632 000002
		UTILITY CHARGE	CHG	10/01/2006	0009		15.15	0001036632 000003
		SEWER	CHG	10/01/2006	0009		485.18	0001036632 000004
				10/01/2006				
		*Mtr Read Fr: 08/14/06 To: 09/13/06 CNS: 1814 A						
		WATER	PAYMT	10/11/2006	UB1	367019.01	505.14-	0001048264 100000
		UTILITY CHARGE	PAYMT	10/11/2006	UB1	367019.01	15.15-	0001048264 100000
		SEWER	PAYMT	10/11/2006	UB1	367019.01	485.18-	0001048264 100000
				10/15/2006	Total=		\$0.00	
11/15/2006		WATER	CHG	11/01/2006	0010		553.83	0001059809 000002
		UTILITY CHARGE	CHG	11/01/2006	0010		16.61	0001059809 000003
		SEWER	CHG	11/01/2006	0010		528.26	0001059809 000004
				11/01/2006				

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2012 Seq: 51-10117 Bill: 18293 Bank :
r: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq

		*Mtr Read Fr: 09/13/06 To: 10/13/06 CNS: 1995 A						
		WATER	PAYMT	11/08/2006	UB1	373909.01	553.83-	0001067344 100000
		UTILITY CHARGE	PAYMT	11/08/2006	UB1	373909.01	16.61-	0001067344 100000
		SEWER	PAYMT	11/08/2006	UB1	373909.01	528.26-	0001067344 100000
				11/15/2006	Total=		\$0.00	
12/15/2006		WATER	CHG	12/01/2006	0011		517.24	0001079646 000002
		UTILITY CHARGE	CHG	12/01/2006	0011		15.52	0001079646 000003
		SEWER	CHG	12/01/2006	0011		495.89	0001079646 000004
				12/01/2006				
		*Mtr Read Fr: 10/13/06 To: 11/14/06 CNS: 1859 A						
		WATER	PAYMT	12/13/2006	UB1	382618.01	517.24-	0001088088 100000
		UTILITY CHARGE	PAYMT	12/13/2006	UB1	382618.01	15.52-	0001088088 100000
		SEWER	PAYMT	12/13/2006	UB1	382618.01	495.89-	0001088088 100000
				12/15/2006	Total=		\$0.00	
01/15/2007		WATER	CHG	01/01/2007	0012		445.15	0001096740 000002
		UTILITY CHARGE	CHG	01/01/2007	0012		13.35	0001096740 000003
		SEWER	CHG	01/01/2007	0012		432.11	0001096740 000004
				01/01/2007				
		*Mtr Read Fr: 11/14/06 To: 12/12/06 CNS: 1591 A						
		WATER	PAYMT	01/11/2007	UB1	388480.01	445.15-	0001105253 100000
		UTILITY CHARGE	PAYMT	01/11/2007	UB1	388480.01	13.35-	0001105253 100000
		SEWER	PAYMT	01/11/2007	UB1	388480.01	432.11-	0001105253 100000
				01/15/2007	Total=		\$0.00	
02/15/2007		WATER	CHG	02/01/2007	0001		493.03	0001114961 000002
		UTILITY CHARGE	CHG	02/01/2007	0001		14.79	0001114961 000003
		SEWER	CHG	02/01/2007	0001		474.47	0001114961 000004
				02/01/2007				
		*Mtr Read Fr: 12/12/06 To: 01/11/07 CNS: 1769 A						
		WATER	PAYMT	02/15/2007	UB1	395900.01	493.03-	0001125064 100000
		UTILITY CHARGE	PAYMT	02/15/2007	UB1	395900.01	14.79-	0001125064 100000
		SEWER	PAYMT	02/15/2007	UB1	395900.01	474.47-	0001125064 100000
				02/15/2007	Total=		\$0.00	
03/15/2007		WATER	CHG	03/01/2007	0002		398.71	0001134626 000002
		UTILITY CHARGE	CHG	03/01/2007	0002		11.96	0001134626 000003
		SEWER	CHG	03/01/2007	0002		389.04	0001134626 000004
				03/01/2007				
		*Mtr Read Fr: 01/11/07 To: 02/13/07 CNS: 1421 A						
		WATER	PAYMT	03/07/2007	UB1	398411.01	398.71-	0001140371 100000
		UTILITY CHARGE	PAYMT	03/07/2007	UB1	398411.01	11.96-	0001140371 100000
		SEWER	PAYMT	03/07/2007	UB1	398411.01	389.04-	0001140371 100000
				03/15/2007	Total=		\$0.00	
04/15/2007		WATER	CHG	04/01/2007	0003		541.72	0001152110 000002
		UTILITY CHARGE	CHG	04/01/2007	0003		16.25	0001152110 000003
		SEWER	CHG	04/01/2007	0003		517.55	0001152110 000004
				04/01/2007				
		*Mtr Read Fr: 02/13/07 To: 03/13/07 CNS: 1950 A						
		WATER	PAYMT	04/12/2007	UB1	406958.01	541.72-	0001160599 100000
		UTILITY CHARGE	PAYMT	04/12/2007	UB1	406958.01	16.25-	0001160599 100000

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2012 Seq: 51-10117 Bill: 18293 Bank :
r: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	04/15/2007	SEWER	PAYMT	04/12/2007	UB1	406958.01	517.55-	0001160599 100000
				04/15/2007	Total=		\$0.00	
	05/15/2007	WATER	CHG	05/01/2007	0004		615.96	0001170543 000002
		UTILITY CHARGE	CHG	05/01/2007	0004		18.48	0001170543 000003
		SEWER	CHG	05/01/2007	0004		583.24	0001170543 000004
				05/01/2007				
		*Mtr Read Fr: 03/13/07 To: 04/12/07 CNS: 2226 A						
		WATER	PAYMT	05/11/2007	UB1	413410.01	615.96-	0001179578 100000
		UTILITY CHARGE	PAYMT	05/11/2007	UB1	413410.01	18.48-	0001179578 100000
		SEWER	PAYMT	05/11/2007	UB1	413410.01	583.24-	0001179578 100000
				05/15/2007	Total=		\$0.00	
	06/15/2007	WATER	CHG	06/01/2007	0005		567.28	0001190125 000002
		UTILITY CHARGE	CHG	06/01/2007	0005		17.02	0001190125 000003
		SEWER	CHG	06/01/2007	0005		540.16	0001190125 000004
				06/01/2007				
		*Mtr Read Fr: 04/12/07 To: 05/11/07 CNS: 2045 A						
		WATER	PAYMT	06/15/2007	UB1	420777.01	567.28-	0001199786 100000
		UTILITY CHARGE	PAYMT	06/15/2007	UB1	420777.01	17.02-	0001199786 100000
		SEWER	PAYMT	06/15/2007	UB1	420777.01	540.16-	0001199786 100000
				06/15/2007	Total=		\$0.00	
	1/15/2007	WATER	CHG	07/01/2007	0006		1,180.86	0001207922 000002
		UTILITY CHARGE	CHG	07/01/2007	0006		35.43	0001207922 000003
		SEWER	CHG	07/01/2007	0006		1,083.04	0001207922 000004
				07/01/2007				
		*Mtr Read Fr: 05/11/07 To: 06/12/07 CNS: 4326 A						
		WATER	PAYMT	07/12/2007	UB1	425811.01	1,180.86-	0001216333 100000
		UTILITY CHARGE	PAYMT	07/12/2007	UB1	425811.01	35.43-	0001216333 100000
		SEWER	PAYMT	07/12/2007	UB1	425811.01	1,083.04-	0001216333 100000
				07/15/2007	Total=		\$0.00	
	08/15/2007	WATER	CHG	08/01/2007	0007		1,534.38	0001226764 000002
		UTILITY CHARGE	CHG	08/01/2007	0007		46.03	0001226764 000003
		SEWER	CHG	08/01/2007	0007		1,394.97	0001226764 000004
				08/01/2007				
		*Mtr Read Fr: 06/12/07 To: 07/13/07 CNS: 5537 A						
		WATER	PAYMT	08/09/2007	UB1	431088.01	1,534.38-	0001234303 100000
		UTILITY CHARGE	PAYMT	08/09/2007	UB1	431088.01	46.03-	0001234303 100000
		SEWER	PAYMT	08/09/2007	UB1	431088.01	1,394.97-	0001234303 100000
				08/15/2007	Total=		\$0.00	
	09/15/2007	WATER	CHG	09/01/2007	0008		925.28	0001245120 000002
		UTILITY CHARGE	CHG	09/01/2007	0008		27.76	0001245120 000003
		SEWER	CHG	09/01/2007	0008		857.01	0001245120 000004
				09/01/2007				
		*Mtr Read Fr: 07/13/07 To: 08/14/07 CNS: 3314 A						
		WATER	PAYMT	09/13/2007	UB1	438850.01	925.28-	0001253701 100000
		UTILITY CHARGE	PAYMT	09/13/2007	UB1	438850.01	27.76-	0001253701 100000
		SEWER	PAYMT	09/13/2007	UB1	438850.01	857.01-	0001253701 100000
				09/15/2007	Total=		\$0.00	
	1/15/2007	WATER	CHG	10/01/2007	0009		830.75	0001262443 000002

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2012 Seq: 51-10117 Bill: 18293 Bank :
Cust: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	10/15/2007	UTILITY CHARGE	CHG	10/01/2007	0009		24.92	0001262443 000003
		SEWER	CHG	10/01/2007	0009		773.52	0001262443 000004
				10/01/2007				
		*Mtr Read Fr: 08/14/07 To: 09/12/07 CNS: 2969 A						
		WATER	PAYMT	10/11/2007	UB1	443619.01	830.75-	0001273754 100000
		UTILITY CHARGE	PAYMT	10/11/2007	UB1	443619.01	24.92-	0001273754 100000
		SEWER	PAYMT	10/11/2007	UB1	443619.01	773.52-	0001273754 100000
				10/15/2007	Total=		\$0.00	
11/15/2007		WATER	CHG	11/01/2007	0010		1,132.69	0001286464 000002
		UTILITY CHARGE	CHG	11/01/2007	0010		33.98	0001286464 000003
		SEWER	CHG	11/01/2007	0010		1,040.20	0001286464 000004
				11/01/2007				
		*Mtr Read Fr: 09/12/07 To: 10/12/07 CNS: 4071 A						
		WATER	PAYMT	11/14/2007	UB1	454267.01	1,132.69-	0001296850 100000
		UTILITY CHARGE	PAYMT	11/14/2007	UB1	454267.01	33.98-	0001296850 100000
		SEWER	PAYMT	11/14/2007	UB1	454267.01	1,040.20-	0001296850 100000
				11/15/2007	Total=		\$0.00	
12/15/2007		WATER	CHG	12/01/2007	0011		847.73	0001306688 000002
		UTILITY CHARGE	CHG	12/01/2007	0011		25.43	0001306688 000003
		SEWER	CHG	12/01/2007	0011		788.52	0001306688 000004
				12/01/2007				
		*Mtr Read Fr: 10/12/07 To: 11/13/07 CNS: 3031 A						
		WATER	PAYMT	12/14/2007	UB1	461116.01	847.73-	0001315955 100000
		UTILITY CHARGE	PAYMT	12/14/2007	UB1	461116.01	25.43-	0001315955 100000
		SEWER	PAYMT	12/14/2007	UB1	461116.01	788.52-	0001315955 100000
				12/15/2007	Total=		\$0.00	
01/15/2008		WATER	CHG	01/01/2008	0012		671.83	0001323842 000002
		UTILITY CHARGE	CHG	01/01/2008	0012		20.15	0001323842 000003
		SEWER	CHG	01/01/2008	0012		633.16	0001323842 000004
				01/01/2008				
		*Mtr Read Fr: 11/13/07 To: 12/11/07 CNS: 2389 A						
		WATER	PAYMT	01/09/2008	UB1	465274.01	671.83-	0001331397 100000
		UTILITY CHARGE	PAYMT	01/09/2008	UB1	465274.01	20.15-	0001331397 100000
		SEWER	PAYMT	01/09/2008	UB1	465274.01	633.16-	0001331397 100000
				01/15/2008	Total=		\$0.00	
02/15/2008		WATER	CHG	02/01/2008	0001		589.90	0001347299 000002
		UTILITY CHARGE	CHG	02/01/2008	0001		17.70	0001347299 000003
		SEWER	CHG	02/01/2008	0001		560.80	0001347299 000004
				02/01/2008				
		*Mtr Read Fr: 12/11/07 To: 01/11/08 CNS: 2090 A						
		WATER	PAYMT	02/14/2008	UB1	473458.01	589.90-	0001357216 100000
		UTILITY CHARGE	PAYMT	02/14/2008	UB1	473458.01	17.70-	0001357216 100000
		SEWER	PAYMT	02/14/2008	UB1	473458.01	560.80-	0001357216 100000
				02/15/2008	Total=		\$0.00	
03/15/2008		WATER	CHG	03/01/2008	0002		540.85	0001365644 000002
		UTILITY CHARGE	CHG	03/01/2008	0002		16.23	0001365644 000003
		SEWER	CHG	03/01/2008	0002		517.48	0001365644 000004
				03/01/2008				

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2012 Seq: 51-10117 Bill: 18293 Bank :
r: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq

		*Mtr Read Fr: 01/11/08 To: 02/11/08 CNS:				1911 A		
		WATER	PAYMT	03/13/2008	UB1	479362.01	540.85-	0001374380 100000
		UTILITY CHARGE	PAYMT	03/13/2008	UB1	479362.01	16.23-	0001374380 100000
		SEWER	PAYMT	03/13/2008	UB1	479362.01	517.48-	0001374380 100000
				03/15/2008	Total=		\$0.00	
04/15/2008		WATER	CHG	04/01/2008	0003		510.44	0001383185 000002
		UTILITY CHARGE	CHG	04/01/2008	0003		15.31	0001383185 000003
		SEWER	CHG	04/01/2008	0003		490.62	0001383185 000004
				04/01/2008				
		*Mtr Read Fr: 02/11/08 To: 03/12/08 CNS:				1800 A		
		WATER	PAYMT	04/11/2008	UB1	484325.01	510.44-	0001390798 100000
		UTILITY CHARGE	PAYMT	04/11/2008	UB1	484325.01	15.31-	0001390798 100000
		SEWER	PAYMT	04/11/2008	UB1	484325.01	490.62-	0001390798 100000
				04/15/2008	Total=		\$0.00	
05/15/2008		WATER	CHG	05/01/2008	0004		488.12	0001403632 000002
		RIVER FEE	CHG	05/01/2008	0004		17.44	0001403632 000003
		UTILITY CHARGE	CHG	05/01/2008	0004		14.64	0001403632 000004
		SEWER	CHG	05/01/2008	0004		477.07	0001403632 000005
				05/01/2008				
		*Mtr Read Fr: 03/12/08 To: 04/14/08 CNS:				1744 A		
		WATER	PAYMT	05/14/2008	UB1	493103.01	488.12-	0001413520 100000
		RIVER FEE	PAYMT	05/14/2008	UB1	493103.01	17.44-	0001413520 100000
		UTILITY CHARGE	PAYMT	05/14/2008	UB1	493103.01	14.64-	0001413520 100000
		SEWER	PAYMT	05/14/2008	UB1	493103.01	477.07-	0001413520 100000
				05/15/2008	Total=		\$0.00	
06/15/2008		WATER	CHG	06/01/2008	0005		327.38	0001422931 000002
		RIVER FEE	CHG	06/01/2008	0005		11.60	0001422931 000003
		UTILITY CHARGE	CHG	06/01/2008	0005		9.82	0001422931 000004
		SEWER	CHG	06/01/2008	0005		324.18	0001422931 000005
				06/01/2008				
		*Mtr Read Fr: 04/14/08 To: 05/12/08 CNS:				1160 A		
		WATER	PAYMT	06/12/2008	UB1	498498.01	327.38-	0001432616 100000
		RIVER FEE	PAYMT	06/12/2008	UB1	498498.01	11.60-	0001432616 100000
		UTILITY CHARGE	PAYMT	06/12/2008	UB1	498498.01	9.82-	0001432616 100000
		SEWER	PAYMT	06/12/2008	UB1	498498.01	324.18-	0001432616 100000
				06/15/2008	Total=		\$0.00	
07/15/2008		WATER	CHG	07/01/2008	0006		573.17	0001442931 000002
		RIVER FEE	CHG	07/01/2008	0006		20.59	0001442931 000003
		UTILITY CHARGE	CHG	07/01/2008	0006		17.20	0001442931 000004
		SEWER	CHG	07/01/2008	0006		553.30	0001442931 000005
				07/01/2008				
		*Mtr Read Fr: 05/12/08 To: 06/12/08 CNS:				2059 A		
		WATER	PAYMT	07/09/2008	UB1	503125.01	573.17-	0001449840 100000
		RIVER FEE	PAYMT	07/09/2008	UB1	503125.01	20.59-	0001449840 100000
		UTILITY CHARGE	PAYMT	07/09/2008	UB1	503125.01	17.20-	0001449840 100000
		SEWER	PAYMT	07/09/2008	UB1	503125.01	553.30-	0001449840 100000
				07/15/2008	Total=		\$0.00	
8/15/2008		WATER	CHG	08/01/2008	0007		969.21	0001463587 000002

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No	/ Seq
1	08/15/2008	RIVER FEE	CHG	08/01/2008	0007		34.56	0001463587	000003
		UTILITY CHARGE	CHG	08/01/2008	0007		29.08	0001463587	000004
		SEWER	CHG	08/01/2008	0007		910.23	0001463587	000005
		08/01/2008							
		*Mtr Read Fr: 06/12/08 To: 07/14/08 CNS: 3456 A							
		WATER	PAYMT	08/14/2008	UB1	512221.01	969.21-	0001473792	100000
		RIVER FEE	PAYMT	08/14/2008	UB1	512221.01	34.56-	0001473792	100000
		UTILITY CHARGE	PAYMT	08/14/2008	UB1	512221.01	29.08-	0001473792	100000
		SEWER	PAYMT	08/14/2008	UB1	512221.01	910.23-	0001473792	100000
		08/15/2008 Total=					\$0.00		
09/15/2008		WATER	CHG	09/01/2008	0008		503.36	0001483908	000002
		RIVER FEE	CHG	09/01/2008	0008		17.62	0001483908	000003
		UTILITY CHARGE	CHG	09/01/2008	0008		15.10	0001483908	000004
		SEWER	CHG	09/01/2008	0008		491.81	0001483908	000005
		09/01/2008							
		*Mtr Read Fr: 07/14/08 To: 08/12/08 CNS: 1762 A							
		WATER	PAYMT	09/10/2008	UB1	517841.01	503.36-	0001492700	100000
		RIVER FEE	PAYMT	09/10/2008	UB1	517841.01	17.62-	0001492700	100000
		UTILITY CHARGE	PAYMT	09/10/2008	UB1	517841.01	15.10-	0001492700	100000
		SEWER	PAYMT	09/10/2008	UB1	517841.01	491.81-	0001492700	100000
		09/15/2008 Total=					\$0.00		
10/15/2008		WATER	CHG	10/01/2008	0009		613.64	0001507831	000002
		RIVER FEE	CHG	10/01/2008	0009		21.63	0001507831	000003
		UTILITY CHARGE	CHG	10/01/2008	0009		18.41	0001507831	000004
		SEWER	CHG	10/01/2008	0009		590.86	0001507831	000005
		10/01/2008							
		*Mtr Read Fr: 08/12/08 To: 09/16/08 CNS: 2163 A							
		WATER	PAYMT	10/15/2008	UB1	526045.01	613.64-	0001518365	100000
		RIVER FEE	PAYMT	10/15/2008	UB1	526045.01	21.63-	0001518365	100000
		UTILITY CHARGE	PAYMT	10/15/2008	UB1	526045.01	18.41-	0001518365	100000
		SEWER	PAYMT	10/15/2008	UB1	526045.01	590.86-	0001518365	100000
		10/15/2008 Total=					\$0.00		
11/15/2008		WATER	CHG	11/01/2008	0010		430.46	0001530689	000002
		RIVER FEE	CHG	11/01/2008	0010		14.97	0001530689	000003
		UTILITY CHARGE	CHG	11/01/2008	0010		12.91	0001530689	000004
		SEWER	CHG	11/01/2008	0010		426.25	0001530689	000005
		11/01/2008							
		*Mtr Read Fr: 09/16/08 To: 10/14/08 CNS: 1497 A							
		WATER	PAYMT	11/13/2008	UB1	533882.01	430.46-	0001540427	100000
		RIVER FEE	PAYMT	11/13/2008	UB1	533882.01	14.97-	0001540427	100000
		UTILITY CHARGE	PAYMT	11/13/2008	UB1	533882.01	12.91-	0001540427	100000
		SEWER	PAYMT	11/13/2008	UB1	533882.01	426.25-	0001540427	100000
		11/15/2008 Total=					\$0.00		
12/15/2008		WATER	CHG	12/01/2008	0011		309.90	0001551008	000002
		RIVER FEE	CHG	12/01/2008	0011		10.74	0001551008	000003
		UTILITY CHARGE	CHG	12/01/2008	0011		9.30	0001551008	000004
		SEWER	CHG	12/01/2008	0011		306.97	0001551008	000005
		12/01/2008							

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq

		*Mtr Read Fr: 10/14/08 To: 11/13/08 CNS:				1074 A		
		WATER	PAYMT	12/19/2008	UB1	542248.01	309.90-	0001568410 100000
		RIVER FEE	PAYMT	12/19/2008	UB1	542248.01	10.74-	0001568410 100000
		UTILITY CHARGE	PAYMT	12/19/2008	UB1	542248.01	9.30-	0001568410 100000
		SEWER	PAYMT	12/19/2008	UB1	542248.01	306.97-	0001568410 100000
				12/15/2008	Total=		\$0.00	
01/15/2009		WATER	CHG	01/01/2009	0012		216.14	0001570628 000002
		RIVER FEE	CHG	01/01/2009	0012		7.45	0001570628 000003
		UTILITY CHARGE	CHG	01/01/2009	0012		6.48	0001570628 000004
		SEWER	CHG	01/01/2009	0012		214.19	0001570628 000005
		01/01/2009						
		*Mtr Read Fr: 11/13/08 To: 12/11/08 CNS:				745 A		
		WATER	PAYMT	01/13/2009	UB1	546580.01	216.14-	0001579503 100000
		RIVER FEE	PAYMT	01/13/2009	UB1	546580.01	7.45-	0001579503 100000
		UTILITY CHARGE	PAYMT	01/13/2009	UB1	546580.01	6.48-	0001579503 100000
		SEWER	PAYMT	01/13/2009	UB1	546580.01	214.19-	0001579503 100000
				01/15/2009	Total=		\$0.00	
02/15/2009		WATER	CHG	02/01/2009	0001		233.24	0001590850 000002
		RIVER FEE	CHG	02/01/2009	0001		8.05	0001590850 000003
		UTILITY CHARGE	CHG	02/01/2009	0001		7.00	0001590850 000004
		SEWER	CHG	02/01/2009	0001		231.11	0001590850 000005
		02/01/2009						
		*Mtr Read Fr: 12/11/08 To: 01/13/09 CNS:				805 A		
		WATER	PAYMT	02/11/2009	UB1	552529.01	233.24-	0001599783 100000
		RIVER FEE	PAYMT	02/11/2009	UB1	552529.01	8.05-	0001599783 100000
		UTILITY CHARGE	PAYMT	02/11/2009	UB1	552529.01	7.00-	0001599783 100000
		SEWER	PAYMT	02/11/2009	UB1	552529.01	231.11-	0001599783 100000
				02/15/2009	Total=		\$0.00	
03/15/2009		WATER	CHG	03/01/2009	0002		238.94	0001610870 000002
		RIVER FEE	CHG	03/01/2009	0002		8.25	0001610870 000003
		UTILITY CHARGE	CHG	03/01/2009	0002		7.17	0001610870 000004
		SEWER	CHG	03/01/2009	0002		236.75	0001610870 000005
		03/01/2009						
		*Mtr Read Fr: 01/13/09 To: 02/11/09 CNS:				825 A		
		WATER	PAYMT	03/11/2009	UB1	558045.01	238.94-	0001618091 100000
		RIVER FEE	PAYMT	03/11/2009	UB1	558045.01	8.25-	0001618091 100000
		UTILITY CHARGE	PAYMT	03/11/2009	UB1	558045.01	7.17-	0001618091 100000
		SEWER	PAYMT	03/11/2009	UB1	558045.01	236.75-	0001618091 100000
				03/15/2009	Total=		\$0.00	
04/15/2009		WATER	CHG	04/01/2009	0003		285.11	0001629807 000002
		RIVER FEE	CHG	04/01/2009	0003		9.87	0001629807 000003
		UTILITY CHARGE	CHG	04/01/2009	0003		8.55	0001629807 000004
		SEWER	CHG	04/01/2009	0003		282.43	0001629807 000005
		04/01/2009						
		*Mtr Read Fr: 02/11/09 To: 03/11/09 CNS:				987 A		
		WATER	PAYMT	04/08/2009	UB1	563772.01	285.11-	0001636671 100000
		RIVER FEE	PAYMT	04/08/2009	UB1	563772.01	9.87-	0001636671 100000
		UTILITY CHARGE	PAYMT	04/08/2009	UB1	563772.01	8.55-	0001636671 100000

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1	04/15/2009	SEWER	PAYMT	04/08/2009	UB1	563772.01	282.43-	0001636671 100000
				04/15/2009	Total=		\$0.00	
	05/15/2009	WATER	CHG	05/01/2009	0004		297.36	0001650531 000002
		RIVER FEE	CHG	05/01/2009	0004		10.30	0001650531 000003
		UTILITY CHARGE	CHG	05/01/2009	0004		8.92	0001650531 000004
		SEWER	CHG	05/01/2009	0004		294.56	0001650531 000005
				05/01/2009				
		*Mtr Read Fr: 03/11/09 To: 04/14/09 CNS:			1030 A			
		WATER	PAYMT	05/13/2009	UB1	572084.01	297.36-	0001659390 100000
		RIVER FEE	PAYMT	05/13/2009	UB1	572084.01	10.30-	0001659390 100000
		UTILITY CHARGE	PAYMT	05/13/2009	UB1	572084.01	8.92-	0001659390 100000
		SEWER	PAYMT	05/13/2009	UB1	572084.01	294.56-	0001659390 100000
				05/15/2009	Total=		\$0.00	
	06/15/2009	WATER	CHG	06/01/2009	0005	397133	625.19	0001671396 000001
		RIVER FEE	CHG	06/01/2009	0005	397133	22.05	0001671396 000002
		UTILITY CHARGE	CHG	06/01/2009	0005	397133	18.76	0001671396 000003
		SEWER	CHG	06/01/2009	0005	397133	601.24	0001671396 000004
		*Mtr Read Fr: 04/14/09 To: 05/12/09 CNS:			2205 A			
				06/01/2009				
		*Mtr Read Fr: 04/14/09 To: 05/12/09 CNS:			2205 A			
		WATER	PAYMT	06/11/2009	UB1	577979.01	625.19-	0001679081 100000
		RIVER FEE	PAYMT	06/11/2009	UB1	577979.01	22.05-	0001679081 100000
		UTILITY CHARGE	PAYMT	06/11/2009	UB1	577979.01	18.76-	0001679081 100000
		SEWER	PAYMT	06/11/2009	UB1	577979.01	601.24-	0001679081 100000
				06/15/2009	Total=		\$0.00	
	07/15/2009	WATER	CHG	07/01/2009	0006	397133	795.14	0001690972 000001
		RIVER FEE	CHG	07/01/2009	0006	397133	28.23	0001690972 000002
		UTILITY CHARGE	CHG	07/01/2009	0006	397133	23.85	0001690972 000003
		SEWER	CHG	07/01/2009	0006	397133	753.88	0001690972 000004
		*Mtr Read Fr: 05/12/09 To: 06/15/09 CNS:			2823 A			
				07/01/2009				
		*Mtr Read Fr: 05/12/09 To: 06/15/09 CNS:			2823 A			
		WATER	PAYMT	07/13/2009	UB1	584195.01	795.14-	0001698519 100000
		RIVER FEE	PAYMT	07/13/2009	UB1	584195.01	28.23-	0001698519 100000
		UTILITY CHARGE	PAYMT	07/13/2009	UB1	584195.01	23.85-	0001698519 100000
		SEWER	PAYMT	07/13/2009	UB1	584195.01	753.88-	0001698519 100000
				07/15/2009	Total=		\$0.00	
	08/15/2009	WATER	CHG	08/01/2009	0007		223.12	0001711020 000001
		RIVER FEE	CHG	08/01/2009	0007		7.56	0001711020 000002
		UTILITY CHARGE	CHG	08/01/2009	0007		6.69	0001711020 000003
		SEWER	CHG	08/01/2009	0007		221.15	0001711020 000004
				08/01/2009				
		*Mtr Read Fr: 06/15/09 To: 07/14/09 CNS:			756 A			
		WATER	PAYMT	08/12/2009	UB1	592241.01	223.12-	0001720671 100000
		RIVER FEE	PAYMT	08/12/2009	UB1	592241.01	7.56-	0001720671 100000
		UTILITY CHARGE	PAYMT	08/12/2009	UB1	592241.01	6.69-	0001720671 100000
		SEWER	PAYMT	08/12/2009	UB1	592241.01	221.15-	0001720671 100000
				08/15/2009	Total=		\$0.00	

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1	09/15/2009	WATER	CHG	09/01/2009	0008		97.26	0001730569 000001
		RIVER FEE	CHG	09/01/2009	0008		3.22	0001730569 000002
		UTILITY CHARGE	CHG	09/01/2009	0008		2.92	0001730569 000003
		SEWER	CHG	09/01/2009	0008		96.59	0001730569 000004
		09/01/2009						
		*Mtr Read Fr: 07/14/09 To: 08/13/09 CNS: 322 A						
		WATER	PAYMT	09/15/2009	UB1	599550.01	97.26-	0001740430 100000
		RIVER FEE	PAYMT	09/15/2009	UB1	599550.01	3.22-	0001740430 100000
		UTILITY CHARGE	PAYMT	09/15/2009	UB1	599550.01	2.92-	0001740430 100000
		SEWER	PAYMT	09/15/2009	UB1	599550.01	96.59-	0001740430 100000
		09/15/2009 Total=						\$0.00
10/15/2009		WATER	CHG	10/01/2009	0009		80.73	0001755649 000001
		RIVER FEE	CHG	10/01/2009	0009		2.65	0001755649 000002
		UTILITY CHARGE	CHG	10/01/2009	0009		2.42	0001755649 000003
		SEWER	CHG	10/01/2009	0009		80.24	0001755649 000004
		10/01/2009						
		*Mtr Read Fr: 08/13/09 To: 09/15/09 CNS: 265 A						
		WATER	PAYMT	10/15/2009	UB1	605673.01	80.73-	0001765619 100000
		RIVER FEE	PAYMT	10/15/2009	UB1	605673.01	2.65-	0001765619 100000
		UTILITY CHARGE	PAYMT	10/15/2009	UB1	605673.01	2.42-	0001765619 100000
		SEWER	PAYMT	10/15/2009	UB1	605673.01	80.24-	0001765619 100000
		10/15/2009 Total=						\$0.00
11/15/2009		WATER	CHG	11/01/2009	0010		84.21	0001778548 000001
		RIVER FEE	CHG	11/01/2009	0010		2.77	0001778548 000002
		UTILITY CHARGE	CHG	11/01/2009	0010		2.53	0001778548 000003
		SEWER	CHG	11/01/2009	0010		83.68	0001778548 000004
		11/01/2009						
		*Mtr Read Fr: 09/15/09 To: 10/13/09 CNS: 277 A						
		11/17/2009						
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/20/2009	UB1	616648.01	84.21-	0001796376 100000
		RIVER FEE	PAYMT	11/20/2009	UB1	616648.01	2.77-	0001796376 100000
		UTILITY CHARGE	PAYMT	11/20/2009	UB1	616648.01	2.53-	0001796376 100000
		SEWER	PAYMT	11/20/2009	UB1	616648.01	83.68-	0001796376 100000
		11/15/2009 Total=						\$0.00
12/15/2009		WATER	CHG	12/01/2009	0011		21.57	0001798594 000001
		RIVER FEE	CHG	12/01/2009	0011		0.61	0001798594 000002
		UTILITY CHARGE	CHG	12/01/2009	0011		0.65	0001798594 000003
		SEWER	CHG	12/01/2009	0011		21.69	0001798594 000004
		12/01/2009						
		*Mtr Read Fr: 10/13/09 To: 11/09/09 CNS: 61 A						
		WATER	PAYMT	12/15/2009	UB1	621720.01	21.57-	0001808369 100000
		RIVER FEE	PAYMT	12/15/2009	UB1	621720.01	0.61-	0001808369 100000
		UTILITY CHARGE	PAYMT	12/15/2009	UB1	621720.01	0.65-	0001808369 100000
		SEWER	PAYMT	12/15/2009	UB1	621720.01	21.69-	0001808369 100000
		12/15/2009 Total=						\$0.00
/15/2010		WATER	CHG	01/01/2010	0012		52.68	0001817989 000001
		RIVER FEE	CHG	01/01/2010	0012		1.60	0001817989 000002

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1	01/15/2010	UTILITY CHARGE	CHG	01/01/2010	0012		1.58	0001817989 000003
		SEWER	CHG	01/01/2010	0012		54.75	0001817989 000004
				01/01/2010				
		*Mtr Read Fr: 11/09/09 To: 12/10/09 CNS: 160 A						
		WATER	PAYMT	01/13/2010	UB1	627006.01	52.68-	0001827125 100000
		RIVER FEE	PAYMT	01/13/2010	UB1	627006.01	1.60-	0001827125 100000
		UTILITY CHARGE	PAYMT	01/13/2010	UB1	627006.01	1.58-	0001827125 100000
		SEWER	PAYMT	01/13/2010	UB1	627006.01	54.75-	0001827125 100000
				01/15/2010	Total=		\$0.00	
02/15/2010		WATER	CHG	02/01/2010	0001		262.29	0001837331 000001
		RIVER FEE	CHG	02/01/2010	0001		8.45	0001837331 000002
		UTILITY CHARGE	CHG	02/01/2010	0001		7.87	0001837331 000003
		SEWER	CHG	02/01/2010	0001		272.58	0001837331 000004
				02/01/2010				
		*Mtr Read Fr: 12/10/09 To: 01/14/10 CNS: 845 A						
		WATER	PAYMT	02/10/2010	UB1	632440.01	262.29-	0001845675 100000
		RIVER FEE	PAYMT	02/10/2010	UB1	632440.01	8.45-	0001845675 100000
		UTILITY CHARGE	PAYMT	02/10/2010	UB1	632440.01	7.87-	0001845675 100000
		SEWER	PAYMT	02/10/2010	UB1	632440.01	272.58-	0001845675 100000
				02/15/2010	Total=		\$0.00	
3/15/2010		WATER	CHG	03/01/2010	0002		193.75	0001856885 000001
		RIVER FEE	CHG	03/01/2010	0002		6.21	0001856885 000002
		UTILITY CHARGE	CHG	03/01/2010	0002		5.81	0001856885 000003
		SEWER	CHG	03/01/2010	0002		201.35	0001856885 000004
				03/01/2010				
		*Mtr Read Fr: 01/14/10 To: 02/12/10 CNS: 621 A						
				03/16/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	03/23/2010	UB1	642144.01	193.75-	0001874390 100000
		RIVER FEE	PAYMT	03/23/2010	UB1	642144.01	6.21-	0001874390 100000
		UTILITY CHARGE	PAYMT	03/23/2010	UB1	642144.01	5.81-	0001874390 100000
		SEWER	PAYMT	03/23/2010	UB1	642144.01	201.35-	0001874390 100000
				03/15/2010	Total=		\$0.00	
04/15/2010		WATER	CHG	04/01/2010	0003		149.38	0001876357 000001
		RIVER FEE	CHG	04/01/2010	0003		4.76	0001876357 000002
		UTILITY CHARGE	CHG	04/01/2010	0003		4.48	0001876357 000003
		SEWER	CHG	04/01/2010	0003		155.24	0001876357 000004
				04/01/2010				
		*Mtr Read Fr: 02/12/10 To: 03/12/10 CNS: 476 A						
				04/16/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	04/26/2010	UB1	649137	149.38-	0001895509 100000
		RIVER FEE	PAYMT	04/26/2010	UB1	649137	4.76-	0001895509 100000
		UTILITY CHARGE	PAYMT	04/26/2010	UB1	649137	4.48-	0001895509 100000
		SEWER	PAYMT	04/26/2010	UB1	649137	155.24-	0001895509 100000
				04/15/2010	Total=		\$0.00	
/15/2010		WATER	CHG	05/01/2010	0004		28.51	0001897246 000001
		RIVER FEE	CHG	05/01/2010	0004		0.81	0001897246 000002

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2012 Seq: 51-10117 Bill: 18293 Bank :
r: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	05/15/2010	UTILITY CHARGE	CHG	05/01/2010	0004		0.86	0001897246 000003
		SEWER	CHG	05/01/2010	0004		29.63	0001897246 000004
				05/01/2010				
		*Mtr Read Fr: 03/12/10 To: 04/13/10 CNS: 81 A						
		WATER	PAYMT	05/17/2010	UB1	654149.01	28.51-	0001908084 100000
		RIVER FEE	PAYMT	05/17/2010	UB1	654149.01	0.81-	0001908084 100000
		UTILITY CHARGE	PAYMT	05/17/2010	UB1	654149.01	0.86-	0001908084 100000
		SEWER	PAYMT	05/17/2010	UB1	654149.01	29.63-	0001908084 100000
				05/15/2010	Total=		\$0.00	
06/15/2010		WATER	CHG	06/01/2010	0005		55.43	0001917923 000001
		RIVER FEE	CHG	06/01/2010	0005		1.69	0001917923 000002
		UTILITY CHARGE	CHG	06/01/2010	0005		1.66	0001917923 000003
		SEWER	CHG	06/01/2010	0005		57.61	0001917923 000004
				06/01/2010				
		*Mtr Read Fr: 04/13/10 To: 05/11/10 CNS: 169 A						
				06/16/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	06/29/2010	UB1	662530.01	55.43-	0001936723 100000
		RIVER FEE	PAYMT	06/29/2010	UB1	662530.01	1.69-	0001936723 100000
		UTILITY CHARGE	PAYMT	06/29/2010	UB1	662530.01	1.66-	0001936723 100000
		SEWER	PAYMT	06/29/2010	UB1	662530.01	57.61-	0001936723 100000
				06/15/2010	Total=		\$0.00	
07/15/2010		WATER	CHG	07/01/2010	0006		106.84	0001938065 000001
		RIVER FEE	CHG	07/01/2010	0006		3.37	0001938065 000002
		UTILITY CHARGE	CHG	07/01/2010	0006		3.21	0001938065 000003
		SEWER	CHG	07/01/2010	0006		111.04	0001938065 000004
				07/01/2010				
		*Mtr Read Fr: 05/11/10 To: 06/16/10 CNS: 337 A						
				07/16/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	07/26/2010	UB1	668828.01	106.84-	0001957375 100000
		RIVER FEE	PAYMT	07/26/2010	UB1	668828.01	3.37-	0001957375 100000
		UTILITY CHARGE	PAYMT	07/26/2010	UB1	668828.01	3.21-	0001957375 100000
		SEWER	PAYMT	07/26/2010	UB1	668828.01	111.04-	0001957375 100000
				07/15/2010	Total=		\$0.00	
08/15/2010		WATER	CHG	08/01/2010	0007		225.08	0001959517 000001
		RIVER FEE	CHG	08/01/2010	0007		7.07	0001959517 000002
		UTILITY CHARGE	CHG	08/01/2010	0007		6.75	0001959517 000003
		SEWER	CHG	08/01/2010	0007		233.73	0001959517 000004
				08/01/2010				
		*Mtr Read Fr: 06/16/10 To: 07/13/10 CNS: 707 A						
				08/17/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	09/07/2010	UB1	676497.01	225.08-	0001985899 100000
		RIVER FEE	PAYMT	09/07/2010	UB1	676497.01	7.07-	0001985899 100000
		UTILITY CHARGE	PAYMT	09/07/2010	UB1	676497.01	6.75-	0001985899 100000
		SEWER	PAYMT	09/07/2010	UB1	676497.01	233.73-	0001985899 100000
				08/15/2010	Total=		\$0.00	

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2012 Seq: 51-10117 Bill: 18293 Bank :
r: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	09/15/2010	WATER	CHG	09/01/2010	0008		219.45	0001979582 000001
		RIVER FEE	CHG	09/01/2010	0008		6.89	0001979582 000002
		UTILITY CHARGE	CHG	09/01/2010	0008		6.58	0001979582 000003
		SEWER	CHG	09/01/2010	0008		227.88	0001979582 000004
				09/01/2010				
		*Mtr Read Fr: 07/13/10 To: 08/17/10 CNS:			689 A			
				09/16/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/08/2010	UB1	692611.01	219.45-	0002033789 100000
		RIVER FEE	PAYMT	11/08/2010	UB1	692611.01	6.89-	0002033789 100000
		UTILITY CHARGE	PAYMT	11/08/2010	UB1	692611.01	6.58-	0002033789 100000
		SEWER	PAYMT	11/08/2010	UB1	692611.01	227.88-	0002033789 100000
				09/15/2010	Total=		\$0.00	
10/15/2010		WATER	CHG	10/01/2010	0009		128.36	0002003635 000001
		RIVER FEE	CHG	10/01/2010	0009		3.98	0002003635 000002
		UTILITY CHARGE	CHG	10/01/2010	0009		3.85	0002003635 000003
		SEWER	CHG	10/01/2010	0009		133.30	0002003635 000004
				10/01/2010				
		*Mtr Read Fr: 08/17/10 To: 09/10/10 CNS:			398 A			
				10/19/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/08/2010	UB1	692611.01	128.36-	0002033789 100001
		RIVER FEE	PAYMT	11/08/2010	UB1	692611.01	3.98-	0002033789 100001
		UTILITY CHARGE	PAYMT	11/08/2010	UB1	692611.01	3.85-	0002033789 100001
		SEWER	PAYMT	11/08/2010	UB1	692611.01	133.30-	0002033789 100001
				10/15/2010	Total=		\$0.00	
11/15/2010		WATER	CHG	11/01/2010	0010		113.34	0002025575 000001
		RIVER FEE	CHG	11/01/2010	0010		3.50	0002025575 000002
		UTILITY CHARGE	CHG	11/01/2010	0010		3.40	0002025575 000003
		SEWER	CHG	11/01/2010	0010		117.70	0002025575 000004
				11/01/2010				
		*Mtr Read Fr: 09/10/10 To: 10/20/10 CNS:			350 A			
				11/16/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/30/2010	UB1	697922.01	113.34-	0002045415 100000
		RIVER FEE	PAYMT	11/30/2010	UB1	697922.01	3.50-	0002045415 100000
		UTILITY CHARGE	PAYMT	11/30/2010	UB1	697922.01	3.40-	0002045415 100000
		SEWER	PAYMT	11/30/2010	UB1	697922.01	117.70-	0002045415 100000
		Overpaymt	PAYMT	11/30/2010	UB1	697922.01	730.29-	0002045415 100000
		Overpaymt	XFER	12/01/2010	0011	697922.01	730.29	0002046797 000001
				11/15/2010	Total=		\$0.00	
12/15/2010		WATER	CHG	12/01/2010	0011		16.62	0002046796 000001
		RIVER FEE	CHG	12/01/2010	0011		0.41	0002046796 000002
		UTILITY CHARGE	CHG	12/01/2010	0011		0.50	0002046796 000003
		SEWER	CHG	12/01/2010	0011		17.28	0002046796 000004
				12/01/2010				
		*Mtr Read Fr: 10/20/10 To: 11/15/10 CNS:			41 A			
		WATER	XFER	12/01/2010	0011	697922.01	16.62-	0002046797 000002

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r: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	12/15/2010	RIVER FEE	XFER	12/01/2010	0011	697922.01	0.41-	0002046797 000002
		UTILITY CHARGE	XFER	12/01/2010	0011	697922.01	0.50-	0002046797 000002
		SEWER	XFER	12/01/2010	0011	697922.01	17.28-	0002046797 000002
		Overpaymt	XFER	12/01/2010	0011	697922.01	695.48-	0002046797 000002
		Overpaymt	XFER	01/01/2011	0012	697922.01	695.48	0002066409 000001
				12/15/2010	Total=		\$0.00	
01/15/2011		WATER	CHG	01/01/2011	0012		7.23	0002066408 000001
		RIVER FEE	CHG	01/01/2011	0012		0.11	0002066408 000002
		UTILITY CHARGE	CHG	01/01/2011	0012		0.22	0002066408 000003
		SEWER	CHG	01/01/2011	0012		7.53	0002066408 000004
				01/01/2011				
		*Mtr Read Fr: 11/15/10 To: 12/10/10 CNS:				11 A		
		WATER	XFER	01/01/2011	0012	697922.01	7.23-	0002066409 000002
		RIVER FEE	XFER	01/01/2011	0012	697922.01	0.11-	0002066409 000002
		UTILITY CHARGE	XFER	01/01/2011	0012	697922.01	0.22-	0002066409 000002
		SEWER	XFER	01/01/2011	0012	697922.01	7.53-	0002066409 000002
		Overpaymt	XFER	01/01/2011	0012	697922.01	680.39-	0002066409 000002
		Overpaymt	XFER	02/01/2011	0001	697922.01	680.39	0002086259 000001
				01/15/2011	Total=		\$0.00	
02/15/2011		WATER	CHG	02/01/2011	0001		11.93	0002086258 000001
		RIVER FEE	CHG	02/01/2011	0001		0.26	0002086258 000002
		UTILITY CHARGE	CHG	02/01/2011	0001		0.36	0002086258 000003
		SEWER	CHG	02/01/2011	0001		12.40	0002086258 000004
				02/01/2011				
		*Mtr Read Fr: 12/10/10 To: 01/13/11 CNS:				26 A		
		WATER	XFER	02/01/2011	0001	697922.01	11.93-	0002086259 000002
		RIVER FEE	XFER	02/01/2011	0001	697922.01	0.26-	0002086259 000002
		UTILITY CHARGE	XFER	02/01/2011	0001	697922.01	0.36-	0002086259 000002
		SEWER	XFER	02/01/2011	0001	697922.01	12.40-	0002086259 000002
		Overpaymt	XFER	02/01/2011	0001	697922.01	655.44-	0002086259 000002
		Overpaymt	XFER	03/01/2011	0002	697922.01	655.44	0002106382 000001
				02/15/2011	Total=		\$0.00	
03/15/2011		WATER	XFER	03/01/2011	0002	697922.01	6.92-	0002106382 000002
		UTILITY CHARGE	XFER	03/01/2011	0002	697922.01	0.21-	0002106382 000002
		SEWER	XFER	03/01/2011	0002	697922.01	7.20-	0002106382 000002
		Overpaymt	XFER	03/01/2011	0002	697922.01	641.11-	0002106382 000002
		WATER	CHG	03/01/2011	0002		6.92	0002112718 000001
		UTILITY CHARGE	CHG	03/01/2011	0002		0.21	0002112718 000002
		SEWER	CHG	03/01/2011	0002		7.20	0002112718 000003
				03/01/2011				
		*Mtr Read Fr: 01/13/11 To: 02/09/11 CNS:				0 A		
		Overpaymt	XFER	04/01/2011	0003	697922.01	641.11	0002131699 000001
				03/15/2011	Total=		\$0.00	
04/15/2011		WATER	CHG	04/01/2011	0003		707.91	0002131698 000001
		RIVER FEE	CHG	04/01/2011	0003		22.74	0002131698 000002
		UTILITY CHARGE	CHG	04/01/2011	0003		21.24	0002131698 000003
		SEWER	CHG	04/01/2011	0003		716.26	0002131698 000004
				04/01/2011				

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C: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq

*Mtr Read Fr: 02/09/11 To: 03/14/11 CNS: 2274 A							
	WATER	XFER	04/01/2011	0003	697922.01	641.11-	0002131699 000002
04/18/2011							
DELINQUENT NOTICE SENT							
	WATER	PAYMT	04/25/2011	UB1	729513.01	66.80-	0002149710 100000
	RIVER FEE	PAYMT	04/25/2011	UB1	729513.01	22.74-	0002149710 100000
	UTILITY CHARGE	PAYMT	04/25/2011	UB1	729513.01	21.24-	0002149710 100000
	SEWER	PAYMT	04/25/2011	UB1	729513.01	716.26-	0002149710 100000
04/15/2011 Total=							
						\$0.00	
05/15/2011	WATER	CHG	05/01/2011	0004		123.67	0002152024 000001
	RIVER FEE	CHG	05/01/2011	0004		3.83	0002152024 000002
	UTILITY CHARGE	CHG	05/01/2011	0004		3.71	0002152024 000003
	SEWER	CHG	05/01/2011	0004		128.43	0002152024 000004
05/01/2011							
*Mtr Read Fr: 03/14/11 To: 04/13/11 CNS: 383 A							
05/17/2011							
DELINQUENT NOTICE SENT							
	WATER	PAYMT	06/09/2011	UB1	738198.01	123.67-	0002180546 100000
	RIVER FEE	PAYMT	06/09/2011	UB1	738198.01	3.83-	0002180546 100000
	UTILITY CHARGE	PAYMT	06/09/2011	UB1	738198.01	3.71-	0002180546 100000
	SEWER	PAYMT	06/09/2011	UB1	738198.01	128.43-	0002180546 100000
05/15/2011 Total=							
						\$0.00	
06/15/2011	WATER	CHG	06/01/2011	0005		15.37	0002173440 000001
	RIVER FEE	CHG	06/01/2011	0005		0.37	0002173440 000002
	UTILITY CHARGE	CHG	06/01/2011	0005		0.46	0002173440 000003
	SEWER	CHG	06/01/2011	0005		15.98	0002173440 000004
06/01/2011							
*Mtr Read Fr: 04/13/11 To: 05/09/11 CNS: 37 A							
06/16/2011							
DELINQUENT NOTICE SENT							
	WATER	PAYMT	06/27/2011	UB1	743132.01	15.37-	0002192056 100000
	RIVER FEE	PAYMT	06/27/2011	UB1	743132.01	0.37-	0002192056 100000
	UTILITY CHARGE	PAYMT	06/27/2011	UB1	743132.01	0.46-	0002192056 100000
	SEWER	PAYMT	06/27/2011	UB1	743132.01	15.98-	0002192056 100000
06/15/2011 Total=							
						\$0.00	
07/15/2011	WATER	CHG	07/01/2011	0006		54.81	0002193465 000001
	RIVER FEE	CHG	07/01/2011	0006		1.63	0002193465 000002
	UTILITY CHARGE	CHG	07/01/2011	0006		1.64	0002193465 000003
	SEWER	CHG	07/01/2011	0006		56.93	0002193465 000004
07/01/2011							
*Mtr Read Fr: 05/09/11 To: 06/16/11 CNS: 163 A							
07/18/2011							
DELINQUENT NOTICE SENT							
	WATER	PAYMT	08/10/2011	UB1	752025.01	54.81-	0002221996 100000
	RIVER FEE	PAYMT	08/10/2011	UB1	752025.01	1.63-	0002221996 100000
	UTILITY CHARGE	PAYMT	08/10/2011	UB1	752025.01	1.64-	0002221996 100000
	SEWER	PAYMT	08/10/2011	UB1	752025.01	56.93-	0002221996 100000
07/15/2011 Total=							
						\$0.00	

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2012 Seq: 51-10117 Bill: 18293 Bank :
r: KUHLMAN ELECTRIC CO Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	08/15/2011	WATER	CHG	08/01/2011	0007		25.44	0002213788 000001
		RIVER FEE	CHG	08/01/2011	0007		0.58	0002213788 000002
		UTILITY CHARGE	CHG	08/01/2011	0007		0.76	0002213788 000003
		SEWER	CHG	08/01/2011	0007		26.44	0002213788 000004
				08/01/2011				
		*Mtr Read Fr: 06/16/11 To: 07/13/11 CNS:			58 A			
				08/16/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/29/2011	UB1	779314.01	25.44-	0002302143 100000
		RIVER FEE	PAYMT	11/29/2011	UB1	779314.01	0.58-	0002302143 100000
		UTILITY CHARGE	PAYMT	11/29/2011	UB1	779314.01	0.76-	0002302143 100000
		SEWER	PAYMT	11/29/2011	UB1	779314.01	26.44-	0002302143 100000
				08/15/2011	Total=		\$0.00	
09/15/2011		WATER	CHG	09/01/2011	0008		67.19	0002234676 000001
		RIVER FEE	CHG	09/01/2011	0008		1.67	0002234676 000002
		UTILITY CHARGE	CHG	09/01/2011	0008		2.02	0002234676 000003
		SEWER	CHG	09/01/2011	0008		69.83	0002234676 000004
				09/01/2011				
		*Mtr Read Fr: 07/13/11 To: 08/12/11 CNS:			167 A			
				09/16/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/29/2011	UB1	779314.01	67.19-	0002302143 100001
		RIVER FEE	PAYMT	11/29/2011	UB1	779314.01	1.67-	0002302143 100001
		UTILITY CHARGE	PAYMT	11/29/2011	UB1	779314.01	2.02-	0002302143 100001
		SEWER	PAYMT	11/29/2011	UB1	779314.01	69.83-	0002302143 100001
				09/15/2011	Total=		\$0.00	
10/15/2011		WATER	CHG	10/01/2011	0009		20.85	0002259059 000001
		RIVER FEE	CHG	10/01/2011	0009		0.46	0002259059 000002
		UTILITY CHARGE	CHG	10/01/2011	0009		0.63	0002259059 000003
		SEWER	CHG	10/01/2011	0009		21.67	0002259059 000004
				10/01/2011				
		*Mtr Read Fr: 08/12/11 To: 09/13/11 CNS:			46 A			
				10/18/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/29/2011	UB1	779314.01	20.85-	0002302143 100002
		RIVER FEE	PAYMT	11/29/2011	UB1	779314.01	0.46-	0002302143 100002
		UTILITY CHARGE	PAYMT	11/29/2011	UB1	779314.01	0.63-	0002302143 100002
		SEWER	PAYMT	11/29/2011	UB1	779314.01	21.67-	0002302143 100002
				10/15/2011	Total=		\$0.00	
11/15/2011		WATER	CHG	11/01/2011	0010		7.06	0002281713 000001
		RIVER FEE	CHG	11/01/2011	0010		0.06	0002281713 000002
		UTILITY CHARGE	CHG	11/01/2011	0010		0.21	0002281713 000003
		SEWER	CHG	11/01/2011	0010		7.34	0002281713 000004
				11/01/2011				
		*Mtr Read Fr: 09/13/11 To: 10/10/11 CNS:			6 A			
				11/16/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/29/2011	UB1	779314.01	7.06-	0002302143 100003

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City of Versailles
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r: KUHLMAN ELECTRIC CO Id:
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Acct#: 5103163310

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	11/15/2011	RIVER FEE	PAYMT	11/29/2011	UB1	779314.01	0.06-	0002302143 100003
		UTILITY CHARGE	PAYMT	11/29/2011	UB1	779314.01	0.21-	0002302143 100003
		SEWER	PAYMT	11/29/2011	UB1	779314.01	7.34-	0002302143 100003
				11/15/2011	Total=		\$0.00	
	12/15/2011	WATER	CHG	12/01/2011	0011		8.21	0002303417 000001
		RIVER FEE	CHG	12/01/2011	0011		0.13	0002303417 000002
		UTILITY CHARGE	CHG	12/01/2011	0011		0.25	0002303417 000003
		SEWER	CHG	12/01/2011	0011		8.53	0002303417 000004
				12/01/2011				
		*Mtr Read Fr: 10/10/11 To: 11/10/11 CNS: 13 A						
				12/16/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	12/20/2011	UB1	784480.01	8.21-	0002320936 100000
		RIVER FEE	PAYMT	12/20/2011	UB1	784480.01	0.13-	0002320936 100000
		UTILITY CHARGE	PAYMT	12/20/2011	UB1	784480.01	0.25-	0002320936 100000
		SEWER	PAYMT	12/20/2011	UB1	784480.01	8.53-	0002320936 100000
				12/15/2011	Total=		\$0.00	
	01/15/2012	WATER	CHG	01/01/2012	0012		12.04	0002323311 000001
		RIVER FEE	CHG	01/01/2012	0012		0.23	0002323311 000002
		UTILITY CHARGE	CHG	01/01/2012	0012		0.36	0002323311 000003
		SEWER	CHG	01/01/2012	0012		12.51	0002323311 000004
				01/01/2012				
		*Mtr Read Fr: 11/10/11 To: 12/09/11 CNS: 23 A						
				01/15/2012	Total=		\$25.14	
					Inst Total=		\$25.14	
					Bill Total=		\$25.14	

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	01/15/2006	WATER	CHG	01/01/2006	0012		528.73	0000875120 000002
		UTILITY CHARGE	CHG	01/01/2006	0012		15.86	0000875120 000003
		SEWER	CHG	01/01/2006	0012		505.37	0000875120 000004
				01/01/2006				
		*Mtr Read Fr: 11/14/05 To: 12/13/05 CNS: 1938 A						
		WATER	PAYMT	01/10/2006	UB1	310495.01	528.73-	0000881840 100000
		UTILITY CHARGE	PAYMT	01/10/2006	UB1	310495.01	15.86-	0000881840 100000
		SEWER	PAYMT	01/10/2006	UB1	310495.01	505.37-	0000881840 100000
				12/16/2008				
		DELINQUENT NOTICE SENT						
				01/15/2006	Total=		\$0.00	
02/15/2006		WATER	CHG	02/01/2006	0001		494.68	0000893490 000002
		UTILITY CHARGE	CHG	02/01/2006	0001		14.84	0000893490 000003
		SEWER	CHG	02/01/2006	0001		475.19	0000893490 000004
				02/01/2006				
		*Mtr Read Fr: 12/13/05 To: 01/11/06 CNS: 1809 A						
		WATER	PAYMT	02/15/2006	UB1	319631.01	494.68-	0000903677 100000
		UTILITY CHARGE	PAYMT	02/15/2006	UB1	319631.01	14.84-	0000903677 100000
		SEWER	PAYMT	02/15/2006	UB1	319631.01	475.19-	0000903677 100000
				02/15/2006	Total=		\$0.00	
3/15/2006		WATER	CHG	03/01/2006	0002		737.56	0000911363 000002
		UTILITY CHARGE	CHG	03/01/2006	0002		22.13	0000911363 000003
		SEWER	CHG	03/01/2006	0002		690.47	0000911363 000004
				03/01/2006				
		*Mtr Read Fr: 01/11/06 To: 02/10/06 CNS: 2729 A						
		WATER	PAYMT	03/15/2006	UB1	325054.01	737.56-	0000920255 100000
		UTILITY CHARGE	PAYMT	03/15/2006	UB1	325054.01	22.13-	0000920255 100000
		SEWER	PAYMT	03/15/2006	UB1	325054.01	690.47-	0000920255 100000
				03/15/2006	Total=		\$0.00	
04/15/2006		WATER	CHG	04/01/2006	0003		742.57	0000928654 000002
		UTILITY CHARGE	CHG	04/01/2006	0003		22.28	0000928654 000003
		SEWER	CHG	04/01/2006	0003		694.91	0000928654 000004
				04/01/2006				
		*Mtr Read Fr: 02/10/06 To: 03/14/06 CNS: 2748 A						
		WATER	PAYMT	04/11/2006	UB1	329070.01	742.57-	0000935982 100000
		UTILITY CHARGE	PAYMT	04/11/2006	UB1	329070.01	22.28-	0000935982 100000
		SEWER	PAYMT	04/11/2006	UB1	329070.01	694.91-	0000935982 100000
				04/15/2006	Total=		\$0.00	
05/15/2006		WATER	CHG	05/01/2006	0004		648.06	0000946883 000002
		UTILITY CHARGE	CHG	05/01/2006	0004		19.44	0000946883 000003
		SEWER	CHG	05/01/2006	0004		611.14	0000946883 000004
				05/01/2006				
		*Mtr Read Fr: 03/14/06 To: 04/12/06 CNS: 2390 A						
		WATER	PAYMT	05/10/2006	UB1	335762.01	648.06-	0000954904 100000
		UTILITY CHARGE	PAYMT	05/10/2006	UB1	335762.01	19.44-	0000954904 100000
		SEWER	PAYMT	05/10/2006	UB1	335762.01	611.14-	0000954904 100000
				05/15/2006	Total=		\$0.00	
6/15/2006		WATER	CHG	06/01/2006	0005		618.76	0000965143 000002

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	06/15/2006	UTILITY CHARGE	CHG	06/01/2006	0005		18.56	0000965143 000003
		SEWER	CHG	06/01/2006	0005		585.17	0000965143 000004
				06/01/2006				
		*Mtr Read Fr: 04/12/06 To: 05/12/06 CNS: 2279 A						
		WATER	PAYMT	06/14/2006	UB1	343107.01	618.76-	0000974505 100000
		UTILITY CHARGE	PAYMT	06/14/2006	UB1	343107.01	18.56-	0000974505 100000
		SEWER	PAYMT	06/14/2006	UB1	343107.01	585.17-	0000974505 100000
				06/15/2006	Total=		\$0.00	
07/15/2006		WATER	CHG	07/01/2006	0006		600.28	0000983488 000002
		UTILITY CHARGE	CHG	07/01/2006	0006		18.01	0000983488 000003
		SEWER	CHG	07/01/2006	0006		568.79	0000983488 000004
				07/01/2006				
		*Mtr Read Fr: 05/12/06 To: 06/13/06 CNS: 2209 A						
		WATER	PAYMT	07/12/2006	UB1	349128.01	600.28-	0000992032 100000
		UTILITY CHARGE	PAYMT	07/12/2006	UB1	349128.01	18.01-	0000992032 100000
		SEWER	PAYMT	07/12/2006	UB1	349128.01	568.79-	0000992032 100000
				07/15/2006	Total=		\$0.00	
08/15/2006		WATER	CHG	08/01/2006	0007		822.56	0001001238 000002
		UTILITY CHARGE	CHG	08/01/2006	0007		24.68	0001001238 000003
		SEWER	CHG	08/01/2006	0007		766.02	0001001238 000004
				08/01/2006				
		*Mtr Read Fr: 06/13/06 To: 07/13/06 CNS: 2994 A						
		WATER	PAYMT	08/10/2006	UB1	354423.01	822.56-	0001009199 100000
		UTILITY CHARGE	PAYMT	08/10/2006	UB1	354423.01	24.68-	0001009199 100000
		SEWER	PAYMT	08/10/2006	UB1	354423.01	766.02-	0001009199 100000
				08/15/2006	Total=		\$0.00	
09/15/2006		WATER	CHG	09/01/2006	0008		804.00	0001019766 000002
		UTILITY CHARGE	CHG	09/01/2006	0008		24.12	0001019766 000003
		SEWER	CHG	09/01/2006	0008		749.60	0001019766 000004
				09/01/2006				
		*Mtr Read Fr: 07/13/06 To: 08/14/06 CNS: 2925 A						
		WATER	PAYMT	09/14/2006	UB1	361713.01	804.00-	0001028178 100000
		UTILITY CHARGE	PAYMT	09/14/2006	UB1	361713.01	24.12-	0001028178 100000
		SEWER	PAYMT	09/14/2006	UB1	361713.01	749.60-	0001028178 100000
				09/15/2006	Total=		\$0.00	
10/15/2006		WATER	CHG	10/01/2006	0009		491.15	0001036631 000002
		UTILITY CHARGE	CHG	10/01/2006	0009		14.73	0001036631 000003
		SEWER	CHG	10/01/2006	0009		472.81	0001036631 000004
				10/01/2006				
		*Mtr Read Fr: 08/14/06 To: 09/13/06 CNS: 1762 A						
		WATER	PAYMT	10/11/2006	UB1	367018.01	491.15-	0001048263 100000
		UTILITY CHARGE	PAYMT	10/11/2006	UB1	367018.01	14.73-	0001048263 100000
		SEWER	PAYMT	10/11/2006	UB1	367018.01	472.81-	0001048263 100000
				10/15/2006	Total=		\$0.00	
11/15/2006		WATER	CHG	11/01/2006	0010		526.12	0001059808 000002
		UTILITY CHARGE	CHG	11/01/2006	0010		15.78	0001059808 000003
		SEWER	CHG	11/01/2006	0010		503.75	0001059808 000004
				11/01/2006				

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		*Mtr Read Fr: 09/13/06 To: 10/13/06 CNS:				1892 A		
		WATER	PAYMT	11/08/2006	UB1	373905.01	526.12-	0001067342 100000
		UTILITY CHARGE	PAYMT	11/08/2006	UB1	373905.01	15.78-	0001067342 100000
		SEWER	PAYMT	11/08/2006	UB1	373905.01	503.75-	0001067342 100000
				11/15/2006	Total=		\$0.00	
12/15/2006		WATER	CHG	12/01/2006	0011		466.40	0001079645 000002
		UTILITY CHARGE	CHG	12/01/2006	0011		13.99	0001079645 000003
		SEWER	CHG	12/01/2006	0011		450.91	0001079645 000004
				12/01/2006				
		*Mtr Read Fr: 10/13/06 To: 11/14/06 CNS:				1670 A		
		WATER	PAYMT	12/13/2006	UB1	382617.01	466.40-	0001088087 100000
		UTILITY CHARGE	PAYMT	12/13/2006	UB1	382617.01	13.99-	0001088087 100000
		SEWER	PAYMT	12/13/2006	UB1	382617.01	450.91-	0001088087 100000
				12/15/2006	Total=		\$0.00	
01/15/2007		WATER	CHG	01/01/2007	0012		396.48	0001096739 000002
		UTILITY CHARGE	CHG	01/01/2007	0012		11.89	0001096739 000003
		SEWER	CHG	01/01/2007	0012		386.87	0001096739 000004
				01/01/2007				
		*Mtr Read Fr: 11/14/06 To: 12/12/06 CNS:				1413 A		
		WATER	PAYMT	01/11/2007	UB1	388481.01	396.48-	0001105254 100000
		UTILITY CHARGE	PAYMT	01/11/2007	UB1	388481.01	11.89-	0001105254 100000
		SEWER	PAYMT	01/11/2007	UB1	388481.01	386.87-	0001105254 100000
				01/15/2007	Total=		\$0.00	
02/15/2007		WATER	CHG	02/01/2007	0001		458.33	0001114960 000002
		UTILITY CHARGE	CHG	02/01/2007	0001		13.75	0001114960 000003
		SEWER	CHG	02/01/2007	0001		443.77	0001114960 000004
				02/01/2007				
		*Mtr Read Fr: 12/12/06 To: 01/11/07 CNS:				1640 A		
		WATER	PAYMT	02/07/2007	UB1	392871.01	458.33-	0001121661 100000
		UTILITY CHARGE	PAYMT	02/07/2007	UB1	392871.01	13.75-	0001121661 100000
		SEWER	PAYMT	02/07/2007	UB1	392871.01	443.77-	0001121661 100000
				02/15/2007	Total=		\$0.00	
03/15/2007		WATER	CHG	03/01/2007	0002		333.38	0001134625 000002
		UTILITY CHARGE	CHG	03/01/2007	0002		10.00	0001134625 000003
		SEWER	CHG	03/01/2007	0002		325.36	0001134625 000004
				03/01/2007				
		*Mtr Read Fr: 01/11/07 To: 02/13/07 CNS:				1186 A		
		WATER	PAYMT	03/07/2007	UB1	398410.01	333.38-	0001140370 100000
		UTILITY CHARGE	PAYMT	03/07/2007	UB1	398410.01	10.00-	0001140370 100000
		SEWER	PAYMT	03/07/2007	UB1	398410.01	325.36-	0001140370 100000
				03/15/2007	Total=		\$0.00	
04/15/2007		WATER	CHG	04/01/2007	0003		513.74	0001152109 000002
		UTILITY CHARGE	CHG	04/01/2007	0003		15.41	0001152109 000003
		SEWER	CHG	04/01/2007	0003		492.80	0001152109 000004
				04/01/2007				
		*Mtr Read Fr: 02/13/07 To: 03/13/07 CNS:				1846 A		
		WATER	PAYMT	04/12/2007	UB1	406957.01	513.74-	0001160598 100000
		UTILITY CHARGE	PAYMT	04/12/2007	UB1	406957.01	15.41-	0001160598 100000

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	04/15/2007	SEWER	PAYMT	04/12/2007	UB1	406957.01	492.80-	0001160598 100000
				04/15/2007	Total=		\$0.00	
	05/15/2007	WATER	CHG	05/01/2007	0004		599.02	0001170542 000002
		UTILITY CHARGE	CHG	05/01/2007	0004		17.97	0001170542 000003
		SEWER	CHG	05/01/2007	0004		568.24	0001170542 000004
				05/01/2007				
		*Mtr Read Fr: 03/13/07 To: 04/12/07 CNS: 2163 A						
		WATER	PAYMT	05/11/2007	UB1	413411.01	599.02-	0001179579 100000
		UTILITY CHARGE	PAYMT	05/11/2007	UB1	413411.01	17.97-	0001179579 100000
		SEWER	PAYMT	05/11/2007	UB1	413411.01	568.24-	0001179579 100000
				05/15/2007	Total=		\$0.00	
	06/15/2007	WATER	CHG	06/01/2007	0005		543.87	0001190124 000002
		UTILITY CHARGE	CHG	06/01/2007	0005		16.32	0001190124 000003
		SEWER	CHG	06/01/2007	0005		519.45	0001190124 000004
				06/01/2007				
		*Mtr Read Fr: 04/12/07 To: 05/11/07 CNS: 1958 A						
		WATER	PAYMT	06/15/2007	UB1	420778.01	543.87-	0001199787 100000
		UTILITY CHARGE	PAYMT	06/15/2007	UB1	420778.01	16.32-	0001199787 100000
		SEWER	PAYMT	06/15/2007	UB1	420778.01	519.45-	0001199787 100000
				06/15/2007	Total=		\$0.00	
	7/15/2007	WATER	CHG	07/01/2007	0006		1,138.90	0001207921 000002
		UTILITY CHARGE	CHG	07/01/2007	0006		34.17	0001207921 000003
		SEWER	CHG	07/01/2007	0006		1,045.91	0001207921 000004
				07/01/2007				
		*Mtr Read Fr: 05/11/07 To: 06/12/07 CNS: 4170 A						
		WATER	PAYMT	07/12/2007	UB1	425810.01	1,138.90-	0001216332 100000
		UTILITY CHARGE	PAYMT	07/12/2007	UB1	425810.01	34.17-	0001216332 100000
		SEWER	PAYMT	07/12/2007	UB1	425810.01	1,045.91-	0001216332 100000
				07/15/2007	Total=		\$0.00	
	08/15/2007	WATER	CHG	08/01/2007	0007		1,493.28	0001226763 000002
		UTILITY CHARGE	CHG	08/01/2007	0007		44.80	0001226763 000003
		SEWER	CHG	08/01/2007	0007		1,358.67	0001226763 000004
				08/01/2007				
		*Mtr Read Fr: 06/12/07 To: 07/13/07 CNS: 5387 A						
		WATER	PAYMT	08/09/2007	UB1	431087.01	1,493.28-	0001234302 100000
		UTILITY CHARGE	PAYMT	08/09/2007	UB1	431087.01	44.80-	0001234302 100000
		SEWER	PAYMT	08/09/2007	UB1	431087.01	1,358.67-	0001234302 100000
				08/15/2007	Total=		\$0.00	
	09/15/2007	WATER	CHG	09/01/2007	0008		888.56	0001245119 000002
		UTILITY CHARGE	CHG	09/01/2007	0008		26.66	0001245119 000003
		SEWER	CHG	09/01/2007	0008		824.58	0001245119 000004
				09/01/2007				
		*Mtr Read Fr: 07/13/07 To: 08/14/07 CNS: 3180 A						
		WATER	PAYMT	09/13/2007	UB1	438849.01	888.56-	0001253700 100000
		UTILITY CHARGE	PAYMT	09/13/2007	UB1	438849.01	26.66-	0001253700 100000
		SEWER	PAYMT	09/13/2007	UB1	438849.01	824.58-	0001253700 100000
				09/15/2007	Total=		\$0.00	
	10/15/2007	WATER	CHG	10/01/2007	0009		787.73	0001262442 000002

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	10/15/2007	UTILITY CHARGE	CHG	10/01/2007	0009		23.63	0001262442 000003
		SEWER	CHG	10/01/2007	0009		735.52	0001262442 000004
				10/01/2007				
		*Mtr Read Fr: 08/14/07 To: 09/12/07 CNS: 2812 A						
		WATER	PAYMT	10/11/2007	UB1	443618.01	787.73-	0001273753 100000
		UTILITY CHARGE	PAYMT	10/11/2007	UB1	443618.01	23.63-	0001273753 100000
		SEWER	PAYMT	10/11/2007	UB1	443618.01	735.52-	0001273753 100000
				10/15/2007	Total=		\$0.00	
11/15/2007		WATER	CHG	11/01/2007	0010		1,092.69	0001286463 000002
		UTILITY CHARGE	CHG	11/01/2007	0010		32.78	0001286463 000003
		SEWER	CHG	11/01/2007	0010		1,004.87	0001286463 000004
				11/01/2007				
		*Mtr Read Fr: 09/12/07 To: 10/12/07 CNS: 3925 A						
		WATER	PAYMT	11/14/2007	UB1	454269.01	1,092.69-	0001296852 100000
		UTILITY CHARGE	PAYMT	11/14/2007	UB1	454269.01	32.78-	0001296852 100000
		SEWER	PAYMT	11/14/2007	UB1	454269.01	1,004.87-	0001296852 100000
				11/15/2007	Total=		\$0.00	
12/15/2007		WATER	CHG	12/01/2007	0011		739.23	0001306687 000002
		UTILITY CHARGE	CHG	12/01/2007	0011		22.18	0001306687 000003
		SEWER	CHG	12/01/2007	0011		692.69	0001306687 000004
				12/01/2007				
		*Mtr Read Fr: 10/12/07 To: 11/13/07 CNS: 2635 A						
		WATER	PAYMT	12/14/2007	UB1	461115.01	739.23-	0001315954 100000
		UTILITY CHARGE	PAYMT	12/14/2007	UB1	461115.01	22.18-	0001315954 100000
		SEWER	PAYMT	12/14/2007	UB1	461115.01	692.69-	0001315954 100000
				12/15/2007	Total=		\$0.00	
01/15/2008		WATER	CHG	01/01/2008	0012		560.58	0001323841 000002
		UTILITY CHARGE	CHG	01/01/2008	0012		16.82	0001323841 000003
		SEWER	CHG	01/01/2008	0012		534.91	0001323841 000004
				01/01/2008				
		*Mtr Read Fr: 11/13/07 To: 12/11/07 CNS: 1983 A						
		WATER	PAYMT	01/09/2008	UB1	465275.01	560.58-	0001331399 100000
		UTILITY CHARGE	PAYMT	01/09/2008	UB1	465275.01	16.82-	0001331399 100000
		SEWER	PAYMT	01/09/2008	UB1	465275.01	534.91-	0001331399 100000
				01/15/2008	Total=		\$0.00	
02/15/2008		WATER	CHG	02/01/2008	0001		493.18	0001347298 000002
		UTILITY CHARGE	CHG	02/01/2008	0001		14.80	0001347298 000003
		SEWER	CHG	02/01/2008	0001		475.37	0001347298 000004
				02/01/2008				
		*Mtr Read Fr: 12/11/07 To: 01/11/08 CNS: 1737 A						
		WATER	PAYMT	02/14/2008	UB1	473457.01	493.18-	0001357215 100000
		UTILITY CHARGE	PAYMT	02/14/2008	UB1	473457.01	14.80-	0001357215 100000
		SEWER	PAYMT	02/14/2008	UB1	473457.01	475.37-	0001357215 100000
				02/15/2008	Total=		\$0.00	
03/15/2008		WATER	CHG	03/01/2008	0002		468.52	0001365643 000002
		UTILITY CHARGE	CHG	03/01/2008	0002		14.06	0001365643 000003
		SEWER	CHG	03/01/2008	0002		453.59	0001365643 000004
				03/01/2008				

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		*Mtr Read Fr: 01/11/08 To: 02/11/08 CNS:				1647 A		
		WATER	PAYMT	03/13/2008	UB1	479363.01	468.52-	0001374381 100000
		UTILITY CHARGE	PAYMT	03/13/2008	UB1	479363.01	14.06-	0001374381 100000
		SEWER	PAYMT	03/13/2008	UB1	479363.01	453.59-	0001374381 100000
				03/15/2008	Total=		\$0.00	
04/15/2008		WATER	CHG	04/01/2008	0003		484.14	0001383184 000002
		UTILITY CHARGE	CHG	04/01/2008	0003		14.52	0001383184 000003
		SEWER	CHG	04/01/2008	0003		467.39	0001383184 000004
		04/01/2008						
		*Mtr Read Fr: 02/11/08 To: 03/12/08 CNS:				1704 A		
		WATER	PAYMT	04/11/2008	UB1	484326.01	484.14-	0001390799 100000
		UTILITY CHARGE	PAYMT	04/11/2008	UB1	484326.01	14.52-	0001390799 100000
		SEWER	PAYMT	04/11/2008	UB1	484326.01	467.39-	0001390799 100000
				04/15/2008	Total=		\$0.00	
05/15/2008		WATER	CHG	05/01/2008	0004		477.05	0001403631 000002
		RIVER FEE	CHG	05/01/2008	0004		17.03	0001403631 000003
		UTILITY CHARGE	CHG	05/01/2008	0004		14.31	0001403631 000004
		SEWER	CHG	05/01/2008	0004		467.15	0001403631 000005
		05/01/2008						
		*Mtr Read Fr: 03/12/08 To: 04/14/08 CNS:				1703 A		
		WATER	PAYMT	05/14/2008	UB1	493104.01	477.05-	0001413521 100000
		RIVER FEE	PAYMT	05/14/2008	UB1	493104.01	17.03-	0001413521 100000
		UTILITY CHARGE	PAYMT	05/14/2008	UB1	493104.01	14.31-	0001413521 100000
		SEWER	PAYMT	05/14/2008	UB1	493104.01	467.15-	0001413521 100000
				05/15/2008	Total=		\$0.00	
06/15/2008		WATER	CHG	06/01/2008	0005		299.76	0001422930 000002
		RIVER FEE	CHG	06/01/2008	0005		10.61	0001422930 000003
		UTILITY CHARGE	CHG	06/01/2008	0005		8.99	0001422930 000004
		SEWER	CHG	06/01/2008	0005		296.86	0001422930 000005
		06/01/2008						
		*Mtr Read Fr: 04/14/08 To: 05/12/08 CNS:				1061 A		
		WATER	PAYMT	06/10/2008	UB1	497285.01	10.74-	0001430438 100000
		WATER	VOID	06/10/2008	UB1	497285.01	10.74	0001430439 000001
		WATER	PAYMT	06/12/2008	UB1	498497.01	299.76-	0001432615 100000
		RIVER FEE	PAYMT	06/12/2008	UB1	498497.01	10.61-	0001432615 100000
		UTILITY CHARGE	PAYMT	06/12/2008	UB1	498497.01	8.99-	0001432615 100000
		SEWER	PAYMT	06/12/2008	UB1	498497.01	296.86-	0001432615 100000
				06/15/2008	Total=		\$0.00	
07/15/2008		WATER	CHG	07/01/2008	0006		538.88	0001442930 000002
		RIVER FEE	CHG	07/01/2008	0006		19.32	0001442930 000003
		UTILITY CHARGE	CHG	07/01/2008	0006		16.17	0001442930 000004
		SEWER	CHG	07/01/2008	0006		522.56	0001442930 000005
		07/01/2008						
		*Mtr Read Fr: 05/12/08 To: 06/12/08 CNS:				1932 A		
		WATER	PAYMT	07/09/2008	UB1	503124.01	538.88-	0001449839 100000
		RIVER FEE	PAYMT	07/09/2008	UB1	503124.01	19.32-	0001449839 100000
		UTILITY CHARGE	PAYMT	07/09/2008	UB1	503124.01	16.17-	0001449839 100000
		SEWER	PAYMT	07/09/2008	UB1	503124.01	522.56-	0001449839 100000

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
07/15/2008 Total=							\$0.00	
08/15/2008		WATER	CHG	08/01/2008	0007		949.14	0001463586 000002
		RIVER FEE	CHG	08/01/2008	0007		33.83	0001463586 000003
		UTILITY CHARGE	CHG	08/01/2008	0007		28.47	0001463586 000004
		SEWER	CHG	08/01/2008	0007		892.20	0001463586 000005
08/01/2008								
*Mtr Read Fr: 06/12/08 To: 07/14/08 CNS: 3383 A								
		WATER	PAYMT	08/14/2008	UB1	512220.01	949.14-	0001473791 100000
		RIVER FEE	PAYMT	08/14/2008	UB1	512220.01	33.83-	0001473791 100000
		UTILITY CHARGE	PAYMT	08/14/2008	UB1	512220.01	28.47-	0001473791 100000
		SEWER	PAYMT	08/14/2008	UB1	512220.01	892.20-	0001473791 100000
08/15/2008 Total=							\$0.00	
09/15/2008		WATER	CHG	09/01/2008	0008		473.66	0001483907 000002
		RIVER FEE	CHG	09/01/2008	0008		16.54	0001483907 000003
		UTILITY CHARGE	CHG	09/01/2008	0008		14.21	0001483907 000004
		SEWER	CHG	09/01/2008	0008		465.14	0001483907 000005
09/01/2008								
*Mtr Read Fr: 07/14/08 To: 08/12/08 CNS: 1654 A								
		WATER	PAYMT	09/10/2008	UB1	517842.01	473.66-	0001492701 100000
		RIVER FEE	PAYMT	09/10/2008	UB1	517842.01	16.54-	0001492701 100000
		UTILITY CHARGE	PAYMT	09/10/2008	UB1	517842.01	14.21-	0001492701 100000
		SEWER	PAYMT	09/10/2008	UB1	517842.01	465.14-	0001492701 100000
09/15/2008 Total=							\$0.00	
10/15/2008		WATER	CHG	10/01/2008	0009		569.09	0001507830 000002
		RIVER FEE	CHG	10/01/2008	0009		20.01	0001507830 000003
		UTILITY CHARGE	CHG	10/01/2008	0009		17.07	0001507830 000004
		SEWER	CHG	10/01/2008	0009		550.85	0001507830 000005
10/01/2008								
*Mtr Read Fr: 08/12/08 To: 09/16/08 CNS: 2001 A								
		WATER	PAYMT	10/15/2008	UB1	526044.01	569.09-	0001518364 100000
		RIVER FEE	PAYMT	10/15/2008	UB1	526044.01	20.01-	0001518364 100000
		UTILITY CHARGE	PAYMT	10/15/2008	UB1	526044.01	17.07-	0001518364 100000
		SEWER	PAYMT	10/15/2008	UB1	526044.01	550.85-	0001518364 100000
10/15/2008 Total=							\$0.00	
11/15/2008		WATER	CHG	11/01/2008	0010		386.85	0001530688 000002
		RIVER FEE	CHG	11/01/2008	0010		13.44	0001530688 000003
		UTILITY CHARGE	CHG	11/01/2008	0010		11.61	0001530688 000004
		SEWER	CHG	11/01/2008	0010		383.11	0001530688 000005
11/01/2008								
*Mtr Read Fr: 09/16/08 To: 10/14/08 CNS: 1344 A								
		WATER	PAYMT	11/13/2008	UB1	533883.01	386.85-	0001540428 100000
		RIVER FEE	PAYMT	11/13/2008	UB1	533883.01	13.44-	0001540428 100000
		UTILITY CHARGE	PAYMT	11/13/2008	UB1	533883.01	11.61-	0001540428 100000
		SEWER	PAYMT	11/13/2008	UB1	533883.01	383.11-	0001540428 100000
11/15/2008 Total=							\$0.00	
12/15/2008		WATER	CHG	12/01/2008	0011		284.25	0001551007 000002
		RIVER FEE	CHG	12/01/2008	0011		9.84	0001551007 000003
		UTILITY CHARGE	CHG	12/01/2008	0011		8.53	0001551007 000004

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	12/15/2008	SEWER	CHG	12/01/2008	0011		281.59	0001551007 000005
				12/01/2008				
		*Mtr Read Fr: 10/14/08 To: 11/13/08 CNS: 984 A						
		WATER	PAYMT	12/19/2008	UB1	542247.01	284.25-	0001568409 100000
		RIVER FEE	PAYMT	12/19/2008	UB1	542247.01	9.84-	0001568409 100000
		UTILITY CHARGE	PAYMT	12/19/2008	UB1	542247.01	8.53-	0001568409 100000
		SEWER	PAYMT	12/19/2008	UB1	542247.01	281.59-	0001568409 100000
				12/15/2008	Total=		\$0.00	
01/15/2009		WATER	CHG	01/01/2009	0012		201.89	0001570627 000002
		RIVER FEE	CHG	01/01/2009	0012		6.95	0001570627 000003
		UTILITY CHARGE	CHG	01/01/2009	0012		6.06	0001570627 000004
		SEWER	CHG	01/01/2009	0012		200.09	0001570627 000005
				01/01/2009				
		*Mtr Read Fr: 11/13/08 To: 12/11/08 CNS: 695 A						
		WATER	PAYMT	01/13/2009	UB1	546579.01	201.89-	0001579502 100000
		RIVER FEE	PAYMT	01/13/2009	UB1	546579.01	6.95-	0001579502 100000
		UTILITY CHARGE	PAYMT	01/13/2009	UB1	546579.01	6.06-	0001579502 100000
		SEWER	PAYMT	01/13/2009	UB1	546579.01	200.09-	0001579502 100000
				01/15/2009	Total=		\$0.00	
02/15/2009		WATER	CHG	02/01/2009	0001		209.58	0001590849 000002
		RIVER FEE	CHG	02/01/2009	0001		7.22	0001590849 000003
		UTILITY CHARGE	CHG	02/01/2009	0001		6.29	0001590849 000004
		SEWER	CHG	02/01/2009	0001		207.70	0001590849 000005
				02/01/2009				
		*Mtr Read Fr: 12/11/08 To: 01/13/09 CNS: 722 A						
		WATER	PAYMT	02/11/2009	UB1	552530.01	209.58-	0001599784 100000
		RIVER FEE	PAYMT	02/11/2009	UB1	552530.01	7.22-	0001599784 100000
		UTILITY CHARGE	PAYMT	02/11/2009	UB1	552530.01	6.29-	0001599784 100000
		SEWER	PAYMT	02/11/2009	UB1	552530.01	207.70-	0001599784 100000
				02/15/2009	Total=		\$0.00	
03/15/2009		WATER	CHG	03/01/2009	0002		197.33	0001610869 000002
		RIVER FEE	CHG	03/01/2009	0002		6.79	0001610869 000003
		UTILITY CHARGE	CHG	03/01/2009	0002		5.92	0001610869 000004
		SEWER	CHG	03/01/2009	0002		195.58	0001610869 000005
				03/01/2009				
		*Mtr Read Fr: 01/13/09 To: 02/11/09 CNS: 679 A						
		WATER	PAYMT	03/11/2009	UB1	558043.01	197.33-	0001618089 100000
		RIVER FEE	PAYMT	03/11/2009	UB1	558043.01	6.79-	0001618089 100000
		UTILITY CHARGE	PAYMT	03/11/2009	UB1	558043.01	5.92-	0001618089 100000
		SEWER	PAYMT	03/11/2009	UB1	558043.01	195.58-	0001618089 100000
				03/15/2009	Total=		\$0.00	
04/15/2009		WATER	CHG	04/01/2009	0003		234.95	0001629806 000002
		RIVER FEE	CHG	04/01/2009	0003		8.11	0001629806 000003
		UTILITY CHARGE	CHG	04/01/2009	0003		7.05	0001629806 000004
		SEWER	CHG	04/01/2009	0003		232.80	0001629806 000005
				04/01/2009				
		*Mtr Read Fr: 02/11/09 To: 03/11/09 CNS: 811 A						
		WATER	PAYMT	04/08/2009	UB1	563773.01	234.95-	0001636672 100000

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1	04/15/2009	RIVER FEE	PAYMT	04/08/2009	UB1	563773.01	8.11-	0001636672 100000
		UTILITY CHARGE	PAYMT	04/08/2009	UB1	563773.01	7.05-	0001636672 100000
		SEWER	PAYMT	04/08/2009	UB1	563773.01	232.80-	0001636672 100000
		04/15/2009 Total=					\$0.00	
05/15/2009		WATER	CHG	05/01/2009	0004		247.20	0001650530 000002
		RIVER FEE	CHG	05/01/2009	0004		8.54	0001650530 000003
		UTILITY CHARGE	CHG	05/01/2009	0004		7.42	0001650530 000004
		SEWER	CHG	05/01/2009	0004		244.93	0001650530 000005
		05/01/2009						
		*Mtr Read Fr: 03/11/09 To: 04/14/09 CNS: 854 A						
		WATER	PAYMT	05/13/2009	UB1	572086.01	247.20-	0001659392 100000
		RIVER FEE	PAYMT	05/13/2009	UB1	572086.01	8.54-	0001659392 100000
		UTILITY CHARGE	PAYMT	05/13/2009	UB1	572086.01	7.42-	0001659392 100000
		SEWER	PAYMT	05/13/2009	UB1	572086.01	244.93-	0001659392 100000
		05/15/2009 Total=					\$0.00	
06/15/2009		WATER	CHG	06/01/2009	0005	397133	608.69	0001671395 000001
		RIVER FEE	CHG	06/01/2009	0005	397133	21.45	0001671395 000002
		UTILITY CHARGE	CHG	06/01/2009	0005	397133	18.26	0001671395 000003
		SEWER	CHG	06/01/2009	0005	397133	586.42	0001671395 000004
		*Mtr Read Fr: 04/14/09 To: 05/12/09 CNS: 2145 A						
		06/01/2009						
		*Mtr Read Fr: 04/14/09 To: 05/12/09 CNS: 2145 A						
		WATER	PAYMT	06/11/2009	UB1	577980.01	608.69-	0001679082 100000
		RIVER FEE	PAYMT	06/11/2009	UB1	577980.01	21.45-	0001679082 100000
		UTILITY CHARGE	PAYMT	06/11/2009	UB1	577980.01	18.26-	0001679082 100000
		SEWER	PAYMT	06/11/2009	UB1	577980.01	586.42-	0001679082 100000
		06/15/2009 Total=					\$0.00	
07/15/2009		WATER	CHG	07/01/2009	0006	397133	769.56	0001690971 000001
		RIVER FEE	CHG	07/01/2009	0006	397133	27.30	0001690971 000002
		UTILITY CHARGE	CHG	07/01/2009	0006	397133	23.09	0001690971 000003
		SEWER	CHG	07/01/2009	0006	397133	730.91	0001690971 000004
		*Mtr Read Fr: 05/12/09 To: 06/15/09 CNS: 2730 A						
		07/01/2009						
		*Mtr Read Fr: 05/12/09 To: 06/15/09 CNS: 2730 A						
		WATER	PAYMT	07/13/2009	UB1	584194.01	769.56-	0001698518 100000
		RIVER FEE	PAYMT	07/13/2009	UB1	584194.01	27.30-	0001698518 100000
		UTILITY CHARGE	PAYMT	07/13/2009	UB1	584194.01	23.09-	0001698518 100000
		SEWER	PAYMT	07/13/2009	UB1	584194.01	730.91-	0001698518 100000
		07/15/2009 Total=					\$0.00	
08/15/2009		WATER	CHG	08/01/2009	0007		211.23	0001711019 000001
		RIVER FEE	CHG	08/01/2009	0007		7.15	0001711019 000002
		UTILITY CHARGE	CHG	08/01/2009	0007		6.34	0001711019 000003
		SEWER	CHG	08/01/2009	0007		209.39	0001711019 000004
		08/01/2009						
		*Mtr Read Fr: 06/15/09 To: 07/14/09 CNS: 715 A						
		WATER	PAYMT	08/12/2009	UB1	592240.01	211.23-	0001720670 100000
		RIVER FEE	PAYMT	08/12/2009	UB1	592240.01	7.15-	0001720670 100000
		UTILITY CHARGE	PAYMT	08/12/2009	UB1	592240.01	6.34-	0001720670 100000

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	08/15/2009	SEWER	PAYMT	08/12/2009	UB1	592240.01	209.39-	0001720670 100000
				08/15/2009	Total=		\$0.00	
	09/15/2009	WATER	CHG	09/01/2009	0008		83.34	0001730568 000001
		RIVER FEE	CHG	09/01/2009	0008		2.74	0001730568 000002
		UTILITY CHARGE	CHG	09/01/2009	0008		2.50	0001730568 000003
		SEWER	CHG	09/01/2009	0008		82.82	0001730568 000004
				09/01/2009				
		*Mtr Read Fr: 07/14/09 To: 08/13/09 CNS: 274 A						
		WATER	PAYMT	09/15/2009	UB1	599551.01	83.34-	0001740431 100000
		RIVER FEE	PAYMT	09/15/2009	UB1	599551.01	2.74-	0001740431 100000
		UTILITY CHARGE	PAYMT	09/15/2009	UB1	599551.01	2.50-	0001740431 100000
		SEWER	PAYMT	09/15/2009	UB1	599551.01	82.82-	0001740431 100000
				09/15/2009	Total=		\$0.00	
	10/15/2009	WATER	CHG	10/01/2009	0009		65.36	0001755648 000001
		RIVER FEE	CHG	10/01/2009	0009		2.12	0001755648 000002
		UTILITY CHARGE	CHG	10/01/2009	0009		1.96	0001755648 000003
		SEWER	CHG	10/01/2009	0009		65.02	0001755648 000004
				10/01/2009				
		*Mtr Read Fr: 08/13/09 To: 09/15/09 CNS: 212 A						
		WATER	PAYMT	10/15/2009	UB1	605672.01	65.36-	0001765618 100000
		RIVER FEE	PAYMT	10/15/2009	UB1	605672.01	2.12-	0001765618 100000
		UTILITY CHARGE	PAYMT	10/15/2009	UB1	605672.01	1.96-	0001765618 100000
		SEWER	PAYMT	10/15/2009	UB1	605672.01	65.02-	0001765618 100000
				10/15/2009	Total=		\$0.00	
	11/15/2009	WATER	CHG	11/01/2009	0010		54.92	0001778547 000001
		RIVER FEE	CHG	11/01/2009	0010		1.76	0001778547 000002
		UTILITY CHARGE	CHG	11/01/2009	0010		1.65	0001778547 000003
		SEWER	CHG	11/01/2009	0010		54.69	0001778547 000004
				11/01/2009				
		*Mtr Read Fr: 09/15/09 To: 10/13/09 CNS: 176 A						
				11/17/2009				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/20/2009	UB1	616647.01	54.92-	0001796375 100000
		RIVER FEE	PAYMT	11/20/2009	UB1	616647.01	1.76-	0001796375 100000
		UTILITY CHARGE	PAYMT	11/20/2009	UB1	616647.01	1.65-	0001796375 100000
		SEWER	PAYMT	11/20/2009	UB1	616647.01	54.69-	0001796375 100000
				11/15/2009	Total=		\$0.00	
	12/15/2009	WATER	CHG	12/01/2009	0011		15.19	0001798593 000001
		RIVER FEE	CHG	12/01/2009	0011		0.39	0001798593 000002
		UTILITY CHARGE	CHG	12/01/2009	0011		0.46	0001798593 000003
		SEWER	CHG	12/01/2009	0011		15.37	0001798593 000004
				12/01/2009				
		*Mtr Read Fr: 10/13/09 To: 11/09/09 CNS: 39 A						
		WATER	PAYMT	12/15/2009	UB1	621719.01	15.19-	0001808368 100000
		RIVER FEE	PAYMT	12/15/2009	UB1	621719.01	0.39-	0001808368 100000
		UTILITY CHARGE	PAYMT	12/15/2009	UB1	621719.01	0.46-	0001808368 100000
		SEWER	PAYMT	12/15/2009	UB1	621719.01	15.37-	0001808368 100000
				12/15/2009	Total=		\$0.00	

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1	01/15/2010	WATER	CHG	01/01/2010	0012		24.83	0001817988	000001
		RIVER FEE	CHG	01/01/2010	0012		0.69	0001817988	000002
		UTILITY CHARGE	CHG	01/01/2010	0012		0.74	0001817988	000003
		SEWER	CHG	01/01/2010	0012		25.81	0001817988	000004
				01/01/2010					
		*Mtr Read Fr:		11/09/09	To: 12/10/09	CNS: 69 A			
		WATER	PAYMT	01/13/2010	UB1	627005.01	24.83-	0001827123	100000
		RIVER FEE	PAYMT	01/13/2010	UB1	627005.01	0.69-	0001827123	100000
		UTILITY CHARGE	PAYMT	01/13/2010	UB1	627005.01	0.74-	0001827123	100000
		SEWER	PAYMT	01/13/2010	UB1	627005.01	25.81-	0001827123	100000
				01/15/2010	Total=		\$0.00		
02/15/2010		WATER	CHG	02/01/2010	0001		101.95	0001837330	000001
		RIVER FEE	CHG	02/01/2010	0001		3.21	0001837330	000002
		UTILITY CHARGE	CHG	02/01/2010	0001		3.06	0001837330	000003
		SEWER	CHG	02/01/2010	0001		105.95	0001837330	000004
				02/01/2010					
		*Mtr Read Fr:		12/10/09	To: 01/14/10	CNS: 321 A			
		WATER	PAYMT	02/10/2010	UB1	632439.01	101.95-	0001845674	100000
		RIVER FEE	PAYMT	02/10/2010	UB1	632439.01	3.21-	0001845674	100000
		UTILITY CHARGE	PAYMT	02/10/2010	UB1	632439.01	3.06-	0001845674	100000
		SEWER	PAYMT	02/10/2010	UB1	632439.01	105.95-	0001845674	100000
				02/15/2010	Total=		\$0.00		
03/15/2010		WATER	CHG	03/01/2010	0002		92.46	0001856884	000001
		RIVER FEE	CHG	03/01/2010	0002		2.90	0001856884	000002
		UTILITY CHARGE	CHG	03/01/2010	0002		2.77	0001856884	000003
		SEWER	CHG	03/01/2010	0002		96.09	0001856884	000004
				03/01/2010					
		*Mtr Read Fr:		01/14/10	To: 02/12/10	CNS: 290 A			
				03/16/2010					
		DELINQUENT NOTICE SENT							
		WATER	PAYMT	03/30/2010	UB1	642777.01	92.46-	0001875142	100000
		RIVER FEE	PAYMT	03/30/2010	UB1	642777.01	2.90-	0001875142	100000
		UTILITY CHARGE	PAYMT	03/30/2010	UB1	642777.01	2.77-	0001875142	100000
		SEWER	PAYMT	03/30/2010	UB1	642777.01	96.09-	0001875142	100000
				03/15/2010	Total=		\$0.00		
04/15/2010		WATER	CHG	04/01/2010	0003		71.35	0001876356	000001
		RIVER FEE	CHG	04/01/2010	0003		2.21	0001876356	000002
		UTILITY CHARGE	CHG	04/01/2010	0003		2.14	0001876356	000003
		SEWER	CHG	04/01/2010	0003		74.15	0001876356	000004
				04/01/2010					
		*Mtr Read Fr:		02/12/10	To: 03/12/10	CNS: 221 A			
				04/16/2010					
		DELINQUENT NOTICE SENT							
		WATER	PAYMT	04/26/2010	UB1	649136	71.35-	0001895508	100000
		RIVER FEE	PAYMT	04/26/2010	UB1	649136	2.21-	0001895508	100000
		UTILITY CHARGE	PAYMT	04/26/2010	UB1	649136	2.14-	0001895508	100000
		SEWER	PAYMT	04/26/2010					

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2012 Seq: 51-10117 Bill: 18292 Bank :
r: KUHLMAN CORP D. T. DIV Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163300

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	05/15/2010	WATER	CHG	05/01/2010	0004		16.27	0001897245 000001
		RIVER FEE	CHG	05/01/2010	0004		0.41	0001897245 000002
		UTILITY CHARGE	CHG	05/01/2010	0004		0.49	0001897245 000003
		SEWER	CHG	05/01/2010	0004		16.91	0001897245 000004
		05/01/2010						
		*Mtr Read Fr: 03/12/10 To: 04/13/10 CNS: 41 A						
		WATER	PAYMT	05/17/2010	UB1	654150.01	16.27-	0001908085 100000
		RIVER FEE	PAYMT	05/17/2010	UB1	654150.01	0.41-	0001908085 100000
		UTILITY CHARGE	PAYMT	05/17/2010	UB1	654150.01	0.49-	0001908085 100000
		SEWER	PAYMT	05/17/2010	UB1	654150.01	16.91-	0001908085 100000
		05/15/2010 Total=						
		\$0.00						
06/15/2010		WATER	CHG	06/01/2010	0005		23.00	0001917922 000001
		RIVER FEE	CHG	06/01/2010	0005		0.63	0001917922 000002
		UTILITY CHARGE	CHG	06/01/2010	0005		0.69	0001917922 000003
		SEWER	CHG	06/01/2010	0005		23.90	0001917922 000004
		06/01/2010						
		*Mtr Read Fr: 04/13/10 To: 05/11/10 CNS: 63 A						
		06/16/2010						
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	06/29/2010	UB1	662531.01	23.00-	0001936724 100000
		RIVER FEE	PAYMT	06/29/2010	UB1	662531.01	0.63-	0001936724 100000
		UTILITY CHARGE	PAYMT	06/29/2010	UB1	662531.01	0.69-	0001936724 100000
		SEWER	PAYMT	06/29/2010	UB1	662531.01	23.90-	0001936724 100000
		06/15/2010 Total=						
		\$0.00						
07/15/2010		WATER	CHG	07/01/2010	0006		49.93	0001938064 000001
		RIVER FEE	CHG	07/01/2010	0006		1.51	0001938064 000002
		UTILITY CHARGE	CHG	07/01/2010	0006		1.50	0001938064 000003
		SEWER	CHG	07/01/2010	0006		51.89	0001938064 000004
		07/01/2010						
		*Mtr Read Fr: 05/11/10 To: 06/16/10 CNS: 151 A						
		07/16/2010						
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	07/26/2010	UB1	668827.01	49.93-	0001957374 100000
		RIVER FEE	PAYMT	07/26/2010	UB1	668827.01	1.51-	0001957374 100000
		UTILITY CHARGE	PAYMT	07/26/2010	UB1	668827.01	1.50-	0001957374 100000
		SEWER	PAYMT	07/26/2010	UB1	668827.01	51.89-	0001957374 100000
		07/15/2010 Total=						
		\$0.00						
08/15/2010		WATER	CHG	08/01/2010	0007		185.96	0001959516 000001
		RIVER FEE	CHG	08/01/2010	0007		5.82	0001959516 000002
		UTILITY CHARGE	CHG	08/01/2010	0007		5.58	0001959516 000003
		SEWER	CHG	08/01/2010	0007		193.10	0001959516 000004
		08/01/2010						
		*Mtr Read Fr: 06/16/10 To: 07/13/10 CNS: 582 A						
		08/17/2010						
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	09/07/2010	UB1	676498.01	185.96-	0001985900 100000
		RIVER FEE	PAYMT	09/07/2010	UB1	676498.01	5.82-	0001985900 100000
		UTILITY CHARGE	PAYMT	09/07/2010	UB1	676498.01	5.58-	0001985900 100000

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2012 Seq: 51-10117 Bill: 18292 Bank :
r: KUHLMAN CORP D. T. DIV Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163300

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	08/15/2010	SEWER	PAYMT	09/07/2010	UB1	676498.01	193.10-	0001985900 100000
				08/15/2010	Total=		\$0.00	
	09/15/2010	WATER	CHG	09/01/2010	0008		136.50	0001979581 000001
		RIVER FEE	CHG	09/01/2010	0008		4.24	0001979581 000002
		UTILITY CHARGE	CHG	09/01/2010	0008		4.10	0001979581 000003
		SEWER	CHG	09/01/2010	0008		141.75	0001979581 000004
				09/01/2010				
		*Mtr Read Fr: 07/13/10 To: 08/17/10 CNS: 424 A						
				09/16/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/16/2010	UB1	696758.01	136.50-	0002037991 100000
		RIVER FEE	PAYMT	11/16/2010	UB1	696758.01	4.24-	0002037991 100000
		UTILITY CHARGE	PAYMT	11/16/2010	UB1	696758.01	4.10-	0002037991 100000
		SEWER	PAYMT	11/16/2010	UB1	696758.01	141.75-	0002037991 100000
				09/15/2010	Total=		\$0.00	
	10/15/2010	WATER	CHG	10/01/2010	0009		70.15	0002003634 000001
		RIVER FEE	CHG	10/01/2010	0009		2.12	0002003634 000002
		UTILITY CHARGE	CHG	10/01/2010	0009		2.10	0002003634 000003
		SEWER	CHG	10/01/2010	0009		72.85	0002003634 000004
				10/01/2010				
		*Mtr Read Fr: 08/17/10 To: 09/10/10 CNS: 212 A						
				10/19/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/16/2010	UB1	696758.01	70.15-	0002037991 100001
		RIVER FEE	PAYMT	11/16/2010	UB1	696758.01	2.12-	0002037991 100001
		UTILITY CHARGE	PAYMT	11/16/2010	UB1	696758.01	2.10-	0002037991 100001
		SEWER	PAYMT	11/16/2010	UB1	696758.01	72.85-	0002037991 100001
				10/15/2010	Total=		\$0.00	
	11/15/2010	WATER	CHG	11/01/2010	0010		66.39	0002025574 000001
		RIVER FEE	CHG	11/01/2010	0010		2.00	0002025574 000002
		UTILITY CHARGE	CHG	11/01/2010	0010		1.99	0002025574 000003
		SEWER	CHG	11/01/2010	0010		68.95	0002025574 000004
				11/01/2010				
		*Mtr Read Fr: 09/10/10 To: 10/20/10 CNS: 200 A						
				11/16/2010				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/30/2010	UB1	697923.01	66.39-	0002045416 100000
		RIVER FEE	PAYMT	11/30/2010	UB1	697923.01	2.00-	0002045416 100000
		UTILITY CHARGE	PAYMT	11/30/2010	UB1	697923.01	1.99-	0002045416 100000
		SEWER	PAYMT	11/30/2010	UB1	697923.01	68.95-	0002045416 100000
		Overpaymt	PAYMT	11/30/2010	UB1	697923.01	433.81-	0002045416 100000
		Overpaymt	XFER	12/01/2010	0011	697923.01	433.81	0002046795 000001
				11/15/2010	Total=		\$0.00	
	12/15/2010	WATER	CHG	12/01/2010	0011		10.36	0002046794 000001
		RIVER FEE	CHG	12/01/2010	0011		0.21	0002046794 000002
		UTILITY CHARGE	CHG	12/01/2010	0011		0.31	0002046794 000003
		SEWER	CHG	12/01/2010	0011		10.78	0002046794 000004
				12/01/2010				

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r: KUHLMAN CORP D. T. DIV Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163300

Inst Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq

*Mtr Read Fr: 10/20/10 To: 11/15/10 CNS: 21 A							
	WATER	XFER	12/01/2010	0011	697923.01	10.36-	0002046795 000002
	RIVER FEE	XFER	12/01/2010	0011	697923.01	0.21-	0002046795 000002
	UTILITY CHARGE	XFER	12/01/2010	0011	697923.01	0.31-	0002046795 000002
	SEWER	XFER	12/01/2010	0011	697923.01	10.78-	0002046795 000002
	Overpaymt	XFER	12/01/2010	0011	697923.01	412.15-	0002046795 000002
	Overpaymt	XFER	01/01/2011	0012	697923.01	412.15	0002066407 000001
12/15/2010 Total=						\$0.00	
01/15/2011	WATER	CHG	01/01/2011	0012		6.92	0002066406 000001
	RIVER FEE	CHG	01/01/2011	0012		0.07	0002066406 000002
	UTILITY CHARGE	CHG	01/01/2011	0012		0.21	0002066406 000003
	SEWER	CHG	01/01/2011	0012		7.20	0002066406 000004
01/01/2011							
*Mtr Read Fr: 11/15/10 To: 12/10/10 CNS: 7 A							
	WATER	XFER	01/01/2011	0012	697923.01	6.92-	0002066407 000002
	RIVER FEE	XFER	01/01/2011	0012	697923.01	0.07-	0002066407 000002
	UTILITY CHARGE	XFER	01/01/2011	0012	697923.01	0.21-	0002066407 000002
	SEWER	XFER	01/01/2011	0012	697923.01	7.20-	0002066407 000002
	Overpaymt	XFER	01/01/2011	0012	697923.01	397.75-	0002066407 000002
	Overpaymt	XFER	02/01/2011	0001	697923.01	397.75	0002086257 000001
01/15/2011 Total=						\$0.00	
02/15/2011	WATER	CHG	02/01/2011	0001		12.55	0002086256 000001
	RIVER FEE	CHG	02/01/2011	0001		0.28	0002086256 000002
	UTILITY CHARGE	CHG	02/01/2011	0001		0.38	0002086256 000003
	SEWER	CHG	02/01/2011	0001		13.05	0002086256 000004
02/01/2011							
*Mtr Read Fr: 12/10/10 To: 01/13/11 CNS: 28 A							
	WATER	XFER	02/01/2011	0001	697923.01	12.55-	0002086257 000002
	RIVER FEE	XFER	02/01/2011	0001	697923.01	0.28-	0002086257 000002
	UTILITY CHARGE	XFER	02/01/2011	0001	697923.01	0.38-	0002086257 000002
	SEWER	XFER	02/01/2011	0001	697923.01	13.05-	0002086257 000002
	Overpaymt	XFER	02/01/2011	0001	697923.01	371.49-	0002086257 000002
	Overpaymt	XFER	03/01/2011	0002	697923.01	371.49	0002106380 000001
02/15/2011 Total=						\$0.00	
03/15/2011	WATER	XFER	03/01/2011	0002	697923.01	6.92-	0002106380 000002
	UTILITY CHARGE	XFER	03/01/2011	0002	697923.01	0.21-	0002106380 000002
	SEWER	XFER	03/01/2011	0002	697923.01	7.20-	0002106380 000002
	Overpaymt	XFER	03/01/2011	0002	697923.01	357.16-	0002106380 000002
	WATER	CHG	03/01/2011	0002		6.92	0002112717 000001
	UTILITY CHARGE	CHG	03/01/2011	0002		0.21	0002112717 000002
	SEWER	CHG	03/01/2011	0002		7.20	0002112717 000003
03/01/2011							
*Mtr Read Fr: 01/13/11 To: 02/09/11 CNS: 0 A							
	Overpaymt	XFER	04/01/2011	0003	697923.01	357.16	0002131697 000001
03/15/2011 Total=						\$0.00	
04/15/2011	WATER	CHG	04/01/2011	0003		647.62	0002131696 000001
	RIVER FEE	CHG	04/01/2011	0003		20.75	0002131696 000002
	UTILITY CHARGE	CHG	04/01/2011	0003		19.43	0002131696 000003

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Cust: KUHLMAN CORP D. T. DIV Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163300

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	04/15/2011	SEWER	CHG	04/01/2011	0003		658.55	0002131696 000004
				04/01/2011				
		*Mtr Read Fr: 02/09/11 To: 03/14/11 CNS: 2075 A						
		WATER	XFER	04/01/2011	0003	697923.01	357.16-	0002131697 000002
				04/18/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	05/17/2011	UB1	735434.01	290.46-	0002163360 100000
		RIVER FEE	PAYMT	05/17/2011	UB1	735434.01	20.75-	0002163360 100000
		UTILITY CHARGE	PAYMT	05/17/2011	UB1	735434.01	19.43-	0002163360 100000
		SEWER	PAYMT	05/17/2011	UB1	735434.01	658.55-	0002163360 100000
				04/15/2011	Total=		\$0.00	
05/15/2011		WATER	CHG	05/01/2011	0004		87.05	0002152023 000001
		RIVER FEE	CHG	05/01/2011	0004		2.66	0002152023 000002
		UTILITY CHARGE	CHG	05/01/2011	0004		2.61	0002152023 000003
		SEWER	CHG	05/01/2011	0004		90.40	0002152023 000004
				05/01/2011				
		*Mtr Read Fr: 03/14/11 To: 04/13/11 CNS: 266 A						
				05/17/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	06/09/2011	UB1	738199.01	87.05-	0002180547 100000
		RIVER FEE	PAYMT	06/09/2011	UB1	738199.01	2.66-	0002180547 100000
		UTILITY CHARGE	PAYMT	06/09/2011	UB1	738199.01	2.61-	0002180547 100000
		SEWER	PAYMT	06/09/2011	UB1	738199.01	90.40-	0002180547 100000
				05/15/2011	Total=		\$0.00	
06/15/2011		WATER	CHG	06/01/2011	0005		14.43	0002173439 000001
		RIVER FEE	CHG	06/01/2011	0005		0.34	0002173439 000002
		UTILITY CHARGE	CHG	06/01/2011	0005		0.43	0002173439 000003
		SEWER	CHG	06/01/2011	0005		15.00	0002173439 000004
				06/01/2011				
		*Mtr Read Fr: 04/13/11 To: 05/09/11 CNS: 34 A						
				06/16/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	06/27/2011	UB1	743133.01	14.43-	0002192057 100000
		RIVER FEE	PAYMT	06/27/2011	UB1	743133.01	0.34-	0002192057 100000
		UTILITY CHARGE	PAYMT	06/27/2011	UB1	743133.01	0.43-	0002192057 100000
		SEWER	PAYMT	06/27/2011	UB1	743133.01	15.00-	0002192057 100000
				06/15/2011	Total=		\$0.00	
07/15/2011		WATER	CHG	07/01/2011	0006		35.40	0002193464 000001
		RIVER FEE	CHG	07/01/2011	0006		1.01	0002193464 000002
		UTILITY CHARGE	CHG	07/01/2011	0006		1.06	0002193464 000003
		SEWER	CHG	07/01/2011	0006		36.78	0002193464 000004
				07/01/2011				
		*Mtr Read Fr: 05/09/11 To: 06/16/11 CNS: 101 A						
				07/18/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	08/10/2011	UB1	752026.01	35.40-	0002221997 100000
		RIVER FEE	PAYMT	08/10/2011	UB1	752026.01	1.01-	0002221997 100000
		UTILITY CHARGE	PAYMT	08/10/2011	UB1	752026.01	1.06-	0002221997 100000

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Ar: KUHLMAN CORP D. T. DIV Id:
Loc: 101 KUHLMAN AVE

Acct#: 5103163300

Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq
1	07/15/2011	SEWER	PAYMT	08/10/2011	UB1	752026.01	36.78-	0002221997 100000
				07/15/2011	Total=		\$0.00	
	08/15/2011	WATER	CHG	08/01/2011	0007		28.13	0002213787 000001
		RIVER FEE	CHG	08/01/2011	0007		0.65	0002213787 000002
		UTILITY CHARGE	CHG	08/01/2011	0007		0.84	0002213787 000003
		SEWER	CHG	08/01/2011	0007		29.23	0002213787 000004
				08/01/2011				
		*Mtr Read Fr: 06/16/11 To: 07/13/11 CNS: 65 A						
				08/16/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/29/2011	UB1	779313.01	28.13-	0002302142 100000
		RIVER FEE	PAYMT	11/29/2011	UB1	779313.01	0.65-	0002302142 100000
		UTILITY CHARGE	PAYMT	11/29/2011	UB1	779313.01	0.84-	0002302142 100000
		SEWER	PAYMT	11/29/2011	UB1	779313.01	29.23-	0002302142 100000
				08/15/2011	Total=		\$0.00	
	09/15/2011	WATER	CHG	09/01/2011	0008		94.38	0002234675 000001
		RIVER FEE	CHG	09/01/2011	0008		2.38	0002234675 000002
		UTILITY CHARGE	CHG	09/01/2011	0008		2.83	0002234675 000003
		SEWER	CHG	09/01/2011	0008		98.08	0002234675 000004
				09/01/2011				
		*Mtr Read Fr: 07/13/11 To: 08/12/11 CNS: 238 A						
				09/16/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/29/2011	UB1	779313.01	94.38-	0002302142 100001
		RIVER FEE	PAYMT	11/29/2011	UB1	779313.01	2.38-	0002302142 100001
		UTILITY CHARGE	PAYMT	11/29/2011	UB1	779313.01	2.83-	0002302142 100001
		SEWER	PAYMT	11/29/2011	UB1	779313.01	98.08-	0002302142 100001
				09/15/2011	Total=		\$0.00	
	10/15/2011	WATER	CHG	10/01/2011	0009		33.87	0002259058 000001
		RIVER FEE	CHG	10/01/2011	0009		0.80	0002259058 000002
		UTILITY CHARGE	CHG	10/01/2011	0009		1.02	0002259058 000003
		SEWER	CHG	10/01/2011	0009		35.20	0002259058 000004
				10/01/2011				
		*Mtr Read Fr: 08/12/11 To: 09/13/11 CNS: 80 A						
				10/18/2011				
		DELINQUENT NOTICE SENT						
		WATER	PAYMT	11/29/2011	UB1	779313.01	33.87-	0002302142 100002
		RIVER FEE	PAYMT	11/29/2011	UB1	779313.01	0.80-	0002302142 100002
		UTILITY CHARGE	PAYMT	11/29/2011	UB1	779313.01	1.02-	0002302142 100002
		SEWER	PAYMT	11/29/2011	UB1	779313.01	35.20-	0002302142 100002
				10/15/2011	Total=		\$0.00	
	11/15/2011	WATER	CHG	11/01/2011	0010		10.51	0002281712 000001
		RIVER FEE	CHG	11/01/2011	0010		0.19	0002281712 000002
		UTILITY CHARGE	CHG	11/01/2011	0010		0.32	0002281712 000003
		SEWER	CHG	11/01/2011	0010		10.92	0002281712 000004
				11/01/2011				
		*Mtr Read Fr: 09/13/11 To: 10/10/11 CNS: 19 A						
				11/16/2011				

TCRP11/V03/L007
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DETAIL Entire Bill

City of Versailles
Current Bill Detail Report

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2012 Seq: 51-10117 Bill: 18292 Bank :
r: KUHLMAN CORP D. T. DIV Id:
Loc: 101 KUHLMAN AVE

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Inst	Due Dt	Purpose	Type	Tran Dt	Batch	Rec/Ref#	Amount	Trans No / Seq

DELINQUENT NOTICE SENT								
		WATER	PAYMT	11/29/2011	UB1	779313.01	10.51-	0002302142 100003
		RIVER FEE	PAYMT	11/29/2011	UB1	779313.01	0.19-	0002302142 100003
		UTILITY CHARGE	PAYMT	11/29/2011	UB1	779313.01	0.32-	0002302142 100003
		SEWER	PAYMT	11/29/2011	UB1	779313.01	10.92-	0002302142 100003
		11/15/2011 Total=					\$0.00	
12/15/2011		WATER	CHG	12/01/2011	0011		12.81	0002303416 000001
		RIVER FEE	CHG	12/01/2011	0011		0.25	0002303416 000002
		UTILITY CHARGE	CHG	12/01/2011	0011		0.38	0002303416 000003
		SEWER	CHG	12/01/2011	0011		13.31	0002303416 000004
		12/01/2011						
		*Mtr Read Fr: 10/10/11 To: 11/10/11 CNS: 25 A						
		12/16/2011						
DELINQUENT NOTICE SENT								
		WATER	PAYMT	12/20/2011	UB1	784481.01	12.81-	0002320937 100000
		RIVER FEE	PAYMT	12/20/2011	UB1	784481.01	0.25-	0002320937 100000
		UTILITY CHARGE	PAYMT	12/20/2011	UB1	784481.01	0.38-	0002320937 100000
		SEWER	PAYMT	12/20/2011	UB1	784481.01	13.31-	0002320937 100000
		12/15/2011 Total=					\$0.00	
01/15/2012		WATER	CHG	01/01/2012	0012		10.89	0002323310 000001
		RIVER FEE	CHG	01/01/2012	0012		0.20	0002323310 000002
		UTILITY CHARGE	CHG	01/01/2012	0012		0.33	0002323310 000003
		SEWER	CHG	01/01/2012	0012		11.32	0002323310 000004
		01/01/2012						
		*Mtr Read Fr: 11/10/11 To: 12/09/11 CNS: 20 A						
		01/15/2012 Total=					\$22.74	
		Inst Total=					\$22.74	
		Bill Total=					\$22.74	

RESPONSE #17

There have been no discussions between Versailles and Northeast District regarding Northeast District's water purchase contract with the Frankfort Water and Electric Plant Board

It is hereby certified that the foregoing response was prepared by Bart Miller, Versailles Public Works Director, and that the response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Bart Miller
Public Works Director
City of Versailles

1-17-12
Date

RESPONSE # 18

Request #18 asks the City to explain why a proposed minimum purchase requirement of 15 million gallons of water per month is reasonable when the contract between the City and the Northeast Woodford Water District places of 15 million gallon maximum on the amount of water to be supplied to the District per month.

Although the request implies a possible compromise of the issue presented, the City has not asked the Commission to establish a minimum purchase requirement for the District. The tendered rate sheet requests that the District be required “to purchase *its first* 15 million gallons of water each month from the City of Versailles pursuant to the Contract Amendment between the parties” The 9/19/11 letter which accompanied the proposed rate describes that, by written agreement approved by the Public Service Commission, the District has contracted to purchase its requirements for water from the City and the City has contracted to supply those requirements up to a maximum of 15 million gallons per month. Based in part upon the Agreement, the City incurred substantial expense increasing its capacity to produce potable water from 4 million gallons per day to 10 million gallons per day. Since the execution of that contract, the City has supplied all of the requirements of the District, even when those requirements exceeded the maximum monthly limit established in the written Agreement.

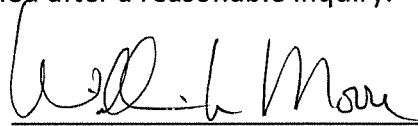
Notwithstanding the City’s performance of its obligations under the written Agreement, the District has installed a new supply line connecting to service provided by the Frankfort Plant Board. The City has been informed that the District is intending to purchase water from this new supplier at a lesser charge than the cost of purchasing from the City. The proposed rate simply requires the District to comply with its existing contract with the City and purchase its *first* 15 million gallons of water each month from the City *before* it purchases any water from the Frankfort Plant Board, or any other supplier. If the District requires less than 15 million gallons in any month, all of that amount - whatever it is - would be purchased from the City under the rate sheet tendered by the City.

A contract to purchase one’s “requirements” from another is a binding agreement to purchase one’s actual requirements as may occur in good faith and is not unreasonably disproportionate to otherwise comparable prior requirements. KRS 355.2-306. A “requirements” contract requires the purchaser to purchase from the seller all of the specified product the purchaser’s business should require. *Lima Locomotive & Machine Co. v. National Steel Castings, Co.*, 155 F.77 at 79 (6th Cir. 1907), see also *A & A Mechanical, Inc. v. Thermal Equipment Sales, Inc.*, 998 S.W.2d 505 (Ky.App. 1999).

Since the contract at issue limits the City’s obligation to provide potable water to the District to 15 million gallons per month, the District should be permitted to purchase water from other sources once it has reached the 15 million gallon threshold that month. However, the District should be required to honor its contract and purchase from the City its first 15 million gallons each month.

CERTIFICATE

It is hereby certified that the foregoing Response to Request # 18 was prepared by William K. Moore, Versailles City Attorney, and that the response is true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

A handwritten signature in black ink, appearing to read "William K. Moore", written over a horizontal line.

WILLIAM K. MOORE
VERSAILLES CITY ATTORNEY

RESPONSE # 19

Request #19 asks the City to explain why a proposed minimum purchase requirement should now be imposed upon the District when no minimum purchase requirement is contained in the contract between the City and the District.

The City has not asked the Commission to establish a minimum purchase requirement for the District. The tendered rate sheet requests that the District be required "to purchase *its first* 15 million gallons of water each month from the City of Versailles pursuant to the Contract Amendment between the parties" The 9/19/11 letter which accompanied the proposed rate describes that, by written agreement approved by the Public Service Commission, the District has contracted to purchase its requirements for water from the City and the City has contracted to supply those requirements up to a maximum of 15 million gallons per month. Based in part upon the Agreement, the City incurred substantial expense increasing its capacity to produce potable water from 4 million gallons per day to 10 million gallons per day. Since the execution of that contract, the City has supplied all of the requirements of the District, even when those requirements exceeded the maximum monthly limit established in the written Agreement.

Notwithstanding the City's performance of its obligations under the written Agreement, the District has installed a new supply line connecting to service provided by the Frankfort Plant Board. The City has been informed that the District is intending to purchase water from this new supplier at a lesser charge than the cost of purchasing from the City. The proposed rate simply requires the District to comply with its existing contract with the City and purchase its *first* 15 million gallons of water each month from the City *before* it purchases any water from the Frankfort Plant Board, or any other supplier. If the District requires less than 15 million gallons in any month, all of that amount - whatever it is - would be purchased from the City under the rate sheet tendered by the City.

A contract to purchase one's "requirements" from another is a binding agreement to purchase one's actual requirements as may occur in good faith and is not unreasonably disproportionate to otherwise comparable prior requirements. KRS 355.2-306. A "requirements" contract requires the purchaser to purchase from the seller all of the specified product the purchaser's business should require. *Lima Locomotive & Machine Co. v. National Steel Castings, Co.*, 155 F.77 at 79 (6th Cir. 1907), see also *A & A Mechanical, Inc. v. Thermal Equipment Sales, Inc.*, 998 S.W.2d 505 (Ky.App. 1999).

Since the contract at issue limits the City's obligation to provide potable water to the District to 15 million gallons per month, the District should be permitted to purchase water from other sources once it has reached the 15 million gallon threshold that month. However, the District should be required to honor its contract and purchase from the City its first 15 million gallons each month.

The requirement that the District purchase a specified minimum number of gallons each month from the City for the remainder of the contract period would be a possible compromise resolution of the issue presented in this matter.

CERTIFICATE

It is hereby certified that the foregoing Response to Request # 19 was prepared by William K. Moore, Versailles City Attorney, and that the response is true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

A handwritten signature in black ink, appearing to read "William K. Moore", is written over a horizontal line.

WILLIAM K. MOORE
VERSAILLES CITY ATTORNEY

RESPONSE #20

- a. In Fiscal Year ending 6/30/2010, the City's revenues from Northeast District were \$350,238.54, out of the City's total water revenue of \$2,627,860.00. In Fiscal Year ending 6/30/2011, the City's water revenues from Northeast District were \$364,297.76, out of the City's total water revenue of \$2,799,157.00.

Given that 1) the latest water plant expansion, and the resulting bond payments, were in large part because of Versailles relying on their contract with Northeast District, and 2) because most of the expenses associated with the operation of Versailles water plant are fixed (especially the bond payments), Versailles would have a substantial income shortfall in their current water revenues if Northeast was not a customer.

The only variable costs related to Versailles' water expenses are electricity and chemicals. Making the assumption that because Northeast purchased 19% of the total water Versailles sold in both FY 2010 and FY 2011, it is the City's position that we would use have used 19% (or \$36,560.05 out of \$192,421.36) less chemicals in those years. It is also the City's position that electricity use would not have dropped the full 19% but closer to 15%, because a portion of the water department's line item for electric use is for electrical usage that would not decrease if Northeast was not a customer. As a result, it is the City's position that total water department electric use would drop by approximately 15% (or \$102,459.45 out of \$683,063.00).

- b. The net effect is that without Northeast purchasing their water from Versailles the past two fiscal years, Versailles would have had \$714,536.30 less in revenue and approximately \$139,019.50 less in expenses, leaving a shortfall to be covered by other customers of \$575,516.80, or an average of \$287,758.40 per year. This translates into an 11% rate increase needed from every City of Versailles water customer (including South Woodford Water District) in order to cover expenses, if Northeast Woodford Water District is not kept bound to their Versailles contract.

It is hereby certified that the foregoing response was prepared by Bart Miller, Versailles Public Works Director, and that the response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Bart Miller
Public Works Director
City of Versailles

1-17-12
Date

RESPONSE # 21

Request #21 asks the City to explain how a civil action against the District would result in the imposition of a minimum purchase requirement for the District.

The City respectfully submits that a civil action against the District would result in either an injunction requiring the District to purchase all of its requirements for potable water from the City up to a total of 15 million gallons per month for the balance of the contract term or a substantial award of damages to the City.

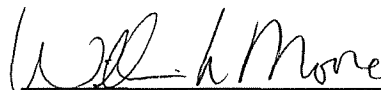
While a circuit court has certain equitable powers to reform a contract, this power is limited to situations involving mutual mistake of the parties or fraud by a party. *Maupin v. Sumpter*, 215 S.W.2d 832 (Ky. 1948). The theory behind this remedy is that the final document is intended to be no more than the integration in writing of terms already agreed upon and insofar as it differs from those terms the instrument should be corrected. *Spratt v. Carroll*, 399 S.W.2d 291 (Ky. 1966). The mutual mistake or fraud must be demonstrated by clear and convincing evidence. *Maupin, supra*.

The matter before the Commission does not appear to be the result of mutual mistake of the parties or fraud by either party. A judgment in a civil action reforming the contract to add a minimum purchase requirement therefore seems unlikely.

A minimum purchase requirement in the matter before the Commission would result from agreement by the parties to amend the existing contract or by decision of the Public Service Commission.

CERTIFICATE

It is hereby certified that the foregoing Response to Request # 21 was prepared by William K. Moore, Versailles City Attorney, and that the response is true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

A handwritten signature in black ink, appearing to read "W. K. Moore", is written over a horizontal line.

WILLIAM K. MOORE
VERSAILLES CITY ATTORNEY

RESPONSE # 22

Request #22 asks the City to explain why it believes that the District agreed to purchase a monthly minimum volume from the City when it entered into the water purchase contract.

The District agreed to purchase *all* of its requirements from the City for the next 30 years, subject only to a monthly cap of 15 million gallons. The District's historical monthly usage was available to the parties at the time the agreement was executed. The contract anticipates the District's increase in needs over the term of the contract.

CERTIFICATE

It is hereby certified that the foregoing Response to Request # 22 was prepared by William K. Moore, Versailles City Attorney, and that the response is true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

A handwritten signature in cursive script, appearing to read "William K. Moore", written in black ink.

WILLIAM K. MOORE
VERSAILLES CITY ATTORNEY