

RECEIVED

SEP 03 2019

PUBLIC SERVICE
COMMISSION

PENDLETON COUNTY WATER DISTRICT

APPLICATION FOR RATE ADJUSTMENT

PENDLETON COUNTY WATER DISTRICT

AUGUST 2019

Application	1
Articles of Organization	2
Customer Notice of Proposed Rate Adjustment	3
Reason for Application	4
Current and Proposed Rates	5
Statement of Adjusted Operations	6
Revenue Requirements Calculation	7
Billing Analysis	8
Depreciation Schedule	9
Outstanding Debt Instruments	10
Rural Development Bonds, Series 2010	
Kentucky Rural Water Revenue Bonds, Series 2013C	
Kentucky Rural Water Revenue Bonds, Series 2015B	
Statement of Disclosure of Related Party Transactions	11

RECEIVED

SEP 03 2019

PUBLIC SERVICE
COMMISSION

APPLICATION

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

**APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION**

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

PENDLETON COUNTY WATER DISTRICT

(Name of Utility)

P O BOX 232

(Business Mailing Address - Number and Street, or P.O. Box)

FALMOUTH, KY 41040

(Business Mailing Address - City, State, and Zip)

(859) 654-6964

(Telephone Number)

RECEIVED

SEP 03 2019

**PUBLIC SERVICE
COMMISSION**

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

RICKY L. KING

(Name)

P O BOX 232

(Address - Number and Street or P.O. Box)

FALMOUTH, KY 41040

(Address - City, State, Zip)

(859) 654-6964

(Telephone Number)

rking@pcwater.org

(Email Address)

(For each statement below, the Applicant should check either "YES", "NO", or
"NOT APPLICABLE" (N/A))

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

YES NO N/A

4. a. Applicant is a corporation that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.
6. a. Applicant has 20 or fewer customers and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- b. Applicant has more than 20 customers and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- c. Applicant has more than 20 customers and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." **(Attach completed "Reasons for Application" Attachment.)**

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." (Attach completed "Current and Proposed Rates" Attachment.)
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2018.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." (Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ 185,756 and total revenues from service rates of \$ 1,514,347. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. (Attach a completed "Revenue Requirement Calculation" Attachment.)
12. As of the date of the filing of this application, Applicant had 2,445 customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. (Attach a completed "Billing Analysis" Attachment.)
14. Applicant's depreciation schedule of utility plant in service is attached. (Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.)
- 17. Approximately \$9,450,000 (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

By submitting this application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted by the Public Service Commission for filing.

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

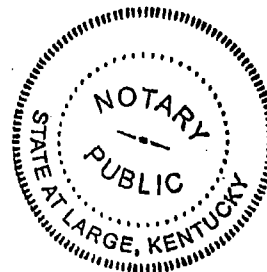
Signed Ricky L King
Officer of the Company/Authorized Representative
 Title Manager
 Date 8-19-19

COMMONWEALTH OF KENTUCKY

COUNTY OF Pendleton

Before me appeared _____, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

Kathy Henry
 Notary Public
 My commission expires: 10/22/21



LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- "Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- "Attachment Billing Analysis" Attachment
- Depreciation Schedules
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

ARTICLES OF ORGANIZATION

County Court Order Book 30
p. 24

PENDLETON COUNTY

COURT

NOV 3rd Day, 3rd Day of NOVEMBER 19 58

Moore, Mrs. Callie, Estate	Administrator's Final Settlement
Doan, John W., Estate	Executrix's Final Settlement
Clayton, Miss Carol Sue, Minor	Guardian's Annual Report and Accounting
Clayton, Miss Connie Lou, Minor	Guardian's Annual Report and Accounting
Cosby, Mrs. Edna M.	Executrix's Final Settlement
Bardford, Geo. C., County Treasurer	Report of the General Expense Fund for the period from April 15, 1957 to June 30, 1957, inc.
Bradford, Geo. C., County Treasurer	Report of the Road Fund for the period from April 15, 1957 to June 30, 1957, inc.
Bradford, Geo. C., County Treasurer	Report of the Resources and Liabilities for the period from April 14, 1957 to June 30, 1957, inc.
Bradford, Geo. C., County Treasurer	Annual Report of General Expense Fund - (Fiscal Year 1957-1958)
Bradford, Geo. C., County Treasurer	Annual Report of Road Fund - (Fiscal Year 1957-1958)
Bradford, Geo. C., County Treasurer	Annual Report of Resources and Liabilities - (Fiscal year 1957 - 1958)

In Re: Creation of Water District for the Purpose
Of Water Supply.

ORDER

A petition having been filed in this matter signed by seventy-five (75) resident freeholders of a proposed water district in this county as set-out therein as to be established, and for the appointment of water commissioners for the purpose of furnishing a water supply to the citizens of said proposed district of this county as described therein, and public notice of same having been published in three (3) issues of the Falmouth Outlook, Falmouth, Ky., a weekly paper of general circulation of this county, and after thirty (30) days from the publication of said note and no residents of said proposed district having filed objections, and said case having been set for a hearing on said petition within ten (10) days, and said hearing having been continued until the Regular County Court Day as affixed by statute, the first Monday of each month, and upon which date the Court held hearing upon said matter, and there being no objections filed at that time and no citizen or other individual, company or corporation having appeared in opposition to said petition, and the Court being sufficiently advised, it is considered and adjudged and so

ORDERED

CCO Book 30 p 244

ORDERS

PENDLETON COUNTY

606

NOVEMBER Term 3rd Day 3rd NOVEMBER

(1) That it appears to the Court that the establishment of such district is reasonably necessary for the public health, convenience, fire protection, and comfort of the residents of said proposed district, therefore

(2) There is hereby established a water district described as follows:

Located in Pendleton County, Kentucky, and starting and including the new Pendleton County Central School property located on West side of U. S. Highway No. 27, approximately two (2) miles North of Falmouth, Ky., and including a territory of one (1) mile on each side of said highway right of way, East and West as said highway continues to the North, excluding the City Limits of the City of Butler, Ky., as now exists, to the Pendleton County and Campbell County boundary line.

(3) The above established water district shall be designated as "The U. S. Highway No. 27 Water District".

GRANTED THIS THE 3RD DAY OF NOVEMBER, 1958.

/s/ Ralph P. Bowling
Judge, Pendleton County Court

In Re: Order Appointing Three (3) Water District
Commissioners - U. S. Highway No. 27 District.

ORDER

An order having been entered in this matter creating The U. S. Highway No. 27 Water District pursuant to KRS 74.010, now therefore, under KRS 74.020, and the Court being sufficiently advised the following persons, residents of said water district, are appointed by the Court, viz:

- (1) A. R. Ducker residing at Rt. #1, Butler, Ky.
- (2) C. B. Peoples residing at Butler, Ky.
- (3) Denver Hornbeek residing at Rt. # 2 Butler, Ky.

Each commissioner shall execute a bond, to be approved by the Court, and shall be sworn to faithfully perform the duties of his position. The term of office for each commissioner shall be four (4) years with any vacancies to be filled by the Court. Each commissioner shall receive an annual salary of \$1.00 to be paid out of the water district fund.

GRANTED THIS THE 3RD DAY OF NOVEMBER, 1958

/s/ Ralph P. Bowling
Judge, Pendleton County Court

*Sherry
see above*

County Court Order Book 30 p. 375

ORDERS

PENDLETON COUNTY

COURT

NOVEMBER

Day,

13th,

Day of

NOVEMBER,

1959.

COURT MET PURSUANT TO ADJOURNMENT

With

HON. RALPH P. BOWLING, JUDGE, Presiding

In Re: John F. Messmer, Estate, Inventory and Appraisal Bill filed.

Inventory and Appraisal Bill of the personal estate of John F. Messmer, deceased, filed and ordered to be recorded.

In Re: Order Changing Name of Water District from "U. S. Highway No. 27 District" to "Pendleton County Water District".

Came the Water Commissioners as heretofore appointed by the Court and moved the Court for the changing of the name of said district as heretofore designated by Court Order as "U. S. Highway No. 27 District", to "Pendleton County Water District", and it appearing to the Court that said original order naming said district as "U. S. Highway No. 27 District" did not reflect the true intention of the Court relative to said name, and the Court being sufficiently advised, it is considered, adjudged and so

ORDERED

That the name of the water district designated by former order as "U. S. Highway No. 27 District" be and the same is hereby changed and shall be known hereafter as "Pendleton County Water District".

ORDERED THAT COURT ADJOURN UNTIL NOVEMBER 17, 1959.

Ralph P. Bowling
County Judge

**CUSTOMER NOTICE OF
PROPOSED RATE ADJUSTMENT**

PUBLIC NOTICE OF PROPOSED ADJUSTMENT OF WATER RATES AND CHARGES

PENDLETON COUNTY WATER DISTRICT

NOTICE

Notice is hereby given that on September 3, 2019 Pendleton County Water ("District") filed an application with the Public Service Commission of Kentucky ("PSC") seeking approval of revised water rates. The District plans to implement the proposed rates upon approval of the PSC.

Monthly Rate:

<u>Current</u>		<u>Proposed</u>		<u>Rate</u>	
First	2,000 Gallons	22.55	First 2,000	25.70	Minimum Bill
Next	3,000 Gallons	9.76	Next 3,000	11.12	per 1,000 gallons
Next	10,000 Gallons	9.21	Next 10,000	10.50	per 1,000 gallons
Over	15,000 Gallons	8.00	Over 15,000	9.12	per 1,000 gallons

<u>MONTHLY USAGE</u>	<u>MONTHLY BILL AT CURRENT RATE</u>	<u>MONTHLY BILL AT PROPOSED RATE</u>	<u>PERCENT INCREASE OVER CURRENT</u>
2,000	22.55	25.70	13.97%
3,000	32.31	36.82	13.96%
4,000	42.07	47.94	13.95%
5,000	51.83	59.06	13.95%
6,000	61.04	69.56	13.96%
7,000	70.25	80.06	13.96%
8,000	79.46	90.56	13.97%
9,000	88.67	101.06	13.97%
10,000	97.88	111.56	13.98%
20,000	183.93	209.66	13.99%
30,000	263.93	300.86	13.99%
50,000	423.93	483.26	14.00%

The rates contained in this notice are the rates proposed by the District. However, the PSC may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates included in this notice.

Any person may examine the rate application and any other filings made by the District at the District's main office located at 331 Highway 330 W, Falmouth, KY, or at the Public Service Commission's office located at 211 Sower Blvd., Frankfort, KY, Monday – Friday 8 a.m. – 4:30 p.m. or through the Commission's website at <http://psc.ky.gov>.

Customers of the District are advised that any corporation, District, body public, or person with a substantial interest in the matter may submit a timely written request to intervene to the Public Service Commission, P. O. Box 615, Frankfort, KY 40602, establishing the grounds for the request and including the statutes and interest of the party. If the Commission does not receive a written request for intervention within 30 days of initial publication of this notice, the Commission may take final action on the application.

PENDLETON COUNTY WATER DISTRICT

P.O. BOX 232, FALMOUTH, KY 41040 (859) 654-6964 FAX (859) 654-7032
Deaf, Hard-of-Hearing or Speech Impaired, call 711

September 3, 2019

Pendleton County Board of Education
Attn: Joseph Buerkley
2525 US 27 N
Falmouth, KY 41040

RE: Water Rate Increase

Dear Mr. Buerkley:

Please find enclosed a proposed rate increase that we are requesting approval on from the Public Service Commission ("PSC"). We plan on filing the formal application with the PSC on or about September 3, 2019. You can examine a copy of the application at the District's main office located at 331 Highway 330 W, Falmouth, KY, or at the Public Service Commission's office located at 211 Sower Blvd., Frankfort, KY, Monday – Friday 8 a.m. – 4:30 p.m. or through the Commission's website at <http://psc.ky.gov>.

As you can see from the attached schedule, your minimum bill for 125,000 gallons of water will increase from \$1,024.25 to \$1,167.46. Billing for usage over 125,000 gallons will increase from \$8.00 to \$9.12 per thousand gallons. Based on your 2018 usage we estimate that your average billing will increase from \$1,024.25 to \$1,167.46 which approximately equals a 14% proposed increase.

You may submit a timely written request to intervene to the Public Service Commission, P.O. Box 615, Frankfort, KY 40602, establishing the grounds for the request and including the statutes and your interest in the case. If the Commission does not receive a written request for intervention within 30 days of the date that this notice was mailed, the Commission may take final action on the application.

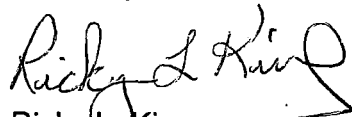
The rates listed above are the rates proposed by the District. However, the PSC may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates included in this notice.

EQUAL OPPORTUNITY PROVIDER

Our last rate adjustment was in January 2013. For your planning purposes, we don't anticipate that the proposed rates will be approved by the PSC and implemented until sometime in 2020.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Ricky L. King". The signature is written in a cursive style with a large, stylized "K" at the end.

Ricky L. King
Manager

RLK/jt

Enclosures

**PENDLETON COUNTY WATER DISTRICT
CURRENT & PROPOSED RATES**

	Current Rates Effective 4/15/2013	Proposed Rates
<u>5/8' X 3/4' Meter through 2" Meter</u>		
First 2,000 Gallons	\$22.55	\$25.70
Next 3,000 Gallons	9.76	11.12
Next 10,000 Gallons	9.21	10.50
All Over 15,000 Gallons	8.00	9.12
 <u>Pendleton County High School</u>		
First 125,000 Gallons	\$1,024.25	\$1,167.46
Over 125,000 Gallons	8.00	9.12
 <u>Griffin Industries</u>		
First 400,000 Gallons	\$3,252.80	\$3,707.59
Over 400,000 Gallons	8.00	9.12
 <u>City of Butler</u>		
First 1,672,917 Gallons	\$6,584.60	\$7,505.23
Over 1,672,917 Gallons	3.93	4.48

PENDLETON COUNTY WATER DISTRICT

P.O. BOX 232, FALMOUTH, KY 41040 (859) 654-6964 FAX (859) 654-7032

Deaf, Hard-of-Hearing or Speech Impaired, call 711

September 3, 2019

Griffin Industries
1176 Bryan Griffin Rd.
Butler, KY 41006

RE: Water Rate Increase

To Whom It May Concern:

Please find enclosed a proposed rate increase that we are requesting approval on from the Public Service Commission ("PSC"). We plan on filing the formal application with the PSC on or about September 3, 2019. You can examine a copy of the application at the District's main office located at 331 Highway 330 W, Falmouth, KY, or at the Public Service Commission's office located at 211 Sower Blvd., Frankfort, KY, Monday – Friday 8 a.m. – 4:30 p.m. or through the Commission's website at <http://psc.ky.gov>.

As you can see from the attached schedule, your minimum bill for 400,000 gallons of water will increase from \$3,252.80 to \$3,707.59. Billing for usage over 400,000 gallons will increase from \$8.00 to \$9.12 per thousand gallons. Based on your 2018 usage we estimate that your average billing will increase from \$4,179.33 to \$4,763.84 which approximately equals a 14% proposed increase.

You may submit a timely written request to intervene to the Public Service Commission, P.O. Box 615, Frankfort, KY 40602, establishing the grounds for the request and including the statutes and your interest in the case. If the Commission does not receive a written request for intervention within 30 days of the date that this notice was mailed, the Commission may take final action on the application.

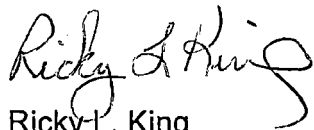
The rates listed above are the rates proposed by the District. However, the PSC may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates included in this notice.

EQUAL OPPORTUNITY PROVIDER

Our last rate adjustment was in January 2013. For your planning purposes, we don't anticipate that the proposed rates will be approved by the PSC and implemented until sometime in 2020.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Ricky L. King". The signature is written in a cursive style with a large, sweeping "S" at the end.

Ricky L. King
Manager

RLK/jt

Enclosures

**PENDLETON COUNTY WATER DISTRICT
CURRENT & PROPOSED RATES**

	Current Rates Effective 4/15/2013	Proposed Rates
<u>5/8' X 3/4' Meter through 2" Meter</u>		
First 2,000 Gallons	\$22.55	\$25.70
Next 3,000 Gallons	9.76	11.12
Next 10,000 Gallons	9.21	10.50
All Over 15,000 Gallons	8.00	9.12
 <u>Pendleton County High School</u>		
First 125,000 Gallons	\$1,024.25	\$1,167.46
Over 125,000 Gallons	8.00	9.12
 <u>Griffin Industries</u>		
First 400,000 Gallons	\$3,252.80	\$3,707.59
Over 400,000 Gallons	8.00	9.12
 <u>City of Butler</u>		
First 1,672,917 Gallons	\$6,584.60	\$7,505.23
Over 1,672,917 Gallons	3.93	4.48

PENDLETON COUNTY WATER DISTRICT

P.O. BOX 232, FALMOUTH, KY 41040 (859) 654-6964 FAX (859) 654-7032

Deaf, Hard-of-Hearing or Speech Impaired, call 711

September 3, 2019

Mayor Greg McElfresh
City of Butler
P.O. Box 229
Butler, KY 41006

RE: Water Rate Increase

Dear Mayor McElfresh:

Please find enclosed a proposed rate increase that we are requesting approval on from the Public Service Commission ("PSC"). We plan on filing the formal application with the PSC on or about September 3, 2019. You can examine a copy of the application at the District's main office located at 331 Highway 330 W, Falmouth, KY, or at the Public Service Commission's office located at 211 Sower Blvd., Frankfort, KY, Monday – Friday 8 a.m. – 4:30 p.m. or through the Commission's website at <http://psc.ky.gov>.

As you can see from the attached schedule, your minimum bill for 1,672,917 gallons of water will increase from \$6,584.60 to \$7,505.23. Billing for usage over 1,672,917 gallons will increase from \$3.93 to \$4.48 per thousand gallons. Based on your 2018 usage we estimate that your average billing will increase from \$6,672.85 to \$7,605.83 which approximately equals a 14% proposed increase.

You may submit a timely written request to intervene to the Public Service Commission, P.O. Box 615, Frankfort, KY 40602, establishing the grounds for the request and including the statutes and your interest in the case. If the Commission does not receive a written request for intervention within 30 days of the date that this notice was mailed, the Commission may take final action on the application.

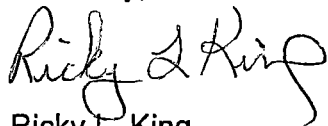
The rates listed above are the rates proposed by the District. However, the PSC may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates included in this notice.

EQUAL OPPORTUNITY PROVIDER

Our last rate adjustment was in January 2013. For your planning purposes, we don't anticipate that the proposed rates will be approved by the PSC and implemented until sometime in 2020.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Ricky L. King".

Ricky L. King
Manager

RLK/jt

Enclosures

**PENDLETON COUNTY WATER DISTRICT
CURRENT & PROPOSED RATES**

	Current Rates Effective 4/15/2013	Proposed Rates
<u>5/8' X 3/4' Meter through 2" Meter</u>		
First 2,000 Gallons	\$22.55	\$25.70
Next 3,000 Gallons	9.76	11.12
Next 10,000 Gallons	9.21	10.50
All Over 15,000 Gallons	8.00	9.12
 <u>Pendleton County High School</u>		
First 125,000 Gallons	\$1,024.25	\$1,167.46
Over 125,000 Gallons	8.00	9.12
 <u>Griffin Industries</u>		
First 400,000 Gallons	\$3,252.80	\$3,707.59
Over 400,000 Gallons	8.00	9.12
 <u>City of Butler</u>		
First 1,672,917 Gallons	\$6,584.60	\$7,505.23
Over 1,672,917 Gallons	3.93	4.48

REASON FOR APPLICATION

**PENDLETON COUNTY WATER DISTRICT
REASONS FOR APPLICATION**

Applicant is applying for a rate increase because their operating income has been declining and has actually been a net operating loss for the past two years. To illustrate, I have listed the District's Operating Income/(Loss) for the past six years as reported in our annual PSC Report.

2013	88,807.00
2014	70,634.00
2015	73,317.00
2016	72,057.00
2017	(15,811.00)
2018	(96,627.00)

The District has been given a rate increase from their water supplier this year and another increase next year. Since they have incurred an operating loss during the past two years, doing two purchased water adjustments will still leave them with an operating loss. They have not had a general rate increase since April 15, 2013. While the cost of purchased water, labor and supplies have continued to increase over the years, their rates have remained the same. They have tried to control our expenses but, as you see, their ability to meet their obligations continues to decline. They feel that a rate increase is the only solution.

CURRENT AND PROPOSED RATES

**PENDLETON COUNTY WATER DISTRICT
CURRENT & PROPOSED RATES**

	Current Rates Effective 4/15/2013	Proposed Rates
<u>5/8' X 3/4' Meter through 2" Meter</u>		
First 2,000 Gallons	\$22.55	\$25.70
Next 3,000 Gallons	9.76	11.12
Next 10,000 Gallons	9.21	10.50
All Over 15,000 Gallons	8.00	9.12
<u>Pendleton County High School</u>		
First 125,000 Gallons	\$1,024.25	\$1,167.46
Over 125,000 Gallons	8.00	9.12
<u>Griffin Industries</u>		
First 400,000 Gallons	\$3,252.80	\$3,707.59
Over 400,000 Gallons	8.00	9.12
<u>City of Butler</u>		
First 1,672,917 Gallons	\$6,584.60	\$7,505.23
Over 1,672,917 Gallons	3.93	4.48

STATEMENT OF ADJUSTED OPERATIONS

Pendleton County Water District

STATEMENT OF ADJUSTED OPERATIONS - WATER UTILITY

	TYE 12/31/2018 Test Year	Adjustments	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				
Metered Water Sales	1,245,791.00			1,245,791.00
Bulk Loading Stations				
Fire Protection Revenue				
Sales for Resale	<u>80,302.00</u>			<u>80,302.00</u>
Total Sales of Water	<u>1,326,093.00</u>	<u>0.00</u>		<u>1,326,093.00</u>
Other Water Revenues				
Forfeited Discounts	22,843.00			22,843.00
Miscellaneous Service Revenues	11,835.00			11,835.00
Rents from Water Property	3,900.00			3,900.00
Other Water Revenues	<u>0.00</u>			<u>0.00</u>
Total Other Water Revenues	<u>38,578.00</u>	<u>0.00</u>		<u>38,578.00</u>
Total Operating Revenues	<u>1,364,671.00</u>	<u>0.00</u>		<u>1,364,671.00</u>
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	333,558.00	16,318.00	A	349,876.00
Salaries and Wages - Officers	24,000.00			24,000.00
Employee Pensions and Benefits	221,965.00	(72,817.00)	B	149,148.00
Purchased Water	430,167.00	35,069.00	C	465,236.00
Purchased Power	22,927.00			22,927.00
Fuel for Power Production				
Chemicals				
Materials & Supplies	47,087.00			47,087.00
Contractual Services - Accounting	23,540.00			23,540.00
Contractual Services - Water Testing	4,752.00			4,752.00
Contractual Services - Other	32,888.00			32,888.00
Rents	2,221.00			2,221.00
Transportation Expenses	17,070.00			17,070.00
Insurance	25,966.00			25,966.00
Regulatory Commission Expenses				
Bad Debt Expense	5,500.00			5,500.00
Miscellaneous Expenses	<u>3,329.00</u>			<u>3,329.00</u>
Total Operation and Maintenance Expenses	1,194,970.00	(21,430.00)		1,173,540.00
Depreciation Expense	237,960.00			237,960.00
Amortization Expense	0.00			0.00
Taxes Other Than Income	30,068.00			30,068.00
Income Tax Expense	<u>0.00</u>			<u>0.00</u>
Total Operating Expenses	<u>1,462,998.00</u>	<u>(21,430.00)</u>		<u>1,441,568.00</u>
Utility Operating Income	<u>(98,327.00)</u>	<u>21,430.00</u>		<u>(76,897.00)</u>
Gains (Losses) from Disposition of Utility Property	<u>1,700.00</u>			<u>1,700.00</u>
Total Utility Operating Income	<u>(96,627.00)</u>	<u>21,430.00</u>		<u>(75,197.00)</u>

Pendleton County Water District

References

Reference Letter

- A** Test year Salaries & Wages - Employees include an additional employee hired during April of 2018. He was paid weekly for 38 weeks at a rate of \$12 per hour for a total cost of \$18,210. During the 9 months that he worked for the District, he has been a reliable and hard working employee. In order to retain him as an employee, the Commissioners increased his rate of pay to \$16 per hour in order to bring his pay rate up to the rate being paid to similar employees for the type of work that he is required to do. At this rate of pay, his full time wages should equal \$33,280 (2080 hours per year at \$16 per hour) plus he is required to work four On Call hours every 4 weeks. These hours are paid at his overtime rate of \$24 per hour. For a year they will total \$1,248 (52 hours at \$24 per hour). This amounts to a total of \$34,528 per year as opposed to the \$18,210 that he was paid during the test year. The difference is the proforma adjustment of \$16,318. See Exhibit A for the detailed calculation of these amounts.
- B** Test year Employee Benefits include the Net Effect of Change in Pension Liability of \$91,688. Since this is not considered a part of normal operating expense it has been eliminated from the Pro Forma Expenses. In addition Retirement Expense has been increased by \$18,871 to account for an increase in covered wages due to the new employee and an increase in the amount of the retirement contribution rate to 24.06%. The net decrease in Employee Pension and Benefits is \$72,817. See Exhibit B for the calculation of these amounts.
- C** Water rates charged by Northern Kentucky Water District increased from 2.67 per HCF to 2.83 per HCF on March 26, 2019. This increase in water rates is expected to increase water costs by \$19,107 over that of the test year. On March 26, 2020 the rates will further increase from 2.83 per HCF to 2.98 per HCF. This will increase water costs by an additional \$15,962. The total cost of these two rate increases of \$35,069 has been included as a Pro Forma adjustment. See Exhibit C for the detailed calculation of these amounts.

**Pendleton County Water District
Projected Increase In
Salaries & Wages - Employees**

A

Employee Wages - Test Year		\$333,558.00
Less New Employee Wages - Test Year		
Regular Pay = 1,480 Hours X \$12/Hour	\$17,760.00	
Overtime = 25 Hours X \$18/Hour	\$450.00	
New Employee At Test Year Rates		(\$18,210.00)
Plus New Employee Wages - Proforma		
Regular Pay = 2,080 Hours X \$16/Hour	\$33,280.00	
Overtime		
On Call Pay - 52 Hours @ \$24/Hour	\$1,248.00	
New Employee At Proforma Rates		\$34,528.00
Salaries & Wages - Employees - Proforma		\$349,876.00
Adjustment Increase In Test Year Salaries & Wages		\$16,318.00

The District hired a new employee on April 2, 2018. He was hired at \$12.00 per hour. At his six month evaluation, it was determined that he was a good, hardworking, dependable employee that the District would like to retain. (See his evaluation and board minutes attached)

In order to retain him, it was determined that we would have to increase his salary to an amount that was comparable to the wages earned by other water employees doing the same type of work. According to a comparison of water district wages with state and national water industry wages for 2017, an Equipment Operator and a Laborer were making the following:

	Equipment Operator	Laborer 2 Year Exp.	Laborer (New Hire)
AWWA 50th Percentile	\$45,000	\$36,872	\$36,872
AWWA Mid Average Salary	\$45,462	\$36,506	\$36,506
KRWA Average	\$37,348	\$30,244	\$30,244
Average for Category	\$42,603	\$34,541	\$34,541

We included equipment operator because he does operate the District's machinery when necessary but, since he does not operate it consistently, we decided that he would fall into a laborer category. We calculated the average pay for a laborer with minimal experience to be \$34,541. Using this as our target, we determined that his hourly rate of pay would be increased to \$16.00 per hour effective January 1, 2019.

**Pendleton County Water District
New Employee Wages Paid
January through December 2018**

A

Type	Date	Num	Name	Amount	Balance
Hourly Regular Rate					
Paycheck	04/13/2018	3688	Lance Jones	480.00	480.00
Paycheck	04/20/2018	3692	Lance Jones	480.00	960.00
Paycheck	04/27/2018	3704	Lance Jones	480.00	1,440.00
Paycheck	05/04/2018	3711	Lance Jones	480.00	1,920.00
Paycheck	05/11/2018	3718	Lance Jones	480.00	2,400.00
Paycheck	05/18/2018	3725	Lance Jones	480.00	2,880.00
Paycheck	05/25/2018	3737	Lance Jones	480.00	3,360.00
Paycheck	06/01/2018	3744	Lance Jones	480.00	3,840.00
Paycheck	06/08/2018	3751	Lance Jones	480.00	4,320.00
Paycheck	06/15/2018	3758	Lance Jones	480.00	4,800.00
Paycheck	06/22/2018	3770	Lance Jones	480.00	5,280.00
Paycheck	06/29/2018	3777	Lance Jones	384.00	5,664.00
Paycheck	07/06/2018	3784	Lance Jones	480.00	6,144.00
Paycheck	07/13/2018	3791	Lance Jones	480.00	6,624.00
Paycheck	07/20/2018	3798	Lance Jones	480.00	7,104.00
Paycheck	07/27/2018	3810	Lance Jones	480.00	7,584.00
Paycheck	08/03/2018	3817	Lance Jones	288.00	7,872.00
Paycheck	08/10/2018	3824	Lance Jones	480.00	8,352.00
Paycheck	08/17/2018	3831	Lance Jones	480.00	8,832.00
Paycheck	08/24/2018	3843	Lance Jones	480.00	9,312.00
Paycheck	08/31/2018	3850	Lance Jones	480.00	9,792.00
Paycheck	09/07/2018	3857	Lance Jones	480.00	10,272.00
Paycheck	09/14/2018	3864	Lance Jones	480.00	10,752.00
Paycheck	09/21/2018	3871	Lance Jones	480.00	11,232.00
Paycheck	09/28/2018	3883	Lance Jones	480.00	11,712.00
Paycheck	10/05/2018	3890	Lance Jones	480.00	12,192.00
Paycheck	10/12/2018	3903	Lance Jones	480.00	12,672.00
Paycheck	10/19/2018	3907	Lance Jones	480.00	13,152.00
Paycheck	10/26/2018	3919	Lance Jones	480.00	13,632.00
Paycheck	11/02/2018	3926	Lance Jones	480.00	14,112.00
Paycheck	11/09/2018	3933	Lance Jones	480.00	14,592.00
Paycheck	11/16/2018	3945	Lance Jones	480.00	15,072.00
Paycheck	11/21/2018	3953	Lance Jones	480.00	15,552.00
Paycheck	11/30/2018	3960	Lance Jones	480.00	16,032.00
Paycheck	12/07/2018	3976	Lance Jones	480.00	16,512.00
Paycheck	12/14/2018	3980	Lance Jones	480.00	16,992.00
Paycheck	12/21/2018	3987	Lance Jones	288.00	17,280.00
Paycheck	12/28/2018	3999	Lance Jones	480.00	17,760.00
Total Hourly Regular Rate				17,760.00	17,760.00
Overtime Hourly Rate 1					
Paycheck	06/15/2018	3758	Lance Jones	18.00	18.00
Paycheck	07/20/2018	3798	Lance Jones	90.00	108.00
Paycheck	10/12/2018	3903	Lance Jones	90.00	198.00
Paycheck	11/09/2018	3933	Lance Jones	126.00	324.00
Paycheck	11/16/2018	3945	Lance Jones	27.00	351.00
Paycheck	12/07/2018	3976	Lance Jones	99.00	450.00
Total Overtime Hourly Rate 1				450.00	450.00
TOTAL				18,210.00	18,210.00

Comparison of Water District Wages with State and National Water Industry Wages/Salaries

	Years Employed by District	Age	District Annual Pay	2016		2017		2017	2016
				AWWA - 50th Percentile	AWWA - Mid Average Salary	AWWA - 50th Percentile	AWWA - Mid Average Salary	KRWA Average	KLC
General Manager	16	65	\$58,240.90	\$81,120.00	\$84,708.00	\$75,000.00	\$76,513.00	\$64,063.00	\$58,355.00
Office Manager	26	46	\$47,902.40	\$48,256.00	\$59,754.00	\$49,098.00	\$54,151.00	\$50,033.00	\$35,880.00
Distribution Crew Supervisor	20	46	\$45,614.40	\$56,000.00	\$56,496.00	\$53,800.00	\$54,449.00	\$46,522.00	\$46,236.00
Accounts Receivable III	20	60	\$33,696.00	\$47,996.00	\$52,701.00	\$47,955.00	\$53,689.00	\$35,394.00	\$31,006.00
Customer Service Rep Supervisor	17	61	\$39,540.80	\$52,358.00	\$48,804.00	\$50,514.00	\$48,463.00	\$30,142.00	\$35,652.00
Meter Tester/Equip. Operator II	15	56	\$40,622.40	\$47,000.00	\$47,603.00	\$45,000.00	\$45,462.00	\$37,348.00	\$35,652.00
Laborer II	13	62	\$30,659.20	\$37,950.00	\$41,873.00	\$36,872.00	\$36,506.00	\$37,348.00	\$28,375.00
Accounts Receivable II	6	28	\$25,854.40	\$40,000.00	\$40,404.00	\$38,480.00	\$39,219.00	\$35,394.00	\$31,006.00
Laborer I	2	47	\$26,948.44	\$37,950.00	\$41,873.00	\$36,872.00	\$36,506.00	\$30,244.00	\$28,375.00
Accounts Receivable I (2017 Hire)	0	30	\$24,294.40	\$40,000.00	\$40,404.00	\$38,480.00	\$39,219.00	\$35,394.00	\$31,006.00
Laborer (2017 Hire)	0	25	\$23,337.60	\$37,950.00	\$41,873.00	\$36,872.00	\$36,506.00	\$30,244.00	\$28,375.00

EMPLOYEE PERFORMANCE EVALUATION

A

Employee Name <i>Lance Jones</i>		Employee No.	Date <i>10-1-2018</i>
Department		Job Title <i>Laborer & Equipment Oper.</i>	
Date of Hire <i>04/01/118</i>	Date of Last Review <i>1/1</i>	Date Employee Began Present Position <i>04/10/118</i>	Date of Next Review
Check One: <input checked="" type="checkbox"/> 6 Month Review <input type="checkbox"/> Annual <input type="checkbox"/> Promotion <input type="checkbox"/> End of Introductory Period <input type="checkbox"/> Monetary <input type="checkbox"/> Non-Monetary <input type="checkbox"/> Other _____			

KEY TO RATINGS

E: EXCELLENT - Individual performs all tasks in an exceptional manner.
-G: GOOD - Individual performs many tasks well, and all other tasks adequately.

S: SATISFACTORY - Individual performs all tasks satisfactorily.
F: FAIR - Individual performs most tasks satisfactorily, but not all.
U: UNSATISFACTORY - Individual fails to perform many tasks well.

1. RESPONSIBILITIES

List the current status of overall job responsibilities.

*Monthly meter readings (1.0K per month, first on call 24/7,)
 Equipment operator, Backup on call 24/7, Leak detection.
 Taking chlorine residuals, daily work orders when needed.*

2. ACCOMPLISHMENTS

List major job related achievements since last evaluation.

3. JOB KNOWLEDGE

Employee possesses a clear understanding of the responsibilities and tasks he or she must perform.

OVERALL RATING:
(circle one)

E

G

S

F

U

(see key above)

Comments:

4. JOB PERFORMANCE

(QUALITATIVE) The neatness, thoroughness, accuracy and overall quality of the employee's work.

OVERALL RATING:
(circle one)

E

G

S

F

U

(see key above)

Comments:

5. JOB PRODUCTIVITY

(QUANTITATIVE) Employee demonstrates a commitment toward achieving results. Tasks are completed efficiently and effectively.

OVERALL RATING:
(circle one)

E

G

S

F

U

(see key above)

Comments:

6. DEPENDABILITY Employee can be relied upon to complete assigned tasks, and is conscientious about his/her attendance and timeliness.

OVERALL RATING: (circle one) E G S F U (see key on reverse side)

Comments:

7. COOPERATION Employee demonstrates a willingness to work with associates, subordinates, supervisors and others. Responds willingly to changes in procedure, process, responsibility and assignments.

OVERALL RATING: (circle one) E G S F U (see key on reverse side)

Comments:

8. INITIATIVE Employee demonstrates an ability to think and act independently. Originates innovative ideas and methods to improve job or complete tasks better.

OVERALL RATING: (circle one) E G S F U (see key on reverse side)

Comments:

9. WORK ENVIRONMENT AND SAFETY Maintains a safe and pleasant work environment, follows safety regulations, and actively contributes towards a safe workplace.

OVERALL RATING: (circle one) E G S F U (see key on reverse side)

Comments:

10. OVERALL PERFORMANCE Overall appraisal of the employee's job performance.

OVERALL RATING: (circle one) E G S F U (see key on reverse side)

Comments:

ACTION PLAN The above criteria is important to properly evaluate your performance. The following Action Plan describes your specific strengths and weaknesses, and what can be done to improve your position toward continued growth.

Major weak points are: *Lack of Knowledge of District's meters, water-lines & boundaries penmanship*

These weak points can be strengthened by: *Locations will be learned thru experience. Handwriting will improve with practice.*

Major strong points are: *Willingness to learn, not afraid to get dirty, prior experience with water main extensions very useful, good equipment operator*

These strong points can be more effectively utilized by: *Confidence in ability to survey and correct situations when needed*

Has this report been discussed with Supervisor? YES NO

If "NO", Reason why:

If "YES", Employee's comments:

Supervisor Signature: *[Signature]* Date: *10-1-18*

Employee Signature: *[Signature]* Date: *10-1-18*

PENDLETON COUNTY WATER DISTRICT

P.O. BOX 232, FALMOUTH, KY 41040 (859) 654-6964 FAX (859) 654-7032
Deaf, Hard-of-Hearing or Speech Impaired, call 711

December 5th, 2018
SPECIAL CALL; COMMISSIONERS MEETING

The special call meeting of the Board of Commissioners of the Pendleton County Water District was held on Wednesday, December 5th, 2018 at the water district office. All commissioners were present. Ricky King was also present.

Mr. Faulkner, Chairman, called the meeting to order at 5:30 pm.

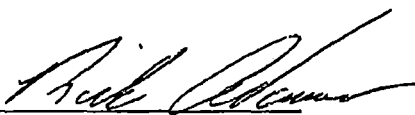
Mr. King presented the board with the health insurance options. A motion was made by Mr. Adams to keep our current insurance plan with Anthem Health. Motion seconded by Mr. Boden. Motion carried.

The board reviewed the raises and due to the high cost of health insurance they rescinded the previous motion from the November meeting. Employees will receive a 3% raise instead of a 5% raise for 2018. A motion was made by Mr. Strange. Motion seconded by Mr. Moore. Motion carried.

The board rescinded the previous motion from the November meeting regarding Lance Jone's raise. A motion was made by Mr. Boden to change Lance Jones's salary from \$12/hr to \$16/hr. Motion seconded by Mr. Adams. Motion carried.

A motion was made by Mr. Boden to adjourn the meeting. Seconded by Mr. Moore. Motion carried.


L.R. Faulkner, Jr. Chairman



Rick Adams, Secretary

**Pendleton County Water District
Projected Increase In
Employee Pensions & Benefits**

B

Memo			Test Year	Pro Forma	Pro Forma	Adjustment
			Balance	Year	Balance	Required
Health Insurance - Anthem Blue Cross & Blue Shield			61,990.00		61,990.00	0.00
Uniforms			1,594.00		1,594.00	0.00
Net Effect of Change in Unfunded Pension Liability			91,688.00		0.00	-91,688.00
Retirement - County Employee Retirement System						
	Jan - June	July - Dec		Jan - Dec		
Total Payroll - Test Year	176,405.50	186,900.80		363,306.30		
Less: Commissioner Wages	-12,000.00	-12,000.00		-24,000.00		
Total Employee Payroll	164,405.50	174,900.80		339,306.30		
Less: New Employee Period Not Covered	-5,682.00	-6,138.00		-18,210.00	See Item A	
Plus New Employee At Proforma Rates	0.00	0.00		34,528.00	See Item A	
Total Payroll Covered by Retirement	158,723.50	168,762.80		355,624.30		
Retirement Rate	19.18%	21.48%		24.06%	Rate effective 7/1/19	
Retirement Expense	30,443.00	36,250.00	66,693.00	85,563.21	85,563.69	18,870.69
Total Employee Pensions & Benefits			221,965.00		149,147.69	-72,817.31

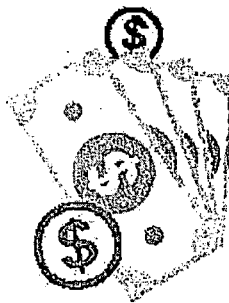


Retirement
Systems (/) Login  (/Pages/Login.aspx)

Menu

Contribution Rates

Contribution Rates



Recommended employer contribution rates are determined by the annual actuarial valuation and presented to the Board of Trustees for approval. Actual employer contribution rates are set by the General Assembly in the biennial budget. Each employer is required to contribute at the rate set by

law. Please note that employer contribution rates are subject to change depending on future actions of the General Assembly. Employer contributions are paid on creditable compensation earned by each employee eligible for membership in KRS.

Employee Contributions

All employees meeting the requirements for membership are required to contribute a percentage of their gross wages, referred to as creditable compensation, to KRS.

When mandatory employee contributions are deducted from an employee's check, the contributions are exempt from Federal and State Income Tax withholding. Mandatory employee contributions have been exempt from Federal and State Income Tax withholdings since August 1, 1982. These contributions are tax deferred, which means the contributions are withheld from employees' gross pay before Federal and State Income Tax.

From January 1, 1987 through December 31, 2016, Federal Social Security withholdings were also exempt. This changed January 1, 2017 under a Memorandum of Agreement between the Commonwealth of Kentucky and the Internal Revenue Service ([/Employers/Contribution%20Rate%20Memos/2017WithholdingChanges%20with%20Memoradum.pdf](#)). As of January 1, 2017, employee contributions are deducted after Federal Social Security is withheld.

Employer Contributions

KERS & SPRS Employer Contribution Rates

System	Fiscal Year 2019	Fiscal Year 2020
	Effective July 1, 2018	Effective July 1, 2019
KERS Nonhazardous <i>*Reduced Rate</i>	49.47%	83.43%
KERS Nonhazardous <i>Budgeted Rate</i>	83.43%	83.43%
KERS Hazardous	36.85%	36.85%
SPRS	146.28%	146.28%

House Bill 265 (<http://www.lrc.ky.gov/record/18RS/HB265.htm>) passed during the 2018 legislative session reduced the employer contribution rate for Regional Mental Health/Mental Retardation Boards, Local and District Health Departments, State Universities, Community Colleges and any other agency eligible to voluntarily cease participating in the KERS. Click here ([/Employers/Linked%](#)

20Documents/KERS%20NH%20Agencies_Reduced%20Employer%20Rate.pdf) to view a list of agencies authorized to pay the reduced KERS Nonhazardous employer contribution rate for fiscal year 2019 (same as fiscal year 2018). Agencies not listed pay the KERS Nonhazardous budgeted employer contribution rate for fiscal year 2019.

CERS Employer Contribution Rates

System	Fiscal Year 2019 Effective July 1, 2018	Fiscal Year 2020 Effective July 1, 2019
CERS Nonhazardous	21.48%	24.06%
CERS Hazardous	35.34%	39.58%

*House Bill 362 (<http://www.lrc.ky.gov/record/18RS/HB362.htm>) passed during the 2018 legislative session caps CERS employer contribution rate increases up to 12% per year over the prior fiscal year for the period of July 1, 2018 to June 30, 2028.

Historical Contribution Information

Download

KRS Board Recommended KERS and SPRS Employer Contribution Rates for Fiscal Years 2019 and 2020 superseded in the 2018 Legislative session by House Bill 265 ([https://kyret.ky.gov/Employers/Historical Contribution Rates/Recommended KERS SPRS contribution rates FY19-20.pdf](https://kyret.ky.gov/Employers/Historical%20Contribution%20Rates/Recommended%20KERS%20SPRS%20contribution%20rates%20FY19-20.pdf))

KRS Board Recommended CERS Employer Contribution Rates for Fiscal Year 2019 superseded in the Legislative session by House Bill 362 ([https://kyret.ky.gov/Employers/Historical Contribution Rates/CERS Contribution Rates FY18-19.pdf](https://kyret.ky.gov/Employers/Historical%20Contribution%20Rates/CERS%20Contribution%20Rates%20FY18-19.pdf))

KERS Non-Hazardous Historical Contribution Rates ([https://kyret.ky.gov/Employers/Historical Contribution Rates/KERS Non-Hazardous Historical Contribution Rates.pdf](https://kyret.ky.gov/Employers/Historical%20Contribution%20Rates/KERS%20Non-Hazardous%20Historical%20Contribution%20Rates.pdf))

KERS Hazardous Historical Contribution Rates ([https://kyret.ky.gov/Employers/Historical Contribution Rates/KERS Hazardous Historical Contribution Rates.pdf](https://kyret.ky.gov/Employers/Historical%20Contribution%20Rates/KERS%20Hazardous%20Historical%20Contribution%20Rates.pdf))




CERS Non-Hazardous Hitorial Contribution Rates ([https://kyret.ky.gov/Employers/Historical Contribution Rates/CERS Non-Hazardous Hitorial Contribution Rates.pdf](https://kyret.ky.gov/Employers/Historical%20Contribution%20Rates/CERS%20Non-Hazardous%20Hitorial%20Contribution%20Rates.pdf))

Download

CERS Hazardous Historical Contribution Rates ([https://kyret.ky.gov/Employers/Historical Contribution Rates/CERS Hazardous Historical Contribution Rates.pdf](https://kyret.ky.gov/Employers/Historical-Contribution-Rates/CERS-Hazardous-Historical-Contribution-Rates.pdf))

SPRS Historical Contribution Rates ([https://kyret.ky.gov/Employers/Historical Contribution Rates/SPRS Historical Contribution Rates.pdf](https://kyret.ky.gov/Employers/Historical-Contribution-Rates/SPRS-Historical-Contribution-Rates.pdf))

Connect With Us

-  (<https://facebook.com/kyretirement>)
-  (<https://twitter.com/KYretire>)
-  (<https://www.youtube.com/channel/UCnKU-T5TFUQ7Wo71PjehwGw>)

Contact (<https://kyret.ky.gov/Contact>) Site Map (<https://kyret.ky.gov/Pages/sitemap.aspx>)

Policies (<http://kentucky.gov/policies/Pages/default.aspx>)

Security (<http://kentucky.gov/policies/Pages/security.aspx>)

Disclaimer (<http://kentucky.gov/policies/Pages/disclaimer.aspx>)

Accessibility (<http://kentucky.gov/policies/Pages/accessibility.aspx>)



© 2017 Commonwealth of Kentucky. All rights reserved.

Kentucky.gov (<http://www.kentucky.gov>)

**Pendleton City Water District
Projected Increase In
Purchased Water**

C

TEST YEAR WATER COSTS

NORTHERN KENTUCKY WATER SERVICE DISTRICT							
	HCV Usage	GALLONS	DOLLARS	RATE PER HCF	SERVICE CHARGE	SUBDIST SURCHG	TOTAL EXPENSE NKWSD
12-11 THRU 1-12	10,146	7,589,208	27,089.82		276.00	137.72	
1-12 THRU 2-13	10,408	7,785,184	27,789.36		276.00	137.72	
2-13 THRU 3-13	7,907	5,914,436	21,111.69		276.00	133.37	
3-13 THRU 4-12	8,668	6,483,664	23,143.56		276.00	133.37	
4-12 THRU 5-10	7,510	5,617,480	20,051.70		276.00	133.37	
5-10 THRU 6-12	9,442	7,062,616	25,210.14		276.00	133.37	
6-12 THRU 7-12	9,161	6,852,428	24,459.87		276.00	133.37	
7-12 THRU 8-13	10,523	7,871,204	28,096.41		276.00	133.37	
8-13 THRU 9-13	8,633	6,457,484	23,050.11		276.00	133.37	
9-13 THRU 10-12	7,692	5,753,616	20,537.64		276.00	133.37	
10-12 THRU 11-13	8,597	6,430,556	22,953.99		276.00	133.37	
11-13 THRU 12-11	7,729	5,781,292	20,636.43		276.00	133.37	
	106,416	79,599,168	284,130.72	2.67	3,312.00	1,609.14	289,051.86
							15,100.70
							-17,189.71
Total Test Year Water Costs - Northern Ky Water Service District							<u>286,962.85</u>

CITY OF FALMOUTH

	GALLONS	DOLLARS
1/2 - 1/26	6,003,060	11,886.06
1/26 - 2/22	4,614,790	9,137.28
2/22 - 3/22	5,532,560	10,954.47
3/22 - 4/26	6,307,490	12,488.83
4/26 - 5/23	5,576,390	11,041.25
5/23 - 6/25	7,482,480	14,815.31
6/25 - 7/20	5,194,780	10,285.66
7/20 - 8/27	6,994,540	13,849.19
8/27 - 9/24	5,776,190	11,436.86
9/24 - 10/24	6,044,220	11,967.56
10/24 - 11/19	4,931,650	9,764.67
11/19 - 12/21	6,061,990	12,002.74
		139,629.88
		3,574.32
		0.00
Total Test Year Water Costs - City of Falmouth		<u>143,204.20</u>

**TEST YEAR
WATER
COST**

430,167.05

PROFORMA WATER COSTS

Northern Kentucky Water Service District - Rate Effective March 26, 2019

Test Year Usage in HCF	106,416 Times New Rate of 2.83/HCF	301,157.28
Plus Fixed Service Charge	276.00 Times 12 Months	3,312.00
Plus Subdistrict Surcharges	133.37 Times 12 Months	1,600.44
Total Pro Forma Water Costs - Northern Ky Water Service District		<u>306,069.72</u>

Additional Cost of 3/26/2019 Rate Increase

19,106.87

PROFORMA WATER COSTS

Northern Kentucky Water Service District - Rate Effective March 26, 2020

Test Year Usage in HCF	106,416 Times New Rate of 2.98/HCF	317,119.68
Plus Fixed Service Charge	276.00 Times 12 Months	3,312.00
Plus Subdistrict Surcharges	133.37 Times 12 Months	1,600.44
Total Pro Forma Water Costs - Northern Ky Water Service District		<u>322,032.12</u>

Additional Cost of 3/26/2020 Rate Increase

15,962.40

Proforma Adjustment Due to Increase in Purchased Water Rates

35,069.27

City of Falmouth

Rates Remain

The Same

City of Falmouth

143,204.20

**PROFORMA
WATER
COST**

465,236.32

Old Rates

\$3.57 per 1000 gallons of \$2.67 per 100 cubic feet. This was from 1/15/17 until 4/17/19

CURRENT RATES

SECTION III – WHOLESALE WATER SALES

(Phase 1 – Effective for service rendered from March 26, 2019 through March 25, 2020)

Bullock Pen Water District	\$3.78 per 1,000 gallons (or) \$2.83 per 100 cubic feet
City of Walton	\$3.78 per 1,000 gallons (or) \$2.83 per 100 cubic feet
Pendleton County	\$3.78 per 1,000 gallons (or) \$2.83 per 100 cubic feet

FUTURE RATES

SECTION III – WHOLESALE WATER SALES

(Phase 2 – Effective for service rendered on and after March 26, 2020)

Bullock Pen Water District	\$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet
City of Walton	\$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet
Pendleton County	\$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet

C

Northern Kentucky
Water District

September 26, 2018

Rick King
Manager
Pendleton County Water District
P.O. Box 232
Falmouth, KY 41040

Re: Northern Kentucky Water District's Rate Adjustment Request

Dear Mr. King,

On September 21, 2018, I notified you that the Northern Kentucky Water District was filing a rate adjustment request with the Kentucky Public Service Commission (PSC). At that time, I informed you that the wholesale customer increase as proposed would increase the current rate of \$2.67 per CCF by \$0.16 to \$2.83 per CCF, which equals a 6.0% proposed increase in year one and that in year two of the increase, the proposed rate would increase by \$0.15 per CCF to \$2.98 per CCF, which approximately equals a 5.3% proposed increase.

The NKWD Board of Commissioners took official action to approve the filing of an application with the PSC for an increase in rates and charges on September 20, 2018. A complete copy of the subject rate increase filing will be posted to our website at www.nkywater.org no later than Friday, September 28, 2018. We plan on filing the formal application with the PSC on or about September 28, 2018. NKWD will provide you with a copy of the application, either electronically or as a hard copy. Please let us know your preference.

Our last rate adjustment was in January 2017. For your planning purposes, we don't anticipate that these proposed rates will be approved by the PSC and implemented until sometime in 2019.

Please feel free to contact me at (859) 426-2734 with any questions regarding this matter.

Sincerely,



Amy Kramer
Vice President of Production, Engineering & Distribution
Northern Kentucky Water District

REVENUE REQUIREMENTS CALCULATION

**Pendleton County Water District
Revenue Requirement Calculation-Debt Coverage Method**

	<u>Debt Service</u>	<u>Coverage</u>	<u>Requirement</u>
Pro forma Operating Expenses			1,462,998.00
Plus: Average Annual Debt Principal & Interest Payments			111,415.63
Debt Coverage Requirement			
Rural Development	10,070.63	0.2	2,014.13
KRW Loan & Capital Lease	101,345.00	0.1	<u>10,134.50</u>
Total Revenue Requirements			1,586,562.25
Less: Other Operating Revenue			38,578.00
Non-Operating Revenue			0.00
Interest Income			<u>12,207.00</u>
Revenue Required from Rates			1,535,777.25
Less: Decrease in Proforma Operating Expenses			<u>-21,430.00</u>
Adjusted Revenue Required From Rates			1,514,347.25
Less: Revenue from Sales at Present Rates			<u>-1,326,093.00</u>
Required Increase in Revenue from Rates			188,254.25
Less: Difference Between Revenue from Rate Tables & Reported Revenue			
Revenue from Rates Reported in 2018		1,326,093.00	
Revenue from Present Rates Using Rate Tables		<u>1,328,590.78</u>	
		-2,497.78	<u>-2,497.78</u>
Required Increase in Revenue from Rates - Adjusted For Difference Using Rate Tables			<u>185,756.47</u>

Required Revenue Increase stated as a Percentage of Revenue at Present Rates Per Rate Tables

13.9815%

Cash Flow Produced by Requested Revenue Requirement			
Revenue Requirement - Water Sales			1,535,777.25
Less: Revenue From Decrease in Operating Expenses			-21,430.00
Add: Other Operating Revenues			38,578.00
Other Income & Deductions			12,207.00
Total Revenue Requirement			<u>1,565,132.25</u>
Less: Operating Expenses			<u>-1,441,568.00</u>
Net Operating Income			123,564.25
Add: Depreciation & Amortization			237,960.00
Less: Debt Service			<u>-123,564.25</u>
Net Cash Flow			<u>237,960.00</u>

**Pendleton County Water District
Average Annual Debt Service Calculation**

Series	2019	2020	2021	Total 2019-2021	RD Bonds 2019-2021	KRW Loans 2019-2021
RD, Series 2010	9,861.88	10,240.00	10,110.00	30,211.88	30,211.88	
KRW, Series 2013C	24,665.00	28,697.50	27,622.50	80,985.00		80,985.00
KRW, Series 2015B	<u>75,250.00</u>	<u>74,350.00</u>	<u>73,450.00</u>	<u>223,050.00</u>		<u>223,050.00</u>
Totals	<u>\$109,776.88</u>	<u>\$113,287.50</u>	<u>\$111,182.50</u>	\$334,246.88	\$30,211.88	\$304,035.00
Divide by 3 Years				<u>3</u>	<u>3</u>	<u>3</u>
3 Year Average Debt Service				<u>111,415.63</u>	<u>10,070.63</u>	<u>101,345.00</u>

PENDLETON COUNTY WATER DISTRICT

RURAL DEVELOPMENT REVENUE BONDS
SERIES 2010

ISSUE DATE 7/30/2010
MATURITY DATE 1/1/2049
INTEREST RATE 3.250%
ORIGINAL ISSUE \$220,000.00

Payment Date	Principal Due	Interest Due	Principal & Interest	Principal Balance
Original Issue				220,000.00
1/1/2011	0.00	3,036.30		220,000.00
7/1/2011		3,575.00	6,611.30	220,000.00
1/1/2012	3,000.00	3,575.00		217,000.00
7/1/2012		3,526.25	10,101.25	217,000.00
1/1/2013	3,000.00	3,526.25		214,000.00
7/1/2013		3,477.50	10,003.75	214,000.00
1/1/2014	3,000.00	3,477.50		211,000.00
7/1/2014		3,428.75	9,908.25	211,000.00
1/1/2015	3,000.00	3,428.75		208,000.00
7/1/2015		3,380.00	9,808.75	208,000.00
1/1/2016	3,500.00	3,380.00		204,500.00
7/1/2016		3,323.13	10,203.13	204,500.00
1/1/2017	3,500.00	3,323.13		201,000.00
7/1/2017		3,266.25	10,089.38	201,000.00
1/1/2018	3,500.00	3,266.25		197,500.00
7/1/2018		3,209.38	9,975.63	197,500.00
1/1/2019	3,500.00	3,209.38		194,000.00
7/1/2019		3,152.50	9,861.88	194,000.00
1/1/2020	4,000.00	3,152.50		190,000.00
7/1/2020		3,087.50	10,240.00	190,000.00
1/1/2021	4,000.00	3,087.50		186,000.00
7/1/2021		3,022.50	10,110.00	186,000.00
1/1/2022	4,000.00	3,022.50		182,000.00
7/1/2022		2,957.50	9,980.00	182,000.00
1/1/2023	4,000.00	2,957.50		178,000.00
7/1/2023		2,892.50	9,850.00	178,000.00
1/1/2024	4,500.00	2,892.50		173,500.00
7/1/2024		2,819.38	10,211.88	173,500.00
1/1/2025	4,500.00	2,819.38		169,000.00
7/1/2025		2,746.25	10,065.63	169,000.00
1/1/2026	4,500.00	2,746.25		164,500.00
7/1/2026		2,673.13	9,919.38	164,500.00
1/1/2027	5,000.00	2,673.13		159,500.00
7/1/2027		2,591.88	10,265.00	159,500.00
1/1/2028	5,000.00	2,591.88		154,500.00
7/1/2028		2,510.63	10,102.50	154,500.00
1/1/2029	5,000.00	2,510.63		149,500.00
7/1/2029		2,429.38	9,940.00	149,500.00
1/1/2030	5,500.00	2,429.38		144,000.00
7/1/2030		2,340.00	10,269.38	144,000.00
1/1/2031	5,500.00	2,340.00		138,500.00
7/1/2031		2,250.63	10,090.63	138,500.00
1/1/2032	5,500.00	2,250.63		133,000.00
7/1/2032		2,161.25	9,911.88	133,000.00
1/1/2033	6,000.00	2,161.25		127,000.00
7/1/2033		2,063.75	10,225.00	127,000.00
1/1/2034	6,000.00	2,063.75		121,000.00
7/1/2034		1,966.25	10,030.00	121,000.00
1/1/2035	6,500.00	1,966.25		114,500.00
7/1/2035		1,860.63	10,326.88	114,500.00
1/1/2036	6,500.00	1,860.63		108,000.00
7/1/2036		1,755.00	10,115.63	108,000.00
1/1/2037	7,000.00	1,755.00		101,000.00
7/1/1937		1,641.25	10,396.25	101,000.00
1/1/1938	7,000.00	1,641.25		94,000.00
7/1/1938		1,527.50	10,168.75	94,000.00
1/1/1939	7,500.00	1,527.50		86,500.00
7/1/1939		1,405.63	10,433.13	86,500.00
1/1/1940	7,500.00	1,405.63		79,000.00
7/1/1940		1,283.75	10,189.38	79,000.00
1/1/1941	8,000.00	1,283.75		71,000.00
7/1/1941		1,153.75	10,437.50	71,000.00
1/1/1942	8,000.00	1,153.75		63,000.00
7/1/1942		1,023.75	10,177.50	63,000.00
1/1/1943	8,500.00	1,023.75		54,500.00
7/1/1943		885.63	10,409.38	54,500.00
1/1/1944	8,500.00	885.63		46,000.00
7/1/1944		747.50	10,133.13	46,000.00
1/1/1945	9,000.00	747.50		37,000.00
7/1/1945		601.25	10,348.75	37,000.00
1/1/1946	9,500.00	601.25		27,500.00
7/1/1946		446.88	10,548.13	27,500.00
1/1/1947	9,500.00	446.88		18,000.00
7/1/1947		292.50	10,239.38	18,000.00
1/1/1948	10,000.00	292.50		8,000.00
7/1/1948		130.00	10,422.50	8,000.00
1/1/1949	8,000.00	130.00	8,130.00	0.00
Totals	220,000.00	170,248.80	390,248.80	

Final

\$215,000

Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program
 Pendleton County Water District

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/27/2013	-	-	-	-	-
08/01/2013	-	-	2,960.50	2,960.50	-
12/31/2013	-	-	-	-	2,960.50
02/01/2014	20,000.00	2.300%	4,297.50	24,297.50	-
08/01/2014	-	-	4,067.50	4,067.50	-
12/31/2014	-	-	-	-	28,365.00
02/01/2015	20,000.00	3.300%	4,067.50	24,067.50	-
08/01/2015	-	-	3,737.50	3,737.50	-
12/31/2015	-	-	-	-	27,805.00
02/01/2016	20,000.00	3.300%	3,737.50	23,737.50	-
08/01/2016	-	-	3,407.50	3,407.50	-
12/31/2016	-	-	-	-	27,145.00
02/01/2017	20,000.00	4.300%	3,407.50	23,407.50	-
08/01/2017	-	-	2,977.50	2,977.50	-
12/31/2017	-	-	-	-	26,385.00
02/01/2018	20,000.00	4.300%	2,977.50	22,977.50	-
08/01/2018	-	-	2,547.50	2,547.50	-
12/31/2018	-	-	-	-	25,525.00
02/01/2019	20,000.00	4.300%	2,547.50	22,547.50	-
08/01/2019	-	-	2,117.50	2,117.50	-
12/31/2019	-	-	-	-	24,665.00
02/01/2020	25,000.00	4.300%	2,117.50	27,117.50	-
08/01/2020	-	-	1,580.00	1,580.00	-
12/31/2020	-	-	-	-	28,697.50
02/01/2021	25,000.00	4.300%	1,580.00	26,580.00	-
08/01/2021	-	-	1,042.50	1,042.50	-
12/31/2021	-	-	-	-	27,622.50
02/01/2022	15,000.00	4.300%	1,042.50	16,042.50	-
08/01/2022	-	-	720.00	720.00	-
12/31/2022	-	-	-	-	16,762.50
02/01/2023	15,000.00	4.800%	720.00	15,720.00	-
08/01/2023	-	-	360.00	360.00	-
12/31/2023	-	-	-	-	16,080.00
02/01/2024	15,000.00	4.800%	360.00	15,360.00	-
12/31/2024	-	-	-	-	15,360.00
Total	\$215,000.00	-	\$52,373.00	\$267,373.00	-

Yield Statistics

Bond Year Dollars	\$1,211.56
Average Life	5.635 Years
Average Coupon	4.3227898%
Net Interest Cost (NIC)	2.4622065%
True Interest Cost (TIC)	2.2841068%
Bond Yield for Arbitrage Purposes	3.0391218%
All Inclusive Cost (AIC)	2.9876045%
IRS Form 8038	
Net Interest Cost	2.0443725%
Weighted Average Maturity	5.755 Years

Raymond James

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2015 B

Borrower: Pendleton County Water District
 Closing Date: 02/19/15

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
02/19/15						
07/01/15			17,128.13		17,128.13	17,128.13
01/01/16	35,000.00	2.250%	19,031.25	450.00	54,481.25	
07/01/16			18,637.50		18,637.50	73,118.75
01/01/17	35,000.00	2.250%	18,637.50	450.00	54,087.50	
07/01/17			18,243.75		18,243.75	72,331.25
01/01/18	35,000.00	2.250%	18,243.75	450.00	53,693.75	
07/01/18			17,850.00		17,850.00	71,543.75
01/01/19	40,000.00	2.250%	17,850.00	450.00	58,300.00	
07/01/19			17,400.00		17,400.00	75,700.00
01/01/20	40,000.00	2.250%	17,400.00	450.00	57,850.00	
07/01/20			16,950.00		16,950.00	74,800.00
01/01/21	40,000.00	2.250%	16,950.00	450.00	57,400.00	
07/01/21			16,500.00		16,500.00	73,900.00
01/01/22	40,000.00	3.250%	16,500.00	450.00	56,950.00	
07/01/22			15,850.00		15,850.00	72,800.00
01/01/23	45,000.00	3.250%	15,850.00	450.00	61,300.00	
07/01/23			15,118.75		15,118.75	76,418.75
01/01/24	45,000.00	3.250%	15,118.75	450.00	60,568.75	
07/01/24			14,387.50		14,387.50	74,956.25
01/01/25	45,000.00	3.250%	14,387.50	450.00	59,837.50	
07/01/25			13,656.25		13,656.25	73,493.75
01/01/26	45,000.00	3.250%	13,656.25	450.00	59,106.25	
07/01/26			12,925.00		12,925.00	72,031.25
01/01/27	50,000.00	3.250%	12,925.00	450.00	63,375.00	
07/01/27			12,112.50		12,112.50	75,487.50
01/01/28	50,000.00	3.250%	12,112.50	450.00	62,562.50	
07/01/28			11,300.00		11,300.00	73,862.50
01/01/29	55,000.00	3.250%	11,300.00	450.00	66,750.00	
07/01/29			10,406.25		10,406.25	77,156.25
01/01/30	55,000.00	3.250%	10,406.25	450.00	65,856.25	
07/01/30			9,512.50		9,512.50	75,368.75
01/01/31	60,000.00	3.250%	9,512.50	450.00	69,962.50	
07/01/31			8,537.50		8,537.50	78,500.00
01/01/32	60,000.00	3.250%	8,537.50	450.00	68,987.50	
07/01/32			7,562.50		7,562.50	76,550.00
01/01/33	65,000.00	3.375%	7,562.50	450.00	73,012.50	
07/01/33			6,465.63		6,465.63	79,478.13
01/01/34	65,000.00	3.375%	6,465.63	450.00	71,915.63	
07/01/34			5,368.75		5,368.75	77,284.38
01/01/35	70,000.00	3.500%	5,368.75	450.00	75,818.75	
07/01/35			4,143.75		4,143.75	79,962.50
01/01/36	70,000.00	3.500%	4,143.75	450.00	74,593.75	
07/01/36			2,918.75		2,918.75	77,512.50
01/01/37	75,000.00	3.500%	2,918.75	450.00	78,368.75	
07/01/37			1,606.25		1,606.25	79,975.00
01/01/38	20,000.00	3.500%	1,606.25	450.00	22,056.25	
07/01/38			1,256.25		1,256.25	23,312.50
01/01/39	20,000.00	3.500%	1,256.25	450.00	21,706.25	
07/01/39			906.25		906.25	22,612.50
01/01/40	25,000.00	3.625%	906.25	350.00	26,256.25	
07/01/40			453.13		453.13	26,709.38
01/01/41	25,000.00	3.625%	453.13	350.00	25,803.13	
07/01/41						25,803.13
Totals	<u>1,210,000.00</u>		<u>556,296.90</u>	<u>11,500.00</u>	<u>1,777,796.90</u>	<u>1,777,796.90</u>

BILLING ANALYSIS

**Pendleton County Water District
Summary of Billing Analysis
Present Rates & Proposed Rates**

Class	Revenue Present Rates Test Period Use	Average Bill Present Rates Test Period Use	Revenue Proposed Rates Test Period Use	Average Bill Proposed Rates Proforma	\$ Increase in Average Bill	% Increase in Average Bill
Residential Meters	1,096,087.77	40.01	1,249,137.87	45.60	5.59	13.96%
Commercial Meters	85,347.83	62.57	97,280.28	71.32	8.75	13.98%
Industrial Meters	4,638.09	55.22	5,286.18	62.93	7.71	13.97%
Pendleton County High School - Comme	12,291.00	1,024.25	14,009.52	1,167.46	143.21	13.98%
Griffin Industries - Industrial	50,151.92	4,179.33	57,165.96	4,763.84	584.51	13.99%
City of Butler - Wholesale	80,074.16	6,672.85	91,269.92	7,605.83	932.98	13.98%
Totals	<u>1,328,590.77</u>		1,514,149.73		Revenue Provided by Proposed Rates	
Residential Meters	1,095,397.72		<u>1,328,590.77</u>		Revenue Provided by Current Rates	
Commercial Meters	97,822.59				185,558.96 Revenue Provided by Rate Increase	
Industrial Meters	52,570.51				185,756.47 Required Increase From Rates	
Wholesale Meter	80,301.74				<u>-197.51</u> Difference	
Figures Appearing in 2018 PSC Report	1,326,092.56					
Less Unbilled Revenue 12/31/18	-73,164.10					
Plus Unbilled Revenue 1/1/18	68,995.05					
Plus Customer Account Adjustments	<u>7,861.76</u>					
Adjusted Book Totals	<u>1,329,785.27</u>					
Difference	-1,194.50					

Pendleton County Water District

**USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2018 to 12/31/2018**

Class: 5/8 X 3/4 Inch Meters - Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2000	(5) Next 3000	(6) Next 10,000	(7) Over 15,000	(8) Total
First 2,000 Minimum Bill	7,982	8,779,532	8,779,532				8,779,532
Next 3,000 Gallons	14,173	46,735,552	28,346,000	18,389,552			46,735,552
Next 10,000 Gallons	4,956	35,036,758	9,912,000	14,868,000	10,256,758		35,036,758
Over 15,000 Gallons	283	7,363,010	566,000	849,000	2,830,000	3,118,010	7,363,010
Totals	27,394	97,914,852	47,603,532	34,106,552	13,086,758	3,118,010	97,914,852

**REVENUE TABLE
Revenue by Rate Increment
Present Rates**

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	27,394	47,603,532	22.55 Minimum	617,734.70
Next 3,000 Gallons		34,106,552	9.76 per 1,000	332,879.95
Next 10,000 Gallons		13,086,758	9.21 per 1,000	120,529.04
Over 20,000 Gallons		3,118,010	8.00 per 1,000	24,944.08
Totals	27,394	97,914,852		1,096,087.77

Average Bill **40.01**

Average Gallons **3,789**

**REVENUE TABLE
Revenue by Rate Increment
Proposed Rates**

Class: 5/8 X 3/4 Inch through 2" Meters - Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	27,394	47,603,532	25.70 Minimum	704,025.80
Next 3,000 Gallons		34,106,552	11.12 per 1,000	379,264.86
Next 10,000 Gallons		13,086,758	10.50 per 1,000	137,410.96
Over 20,000 Gallons		3,118,010	9.12 per 1,000	28,436.25
Totals	27,394	97,914,852		1,249,137.87

Average Bill **45.60**

Pendleton County Water District

USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2018 to 12/31/18

Class: 5/8 X 3/4 Inch Meters - Commercial

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2000	(5) Next 3000	(6) Next 10,000	(7) Over 15,000	(8) Total
First 2,000 Minimum Bill	782	456,156	456,156				456,156
Next 3,000 Gallons	302	962,656	604,000	358,656			962,656
Next 10,000 Gallons	194	1,715,209	388,000	582,000	745,209		1,715,209
Over 15,000 Gallons	86	4,803,347	172,000	258,000	860,000	3,513,347	4,803,347
Totals	1,364	7,937,368	1,620,156	1,198,656	1,605,209	3,513,347	7,937,368

REVENUE TABLE
Revenue by Rate Increment
2018 Rates

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	1,364	1,620,156	22.55 Minimum	30,758.20
Next 3,000 Gallons		1,198,656	9.76 per 1,000	11,698.88
Next 10,000 Gallons		1,605,209	9.21 per 1,000	14,783.97
Over 20,000 Gallons		3,513,347	8.00 per 1,000	28,106.78
Totals	1,364	7,937,368		85,347.83

Average Bill 62.57

Average Gallons 6,166

REVENUE TABLE
Revenue by Rate Increment
Proposed Rates

Class: 5/8 X 3/4 Inch Meters - Commercial

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	1,364	1,620,156	25.70 Minimum	35,054.80
Next 3,000 Gallons		1,198,656	11.12 per 1,000	13,329.05
Next 10,000 Gallons		1,605,209	10.50 per 1,000	16,854.69
Over 20,000 Gallons		3,513,347	9.12 per 1,000	32,041.72
Totals	1,364	7,937,368		97,280.28

Average Bill 71.32

Pendleton County Water District

USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2018 to 12/31/18

Class: 5/8 X 3/4 Inch Meters - Industrial

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2000	(5) Next 3000	(6) Next 10,000	(7) Over 15,000	(8) Total
First 2,000 Minimum Bill	20	23,898	23,898				23,898
Next 3,000 Gallons	40	125,751	80,000	45,751			125,751
Next 10,000 Gallons	16	141,776	32,000	48,000	61,776		141,776
Over 15,000 Gallons	8	156,111	16,000	24,000	80,000	36,111	156,111
Totals	84	447,536	151,898	117,751	141,776	36,111	447,536

REVENUE TABLE
Revenue by Rate Increment
Present Rates

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	84	151,898	22.55 Minimum	1,894.20
Next 3,000 Gallons		117,751	9.76 per 1,000	1,149.25
Next 10,000 Gallons		141,776	9.21 per 1,000	1,305.76
Over 20,000 Gallons		36,111	8.00 per 1,000	288.89
Totals	84	447,536		4,638.09

Average Bill **55.22**
Average Gallons **5,368**

REVENUE TABLE
Revenue by Rate Increment
Proposed Rates

Class: 5/8 X 3/4 Inch Meters - Industrial

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	84	151,898	25.70 Minimum	2,158.80
Next 3,000 Gallons		117,751	11.12 per 1,000	1,309.39
Next 10,000 Gallons		141,776	10.50 per 1,000	1,488.65
Over 20,000 Gallons		36,111	9.12 per 1,000	329.33
Totals	84	447,536		5,286.18

Average Bill **62.93**

Pendleton County Water District

**USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2018 to 12/31/18**

Class: Pendleton County High School - Commercial

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 125,000	(5)	(6)	(7) Over 125,000	(8) Total
First 125,000 Gallons	12	819,840	819,840				819,840
Over 125,000 Gallons	0	0	0			0	0
Totals	12	819,840	819,840	0	0	0	819,840

**REVENUE TABLE
Revenue by Rate Increment
Present Rates**

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 125,000 Minimum	12	819,840	1,024.25 Minimum	12,291.00
Over 125,000 Gallons		0	8.00 per 1,000	0.00
Totals	12	819,840		12,291.00

Average Bill **1,024.25**

Average Gallons **68,320**

**REVENUE TABLE
Revenue by Rate Increment
Proposed Rates**

Class: Pendleton County High School - Commercial

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 125,000 Minimum	12	819,840	1,167.46 Minimum	14,009.52
Over 125,000 Gallons		0	9.12 per 1,000	0.00
Totals	12	819,840		14,009.52

Average Bill **1,167.46**

Pendleton County Water District

USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2018 to 12/31/2018

Class: Griffin Industries - Industrial

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 400,000	(5)	(6)	(7) Over 400,000	(8) Total
First 400,000 Gallons	1	295,308	295,308				295,308
Over 400,000 Gallons	11	5,789,790	4,400,000			1,389,790	5,789,790
Totals	12	6,085,098	4,695,308	0	0	1,389,790	6,085,098

REVENUE TABLE
Revenue by Rate Increment
Present Rates

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 400,000 Minimum	12	4,695,308	3,252.80 Minimum	39,033.60
Over 400,000 Gallons		1,389,790	8.00 per 1,000	11,118.32
Totals	12	6,085,098		50,151.92

Average Bill 4,179.33

Average Gallons 515,816

REVENUE TABLE
Revenue by Rate Increment
Proposed Rates

Class: Griffin Industries - Industrial

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 400,000 Minimum	12	4,695,308	3,707.59 Minimum	44,491.08
Over 400,000 Gallons		1,389,790	9.12 per 1,000	12,674.88
Totals	12	6,085,098		57,165.96

Average Bill 4,763.84

Pendleton County Water District

**USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2018 to 12/31/2018**

Class: Wholesale

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 1,672,917	(5)	(6)	(7) Over 1,672,917	(8) Total
First 1,672,917 Gallons	10	12,561,510	12,561,510				12,561,510
Over 1,672,917 Gallons	2	3,615,290	3,345,834			269,456	3,615,290
Totals	12	16,176,800	15,907,344	0	0	269,456	16,176,800

**REVENUE TABLE
Revenue by Rate Increment
Present Rates**

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 400,000 Minimum	12	15,907,344	6,584.60 Minimum	79,015.20
Over 400,000 Gallons		269,456	3.93 per 1,000	1,058.96
Totals	12	16,176,800		80,074.16

Average Bill **6,672.85**

Average Gallons **422,455**

**REVENUE TABLE
Revenue by Rate Increment
Proposed Rates**

Class: Wholesale

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 400,000 Minimum	12	15,907,344	7,505.23 Minimum	90,062.76
Over 400,000 Gallons		269,456	4.48 per 1,000	1,207.16
Totals	12	16,176,800		91,269.92

Average Bill **7,605.83**

DEPRECIATION SCHEDULE

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr	Method	Life	Current Depr
Form 1120S										
<u>COMMUNICATION EQUIPMENT</u>										
318	CHLORINATING STA TO TELEM	10/31/10		1,850			1,850	S/L	2	0
Total COMMUNICATION EQUIPME				1,850		0	1,850			0
<u>DIST RESVR & STANDPIPES</u>										
29	DISTRIBUTION RESERVOIRS	1/01/86		252			196	S/L	40	6
209	HÖGG RIDGE TANK RESTORE	10/31/01		56,097			36,278	S/L	25	2,244
221	EDA-44% 200K G TANK-BUTLR	5/21/01		348,815			144,607	S/L	40	8,720
249	TANK-491-73.2%-CDBG/RD	12/12/04		380,939			124,593	S/L	40	9,523
374	KIDWELL TANK RESTORATION	9/06/17		211,408			3,523	S/L	20	10,570
Total DIST RESVR & STANDPIPES				997,511		0	309,197			31,063
<u>HYDRANTS</u>										
183	HYDRANTS	1/01/72		1,298			1,298	S/L	40	0
184	HYDRANTS	1/01/75		772			772	S/L	40	0
185	HYDRANTS	1/01/77		1,232			1,232	S/L	40	0
186	HYDRANTS	1/01/78		4,607			4,607	S/L	40	0
187	HYDRANTS	1/01/80		670			643	S/L	40	17
188	HYDRANTS	1/01/81		968			891	S/L	40	24
189	HYDRANTS	1/01/82		945			859	S/L	40	24
190	HYDRANTS	1/01/82		214			180	S/L	40	5
191	HYDRANTS	1/01/84		143			130	S/L	40	4
192	HYDRANTS	1/01/85		1,170			961	S/L	40	29
193	HYDRANTS	12/01/87		506			386	S/L	40	13
194	HYDRANTS	5/31/88		1,071			797	S/L	40	27
195	HYDRANTS	2/28/89		960			694	S/L	40	24
196	HYDRANTS	7/31/92		1,640			1,045	S/L	40	41
197	HYDRANTS	7/01/96		999			537	S/L	40	25
198	HYDRANTS	9/01/99		2,575			1,171	S/L	40	64
199	4" X 6" HYDRANTS	12/31/87		13,800			10,364	S/L	40	345
216	EDA-44% 16 HYDRANT-BUTLER	10/01/01		47,360			19,240	S/L	40	1,184
234	7 FLUSH HYD-HB 502-CO WTR	9/15/02		7,199			2,760	S/L	40	180
236	2 BLOW & 3 FLUSH HYD-CATA	1/15/02		4,831			1,936	S/L	40	121
255	3-21/2"FLSH-491-73.2%FED	10/01/04		2,949			980	S/L	40	74
256	3-6"HYD@491-73.2%CDBG/RD	10/01/04		6,938			2,292	S/L	40	173

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr.	Method	Life	Current Depr.
264	HYDRANT - CALDWELL RIDGE	5/31/05		323			101	S/L	40	8
268	HYDRANTS-269 PRIORITY	9/16/05		27,226			8,342	S/L	40	681
284	7 FIRE HYD-6"-DARLINGTON	3/01/06		14,000			4,142	S/L	40	350
300	1 HYD-KELLY&GREENWOOD/POR	1/24/08		2,918			724	S/L	40	73
308	6 FIRE HYD-KINGS RUN	11/30/09		19,050			3,848	S/L	40	476
311	3-6" HYD-FISH CRK/CTR RID	7/26/10		10,390			1,928	S/L	40	260
346	2 1/2"FLUSH HYD-AIRPORT	7/01/13		481			54	S/L	40	12
347	2 1/2" FLUSH HYD-NEAL RD	12/31/13		481			48	S/L	40	12
351	6" FIRE HYDRANT-MARLICH R	6/06/14		2,861			258	S/L	40	72
356	HYDRANT	6/03/15		10,989			710	S/L	40	275
367	HYDRANTS	4/07/16		6,961			305	S/L	40	174
376	1 HYDRANT - CLAY RIDGE	8/24/17		5,221			44	S/L	40	131
Total HYDRANTS				203,748		0	74,279			4,898
Land										
1	LAND	1/01/66		10,742						0
2	LAND	1/01/74		200						0
3	LAND	1/01/77		5						0
4	LAND & LAND RIGHTS-SUPPLY	1/01/85		1,743						0
5	LAND	1/01/86		510						0
6	LAND	7/01/87		869						0
7	LAND-DANIEL DRAKE RELOCAT	12/31/87		974						0
8	LAND-EASTSIDE PARK	1/31/88		350						0
9	EASEMENT	7/31/89		275						0
10	LAND & LAND RIGHTS	7/01/99		3,450						0
213	EDA-44% TK SITE/AC RD-BTL	5/21/01		3,600						0
214	EDA-44% MTR PIT SITE-BUTL	5/21/01		750						0
222	LAND - 1.67 ACRES	8/29/02		33,307						0
248	EASEMENTS-491-73.2% FED	10/01/04		2,301						0
260	LAND @ 491 PROJECT	1/14/04		4,100						0
Total Land				63,176		0	0			0
METERS & INSTALLATION										
141	METERS	1/01/70		839			839	S/L	10	0
142	METER INSTALLATION	1/01/70		762			762	S/L	10	0
143	METERS	1/01/71		2,249			2,249	S/L	10	0
144	METER INSTALLATION	1/01/71		1,374			1,374	S/L	10	0

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr.	Method	Life	Current Depr.
145	METERS	1/01/72		699			699	S/L	10	0
146	METER INSTALLATION	1/01/72		303			303	S/L	10	0
147	METERS	1/01/73		1,374			1,374	S/L	10	0
148	METER INSTALLATION	1/01/73		990			990	S/L	10	0
149	METERS	1/01/74		1,466			1,466	S/L	10	0
150	METER INSTALLATION	1/01/74		3,208			3,208	S/L	10	0
151	METERS	1/01/75		992			992	S/L	10	0
152	METER INSTALLATION	1/01/75		504			504	S/L	10	0
153	METERS	1/01/76		822			822	S/L	10	0
154	METER INSTALLATION	1/01/76		676			676	S/L	10	0
155	METERS	1/01/77		1,226			1,226	S/L	10	0
156	METER INSTALLATION	1/01/77		1,185			1,185	S/L	10	0
157	METERS	1/01/78		8,963			8,963	S/L	10	0
158	METER INSTALLATION	1/01/78		3,043			3,043	S/L	10	0
159	METERS	1/01/79		2,294			2,294	S/L	10	0
160	METER INSTALLATION	1/01/79		1,089			1,089	S/L	10	0
161	METERS	1/01/80		3,925			3,925	S/L	10	0
162	METER INSTALLATION	1/01/80		789			789	S/L	10	0
163	METERS	1/01/81		533			533	S/L	10	0
164	METER INSTALLATION	1/01/81		316			316	S/L	10	0
165	METERS	1/01/82		1,301			1,301	S/L	10	0
166	METER INSTALLATION	1/01/82		357			357	S/L	10	0
167	METERS	1/01/83		203			203	S/L	10	0
168	METERS	1/01/84		77			77	S/L	10	0
169	METER INSTALLATION	1/01/84		227			227	S/L	10	0
170	METERS	1/01/85		512			512	S/L	10	0
171	METERS	1/01/86		3,954			3,954	S/L	10	0
172	METER INSTALLATION	1/01/86		152			152	S/L	10	0
173	METERS	1/01/87		80			80	S/L	10	0
174	METERS	7/01/87		300			300	S/L	10	0
175	METERS	10/01/87		695			695	S/L	10	0
176	METERS	12/01/87		499			499	S/L	10	0
177	METERS	6/30/88		2,226			2,226	S/L	10	0
178	METERS	10/31/88		1,982			1,982	S/L	10	0
179	METERS	1/02/90		3,430			3,430	S/L	10	0
180	METERS	6/30/93		1,514			1,514	S/L	10	0
181	METER INSTALLATIONS	6/30/94		597			597	S/L	10	0
182	METERS	7/01/99		300			300	S/L	10	0
233	37 MTRS-HB 502-CO WTR LIN	9/15/02		23,920			9,169	S/L	40	598

Client 2337

PENDLETON COUNTY WATER DISTRICT

61-0599209

7/30/19

04:12PM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr.	Method	Life	Current Depr.
235	24 MTRS-CATAWBA ED-CDBG	1/15/02		14,656			5,856	S/L	40	366
241	WRIGHT METER	11/18/03		715			253	S/L	40	18
251	3-1"MTR-491-73.2%-CDBG/RD	10/01/04		2,577			848	S/L	40	64
252	202-3/4"MTR-491-73.2% FED	10/01/04		123,435			40,890	S/L	40	3,086
258	CITY OF FALMOUTH MTRS	8/09/04		1,936			645	S/L	40	48
259	300-3/4"RADIO RD MTR ATT	9/28/04		27,150			17,824	S/L	20	1,358
266	505-3/4"RADIO RD MTR HEAD	5/15/05		48,228			30,540	S/L	20	2,411
267	MTRS-269 PRIORITY SCORING	9/16/05		58,802			18,008	S/L	40	1,470
271	1" RADIO RD MTR ATT	9/28/04		1,710			1,128	S/L	20	86
272	100-3/4" RADIO RD ATT-269	9/16/05		9,550			5,855	S/L	20	478
273	202-3/4"R R ATT-491-73.2%	10/01/04		18,281			11,996	S/L	20	914
274	3-1"R R ATT-491-73.2%FED	10/01/04		314			210	S/L	20	16
275	500-3/4"RADIO RD ATTACH	6/30/06		49,853			28,669	S/L	20	2,493
286	528-3/4" RADIO RD ATTACH	6/30/07		65,472			34,377	S/L	20	3,274
287	14-1" RADIO RD ATTACH	6/30/07		1,761			924	S/L	20	88
301	20-3/4" MTRS-KELLY&GREENW	1/24/08		16,878			4,185	S/L	40	422
312	36 MTRS+2 BY PASS-FISH CR	7/26/10		45,236			8,388	S/L	40	1,131
348	1 METER - AIRPORT ROAD	7/01/13		987			112	S/L	40	25
362	METERS	4/07/16		26,223			1,148	S/L	40	656
373	4 METERS - DAHMS ROAD	12/16/16		2,220			56	S/L	40	56
377	6 METERS - CLAY RIDGE	8/24/17		5,730			48	S/L	40	143
382	GRIFFIN METER CHANGE OUT	9/30/18		5,428				S/L	10	136
384	10 METERS - HOGG RIDGE	9/06/18		9,206				S/L	40	77
Total METERS & INSTALLATION				618,295		0	279,156			19,414
OFFICE FURNITURE & EQUIP										
201	FURNITURE	3/17/97		565			554	S/L	10	0
202	OFFICE FURNITURE	5/21/97		1,022			1,022	S/L	10	0
223	SHELVING	1/28/02		801			801	S/L	10	0
246	TILE FLOORING IN OFFICE	3/15/04		1,421			1,421	S/L	10	0
247	SOFTWRE-RADIO RD-73.2%FED	4/19/04		3,389			3,389	S/L	3	0
254	RR SOFT&LAPTP-73.2%HUD/RD	10/01/04		23,128			23,128	S/L	3	0
280	NEW BILLING MODULE	9/01/06		2,156			2,156	S/L	5	0
290	SIGN	10/19/07		875			875	S/L	10	0
297	LAPTOP FOR METER READING	10/31/08		5,281			5,281	S/L	5	0
303	HOT WATER HEATER	12/29/08		277			252	S/L	10	25
310	CHAIRS FOR CONFERENCE ROO	5/27/10		900			683	S/L	10	90
325	TELEPHONES	1/19/12		1,260			746	S/L	10	126

Client 2337

PENDLETON COUNTY WATER DISTRICT

61-0599209

7/30/19

04:12PM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr	Method	Life	Current Depr.
326	SERVER	6/11/12		9,187			9,187	S/L	5	0
333	ROUTER	12/17/12		1,000			1,000	S/L	5	0
336	2 COMPUTERS - RED & DIANE	7/15/13		1,468			1,323	S/L	5	145
357	TELEMETRY COMPUTER	8/24/15		1,579			737	S/L	5	316
363	HP LASER PRINTER	8/31/16		715			191	S/L	5	143
Total OFFICE FURNITURE & EQUIP				55,024		0	52,746			845
OTHER PLANT & MISC EQUIP										
200	MISC. PLANT & EQUIP	12/31/87		14,017			10,505	S/L	40	350
224	SKID STEER	5/02/02		21,571			21,571	S/L	10	0
261	GENERATOR	1/17/05		2,310			2,310	S/L	10	0
276	REPLACE PANEL@HOGG RIDGE	1/31/06		1,805			1,805	S/L	10	0
277	BACKHOE	3/31/06		50,000			39,163	S/L	15	3,333
278	TRAILER	5/01/06		13,550			10,535	S/L	15	903
288	TRACTOR/MOWER	4/07/07		7,920			5,676	S/L	15	528
289	FORK LIFT FOR BOBCAT	11/12/07		1,150			783	S/L	15	77
323	ORION RECEIVER	9/12/11		950			950	S/L	5	0
335	WAGON	5/24/13		1,000			917	S/L	5	83
369	EXCAVATOR	10/28/16		44,500			3,461	S/L	15	2,967
Total OTHER PLANT & MISC EQUI				158,773		0	97,676			8,241
PUMPING EQUIPMENT										
28	TELEMETERING SYSTEM - FIE	12/31/87		23,920			23,920	S/L	20	0
218	EDA-44% TELEMETRY-BUTLER	10/01/01		63,791			51,837	S/L	20	3,190
253	TELEM@491-73.2%CDBG/RD	10/01/04		138,767			91,929	S/L	20	6,938
304	TELEM USER INTERFACE&REP	2/10/09		9,438			4,209	S/L	20	472
322	PUMPS,PIPING,TELEM-330 PS	5/04/11		186,826			49,820	S/L	25	7,473
345	STAIN STEEL ENCLOSE-TELEM	12/19/13		6,950			1,392	S/L	20	348
359	SW UPGRADE - TELEMETRY	8/24/15		13,675			6,382	S/L	5	2,735
371	MICROPROCESSOR BOARD	11/16/16		5,357			1,160	S/L	5	1,071
Total PUMPING EQUIPMENT				448,724		0	230,649			22,227
SERVICES										
86	SERVICES	1/01/66		7,472			7,472	S/L	40	0
87	SERVICES	1/01/68		482			482	S/L	40	0
88	SERVICES	1/01/69		1,751			1,751	S/L	40	0
89	SERVICES	1/01/70		2,413			2,413	S/L	40	0

Client 2337

PENDLETON COUNTY WATER DISTRICT

61-0599209

7/30/19

04:12PM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr.	Method	Life	Current Depr.
90	SERVICES	1/01/71		4,295			4,295	S/L	40	0
91	SERVICES	1/01/72		1,323			1,323	S/L	40	0
92	SERVICES	1/01/73		1,383			1,383	S/L	40	0
93	SERVICES	1/01/74		3,727			3,727	S/L	40	0
94	SERVICES	1/01/75		4,079			4,079	S/L	40	0
95	SERVICES	1/01/76		4,649			4,649	S/L	40	0
96	SERVICES	1/01/77		5,102			5,102	S/L	40	0
97	SERVICES	1/01/78		19,922			19,922	S/L	40	0
98	SERVICES	1/01/79		8,165			7,958	S/L	40	207
99	SERVICES	1/01/80		5,108			4,860	S/L	40	128
100	SERVICES	1/01/81		3,640			3,367	S/L	40	91
101	SERVICES	1/01/82		2,627			2,371	S/L	40	66
102	SERVICES	1/01/83		5,285			4,622	S/L	40	132
103	SERVICES	1/01/84		2,564			2,177	S/L	40	64
104	SERVICES	1/01/85		5,273			4,353	S/L	40	132
105	SERVICES	1/01/86		9,683			7,745	S/L	40	242
106	SERVICES	1/01/87		149			120	S/L	40	4
107	SERVICES	2/01/87		1,793			1,387	S/L	40	45
108	SERVICES	3/01/87		321			247	S/L	40	8
109	SERVICES	4/01/87		2,099			1,603	S/L	40	52
110	SERVICES	5/01/87		1,778			1,353	S/L	40	44
111	SERVICES	6/01/87		41			31	S/L	40	1
112	SERVICES	7/01/87		556			425	S/L	40	14
113	SERVICES	8/01/87		1,955			1,487	S/L	40	49
114	SERVICES	9/01/87		967			729	S/L	40	24
115	SERVICES	10/01/87		302			236	S/L	40	8
116	SERVICES	12/01/87		32			28	S/L	40	1
117	SERVICES	12/31/87		39,950			30,008	S/L	40	999
118	SERVICES	1/31/88		193			147	S/L	40	5
119	SERVICES	3/31/88		530			391	S/L	40	13
120	SERVICES	4/30/88		345			263	S/L	40	9
121	SERVICES	5/31/88		261			201	S/L	40	7
122	SERVICES	6/30/88		474			353	S/L	40	12
123	SERVICES	7/31/88		1,445			1,062	S/L	40	36
124	SERVICES	8/31/88		807			590	S/L	40	20
125	SERVICES	9/30/88		697			503	S/L	40	17
126	SERVICES	10/31/88		1,090			792	S/L	40	27
127	SERVICES	11/30/88		400			291	S/L	40	10
128	SERVICES	12/31/88		552			404	S/L	40	14

Client 2337

PENDLETON COUNTY WATER DISTRICT

61-0599209

7/30/19

04:12PM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr	Method	Life	Current Depr.
129	SERVICES	6/30/89		13,640			9,747	S/L	40	341
130	SERVICES	7/01/90		10,633			7,313	S/L	40	266
131	SERVICES	7/01/91		16,612			11,000	S/L	40	415
132	SERVICES	6/30/92		4,300			2,759	S/L	40	108
133	SERVICES	7/01/93		12,465			7,641	S/L	40	312
134	SERVICES	6/30/94		13,318			7,853	S/L	40	333
135	SERVICES	7/01/95		11,533			6,482	S/L	40	288
136	SERVICES	7/01/96		16,822			9,049	S/L	40	421
137	SERVICES	6/30/97		12,422			6,401	S/L	40	311
138	SERVICES	6/30/98		26,320			12,886	S/L	40	658
139	SERVICES	6/30/99		33,466			15,519	S/L	40	837
140	SERVICES	7/01/00		33,907			14,840	S/L	40	848
208	SERVICES	7/01/01		22,184			9,157	S/L	40	555
217	EDA-44% 76 METERS-BUTLER	10/01/01		57,291			24,344	S/L	40	1,432
232	SERVICES	6/30/02		31,831			12,338	S/L	40	796
240	SERVICES	6/30/03		28,844			10,455	S/L	40	721
257	SERVICES	6/30/04		15,256			5,144	S/L	40	381
270	SERVICES INSTALLED	6/30/05		25,470			7,962	S/L	40	637
281	SERVICES INSTALLED	6/30/06		27,864			8,015	S/L	40	697
291	SERVICES INSTALLED	6/30/07		21,905			5,754	S/L	40	548
293	2" MTR & VAULT @ HI SCH	12/31/07		11,869			2,970	S/L	40	297
298	SERVICES	6/30/08		19,230			4,569	S/L	40	481
307	SERVICES	6/30/09		21,863			4,649	S/L	40	547
316	SERVICES	7/01/10		19,420			3,645	S/L	40	486
324	SERVICES	7/01/11		9,261			1,508	S/L	40	232
332	SERVICES	7/01/12		18,614			2,558	S/L	40	465
344	2013 SERVICES	7/01/13		18,083			2,034	S/L	40	452
355	2014 SERVICES	7/01/14		20,457			1,789	S/L	40	511
360	SERVICES	7/01/15		16,807			1,050	S/L	40	420
366	SERVICES	7/01/16		13,696			513	S/L	40	342
380	SERVICES	7/01/17		15,538			194	S/L	40	388
385	SERVICES	7/01/18		20,507				S/L	40	256
Total SERVICES				797,108		0	356,840			18,263
SHOP TOOLS & GARAGE EQUIP										
203	WATER PUMP	11/01/87		250			250	S/L	10	0
204	SQUEEZE OFF TOOL	10/01/99		280			280	S/L	10	0
279	AIR COMPRESSOR	1/19/06		279			279	S/L	5	0

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct	Cur 179/ SDA	Prior 179/ SDA/ Depr	Method	Life	Current Depr
285	SUBMERSIBLE PUMP	1/11/07		732			732	S/L	5	0
294	ROTO TILLER	4/30/08		600			600	S/L	5	0
299	BORING MACHINE	10/29/08		4,800			4,400	S/L	10	400
321	LEAK DETECTING DEVICE	3/18/11		2,132			959	S/L	15	142
337	LOCATING DEVICE	1/16/13		4,195			2,065	S/L	10	420
338	TRENCHER ATTACHMENT	5/31/13		5,200			2,383	S/L	10	520
353	CUB CADET MOWER	5/30/14		1,500			538	S/L	10	150
354	BORING MACH.-LABOR/ PARTS	7/18/14		3,173			2,169	S/L	5	635
372	MAGNETIC LOCATOR	12/29/16		730			146	S/L	5	146
Total SHOP TOOLS & GARAGE EQ				23,871		0	14,801			2,413
STRUCTURES & IMPROVEMENTS										
11	IMPROVEMENTS	1/01/73		1,617			1,617	S/L	40	0
12	IMPROVEMENTS	1/01/74		135			135	S/L	40	0
13	IMPROVEMENTS	1/01/75		1,461			1,461	S/L	40	0
14	IMPROVEMENTS	1/01/76		48			48	S/L	40	0
15	IMPROVEMENTS	1/01/78		12,476			12,476	S/L	40	0
16	IMPROVEMENTS	1/01/79		137			123	S/L	40	14
17	IMPROVEMENTS	1/01/79		332			316	S/L	40	16
18	IMPROVEMENTS	1/01/80		46			40	S/L	40	1
19	IMPROVEMENTS	5/01/87		859			650	S/L	40	21
20	IMPROVEMENTS	6/01/87		2,592			1,983	S/L	40	65
21	IMPROVEMENTS	7/01/87		3,162			2,407	S/L	40	79
22	IMPROVEMENTS	8/01/87		4,827			3,671	S/L	40	121
23	IMPROVEMENTS	9/01/87		960			727	S/L	40	24
24	PUMP STATION BUILDING	12/31/87		25,000			18,776	S/L	40	625
25	IMPROVEMENTS	2/29/88		530			392	S/L	40	13
26	IMPROVEMENTS-TANKS	10/31/88		11,565			8,443	S/L	40	289
27	OFFICE BUILDING	5/01/97		137,718			71,155	S/L	40	3,443
219	EDA-44% BUILDING-BUTLER	12/15/01		28,223			11,355	S/L	40	706
220	EDA-44% SECRTY FENCE-BUTL	10/01/01		5,068			4,111	S/L	20	253
244	FENCE AT OFFICE	12/22/03		10,626			7,434	S/L	20	531
245	FENCE AT PUMP STATION	12/22/03		2,204			1,540	S/L	20	110
262	CONCRETE PARK LOT-OFFICE	6/14/05		19,890			6,254	S/L	40	497
296	FENCING - KIDWELL TANK	8/31/08		756			355	S/L	20	38
327	STORM SHELTER	4/30/12		2,614			369	S/L	40	65
328	STORAGE BUILDING	7/27/12		53,466			7,242	S/L	40	1,337
358	NEW GATE - REMOTE ENTRY	2/17/15		8,780			1,244	S/L	20	439
Total STRUCTURES & IMPROVEM				335,092		0	164,324			8,687

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr.	Method	Life	Current Depr.
TRANSMISSION & DIST MAINS										
30	TRANSMISSION & DISTRIBUTI	1/01/66		170,326			170,326	S/L	40	0
31	TRANSMISSION & DISTRIB LI	1/01/67		710			710	S/L	40	0
32	TRANSMISSION & DISTRIB LI	1/01/68		1,038			1,038	S/L	40	0
33	TRANSMISSION & DISBTRIBUT	1/01/69		8,315			7,318	S/L	40	0
34	TRANSMISSION & DISTRIBUT	1/01/70		290			290	S/L	40	0
35	TRANSMISSION & DISTRIBUTI	1/01/71		4,225			4,225	S/L	40	0
36	OTHER TRANSMISSION & DIST	1/01/71		249			249	S/L	40	0
37	TRANSMISSION & DISTRIB MA	1/01/72		6,406			6,406	S/L	40	0
38	OTHER TRANSMISSION & DIST	1/01/72		251			251	S/L	40	0
39	TRANSMISSION & DISTRIBUTI	1/01/73		5,176			5,176	S/L	40	0
40	OTHER TRANSMISSION & DIST	1/01/73		1,399			1,399	S/L	40	0
41	TRANSMISSION & DISTRIBUTI	1/01/74		14,856			14,856	S/L	40	0
42	OTHER TRANSMISSION & DIST	1/01/74		455			455	S/L	40	0
43	TRANSMISSION & DISTRIBUTI	1/01/75		23,007			23,007	S/L	40	0
44	TRANSMISSION & DISTRIB	1/01/76		7,062			7,062	S/L	40	0
45	OTHER TRANSMISSION & DIST	1/01/76		709			709	S/L	40	0
46	TRANSMISSION & DISTRIBUTI	1/01/77		11,192			11,192	S/L	40	0
47	OTHER TRANSMISSION & DIST	1/01/77		509			509	S/L	40	0
48	TRANSMISSION & DISTRIBUTI	1/01/78		351,161			351,161	S/L	40	0
49	TRANSMISSION & DISTRIBUTI	1/01/79		12,230			11,931	S/L	40	299
50	TRANSMISSION & DISTRIBUT	1/01/80		8,270			7,925	S/L	40	207
51	TRANSMISSION & DISTRIBUT	1/01/81		2,641			2,442	S/L	40	66
52	TRANSMISSION & DISTRIBUT	1/01/82		1,972			1,972	S/L	40	0
53	TRANSMISSION & DISTRIBUT	1/01/83		14,883			13,021	S/L	40	372
54	TRANSMISSION & DISTRIBUT	1/01/84		16,304			13,867	S/L	40	408
55	TRANSMISSION & DISTRIBUT	1/01/85		20,347			16,792	S/L	40	509
56	TRANSMISSION & DISTRIBUT	1/01/86		13,097			10,470	S/L	40	327
57	TRANSMISSION & DISTRIBUT	12/31/86		4,454			3,446	S/L	40	111
58	TRANSMISSION & DISTRIBUTI	1/01/87		11,074			8,574	S/L	40	277
59	TRANSMISSION & DISTRIBUTI	2/01/87		515			400	S/L	40	13
60	TRANSMISSION & DISTRIBUTI	3/01/87		50,307			38,732	S/L	40	1,258
61	TRANSMISSION & DISTRIBUTI	4/01/87		834			643	S/L	40	21
62	TRANSMISSION & DISTRIBUT	7/01/87		21			21	S/L	40	0
63	TRANSMISSION & DISTRIBUT	8/01/87		5,684			4,314	S/L	40	142
64	TRANSMISSION & DISTRIBUTI	9/01/87		5,332			4,033	S/L	40	133
65	TRANSMISSION & DISTRIBUTI	10/01/87		325			243	S/L	40	8

See last
3 Pages
of

Depreciation
Schedule
for Actual
Depreciation
on

T+D-mains
now Using
a
75 Year
life.

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct	Cur 179/ SDA	Prior 179/ SDA/ Depr	Method	Life	Current Depr
66	TRANSMISSION & DISTRIBUTI	11/01/87		60			54	S/L	40	2
67	TRANSMISSION & DIST MAINS	12/01/87		79			60	S/L	40	2
68	TRANSMISSION & DIST MAINS	12/31/87		575,430			432,176	S/L	40	14,386
69	TRANSMISSION & DIST MAINS	12/31/87		4,471			3,357	S/L	40	112
70	CAPITALIZED INTEREST	12/31/87		10,015			7,505	S/L	40	250
71	CAPITALIZED ENGINEERING C	12/31/87		95,565			71,672	S/L	40	2,389
72	TRANSMISSION & DISTRIB MA	2/29/88		7,404			5,528	S/L	40	185
73	DISTRIBUTION MAINS	5/31/89		78,033			55,927	S/L	40	1,951
74	TRANS. & DISTRIB MAINS	4/01/90		8,781			6,100	S/L	40	220
75	DISTRIBUTION MAINS	10/01/90		290,030			190,336	S/L	40	7,251
76	DISTRIBUTION MAINS	6/30/92		8,051			5,145	S/L	40	201
77	TRANSMISSION & DIST LINES	4/30/93		1,062			665	S/L	40	27
78	TRANSMISSION & DIST LINES	9/30/94		15,520			9,053	S/L	40	388
79	LINE EXTENTION	7/01/96		10,905			6,095	S/L	40	273
80	TRANSMISSION & DISTRIB LI	7/01/96		12,438			6,686	S/L	40	311
81	CUMMINS ROAD LINE EXTENS	10/01/97		25,301			12,817	S/L	40	633
82	TRANSMISSION & DIST KY 10	7/15/98		280,580			136,791	S/L	40	7,015
83	TRANSMISS & DIST MAIN FAI	12/15/98		632,672			301,841	S/L	40	15,817
84	TRANSMISS -REPLACEMENT	5/01/99		8,484			3,957	S/L	40	212
85	TRANSMISSION & SLP	11/01/99		142,886			64,914	S/L	40	3,572
205	STATE PROJECT	12/27/99		110,748			50,050	S/L	40	2,769
206	WILLIAMSTOWN PROJECT	7/18/00		7,125			3,115	S/L	40	178
207	IATRIDES SUBDIVISION PROJ	12/06/00		55,630			23,763	S/L	40	1,391
210	KELLS ROAD PROJECT	11/15/01		20,586			8,326	S/L	40	515
211	PETRY LINE	12/07/01		2,800			1,126	S/L	40	70
212	PRIBBLE LINE	12/01/01		1,486			595	S/L	40	37
215	EDA-44% MAINS-BUTLER PROJ	10/01/01		1,343,170			545,659	S/L	40	33,579
225	LINE EXT - RUBER	2/28/02		678			269	S/L	40	17
226	LINE EXT - YORK	4/30/02		762			298	S/L	40	19
227	LINE EXT - PIKE 27 AUTO	8/31/02		10,947			4,201	S/L	40	274
228	RELOCATE LINE-HIGH SCH	7/31/02		9,328			3,592	S/L	40	233
229	LINE EXT-CATAWBA-16395 LF	1/15/02		101,205			40,480	S/L	40	2,530
230	LINE REPLACE-27 & CATAWBA	9/30/02		31,389			11,971	S/L	40	785
231	30002 LF-HB 502-CO WTR LI	9/15/02		221,472			84,901	S/L	40	5,537
237	KENNEDY RIDGE EXTENSION	4/30/03		6,642			2,435	S/L	40	166
238	HERITAGE PLACE EXTENSION	7/31/03		2,640			952	S/L	40	66
239	TURNER SUBDIVISION	10/31/03		7,000			2,479	S/L	40	175
242	WRIGHT WATER LINE	11/18/03		2,376			831	S/L	40	59
243	PENDLETON ACRES	12/01/03		139,506			49,123	S/L	40	3,488

See last
3 Pages
of
Depreciation
Schedule
for Actual
Depreciation
on
T+D - Mains
now Using
a
75 Year
life

No.	Description	Date Acquired	Date Sold	Cost/Basis	Bus. Pct	Cur 179/SDA	Prior 179/SDA/Depr	Method	Life	Current Depr.
250	LINES-491-73.2%-CDBG/RD	10/01/04		1,248,042			413,413	S/L	40	31,201
265	MAINS - CALDWELL RIDGE	5/31/05		12,880			4,052	S/L	40	322
269	MAINS-269 PRIORITY	9/16/05		976,642			299,096	S/L	40	24,416
283	2600' DI 8" PIPE-DARLINGT	3/01/06		41,100			12,164	S/L	40	1,028
292	VATER EXT-760' OF 3" SDR	5/31/07		2,701			719	S/L	40	68
295	2100' - 3" PIPE-SCHLUETER	7/01/08		5,422			1,292	S/L	40	136
302	14540'-6"PVC+6972'6"DI-KE	1/24/08		252,877			62,693	S/L	40	6,322
305	720' of 3" LINE DAHM'S RD	3/31/09		3,359			735	S/L	40	84
309	2525' OF 8" MAIN-KINGS RU	11/30/09		93,182			18,834	S/L	40	2,330
313	21,271'-6"+21,831'-4" MAIN	7/26/10		528,060			97,915	S/L	40	13,202
314	PREP SIRY RD FOR TIE IN	10/18/10		3,450			616	S/L	40	86
317	3500'-4" A TAP,1H-MATHIS	12/08/10		21,734			3,846	S/L	40	543
319	US 27 LINE RELOCATION	3/31/10		1,213,195			235,057	S/L	40	30,330
329	1422'-8" PVC-US27@KENNEDY	6/30/12		19,625			1,441	S/L	75	262
330	250'-4" PVC-MIDDLE SCHOOL	7/31/12		7,768			563	S/L	75	104
334	FALVEY RD EXTENSION	12/15/12		7,701			524	S/L	75	103
339	2500' OF 6" PVC - MULLINS	9/01/13		15,270			884	S/L	75	204
341	3,370' - 3"PVC-AIRPORT RD	7/01/13		22,791			1,368	S/L	75	304
342	3,820' - 3" PVC-NEAL RD	12/31/13		29,757			1,588	S/L	75	397
343	2,330'-3" PVC-WENZEL RD	12/31/13		7,645			408	S/L	75	102
352	TELEMETRY & SIRY RD LINE	6/02/14		39,703			1,896	S/L	75	529
361	BALLINGER RD 600' OF 3"	11/26/15		2,322			65	S/L	75	31
364	3320' OF 4" PVC	4/07/16		35,201			821	S/L	75	469
365	16,420' OF 3" PVC	4/07/16		139,405			3,253	S/L	75	1,839
370	8,585' OF 4" PVC-DAHMS RD	12/16/16		24,485			326	S/L	75	326
375	1020' OF 3" PVC - HAFER	9/29/17		3,857			13	S/L	75	51
378	2,930' OF 6"&3" PVC - CR	8/24/17		115,231			512	S/L	75	1,536
379	1200' OF 3" SDR-J. GOSNEY	8/24/17		14,390			64	S/L	75	192
383	10100' OF 3" PVC-HOGG RGE	9/06/18		109,578				S/L	75	487
Total TRANSMISSION & DIST MAI				10,056,256		0	4,064,168			228,260
TRANSPORTATION EQUIPMENT										
263	2005 GMC DUMP TRUCK	8/29/05		52,034			52,034	S/L	10	0
282	BOX TRAILER	10/26/06		3,500			3,500	S/L	10	0
306	2009 CHEVY TRUCK	6/03/09		26,668			26,668	S/L	5	0
315	2011 CHEV SILVERADO TRUCK	10/12/10	8/30/18	14,890			14,890	S/L	5	0
320	2011 CHEVY TON UTILITY TR	1/10/11		29,978			13,993	S/L	15	1,999
331	REMOVABLE TRUCK LIGHTS	7/10/12		1,840			1,840	S/L	5	0

See last
3 Pages
of
Depreciation
Schedule
for actual
Depreciation
on
T+D-mains
now using
a
75 Year
Life

Client 2337

PENDLETON COUNTY WATER DISTRICT

61-0599209

7/30/19

04:12PM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct	Cur 179/ SDA	Prior 179/ SDA/ Depr	Method	Life	Current Depr
340	2013 f-150 FORD PICKUP TR	9/13/13		17,309			15,002	S/L	5	2,307
349	2014 CHEVY TRUCK&TOOL BOX	4/22/14		19,171			10,043	S/L	7	2,739
350	2014 CHEVY TRUCK&TOOL BOX	4/22/14		19,171			10,043	S/L	7	2,739
368	TRANSMISSION 2009 CHEVY	3/21/16		2,460			861	S/L	5	492
381	2018 FORD TRUCK & TOOLBOX	6/28/18		24,350				S/L	7	1,739
Total TRANSPORTATION EQUIPM				211,371		0	148,874			12,015
Total Depreciation				<u>13,970,799</u>		<u>0</u>	<u>5,794,560</u>			<u>356,326</u>
Grand Total Depreciation				<u>13,970,799</u>		<u>0</u>	<u>5,794,560</u>			<u>356,326</u>
Depreciation Assets Sold				14,890		0	14,890			0
Depr Remaining Assets				<u>13,955,909</u>		<u>0</u>	<u>5,779,670</u>			<u>356,326</u>

PENDLETON COUNTY WATER DISTRICT

2018 DEPRECIATION SCHEDULE FOR TRANSMISSION & DISTRIBUTION MAINS
AFTER CHANGING LIFE FROM 40 YEARS TO 75 YEARS

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Depr. Basis	Prior Depr.	Net Book Value	Method	Life	Life Left	Accum 12/31/2016	2017 Depr.	Accum 12/31/2017	2018 Depr.	Accum 12/31/2018
34	TRANSMISSION & DISTRIBUTION MAINS	1/01/1966		170,326	170,326	170,326	0	S/L	75	0.00	0	0	0	0	0
35	TRANSMISSION & DISTRIBUTION MAINS	1/01/1967		710	710	710	0	S/L	75	0.00	0	0	0	0	0
36	TRANSMISSION & DISTRIBUTION MAINS	1/01/1968		1,038	1,038	1,038	0	S/L	75	0.00	0	0	0	0	0
37	TRANSMISSION & DISTRIBUTION MAINS	1/01/1969		8,315	8,315	7,318	997	S/L	75	32.00	124	31	155	31	186
38	TRANSMISSION & DISTRIBUTION MAINS	1/01/1970		290	290	290	0	S/L	75	0.00	0	0	0	0	0
39	TRANSMISSION & DISTRIBUTION MAINS	1/01/1971		4,225	4,225	4,225	0	S/L	75	0.00	0	0	0	0	0
40	OTHER TRANSMISSION & DISTRIBUTION MAINS	1/01/1971		249	249	249	0	S/L	75	0.00	0	0	0	0	0
41	TRANSMISSION & DISTRIBUTION MAINS	1/01/1972		6,406	6,406	6,406	0	S/L	75	0.00	0	0	0	0	0
42	OTHER TRANSMISSION & DISTRIBUTION MAINS	1/01/1972		251	251	251	0	S/L	75	0.00	0	0	0	0	0
43	TRANSMISSION & DISTRIBUTION MAINS	1/01/1973		5,176	5,176	5,037	139	S/L	75	1.00	139	0	139	0	139
44	OTHER TRANSMISSION & DISTRIBUTION MAINS	1/01/1973		1,399	1,399	1,365	34	S/L	75	1.00	34	0	34	0	34
45	TRANSMISSION & DISTRIBUTION MAINS	1/01/1974		14,856	14,856	14,104	752	S/L	75	37.00	101	20	121	20	141
46	OTHER TRANSMISSION & DISTRIBUTION MAINS	1/01/1974		455	455	423	32	S/L	75	37.00	5	1	6	1	7
47	TRANSMISSION & DISTRIBUTION MAINS	1/01/1975		23,007	23,007	21,277	1,730	S/L	75	38.00	229	46	275	46	321
48	TRANSMISSION & DISTRIBUTION MAINS	1/01/1976		7,062	7,062	6,366	696	S/L	75	39.00	90	18	108	18	126
49	OTHER TRANSMISSION & DISTRIBUTION MAINS	1/01/1976		709	709	644	65	S/L	75	39.00	9	2	11	2	13
50	TRANSMISSION & DISTRIBUTION MAINS	1/01/1977		11,192	11,192	9,797	1,395	S/L	75	40.00	175	35	210	35	245
51	OTHER TRANSMISSION & DISTRIBUTION MAINS	1/01/1977		509	509	452	57	S/L	75	40.00	6	1	7	1	8
52	TRANSMISSION & DISTRIBUTION MAINS	1/01/1978		351,161	351,161	298,486	52,675	S/L	75	41.00	6,425	1285	7,710	1285	8,995
53	TRANSMISSION & DISTRIBUTION MAINS	1/01/1979		12,230	12,230	10,095	2,135	S/L	75	42.00	255	51	306	51	357
54	TRANSMISSION & DISTRIBUTION MAINS	1/01/1980		8,270	8,270	6,683	1,587	S/L	75	43.00	185	37	222	37	259
55	TRANSMISSION & DISTRIBUTION MAINS	1/01/1981		2,641	2,641	2,046	595	S/L	75	44.00	69	14	83	14	97
56	TRANSMISSION & DISTRIBUTION MAINS	1/01/1982		1,972	1,972	1,972	0	S/L	75	45.00	0	0	0	0	0
57	TRANSMISSION & DISTRIBUTION MAINS	1/01/1983		14,883	14,883	10,789	4,094	S/L	75	46.00	445	89	534	89	623
58	TRANSMISSION & DISTRIBUTION MAINS	1/01/1984		16,304	16,304	11,419	4,885	S/L	75	47.00	520	104	624	104	728
59	TRANSMISSION & DISTRIBUTION MAINS	1/01/1985		20,347	20,347	13,738	6,609	S/L	75	48.00	689	138	827	138	965
60	TRANSMISSION & DISTRIBUTION MAINS	1/01/1986		13,097	13,097	8,508	4,589	S/L	75	49.00	469	94	563	94	657
61	TRANSMISSION & DISTRIBUTION MAINS	12/31/1986		4,454	4,454	2,780	1,674	S/L	75	50.00	166	33	199	33	232
62	TRANSMISSION & DISTRIBUTION MAINS	1/01/1987		11,074	11,074	6,912	4,162	S/L	75	50.00	415	83	498	83	581
63	TRANSMISSION & DISTRIBUTION MAINS	2/01/1987		515	515	322	193	S/L	75	50.00	20	4	24	4	28
64	TRANSMISSION & DISTRIBUTION MAINS	3/01/1987		50,307	50,307	31,184	19,123	S/L	75	50.21	1,905	381	2,286	381	2,667
65	TRANSMISSION & DISTRIBUTION MAINS	4/01/1987		834	834	517	317	S/L	75	50.20	30	6	36	6	42
66	TRANSMISSION & DISTRIBUTION MAINS	7/01/1987		21	21	18	3	S/L	75	57.00	3	0	3	0	3
67	TRANSMISSION & DISTRIBUTION MAINS	8/01/1987		5,684	5,684	3,462	2,222	S/L	75	50.64	220	44	264	44	308
68	TRANSMISSION & DISTRIBUTION MAINS	9/01/1987		5,332	5,332	3,235	2,097	S/L	75	50.73	206	41	247	41	288
69	TRANSMISSION & DISTRIBUTION MAINS	10/1/1987		325	325	195	130	S/L	75	51.00	14	3	17	3	20
70	TRANSMISSION & DISTRIBUTION MAINS	11/1/1987		60	60	42	18	S/L	75	54.00	18	0	18	0	18
71	TRANSMISSION & DISTRIBUTION MAINS	12/1/1987		79	79	48	31	S/L	75	51.00	4	1	5	1	6
72	TRANSMISSION & DISTRIBUTION MAINS	12/31/1987		575,430	575,430	345,860	229,570	S/L	75	51.00	22,506	4501	27,007	4501	31,508
73	TRANSMISSION & DISTRIBUTION MAINS	12/31/1987		4,471	4,471	2,685	1,786	S/L	75	51.00	175	35	210	35	245
74	CAPITALIZED INTEREST	12/31/1987		10,015	10,015	6,005	4,010	S/L	75	51.00	394	79	473	79	552
75	CAPITALIZED ENGINEERING COSTS	12/31/1987		95,565	95,565	57,338	38,227	S/L	75	51.00	3,749	750	4,499	750	5,249
76	TRANSMISSION & DISTRIBUTION MAINS	2/29/1988		7,404	7,404	4,418	2,986	S/L	75	51.13	291	58	349	58	407
77	DISTRIBUTION MAINS	5/31/1989		78,033	78,033	44,221	33,812	S/L	75	52.33	3,230	646	3,876	646	4,522
78	TRANS. & DISTRIBUTION MAINS	4/01/1990		8,781	8,781	4,780	4,001	S/L	75	53.23	375	75	450	75	525
79	DISTRIBUTION MAINS	10/1/1990		290,030	290,030	146,830	143,200	S/L	75	54.75	13,079	2616	15,695	2616	18,311

PENDLETON COUNTY WATER DISTRICT

2018 DEPRECIATION SCHEDULE FOR TRANSMISSION & DISTRIBUTION MAINS
AFTER CHANGING LIFE FROM 40 YEARS TO 75 YEARS

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Depr. Basis	Prior Depr.	Net Book Value	Method	Life	Life Left	Accum 12/31/2016	2017 Depr.	Accum 12/31/2017	2018 Depr.	Accum 12/31/2018
80	DISTRIBUTION MAINS	6/30/1992		8,051	8,051	3,939	4,112	S/L	75	55.43	370	74	444	74	518
81	TRANSMISSION & DIST LINES	4/30/1993		1,062	1,062	503	559	S/L	75	56.00	50	10	60	10	70
82	TRANSMISSION & DIST LINES	9/30/1994		15,520	15,520	6,725	8,795	S/L	75	57.67	764	153	917	153	1,070
83	LINE EXTENTION	7/01/1996		10,905	10,905	4,457	6,448	S/L	75	58.65	550	110	660	110	770
84	TRANSMISSION & DISTRIB LI	7/01/1996		12,438	12,438	4,820	7,618	S/L	75	59.50	640	128	768	128	896
85	CUMMINS ROAD LINE EXTENS	10/1/1997		25,301	25,301	9,019	16,282	S/L	75	60.74	1,340	268	1,608	268	1,876
86	TRANSMISSION & DIST KY 10	7/15/1998		280,580	280,580	94,701	185,879	S/L	75	61.50	15,111	3022	18,133	3022	21,155
87	TRANSMISS & DIST MAIN FAI	12/15/1998		632,672	632,672	206,939	425,733	S/L	75	61.92	34,379	6876	41,255	6876	48,131
88	TRANSMISS -REPLACEMENT	5/01/1999		8,484	8,484	2,685	5,799	S/L	75	62.34	465	93	558	93	651
89	TRANSMISSION & SLP	11/1/1999		142,886	142,886	43,482	99,404	S/L	75	62.83	7,910	1582	9,492	1582	11,074
220	STATE PROJECT	12/27/1999		110,748	110,748	33,436	77,312	S/L	75	62.92	6,144	1229	7,373	1229	8,602
221	WILLIAMSTOWN PROJECT	7/18/2000		7,125	7,125	2,047	5,078	S/L	75	63.51	400	80	480	80	560
222	IATRIDES SUBDIVISION PROJ	12/6/2000		55,630	55,630	15,417	40,213	S/L	75	63.91	3,145	629	3,774	629	4,403
226	KELLS ROAD PROJECT	11/15/2001		20,586	20,586	5,236	15,350	S/L	75	64.83	1,185	237	1,422	237	1,659
227	PETRY LINE	12/7/2001		2,800	2,800	706	2,094	S/L	75	64.91	161	32	193	32	225
228	PRIBBLE LINE	12/1/2001		1,486	1,486	373	1,113	S/L	75	64.96	85	17	102	17	119
231	EDA-44% MAINS-BUTLER PROJ	10/1/2001		1,343,170	1,343,170	344,185	998,985	S/L	75	64.75	77,141	15428	92,569	15428	107,997
241	LINE EXT - RUBER	2/28/2002		678	678	167	511	S/L	75	65.15	39	8	47	8	55
242	LINE EXT - YORK	4/30/2002		762	762	184	578	S/L	75	65.34	44	9	53	9	62
243	LINE EXT - PIKE 27 AUTO	8/31/2002		10,947	10,947	2,557	8,390	S/L	75	65.66	640	128	768	128	896
244	RELOCATE LINE-HIGH SCH	7/31/2002		9,328	9,328	2,194	7,134	S/L	75	65.59	545	109	654	109	763
245	LINE EXT-CATAWBA-16395 LF	1/15/2002		101,205	101,205	25,300	75,905	S/L	75	65.00	5,840	1168	7,008	1168	8,176
246	LINE REPLACE-27 & CATAWBA	9/30/2002		31,389	31,389	7,261	24,128	S/L	75	65.75	1,835	367	2,202	367	2,569
247	30002 LF-HB 502-CO WTR LI	9/15/2002		221,472	221,472	51,679	169,793	S/L	75	65.67	12,929	2586	15,515	2586	18,101
256	KENNEDY RIDGE EXTENSION	4/30/2003		6,642	6,642	1,439	5,203	S/L	75	66.33	391	78	469	78	547
257	HERITAGE PLACE EXTENSION	7/31/2003		2,640	2,640	556	2,084	S/L	75	66.58	156	31	187	31	218
258	TURNER SUBDIVISION	10/31/2003		7,000	7,000	1,429	5,571	S/L	75	66.83	416	83	499	83	582
261	WRIGHT WATER LINE	11/18/2003		2,376	2,376	477	1,899	S/L	75	66.97	141	28	169	28	197
262	PENDLETON ACRES	12/1/2003		139,506	139,506	28,195	111,311	S/L	75	66.92	8,316	1663	9,979	1663	11,642
271	LINES-491-73.2%-CDBG/RD	10/1/2004		1,248,042	1,248,042	226,207	1,021,835	S/L	75	67.75	75,411	15082	90,493	15082	105,575
289	MAINS - CALDWELL RIDGE	5/31/2005		12,880	12,880	2,120	10,760	S/L	75	68.42	786	157	943	157	1,100
294	MAINS-269 PRIORITY	9/16/2005		976,642	976,642	152,600	824,042	S/L	75	68.75	59,930	11986	71,916	11986	83,902
310	2600' DI 8 PIPE-DARLINGT"	3/01/2006		41,100	41,100	5,996	35,104	S/L	75	69.16	2,539	508	3,047	508	3,555
319	VATER EXT-760' OF 3 SDR"	5/31/2007		2,701	2,701	311	2,390	S/L	75	70.39	170	34	204	34	238
323	2100' - 3 PIPE-SCHLUETER"	7/01/2008		5,422	5,422	476	4,946	S/L	75	71.49	345	69	414	69	483
332	14540'-6PVC+6972'6"DI-KE"	1/24/2008		252,877	252,877	24,761	228,116	S/L	75	71.08	16,046	3209	19,255	3209	22,464
336	720' of 3 LINE DAHM'S RD"	3/31/2009		3,359	3,359	231	3,128	S/L	75	72.25	216	43	259	43	302
340	2525' OF 8 MAIN-KINGS RU"	11/30/2009		93,182	93,182	4,854	88,328	S/L	75	72.92	6,056	1211	7,267	1211	8,478
345	21,271'-6+21	7/26/2010		528,060	528,060	18,703	509,357	S/L	75	73.58	34,611	6922	41,533	6922	48,455
346	PREP SIRY RD FOR TIE IN	10/18/2010		3,450	3,450	100	3,350	S/L	75	73.84	225	45	270	45	315
350	3500'-4	12/8/2010		21,734	21,734	588	21,146	S/L	75	73.92	1,430	286	1,716	286	2,002
352	US 27 LINE RELOCATION	3/31/2010		1,213,195	1,213,195	53,077	1,160,118	S/L	75	73.25	79,190	15838	95,028	15838	110,866
365	1422'-8 PVC-US27@KENNEDY"	6/30/2012		19,625	19,625	0	19,625	S/L	75	75.00	1,179	262	1,441	262	1,703
366	250'-4 PVC-MIDDLE SCHOOL"	7/31/2012		7,768	7,768	0	7,768	S/L	75	75.00	459	104	563	104	667
360	FALVEY RD EXTENSION	12/15/2012		7,701	7,701	0	7,701	S/L	75	75.00	421	103	524	103	627
362	2,500' of 6" PVC - MULLINS RD	9/1/2013		15,270	15,270	0	15,270	S/L	75	75.00	680	204	884	204	1,088

PENDLETON COUNTY WATER DISTRICT

2018 DEPRECIATION SCHEDULE FOR TRANS AND DISTRIBUTION MAINS
AFTER CHANGING LIFE FROM 40 TO 75 YEARS

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Depr. Basis	Prior Depr.	Net Book Value	Method	Life	Life Left	Accum 12/31/2016	2017 Depr.	Accum 12/31/2017	2018 Depr.	Accum 12/31/2018	
364	3,370' OF 3" PVC - AIRPORT RD	7/1/2013		22,791	22,791	0	22,791	S/L	75	75.00	1,064	304	1,368	304	1,672	
365	3,820' OF 3" PVC - NEAL RD	12/31/2013		29,757	29,757	0	29,757	S/L	75	75.00	1,191	397	1,588	397	1,985	
366	2,330' OF 3" PVC - WENZEL RD	12/31/2013		7,645	7,645	0	7,645	S/L	75	75.00	306	102	408	102	510	
367	TELEMETRY S1RY RD LINE	6/2/2014		39,703	39,703	0	39,703	S/L	75	75.00	1,367	529	1,896	529	2,425	
368	600' OF 3" PVC - BALLINGER ROAD	11/26/2015		2,322	2,322	0	2,322	S/L	75	75.00	34	31	65	31	96	
369	3,320' OF 4" PVC - 2015 PROJECT	4/7/2016		35,201	35,201	0	35,201	S/L	75	75.00	361	469	830	469	1,299	
370	16,240' OF 3" PVC - 2015 PROJECT	4/7/2016		139,405	139,405	0	139,405	S/L	75	75.00	1,349	1859	3,208	1859	5,067	
371	8,585' OF 4" PVC - DAHMS ROAD	12/16/2016		24,485	24,485	0	24,485	S/L	75	75.00	0	326	326	326	652	
382	1020' OF 3" PVC - HAHER ROAD PROJECT	9/29/2017		3,857	3,857	0	3,857	S/L	75	75.00	0	13	13	51	64	
385	2,820' OF 6" PVC & 110' OF 3" PVC - Clark	8/24/2017		115,231	115,231	0	115,231	S/L	75	75.00	0	512	512	1536	2,048	
386	1,200' OF 3" SDR21 - J. Gosney	8/24/2017		14,390	14,390	0	14,390	S/L	75	75.00	0	64	64	192	256	
383	10100' OF 3" PVC-HOGG RGE	9/6/2018		109,578	109,578	0	109,578	S/L	75	75.00	0	0	0	487	487	
											10,056,256	10,056,256	2,664,998	7,391,258		
											523,263	108,217	631,480	109,894	741,374	
											-1,163,800	-235,370	-1,399,170	-228,260	-1,627,430	
											1,755,208	357,433	2,112,641	356,326	2,468,967	
TOTAL 2018 DEPRECIATION AFTER CHANGE IN ESTIMATED LIFE ON T & D MAINS FROM 40 YEARS TO 75 YEARS											1,114,671	230,280	1,344,951	237,960	1,582,911	
											Accumulated	3,770,854		3,770,854		3,770,854
											Less 2016 Retirements	-88,935		-88,935		-88,935
											Less 2017 Retirements			0		0
											Less 2018 Retirements			0		-14,890
											Accumulated	<u>4,796,590</u>		<u>5,026,870</u>		<u>5,249,940</u>
											Accumulated Depreciation Per Depr'n Sch.	5,437,127		5,794,560		6,135,996
											Less Accumulated Depreciation - Mains Per Depr'n Sch.	-3,828,798		-4,064,168		-4,292,428
											Plus Revised Accumulated Depr'n - Mains Per Spreadsheet	523,263		631,480		741,374
											Plus Accumulated Depreciation - Mains at 12/31/2011	2,664,998		2,664,998		2,664,998
											Accumulated Depreciation Per Quick Books	<u>4,796,590</u>		<u>5,026,870</u>		<u>5,249,940</u>
Difference											0		0		0	

OUTSTANDING DEBT INSTRUMENTS

Rural Development Bonds, Series 2010
KY Rural Water Revenue Bonds, Series 2013C
KY Rural Water Revenue Bonds, Series 2015B

Rural Development Bonds, Series 2010

PENDLETON COUNTY WATER DISTRICT

RURAL DEVELOPMENT REVENUE BONDS
SERIES 2010

ISSUE DATE 7/30/2010
MATURITY DATE 1/1/2049
INTEREST RATE 3.250%
ORIGINAL ISSUE \$220,000.00

Payment Date	Principal Due	Interest Due	Principal & Interest	Principal Balance
Original Issue				220,000.00
1/1/2011	0.00	3,036.30		220,000.00
7/1/2011		3,575.00	6,611.30	220,000.00
1/1/2012	3,000.00	3,575.00		217,000.00
7/1/2012		3,526.25	10,101.25	217,000.00
1/1/2013	3,000.00	3,526.25		214,000.00
7/1/2013		3,477.50	10,003.75	214,000.00
1/1/2014	3,000.00	3,477.50		211,000.00
7/1/2014		3,428.75	9,906.25	211,000.00
1/1/2015	3,000.00	3,428.75		208,000.00
7/1/2015		3,380.00	9,808.75	208,000.00
1/1/2016	3,500.00	3,380.00		204,500.00
7/1/2016		3,323.13	10,203.13	204,500.00
1/1/2017	3,500.00	3,323.13		201,000.00
7/1/2017		3,266.25	10,089.38	201,000.00
1/1/2018	3,500.00	3,266.25		197,500.00
7/1/2018		3,209.38	9,975.63	197,500.00
1/1/2019	3,500.00	3,209.38		194,000.00
7/1/2019		3,152.50	9,861.88	194,000.00
1/1/2020	4,000.00	3,152.50		190,000.00
7/1/2020		3,087.50	10,240.00	190,000.00
1/1/2021	4,000.00	3,087.50		186,000.00
7/1/2021		3,022.50	10,110.00	186,000.00
1/1/2022	4,000.00	3,022.50		182,000.00
7/1/2022		2,957.50	9,980.00	182,000.00
1/1/2023	4,000.00	2,957.50		178,000.00
7/1/2023		2,892.50	9,850.00	178,000.00
1/1/2024	4,500.00	2,892.50		173,500.00
7/1/2024		2,819.38	10,211.88	173,500.00
1/1/2025	4,500.00	2,819.38		169,000.00
7/1/2025		2,746.25	10,065.63	169,000.00
1/1/2026	4,500.00	2,746.25		164,500.00
7/1/2026		2,673.13	9,919.38	164,500.00
1/1/2027	5,000.00	2,673.13		159,500.00
7/1/2027		2,591.88	10,265.00	159,500.00
1/1/2028	5,000.00	2,591.88		154,500.00
7/1/2028		2,510.63	10,102.50	154,500.00
1/1/2029	5,000.00	2,510.63		149,500.00
7/1/2029		2,429.38	9,940.00	149,500.00
1/1/2030	5,500.00	2,429.38		144,000.00
7/1/2030		2,340.00	10,269.38	144,000.00
1/1/2031	5,500.00	2,340.00		138,500.00
7/1/2031		2,250.63	10,090.63	138,500.00
1/1/2032	5,500.00	2,250.63		133,000.00
7/1/2032		2,161.25	9,911.88	133,000.00
1/1/2033	6,000.00	2,161.25		127,000.00
7/1/2033		2,063.75	10,225.00	127,000.00
1/1/2034	6,000.00	2,063.75		121,000.00
7/1/2034		1,966.25	10,030.00	121,000.00
1/1/2035	6,500.00	1,966.25		114,500.00
7/1/2035		1,860.63	10,326.88	114,500.00
1/1/2036	6,500.00	1,860.63		108,000.00
7/1/2036		1,755.00	10,115.63	108,000.00
1/1/2037	7,000.00	1,755.00		101,000.00
7/1/1937		1,641.25	10,396.25	101,000.00
1/1/1938	7,000.00	1,641.25		94,000.00
7/1/1938		1,527.50	10,168.75	94,000.00
1/1/1939	7,500.00	1,527.50		86,500.00
7/1/1939		1,405.63	10,433.13	86,500.00
1/1/1940	7,500.00	1,405.63		79,000.00
7/1/1940		1,283.75	10,189.38	79,000.00
1/1/1941	8,000.00	1,283.75		71,000.00
7/1/1941		1,153.75	10,437.50	71,000.00
1/1/1942	8,000.00	1,153.75		63,000.00
7/1/1942		1,023.75	10,177.50	63,000.00
1/1/1943	8,500.00	1,023.75		54,500.00
7/1/1943		885.63	10,409.38	54,500.00
1/1/1944	8,500.00	885.63		46,000.00
7/1/1944		747.50	10,133.13	46,000.00
1/1/1945	9,000.00	747.50		37,000.00
7/1/1945		601.25	10,348.75	37,000.00
1/1/1946	9,500.00	601.25		27,500.00
7/1/1946		446.88	10,548.13	27,500.00
1/1/1947	9,500.00	446.88		18,000.00
7/1/1947		292.50	10,239.38	18,000.00
1/1/1948	10,000.00	292.50		8,000.00
7/1/1948		130.00	10,422.50	8,000.00
1/1/1949	8,000.00	130.00	8,130.00	0.00
Totals	220,000.00	170,248.80	390,248.80	

BOND RESOLUTION

PENDLETON COUNTY WATER DISTRICT

AUTHORIZING

PENDLETON COUNTY WATER DISTRICT

WATERWORKS REVENUE BONDS, SERIES 2010

IN THE PRINCIPAL AMOUNT OF

\$220,000

TABLE OF CONTENTS

ARTICLE 1.	DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS; SECURITY.	3
Section 101.	Definitions	3
Section 102.	Purpose	7
Section 103.	Construction Award Approved; Work Authorized	7
Section 104.	Declaration of Period of Usefulness	7
Section 105.	Authorization of Bonds	7
Section 106.	Recognition of Prior Bonds	8
Section 107.	Current Bonds Shall be Payable Out of Gross Revenues	8
Section 108.	Lien on Contracts	8
ARTICLE 2.	THE BONDS; BOND FORM; PREPAYMENT.	9
Section 201.	Principal Payments	9
Section 202.	Issuance of Current Bonds; Bond Form	9
Section 203.	Place of Payment and Manner of Execution	9
Section 204.	Provisions as to Prepayment	9
ARTICLE 3.	CONSTRUCTION ACCOUNT; INTERIM FINANCING; APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.	10
Section 301.	Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits	10
A.	Covenants Applicable if RD Purchases Current Bonds	10
B.	Application of Proceeds of Current Bonds	10
Section 302.	Interim Financing Authorization	13
A.	Interim Financing	13
B.	Multiple Advances by RD	14
Section 303.	Arbitrage Limitations on Investment of Proceeds	15
ARTICLE 4.	FLOW OF FUNDS	16
Section 401.	Funds	16
Section 402.	Flow of Funds	16

A.	Revenue Fund	16
B.	Prior Sinking Fund	16
C.	Current Sinking Fund	17
D.	Depreciation Fund	17
E.	Operation and Maintenance Fund	18
F.	Monthly Principal and Interest Payments if Requested by RD	18
G.	Surplus Funds	18
H.	Investment and Miscellaneous Provisions	18
Section 403.	Current Bonds on a Parity with Prior Bonds, Subject to Prior First Lien Bonds	19
ARTICLE 5.	COVENANTS OF DISTRICT	20
Section 501.	Rates and Charges	20
Section 502.	Books and Accounts; Audit	20
Section 503.	System to Continue to be Operated on Fiscal Year Basis; Annual Budget	20
Section 504.	General Covenants	21
Section 505.	Other Covenants Applicable So Long as RD Owns Any Bonds	22
Section 506.	Insurance on Motors, Tanks and Structures	22
ARTICLE 6.	INFERIOR BONDS AND PARITY BONDS	23
Section 601.	Inferior Bonds	23
Section 602.	Parity Bonds to Complete the Project	23
Section 603.	Parity Bonds to Finance Future Improvements	23
Section 604.	Covenants to be Complied with at Time of Issuance of Parity Bonds	25
Section 605.	Prepayment Provisions Applicable to Parity Bonds	25
Section 606.	Consent of the RD Regarding Future Bonds	25
Section 607.	Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities	25
ARTICLE 7.	DEFAULT AND CONSEQUENCES	27
Section 701.	Events of Default	27
Section 702.	Consequences of Event of Default	27
ARTICLE 8.	CONTRACTUAL PROVISIONS; GRANT APPROVAL; MISCELLANEOUS PROVISIONS.	28
Section 801.	Resolution Contractual with Bondowners	28
Section 802.	All Current Bonds are Equal	28

Section 803.	District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited	28
Section 804.	Approval and Acceptance of RD Grant Agreement	29
Section 805.	Authorization, Ratification and Confirmation of Approval and Execution of Various Documents	29
Section 806.	Authorization of Condemnation to Acquire Easements and/or Sites	29
ARTICLE 9.	SALE OF CURRENT BONDS	31
Section 901.	Sale of Current Bonds	31
Section 902.	Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed	31
ARTICLE 10.	CONCLUDING PROVISIONS	32
Section 1001.	Covenant of District to Take All Necessary Action To Assure Compliance with the Code	32
Section 1002.	Severability Clause	33
Section 1003.	All Provisions in Conflict Repealed	33
Section 1004.	Effective Immediately Upon Adoption	33

- EXHIBIT A - Schedule of Principal Payments
- EXHIBIT B - Form of Fully Registered Bond
- EXHIBIT C - Requisition Certificate

BOND RESOLUTION

RESOLUTION OF THE PENDLETON COUNTY WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$220,000 PRINCIPAL AMOUNT OF PENDLETON COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2010 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Pendleton County Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the District presently has outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$220,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Tetra Tech, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued so as to rank on a parity basis with the Series 2004 Bonds, subject to the vested rights and priorities in favor of the owners of the outstanding Prior First Lien Bonds, and

WHEREAS, the Series 2004 Bonds were issued to and are now held by the U.S. Department of Agriculture, acting through Rural Development ("RD"), and

WHEREAS, RD, as the Owner of the Series 2004 Bonds, has consented to the issuance by the District of the Current Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$280,000, and by a contribution by the District in the amount of at least \$65,600, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PENDLETON COUNTY WATER DISTRICT, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

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

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin & Hays, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds, Prior Bonds and the Parity Bonds.

"Bonds of 1977" or "Series 1977 Bonds" refer to the outstanding Pendleton County Water District Waterworks Revenue Bonds of 1977, dated May 26, 1978, in the original authorized principal amount of \$263,000.

"Bonds of 1997" or "Series 1997 Bonds" refer to the outstanding Pendleton County Water District Waterworks Revenue Bonds, Series 1997, dated March 25, 1998, in the original authorized principal amount of \$747,000.

"Bonds of 2004" or "Series 2004 Bonds" refer to the outstanding Pendleton County Water District Waterworks Revenue Bonds, Series 2004, dated January 28, 2005, in the original authorized principal amount of \$596,000.

"Bond Resolution of 1977" or "1977 Bond Resolution" refer to the Resolution authorizing the Bonds of 1977, duly adopted by the Board of Commissioners of the District on August 22, 1977.

"Bond Resolution of 1997" or "1997 Bond Resolution" refer to the Resolution authorizing the Bonds of 1997, duly adopted by the Board of Commissioners of the District on May 8, 1997.

"Bond Resolution of 2004" or "2004 Bond Resolution" refer to the Resolution authorizing the Bonds of 2004, duly adopted by the Board of Commissioners of the District on February 26, 2004.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Commission" refers to the Board of Commissioners of the District, or such other body as shall be the governing body of said District under the laws of Kentucky at any given time.

"Construction Account" refers to the Pendleton County Water District Waterworks Construction Account, created in Section 301(B) of this Current Bond Resolution.

"Contractors" refers to the general contractors who have been employed by the District to construct the Project.

"Current Bond Resolution" or "Resolution" refer to this Resolution authorizing the Current Bonds.

"Current Bonds" refers to the \$220,000 of Pendleton County Water District Waterworks Revenue Bonds, Series 2010 authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Pendleton County Water District Waterworks Sinking Fund of 2010, created in Section 401 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is United Kentucky Bank, Falmouth, Kentucky, or its successor.

"Depreciation Fund" refers to the Pendleton County Water District Waterworks Depreciation Reserve Fund, described in Section 402 of this Resolution.

"District" refers to the Pendleton County Water District of Pendleton and Campbell Counties, Kentucky.

"Engineers" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to Tetra Tech, Inc., or a member of said firm, or their successors.

"Event of Default" refers to one or more of the Events of Default set forth in Section 701 of this Resolution.

"FDIC" refers to the Federal Deposit Insurance Corporation, or its successors.

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

"*Funds*" refers to the Construction Account, the Revenue Fund, the Prior Sinking Fund, the Current Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"*Government*" refers to the United States of America, or any agency thereof, including RD.

"*Grant Proceeds*" refers to the proceeds of the RD Grant and the Kentucky State Grant.

"*Independent Consulting Engineer*" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"*Interim Lender*" refers to any financial institution or governmental agency approved by the District.

"*Kentucky State Grant*" refers to the Kentucky State Grant to the District in the amount of \$225,000.

"*KRWFC Loan*" refers to the outstanding Kentucky Rural Water Finance Corporation Multimodal Public Projects, Series 2001A Loan, dated June 27, 2001, in the original authorized principal amount of \$374,000.

"*Local Counsel*" refers to Judy M. Wright, Esq., Falmouth, Kentucky, or any other attorney or firm of attorneys designated by the District.

"*Multiple Advances*" refers to the advance of loan funds from the RD as described in Section 302 of this Resolution.

"*Note*" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"*Operation and Maintenance Fund*" refers to the Pendleton County Water District Waterworks Operation and Maintenance Fund described in Section 401 of this Resolution.

"*Outstanding Bonds*" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"*Parity Bonds*" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source

of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the Series 1977 Bonds, the Series 1997 Bonds, the KRWFC Loan and the Series 2004 Bonds.

"Prior Bond Resolution" refers collectively to the 1977 Bond Resolution, the 1997 Bond Resolution and the 2004 Bond Resolution.

"Prior First Lien Bonds" refers to Series 1977 Bonds, the Series 1997 Bonds and the KRWFC Loan.

"Prior Sinking Fund" refers to the Pendleton County Water District Waterworks Sinking Fund, described in Section 401 of this Resolution.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"RD" refers to the Rural Development of the Department of Agriculture of the United States of America.

"RD Grant" refers to the RD grant described in Section 804 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Pendleton County Water District Waterworks Revenue Fund, described in Section 401 of this Resolution.

"Secretary" refers to the elected or appointed Secretary of the Commission.

"System" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"Treasurer" refers to the elected or appointed Treasurer of the Commission.

"U.S. Obligations" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$565,600. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$220,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$565,600
Less:		
RD Grant	\$ 55,000	
Kentucky State Grant	225,000	
District Contribution	<u>65,600</u>	
Total Non-Bond Funds:		<u>(345,600)</u>
Balance to be financed by Current Bonds		\$220,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$220,000 principal amount of Pendleton County Water District Waterworks Revenue Bonds, Series 2010.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing January 1 or July 1, as the case may be. Principal of the Current Bonds shall be payable on January 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable on Out of Gross Revenues. The Current Bonds, the Series 2004 Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be payable solely out of the gross revenues of the System, after providing for the payments on the Prior First Lien Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2020, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2020, shall be subject to prepayment by the District on any date falling on and after January 1, 2019, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$105,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$105,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

A. Covenants Applicable if RD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures and the necessity of using RD forms (the "RD Forms"), shall apply only if the RD is the Purchaser of the Current Bonds and only so long as the RD holds the Current Bonds thereafter. In the event that the RD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures, and the necessity of using RD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Pendleton County Water District Waterworks Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be

deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds. Simultaneously with or prior to the delivery of the Current Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$65,600 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Current Bonds and Grant Proceeds in order to assure completion of the Project.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the RD as to such expenditures, if the RD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with RD Instruction 1780.

The District shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the District's Construction Account records shall be made by RD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$6,220) during the construction of the Project, as approved by the Engineers and by RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates

of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed, if the RD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) Statements of Contractors, Engineers and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the RD is the Purchaser of the Current Bonds, the District will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RD Instruction 1780.

(7) Disposition of Balance in Construction Account After Completion of Project. When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the RD, any balance then remaining in the Construction Account may, with the consent of the RD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Current Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Current Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

A. Interim Financing. The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$220,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$220,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$220,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by RD. In the event the Current Bonds are purchased by the RD, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the RD.

If the RD agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the RD to the District, shall be in the form prescribed by the RD.

Each request for an advance from the RD shall be accompanied by a Requisition Certificate. The District will also furnish to the RD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the Prior Bond Resolution the following funds and accounts:

- (a) Pendleton County Water District Revenue Fund
- (b) Pendleton County Water District Sinking Fund
- (c) Pendleton County Water District Depreciation Reserve Fund
- (d) Pendleton County Water District Operation and Maintenance Fund

There is hereby created and established in this Resolution the Pendleton County Water District Sinking Fund of 2010.

All of the Funds shall be maintained with the Depository Bank so long as any Current Bonds remain outstanding, subject to the right of the District to change Depository Banks.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

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

B. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior First Lien Bonds, a sum equal to the total of the following:

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

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

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$6,220) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds and the Series 2004 Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds and Series 2004 Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds and Series 2004 Bonds maturing on the next succeeding January 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds and the Series 2004 Bonds, but subject to the vested rights and priorities of the Prior First Lien Bonds.

D. Depreciation Fund. Pursuant to the provisions of the 2004 Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Series 2004 Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by RD, there shall next be transferred from the Revenue Fund the sum of at least \$90 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$10,800, which amount shall be maintained, and when necessary, restored to said sum of \$10,800, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed

property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

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

F. Monthly Principal and Interest Payments if Requested by the RD. So long as any of the Bonds are held or insured by the RD, the District shall, if requested by the RD, make the payments required by this Section 402, in monthly installments to the RD or to the insured Owners of the Bonds.

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

H. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All monies in the Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

If the RD has purchased any of the Outstanding Bonds, investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed. Any such investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

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

All monies held in any of the Funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds on a Parity with Series 2004 Bonds, Subject to Priority of Prior First Lien Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the District (i) a letter from RD to the effect that RD agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Series 2004 Bonds, all of which are owned by RD, together with (ii) a certification signed by RD to the effect that a legend has been typed, stamped or otherwise affixed on each of the Series 2004 Bonds held by RD, evidencing the agreement of RD as the then Owner of the Series 2004 Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Series 2004 Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$220,000 of Pendleton County Water District Waterworks Revenue Bonds, Series 2010 ranking on a parity as to security and source of payment with this Bond.

Accordingly, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with said outstanding Series 2004 Bonds from the gross income and revenues of the System, subject to the priority of the outstanding Prior First Lien Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

Section 501. Rates and Charges. The District shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The District shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

Section 502. Books and Accounts; Audit. The District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the RD without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the RD and to any Bondowner requesting same, during the first two (2) years of operation after completion of the Project, and whenever and so long as the District is delinquent in any of the covenants set out in the Prior Bond Resolution or this Current Bond Resolution. Thereafter, quarterly operating reports shall be furnished at all other times to the RD and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis; Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such

Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The District covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the District shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the Commission shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The District covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants. The District, through its Commission, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;

- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;
- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the District shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1780-27) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

Section 601. Inferior Bonds. Except as hereinafter provided below in this Article, the District shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The District expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the RD must be obtained prior to the issuance of any inferior bonds so long as the RD owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The District hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the District from any and all sources, the District shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the District has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the District to pay the cost (not otherwise provided) of the completion of the Project, and provided the District has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the RD if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The District reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in the Current Bond Resolution, which conditions are as follows:

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

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

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the District in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds. The District hereby covenants and agrees that in the event any Parity Bonds are issued, the District shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the average annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

(c) Make such Parity Bonds payable as to principal on January 1 of each year in which principal falls due and payable as to interest on January 1 and July 1 of each year until the final maturity of such Parity Bonds.

Section 605. Prepayment Provisions Applicable to Parity Bonds. If, in connection with any subsequently issued series of Parity Bonds, it is provided that excess revenues in the Revenue Fund shall be used to prepay Outstanding Bonds in advance of scheduled maturity, or if the District at its option undertakes to prepay Outstanding Bonds in advance of scheduled maturity, it is agreed and understood, for so long as the Government owns any of the Outstanding Bonds, that no such prepayment will be effected without the approval of the RD.

Section 606. Consent of the RD Regarding Future Bonds. Notwithstanding any other provisions of this Resolution, the District agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the District will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the RD.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Prior Bonds and/or Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District 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 Outstanding Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

- (a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District 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 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 Parity Bonds.

Notwithstanding any other provisions hereof, so long as any Bonds are held by the Government, the District shall not dispose of its title to the System or to any part thereof, without first obtaining the written consent of the RD.

ARTICLE 7. DEFAULT AND CONSEQUENCES

Section 701. Events of Default. The following items shall constitute an Event of Default on the part of the District:

- (a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.
- (b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within thirty (30) days thereafter.
- (c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Resolution or in this Resolution.
- (d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.
- (e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixty (60) days after entry.

Section 702. Consequences of Event of Default. Any Owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the District set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of said the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of operating and maintenance expenses and for the payment of principal of and interest on the Outstanding Bonds and to provide and apply the income and revenues in conformity with this Resolution and with the laws of the Commonwealth of Kentucky.

The District 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 District's obligations, all contracts and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Resolution Contractual with Bondowners. The provisions of this Resolution constitute a contract between the District and its Commission and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Resolution shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the Commission may adopt any resolution for any purpose not inconsistent with the terms of this Resolution and which shall not impair the security of the Owners of the Current 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 resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the RD so long as the RD owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating

the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$55,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1780-27).
- (e) Agreement for Engineering Services with the Engineers.

Section 806. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least

ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the RD for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

Section 807. Authorization to File Required Financing Statements. In the event that it is determined by Bond Counsel or Local Counsel that the District is required to file any financing statements under the Kentucky Uniform Commercial Code in order to perfect the pledge of the gross revenues of the District's System as security for the Current Bonds, Bond Counsel and/or Local Counsel are hereby authorized to prepare and file with the appropriate officials such financing statements as they deem necessary.

ARTICLE 9. SALE OF CURRENT BONDS

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Commission shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the Secretary with the Minutes of the meeting at which this Resolution is adopted. The Notice of Bond Sale shall be signed by the Secretary and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

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

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the District, with the consent of the Purchaser of the Current Bonds, determines it is in the District's best interest to change the maturities, the applicable prepayment date or any other dates, the District may adjust the same by a Resolution of the Commission approving the adjustments.

ARTICLE 10. CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from all Kentucky income taxation, the District covenants to and with the Owners of the Current Bonds to take the following action:

(a) The District will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for federal income tax purposes; (2) will take no actions which will violate any of the provisions of the Code; and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for federal income tax purposes.

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$30,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

(c) The District further certifies that the Current Bonds and any and all interim financing obligations of the District are not "private activity bonds" within the meaning of the Code.

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does 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 Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated 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 of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the

District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to the extent of such conflict hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the District payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The District covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Immediately Upon Adoption. This Resolution shall take effect and be effective immediately upon its adoption.

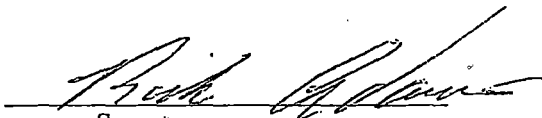
Adopted this December 17, 2009.

Pendleton County Water District


Chairman

(Seal of District)

Attest:

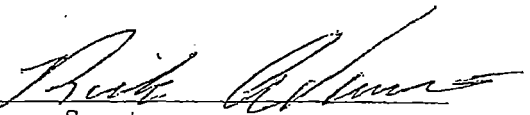

Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Pendleton County Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on December 17, 2009, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this December 17, 2009.


Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>
2012	\$3,000	2031	\$5,500
2013	3,000	2032	5,500
2014	3,000	2033	6,000
2015	3,000	2034	6,000
2016	3,500	2035	6,500
2017	3,500	2036	6,500
2018	3,500	2037	7,000
2019	3,500	2038	7,000
2020	4,000	2039	7,500
2021	4,000	2040	7,500
2022	4,000	2041	8,000
2023	4,000	2042	8,000
2024	4,500	2043	8,500
2025	4,500	2044	8,500
2026	4,500	2045	9,000
2027	5,000	2046	9,500
2028	5,000	2047	9,500
2029	5,000	2048	10,000
2030	5,500	2049	8,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
PENDLETON COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2009

No. R-1

Interest Rate: _____ %

\$220,000

KNOW ALL PERSONS BY THESE PRESENTS:

That the Pendleton County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Pendleton and Campbell Counties, Kentucky, for value received, hereby promises to pay to

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

on the first day of January, in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
-------------	------------------	-------------	------------------	-------------	------------------

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued on a parity as to security and source of payment with the outstanding Pendleton County Water District Waterworks Revenue Bonds, Series 2004, dated January 28, 2005 (the "2004 Bonds"), authorized by a Resolution adopted by the Commission of the District on February 26, 2004 (the "2004 Bond Resolution"); but subject to the vested rights and priorities in favor of the owners of the outstanding (i) Pendleton County Water District Waterworks Revenue Bonds of 1977, dated May 26, 1978 (the "1977 Bonds"), authorized by a Resolution adopted by the Commission of the District on August 22, 1977 (the "1977 Bond Resolution"); (ii) Pendleton County Water District Waterworks Revenue Bonds, Series 1997, dated March 25, 1998 (the "1997 Bonds"), authorized by a Resolution adopted by the Commission of the District on May 8, 1997 (the "1997 Bond Resolution"); and (iii) Kentucky Rural Water Finance Corporation Multimodal Public Projects, Series 2001A Loan, dated June 27, 2001 (the "KRWFC Loan") [hereinafter the 1977 Bonds, 1997 Bonds and KRWFC Loan shall be collectively referred to as the "Prior Bonds"]. Accordingly, this Bond, the 2004 Bonds, together with any bonds ranking on a parity herewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds.

This Bond has been issued in full compliance with the Current Bond Resolution and the 2004 Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the 2004 Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Pendleton County Water District Waterworks Sinking Fund".

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the 2004 Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the 2004 Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the 2004 Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2019, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Pendleton County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

PENDLETON COUNTY WATER DISTRICT

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____, this ____ day of _____, _____.

By: _____

KY Rural Water Revenue Bonds, Series 2001
As Amended March 27, 2013, Series 2013C

Final

\$215,000

Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program
 Pendleton County Water District

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/27/2013	-	-	-	-	-
08/01/2013	-	-	2,960.50	2,960.50	-
12/31/2013	-	-	-	-	2,960.50
02/01/2014	20,000.00	2.300%	4,297.50	24,297.50	-
08/01/2014	-	-	4,067.50	4,067.50	-
12/31/2014	-	-	-	-	28,365.00
02/01/2015	20,000.00	3.300%	4,067.50	24,067.50	-
08/01/2015	-	-	3,737.50	3,737.50	-
12/31/2015	-	-	-	-	27,805.00
02/01/2016	20,000.00	3.300%	3,737.50	23,737.50	-
08/01/2016	-	-	3,407.50	3,407.50	-
12/31/2016	-	-	-	-	27,145.00
02/01/2017	20,000.00	4.300%	3,407.50	23,407.50	-
08/01/2017	-	-	2,977.50	2,977.50	-
12/31/2017	-	-	-	-	26,385.00
02/01/2018	20,000.00	4.300%	2,977.50	22,977.50	-
08/01/2018	-	-	2,547.50	2,547.50	-
12/31/2018	-	-	-	-	25,525.00
02/01/2019	20,000.00	4.300%	2,547.50	22,547.50	-
08/01/2019	-	-	2,117.50	2,117.50	-
12/31/2019	-	-	-	-	24,665.00
02/01/2020	25,000.00	4.300%	2,117.50	27,117.50	-
08/01/2020	-	-	1,580.00	1,580.00	-
12/31/2020	-	-	-	-	28,697.50
02/01/2021	25,000.00	4.300%	1,580.00	26,580.00	-
08/01/2021	-	-	1,042.50	1,042.50	-
12/31/2021	-	-	-	-	27,622.50
02/01/2022	15,000.00	4.300%	1,042.50	16,042.50	-
08/01/2022	-	-	720.00	720.00	-
12/31/2022	-	-	-	-	16,762.50
02/01/2023	15,000.00	4.800%	720.00	15,720.00	-
08/01/2023	-	-	360.00	360.00	-
12/31/2023	-	-	-	-	16,080.00
02/01/2024	15,000.00	4.800%	360.00	15,360.00	-
12/31/2024	-	-	-	-	15,360.00
Total	\$215,000.00	-	\$52,373.00	\$267,373.00	-

Yield Statistics

Bond Year Dollars	\$1,211.56
Average Life	5.635 Years
Average Coupon	4.3227898%
Net Interest Cost (NIC)	2.4622065%
True Interest Cost (TIC)	2.2841068%
Bond Yield for Arbitrage Purposes	3.0391218%
All Inclusive Cost (AIC)	2.9876045%
IRS Form 8038	
Net Interest Cost	2.0443725%
Weighted Average Maturity	5.755 Years

Raymond James

**FIRST AMENDMENT AND SUPPLEMENT TO
ASSISTANCE AGREEMENT**

This First Amendment and Supplement to Assistance Agreement made and entered into as of March 27, 2013 (the "First Amendment to Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Pendleton County Water District, P.O. Box 232, 331 Highway 330 West, Falmouth, Kentucky 41040 (the "Governmental Agency"):

WITNESSETH

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2013C (the "Series 2013C Bonds") in the aggregate principal amount of \$21,765,000, pursuant to a Supplemental Trust Indenture No. 52, dated as of March 27, 2013 by and between the Issuer and the Trustee, which Series 2013C Bonds will rank on a parity with the Bonds and the proceeds of which will be used by certain Governmental Agencies to refinance outstanding Program loans from the Issuer which were used to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental entities and the Issuer; and

WHEREAS, the Governmental Agency entered into an Assistance Agreement (the "Assistance Agreement") with the Issuer on June 27, 2001, pursuant to which the Issuer provided the Governmental Agency with a loan dated June 27, 2001, in the original principal amount of \$374,000, from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001 (the "Loan"); and

WHEREAS, the proceeds of the Loan were used to make improvements and extensions to the Governmental Agency's waterworks system (the "System"); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to amend and supplement the Assistance Agreement, in order to effect substantial debt service savings; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency is authorized to enter into this First Amendment to Assistance Agreement and to borrow the Obligations, as defined herein, to provide funds for the purpose stated in the Assistance Agreement; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in amending and supplementing the terms of the Loan to assist the Governmental Agency in achieving debt service savings upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

WHEREAS, the Issuer and the Governmental Agency have determined to enter into this First Amendment to Assistance Agreement to set forth their respective duties, rights, covenants, and obligations with respect to the repayment of the Loan and the Obligations and the interest thereon;

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

Section 1. Definitions. Unless the context clearly indicates some other meaning or as otherwise set forth below, the words and terms defined in the Assistance Agreement shall apply for the purposes of this First Amendment and Supplement to Assistance Agreement. In addition, the following terms shall have the meanings set forth below:

"*Assistance Agreement*" refers to the Assistance Agreement between the Issuer and the Governmental Agency, dated June 27, 2001, authorizing the Loan.

"*First Amendment to Assistance Agreement*" refers to this First Amendment and Supplement to Assistance Agreement supplementing and amending the Assistance Agreement, which authorized the Loan and the Obligations.

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 52, dated March 27, 2013, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing May 1, 2013 and continuing through and including January 1, 2024 or until the Loan has been paid in full.

"*Loan*" refers to the loan in the amount of \$374,000, dated June 27, 2001, to the Governmental Agency from the Issuer, as amended herein.

"*Obligations*" refers to the Governmental Agency's obligations to make payments as required by the Assistance Agreements authorizing the Series 2001A Loan, as amended herein.

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

Section 2. Authorization of Obligations; Place of Payment; Manner of Execution. Section 3 of the Assistance Agreement is amended by the substitution of the following provisions:

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

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

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

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

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

Section 3. Redemption. Section 4 of the Assistance Agreement is amended by the substitution of the following provisions:

(a) *Optional Redemption.* The Obligations maturing on and prior to January 1, 2023 shall not be subject to optional redemption prior to maturity. Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after January 1, 2024 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after January 1, 2023 at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

Section 4. Revision of Debt Service Schedule and Amortization of Fees and Costs. Upon (i) the execution of this First Amendment to Assistance Agreement, (ii) the delivery of this First Amendment to Assistance Agreement to the Trustee, and (iii) certification of the Compliance Group that the Loan will continue to be accepted in the Program; the Issuer will amend the debt service schedule on the Governmental Agency's Loan as evidenced in the attached Exhibit A, which debt service schedule will amortize the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

Section 5. Calculation of Revised Principal Amount of the Loan. The revised principal amount of the Loan is \$215,000, which amount was calculated as follows:

Outstanding principal balance of the Loan on March 27, 2013	229,000.00
Plus accrued interest	3,082.44
Plus fee to bondholders for early call of the Loan	0.00
Plus net costs associated with amending the debt service on the Loan	(14,317.00)
Plus deposit to Governmental Agency's Sinking Fund (rounding)	3,557.28
Credit for current balance in Governmental Agency's Sinking Fund	<u>(6,322.72)</u>
Revised principal amount of the Loan	\$215,000.00

[Signature page follows]

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

PENDLETON COUNTY WATER DISTRICT

By *L.R. Faulkner*
Chairman

Attest:

By *Larry R. Adams*
Secretary

EXHIBIT A

Debt Service Schedule

KRWFC Flexible Term Program Series 2013 B
Sinking Fund Payment Schedule

Borrower: Pendleton County Water District
Closing Date: 03/27/13

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
5/13-7/13	2,222.22	968.32	3,190.54
8/13-1/14	2,222.22	716.25	2,938.47
2/14-8/14	1,666.67	677.92	2,344.58
8/14-1/15	1,666.67	677.92	2,344.58
2/15-7/15	1,666.67	622.92	2,289.58
8/15-1/16	1,666.67	622.92	2,289.58
2/16-7/16	1,666.67	567.92	2,234.58
8/16-1/17	1,666.67	567.92	2,234.58
2/17-7/17	1,666.67	496.25	2,162.92
8/17-1/18	1,666.67	496.25	2,162.92
2/18-7/18	1,666.67	424.58	2,091.25
8/18-1/19	1,666.67	424.58	2,091.25
2/19-7/19	2,083.33	352.92	2,436.25
8/19-1-20	2,083.33	352.92	2,436.25
2/20-7/20	2,083.33	263.33	2,346.67
8/20-1/21	2,083.33	263.33	2,346.67
2/21-7/21	1,250.00	173.75	1,423.75
8/21-1/22	1,250.00	173.75	1,423.75
2/22-7/22	1,250.00	120.00	1,370.00
8/22-1/23	1,250.00	120.00	1,370.00
2/23-7/23	1,250.00	60.00	1,310.00
8/23-1/24	1,250.00	60.00	1,310.00
2/24-7/24	-	-	-
	<u>215,000.00</u>	<u>52,373.00</u>	<u>267,373.00</u>

RESOLUTION

RESOLUTION OF THE PENDLETON COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN AMENDED ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF AMENDING CERTAIN OBLIGATIONS OF THE DISTRICT.

WHEREAS, the Board of Commissioners of the Pendleton County Water District (the "District") previously obtained a loan dated June 27, 2001, in the amount of \$374,000 (the "Series 2001A Loan") from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2001A (the "Series 2001A Bonds") to make improvements and extensions to the District's waterworks system (the "System"); and

WHEREAS, the Kentucky Rural Water Finance Corporation (the "Corporation") has determined that if the Corporation refunds the outstanding Series 2001A Bonds that the District can obtain debt service savings on its Series 2001A Loan; and

WHEREAS, the Board of Commissioners has determined that it is in the public interest to amend the outstanding Series 2001A Loan, in order for the District to obtain substantial debt service savings; and

WHEREAS, the District desires the Corporation to act as its agency and instrumentality for the purpose of issuing bonds to refund the Series 2001A Bonds for the purpose of amending the outstanding Series 2001A Loan and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such debt service savings, the District is required to enter into an Amended Assistance Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Pendleton County Water District as follows:

1. Authorization of Amended Assistance Agreement and the Series 2001A Loan Thereunder. The District hereby authorizes and approves an Amended Assistance Agreement for the Series 2001A Loan for the purpose of achieving debt service savings on its Series 2001A Loan all as agreed upon by the District and the Corporation.

2. Approval and Authorization of Execution of Amended Assistance Agreement. The Amended Assistance Agreement by and between the District and the Corporation in such form as may be approved by the Chairman, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Amended Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman,

or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the District. The Amended Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the District.

3. **Disbursement of Proceeds of Series 2001A Loan.** The District's officers, employees and agents are authorized to carry out the procedures specified in the Amended Assistance Agreement for the amendment of the Series 2001A Loan and for the payment from time to time of the costs and related expenses associated therewith.

4. **Revenues of the System.** The revenues of the System are determined to be sufficient to pay the principal of and interest on the Series 2001A Loan, as the same become due and payable; and said revenues, pursuant to the terms of the Amended Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Amended Assistance Agreement.

5. **Chairman and Other District Officials to Take Any Other Necessary Action.** Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, Treasurer, Secretary and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval for the amendment of the Obligations from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Amended Assistance Agreement.

6. **Severability Clause.** If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

7. **Captions of Clauses.** The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.


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

9. **Effective Date of Resolution.** This Resolution shall take effect from and after its adoption and approval.


[Signature Page Follows]

Adopted on November 30, 2012.

PENDLETON COUNTY WATER
DISTRICT

By 
Chairman

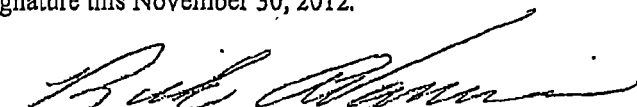
Attest:

By 
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the District at a meeting duly held on November 30, 2012; that said official action appears as a matter of public record in the official records or Journal of the Board of Commissioners; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this November 30, 2012.


Secretary

**CERTIFICATE OF OFFICERS OF
PENDLETON COUNTY WATER DISTRICT**

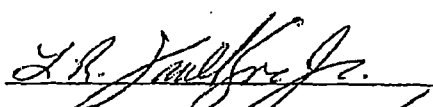
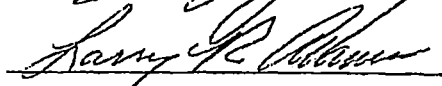
Re: Amendment dated March 27, 2013 to the Loan in the original principal amount of \$374,000, dated June 27, 2001, to the Pendleton County Water District from the Kentucky Rural Water Finance Corporation Public Projects Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001.

The undersigned officials of the Pendleton County Water District (the "District") under the Assistance Agreement, dated June 27, 2001, as amended by the First Amendment and Supplement to Assistance Agreement, of even date herewith (collectively, the "Agreement") between the District and the Kentucky Rural Water Finance Corporation ("KRWFC"), do hereby certify as follows:

1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the District, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the District.

2. That the District is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to operate a waterworks system (the "System") and to carry on its business as now being conducted.

3. That the below-named persons were on the date or dates of the execution of the First Amendment and Supplement to Assistance Agreement and are on the date of this Certificate the duly elected or appointed and qualified incumbents of the respective offices of the District set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
L.R. Faulkner, Jr.	Chairman	
Larry Adams	Secretary	

4. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Board of Commissioners of the District on November 30, 2012 (the "Resolution"), authorizing the appropriate officials of the District to execute the First Amendment and Supplement to Assistance Agreement. The Resolution was duly adopted in accordance with all applicable laws.

5. The First Amendment and Supplement to Assistance Agreement has been duly authorized, executed and delivered by the District and constitutes a legal, valid and binding obligation of the District, enforceable against the District in accordance with its terms.

6. The representations and warranties of the District made in the Agreement are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Resolution has not been amended or supplemented and is in full force and effect; and the Agreement has been entered into and is in full force and effect.

7. The District is not in default under or in violation of (i) any provisions of applicable law, (ii) the Agreement, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, bond, order, judgment, decree or other instrument or

restriction of any kind or character to which it is a party or by which it or its properties are or may be bound, or to which it or any of its assets is subject, which default would have a material adverse effect on the condition, financial or otherwise, of the District or on the ability of the District to perform its obligations under the Agreement. Neither the execution and delivery of the Agreement nor compliance by the District with the terms, conditions and provisions of the Agreement will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

8. Since the date of the financial information provided to KRWFC, there have not been any material adverse changes in the business, properties, condition (financial or otherwise) or results of operations of the District, whether or not arising from transactions in the ordinary course of business, and since such date, except in the ordinary course of business, the District has not entered into any transaction or incurred any liability material to the financial position of the District.

9. There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or, to the best of our knowledge, threatened against or affecting the District wherein an unfavorable decision, ruling or finding would materially adversely affect the business, properties, condition (financial or otherwise) or the results of operations of the District or the ability of the District to perform its obligations under the Agreement.

10. All authorizations, consents and approvals of, notices to, registrations or filings with, or other actions in respect of or by, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the District of the Agreement have been duly obtained, given or taken (and copies thereof have been provided to KRWFC).

11. Any certificate signed by any official of the District and delivered to KRWFC will be deemed to be a representation by the District to KRWFC as to the statements made therein.

12. That we are familiar with the provisions of the Agreement, and we hereby certify that on March 27, 2013 or immediately thereafter, the costs to amend the Loan authorized by the Agreement were applied or will be applied as itemized in the Schedules prepared by Raymond James & Associates, Inc. attached hereto as Exhibit A, and this certification constitutes the instruction to and authorization of the Trustee to make such payments and deposits specified in said Exhibit A.

WITNESS our hands this March 27, 2013.

PENDLETON COUNTY WATER
DISTRICT

By 
Chairman

Attest:


By 
Secretary

EXHIBIT A

Final

\$215,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
Pendleton County Water District

Sources & Uses

Dated 03/27/2013 | Delivered 03/27/2013

Sources Of Funds

Par Amount of Bonds	\$215,000.00
Reoffering Premium	24,225.45
Transfers from Prior Issue Debt Service Funds	4,888.29
Additional Funds in Regions Account	1,434.43

Total Sources **\$245,548.17**

Uses Of Funds

Total Underwriter's Discount (0.783%)	1,683.45
Costs of Issuance	8,225.00
Deposit to Current Refunding Fund	232,082.44
Rounding Amount	3,557.28

Total Uses **\$245,548.17**

Final

\$215,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
Pendleton County Water District

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2013	2,960.50	2,960.50	6,164.88	3,204.38
12/31/2014	28,365.00	28,365.00	28,860.13	495.13
12/31/2015	27,805.00	27,805.00	28,893.25	1,088.25
12/31/2016	27,145.00	27,145.00	28,871.13	1,726.13
12/31/2017	26,385.00	26,385.00	28,793.76	2,408.76
12/31/2018	25,525.00	25,525.00	28,661.13	3,136.13
12/31/2019	24,665.00	24,665.00	29,445.63	4,780.63
12/31/2020	28,697.50	28,697.50	30,119.63	1,422.13
12/31/2021	27,622.50	27,622.50	29,759.50	2,137.00
12/31/2022	16,762.50	16,762.50	21,600.75	4,838.25
12/31/2023	16,080.00	16,080.00	21,596.50	5,516.50
12/31/2024	15,360.00	15,360.00	21,540.75	6,180.75
Total	\$267,373.00	\$267,373.00	\$304,307.04	\$36,934.04

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	36,934.04
Gross PV Debt Service Savings	30,767.08
Net PV Cashflow Savings @ 3.039%(Bond Yield)	30,767.08
Transfers from Prior Issue Debt Service Fund	(4,888.29)
Contingency or Rounding Amount	3,557.28
Net Present Value Benefit	\$29,436.07
Net PV Benefit / \$229,000 Refunded Principal	12.854%
Net Future Value Benefit	\$35,603.03
Net PV Benefit / \$215,000 Refunding Principal	13.691%
Average Annual Cash Flow Savings	3,357.64
Refunding Bond Information	
Refunding Dated Date	3/27/2013
Refunding Delivery Date	3/27/2013

Final

\$215,000

Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program
 Pendleton County Water District

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/27/2013	-	-	-	-	-
08/01/2013	-	-	2,960.50	2,960.50	-
12/31/2013	-	-	-	-	2,960.50
02/01/2014	20,000.00	2.300%	4,297.50	24,297.50	-
08/01/2014	-	-	4,067.50	4,067.50	-
12/31/2014	-	-	-	-	28,365.00
02/01/2015	20,000.00	3.300%	4,067.50	24,067.50	-
08/01/2015	-	-	3,737.50	3,737.50	-
12/31/2015	-	-	-	-	27,805.00
02/01/2016	20,000.00	3.300%	3,737.50	23,737.50	-
08/01/2016	-	-	3,407.50	3,407.50	-
12/31/2016	-	-	-	-	27,145.00
02/01/2017	20,000.00	4.300%	3,407.50	23,407.50	-
08/01/2017	-	-	2,977.50	2,977.50	-
12/31/2017	-	-	-	-	26,385.00
02/01/2018	20,000.00	4.300%	2,977.50	22,977.50	-
08/01/2018	-	-	2,547.50	2,547.50	-
12/31/2018	-	-	-	-	25,525.00
02/01/2019	20,000.00	4.300%	2,547.50	22,547.50	-
08/01/2019	-	-	2,117.50	2,117.50	-
12/31/2019	-	-	-	-	24,665.00
02/01/2020	25,000.00	4.300%	2,117.50	27,117.50	-
08/01/2020	-	-	1,580.00	1,580.00	-
12/31/2020	-	-	-	-	28,697.50
02/01/2021	25,000.00	4.300%	1,580.00	26,580.00	-
08/01/2021	-	-	1,042.50	1,042.50	-
12/31/2021	-	-	-	-	27,622.50
02/01/2022	15,000.00	4.300%	1,042.50	16,042.50	-
08/01/2022	-	-	720.00	720.00	-
12/31/2022	-	-	-	-	16,762.50
02/01/2023	15,000.00	4.800%	720.00	15,720.00	-
08/01/2023	-	-	360.00	360.00	-
12/31/2023	-	-	-	-	16,080.00
02/01/2024	15,000.00	4.800%	360.00	15,360.00	-
12/31/2024	-	-	-	-	15,360.00
Total	\$215,000.00	-	\$52,373.00	\$267,373.00	-

Yield Statistics

Bond Year Dollars	\$1,211.56
Average Life	5.635 Years
Average Coupon	4.3227898%
Net Interest Cost (NIC)	2.4622065%
True Interest Cost (TIC)	2.2841068%
Bond Yield for Arbitrage Purposes	3.0391218%
All Inclusive Cost (AIC)	2.9876045%
IRS Form 8038	
Net Interest Cost	2.0443725%
Weighted Average Maturity	5.755 Years

Raymond James

Final

\$215,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
Pendleton County Water District

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
12/31/2013	-	-	2,960.50	2,960.50	2,960.50
12/31/2014	20,000.00	2.300%	8,365.00	28,365.00	28,365.00
12/31/2015	20,000.00	3.300%	7,805.00	27,805.00	27,805.00
12/31/2016	20,000.00	3.300%	7,145.00	27,145.00	27,145.00
12/31/2017	20,000.00	4.300%	6,385.00	26,385.00	26,385.00
12/31/2018	20,000.00	4.300%	5,525.00	25,525.00	25,525.00
12/31/2019	20,000.00	4.300%	4,665.00	24,665.00	24,665.00
12/31/2020	25,000.00	4.300%	3,697.50	28,697.50	28,697.50
12/31/2021	25,000.00	4.300%	2,622.50	27,622.50	27,622.50
12/31/2022	15,000.00	4.300%	1,762.50	16,762.50	16,762.50
12/31/2023	15,000.00	4.800%	1,080.00	16,080.00	16,080.00
12/31/2024	15,000.00	4.800%	360.00	15,360.00	15,360.00
Total	\$215,000.00	-	\$52,373.00	\$267,373.00	\$267,373.00

Final

\$215,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
Pendleton County Water District

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/01/2014	Serial Coupon	2.300%	0.797%	20,000.00	101.262%	20,252.40
02/01/2015	Serial Coupon	3.300%	0.892%	20,000.00	104.395%	20,879.00
02/01/2016	Serial Coupon	3.300%	1.039%	20,000.00	106.319%	21,263.80
02/01/2017	Serial Coupon	4.300%	1.282%	20,000.00	111.285%	22,257.00
02/01/2018	Serial Coupon	4.300%	1.540%	20,000.00	112.836%	22,567.20
02/01/2019	Serial Coupon	4.300%	1.809%	20,000.00	113.757%	22,751.40
02/01/2020	Serial Coupon	4.300%	2.058%	25,000.00	114.244%	28,561.00
02/01/2021	Serial Coupon	4.300%	2.278%	25,000.00	114.451%	28,612.75
02/01/2022	Serial Coupon	4.300%	2.478%	15,000.00	114.392%	17,158.80
02/01/2023	Serial Coupon	4.800%	2.824%	15,000.00	116.879%	17,531.85
02/01/2024	Serial Coupon	4.800%	2.925%	15,000.00	115.935%	17,390.25
Total	-	-	-	\$215,000.00	-	\$239,225.45

Bid Information

Par Amount of Bonds	\$215,000.00
Reoffering Premium or (Discount)	24,225.45
Gross Production	\$239,225.45
Total Underwriter's Discount (0.783%)	\$(1,683.45)
Bid (110.485%)	237,542.00
Total Purchase Price	\$237,542.00
Bond Year Dollars	\$1,211.56
Average Life	5.635 Years
Average Coupon	4.3227898%
Net Interest Cost (NIC)	2.4622065%
True Interest Cost (TIC)	2.2841068%

Final

\$374,000

Series 2001 A

Pendleton County Water District

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	6,164.88	6,164.88
12/31/2014	17,000.00	-	11,860.13	28,860.13
12/31/2015	18,000.00	-	10,893.25	28,893.25
12/31/2016	19,000.00	-	9,871.13	28,871.13
12/31/2017	20,000.00	-	8,793.76	28,793.76
12/31/2018	21,000.00	-	7,661.13	28,661.13
12/31/2019	23,000.00	-	6,445.63	29,445.63
12/31/2020	25,000.00	-	5,119.63	30,119.63
12/31/2021	26,000.00	-	3,759.50	29,759.50
12/31/2022	19,000.00	-	2,600.75	21,600.75
12/31/2023	20,000.00	-	1,596.50	21,596.50
12/31/2024	21,000.00	5.150%	540.75	21,540.75
Total	\$229,000.00	-	\$75,307.04	\$304,307.04

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/27/2013
Average Life	5.953 Years
Average Coupon	5.3078480%
Weighted Average Maturity (Par Basis)	5.953 Years

Refunding Bond Information

Refunding Dated Date	3/27/2013
Refunding Delivery Date	3/27/2013

Final

\$374,000

Series 2001 A

Pendleton County Water District

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Prinicipal	Coupon	Interest	Refunded D/S
12/31/2013	229,000.00	3,082.44	232,082.44	-	-	6,164.88	6,164.88
12/31/2014	-	-	-	17,000.00	-	11,860.13	28,860.13
12/31/2015	-	-	-	18,000.00	-	10,893.25	28,893.25
12/31/2016	-	-	-	19,000.00	-	9,871.13	28,871.13
12/31/2017	-	-	-	20,000.00	-	8,793.76	28,793.76
12/31/2018	-	-	-	21,000.00	-	7,661.13	28,661.13
12/31/2019	-	-	-	23,000.00	-	6,445.63	29,445.63
12/31/2020	-	-	-	25,000.00	-	5,119.63	30,119.63
12/31/2021	-	-	-	26,000.00	-	3,759.50	29,759.50
12/31/2022	-	-	-	19,000.00	-	2,600.75	21,600.75
12/31/2023	-	-	-	20,000.00	-	1,596.50	21,596.50
12/31/2024	-	-	-	21,000.00	-	540.75	21,540.75
Total	\$229,000.00	\$3,082.44	\$232,082.44	\$229,000.00	-	\$75,307.04	\$304,307.04

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/27/2013
Average Life	5.953 Years
Average Coupon	5.3078480%
Weighted Average Maturity (Par Basis)	5.953 Years

Refunding Bond Information

Refunding Dated Date	3/27/2013
Refunding Delivery Date	3/27/2013

POWER OF ATTORNEY AND AFFIDAVIT

The affiant, L.R. Faulkner, Jr., being first duly sworn, states as follows:

1. That Affiant is the Chairman of Pendleton County Water District;
2. That Affiant has read the Application for Approval to Issue Securities;
3. That the contents of the Application that relate to Pendleton County Water District are accurate and correct; and
4. That Affiant, on behalf of Pendleton County Water District, hereby appoints the Kentucky Rural Water Finance Corporation to be its Attorney in Fact to apply to and obtain from the Kentucky Public Service Commission all necessary authorizations for Pendleton County Water District to enter into a supplemental or amended assistance agreement with the Kentucky Rural Water Finance Corporation in order to revise the existing assistance agreements that are the subject of the Application.


L.R. Faulkner, Jr., Chairman

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF PENDLETON)

Subscribed, sworn to and acknowledged before me by L.R. Faulkner, Jr., the Chairman of Pendleton County Water District on this 25 day of January, 2013.


Notary Public

My Commission expires: 5/5/14

POWER OF ATTORNEY AND AFFIDAVIT


The affiant, L.R. Faulkner, Jr., being first duly sworn, states as follows:

1. That Affiant is the Chairman of Pendleton County Water District;
2. That Affiant has read the Application for Approval to Issue Securities;
3. That the contents of the Application that relate to Pendleton County Water District are accurate and correct; and
4. That Affiant, on behalf of Pendleton County Water District, hereby appoints the Kentucky Rural Water Finance Corporation to be its Attorney in Fact to apply to and obtain from the Kentucky Public Service Commission all necessary authorizations for Pendleton County Water District to enter into a supplemental or amended assistance agreement with the Kentucky Rural Water Finance Corporation in order to revise the existing assistance agreements that are the subject of the Application.


 L.R. Faulkner, Jr., Chairman

COMMONWEALTH OF KENTUCKY)
) SS
 COUNTY OF PENDLETON)

Subscribed, sworn to and acknowledged before me by L.R. Faulkner, Jr., the Chairman of Pendleton County Water District on this 25 day of January, 2013.


 Notary Public

My Commission expires: 5/15/14

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

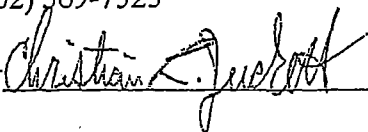
AND

PENDLETON COUNTY WATER DISTRICT

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By



INDEX TO ASSISTANCE AGREEMENT

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

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the 27th day of June, 2001 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Pendleton County Water District, of Pendleton and Campbell Counties, Kentucky (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer has determined to issue under its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001 (the "Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and Fifth Third Bank, trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to finance improvements to the Governmental Agency's waterworks system and to refinance and currently refund certain outstanding indebtedness of said Governmental Agency (the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Issuer has found and determined that the Project will be in furtherance of the purposes of the Issuer and the Governmental Agency under the Act; and

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

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

WHEREAS, the Governmental Agency, presently owns and operates the waterworks system (the "System") of said Governmental Agency; and

WHEREAS, the Governmental Agency has heretofore issued its Pendleton County Water District Waterworks Revenue Bonds of 1987, dated February 25, 1988 (the "Series 1987 Bonds") in the original principal amount of \$273,000, authorized by a resolution adopted by the Board of Commissioners (the "Governing Body") on April 13, 1987 (the "1987 Bond Legislation"); and

WHEREAS, the Governmental Agency has heretofore incurred certain indebtedness to Farmers National Bank, Butler, Kentucky (the "Bank Loan"); and

WHEREAS, the Governmental Agency has found and determined that it is in the public interest to refinance and currently refund the Series 1987 Bonds and to pay down the balance on the Bank Loan in order to achieve interest savings; and

WHEREAS, the Governmental Agency has heretofore issued its Prior Bonds (as hereinafter defined); and

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$374,000 [the "Obligations"], for the purpose of providing funds for the refinancing of the Series 1987 Bonds and Bank Loan and for the Project, and to reaffirm the conditions and restrictions whereunder similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

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

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

"*Bank Loan*" refers to the District's outstanding balance on a line of credit from the Farmers National Bank, Butler, Kentucky.

"*Bond Counsel*" refers to a nationally recognized firm of Bond Counsel which firm has prepared the legal proceedings for the Obligations, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Obligations and the tax exemption of the interest thereon.

"*Bond Legislation of 1977*" or "*1977 Bond Legislation*" refers to the resolution authorizing the Series 1977 Bonds, which was adopted by the Governing Body on August 22, 1977.

"*Bond Legislation of 1987*" or "*1987 Bond Legislation*" refers to the resolution authorizing the Series 1987 Bonds, which was adopted by the Governing Body on April 13, 1987.

"*Bond Legislation of 1997*" or "*1997 Bond Legislation*" refers to the resolution authorizing the Series 1997 Bonds, which was adopted by the Governing Body on May 8, 1997.

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

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

"*Bonds of 1977*" or "*Series 1977 Bonds*" refer to the outstanding Pendleton County Water District Waterworks Revenue Bonds of 1977, dated May 26, 1978, in the original authorized principal amount of \$263,000.

"*Bonds of 1987*" or "*Series 1987 Bonds*" refer to the outstanding Pendleton County Water District Waterworks Revenue Bonds of 1987, dated February 25, 1988, in the original authorized principal amount of \$273,000.

"*Bonds of 1997*" or "*Series 1997 Bonds*" refer to the outstanding Pendleton County Water District Waterworks Revenue Bonds, Series 1997, dated April 2, 1998, in the original authorized principal amount of \$747,000.

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

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

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

"*Depository Bank*" refers to the bank or banks in which the Funds referred to in this Assistance Agreement will be deposited and maintained as the depository(ies) for such Funds; as determined by the Governmental Agency.

"*Depreciation Fund*" refers to the Pendleton County Water District Depreciation Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

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

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

"*Governmental Agency*" refers to the Pendleton County Water District.

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

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

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

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental mortgage, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing July 1, 2001 and continuing through and including January 1, 2024 or until the Loan has been paid in full.

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

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$374,000.

"*Operation and Maintenance Fund*" refers to the "Pendleton County Water District Operation and Maintenance Fund" created in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

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

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

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

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to

the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;

- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;
- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;
- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;
- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:
 - (i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;
 - (ii) The management company of the investment company shall have been in operation for at least five (5) years; and
 - (iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

"Prior Bond Legislation" refers collectively to the 1977 Bond Legislation and the 1997 Bond Legislation.

"Prior Bonds" refers collectively to the Series 1977 Bonds and the Series 1997 Bonds.

"*Project*" refers to the refinancing and current refunding of the Governmental Agency's Series 1987 Bonds and the Bank Loan with the proceeds of the Obligations, and the construction of additions, extensions and improvements to the System.

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

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

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

"*Record Date*" shall mean with respect to any Interest Payment Date, the close of business on the 15th day next preceding such Interest Payment Date, whether or not such day is a business day.

"*Requisition Certificate*" means the form attached hereto as Exhibit C to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Governmental Agency Account as construction of the Project progresses.

"*Revenue Fund*" refers to the Pendleton County Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"*Sinking Fund*" refers to the Pendleton County Water District Sinking Fund created in the Prior Bond Legislation and which Sinking Fund will continue to be maintained for the benefit of all of the Bonds.

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

"*Treasurer*" refers to the Treasurer of the Governmental Agency.

"*Trustee*" refers to Fifth Third Bank, Cincinnati, Ohio.

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

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a municipal waterworks system are hereby in all respects ratified and confirmed; and so long as any of the obligations hereinafter authorized or permitted to be issued

remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of said obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$374,000 from the Program, for the purpose of providing funds for the Project. Said Obligations shall mature on each January 1 beginning January 1, 2002 and continuing thereafter through and until January 1, 2024, in such principal amounts, and shall bear interest payable on the Interest Payment Dates, commencing July 1, 2001 in the maturities and at the interest rates set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Dates, beginning July 1, 2001 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") attached hereto as Exhibit B. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before the first day of each month, from the Sinking Fund, the amounts hereinafter specified:

- (1) An amount equal to one-sixth ($1/6$) of the interest becoming due on the Obligations on the next succeeding interest due date [provided that for the first seven payments one-seventh ($1/7$) of the interest due on the Obligations on the next succeeding interest due date], and subject to a credit for the amount on deposit in the Sinking Fund transferred thereto on the date of issue of the Obligations; plus
- (2) An amount equal to one-twelfth ($1/12$) of the principal amount of all Obligations maturing on the next succeeding January 1 [provided that for the first seven payments one-seventh ($1/7$) of the principal due on the Obligations on January 1, 2002].

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, in each month, pursuant to the ACH Debit Direct Payment Method an amount equal to at least $1/12$ of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the

investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption. (a) *Optional Redemption.* Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2012, are subject to redemption, in whole or in part, at any time, by the Governmental Agency prior to their stated maturities, on any date falling on or after January 1, 2011, upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
January 1, 2011 through December 31, 2011	102%
January 1, 2012 through December 31, 2012	101%
January 1, 2013 and thereafter	100%

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

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

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

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds

and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

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

B. Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for additional debt service requirements of the Obligations.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, including the Obligations, a sum equal to the total of the following:

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

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

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

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

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

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

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

Section 8. Disposition of Proceeds of the Loan; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

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

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

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Pendleton County Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of additions and improvements to and the construction of the Project.

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

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

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate delivered to the Trustee which has been approved by the Engineers having charge of supervising such acquisition, improvement and construction, and countersigned by the Governmental Agency Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Governmental Agency for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Governmental Agency in connection with said Project.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the acquisition, improvement and construction of the Project in accordance with the contracts, plans and specifications approved by the Governmental Agency.

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations

from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations. (1) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

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

- (a) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and
- (b) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(3) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Section 9(1) above.

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

- (a) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.
- (b) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

- (c) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.
- (d) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.
- (e) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.
- (f) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

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

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

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

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

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

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least 120% of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, including such requirements of the Prior Bonds, the Current Bonds, any Parity Bonds then outstanding plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

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

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

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

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Farmers Home Administration or its successor [the "FHA"] for the issuance of future bonds encumbering the System while the FHA holds any bonds payable from the revenues of the System.

The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(1) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(2) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all first lien bonds which will then be outstanding against the System.

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

(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 average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

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

Section 11. Rates and Charges for Services of the System. While any Bonds are outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the outstanding Bonds and the accruing interest on all such Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the annual net revenues (defined as gross revenues less current expenses) of the then existing System for the

fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

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

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided (a) that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

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

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

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated

bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

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

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the

Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance. (a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

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

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

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

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

Section 19. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

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

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

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

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

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

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

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2001) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;

- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

Secretary/Treasurer

PENDLETON COUNTY WATER DISTRICT

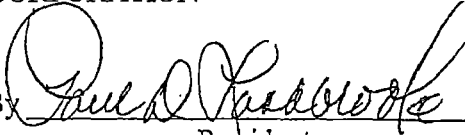
By J C Crowley
Chairman

Attest:

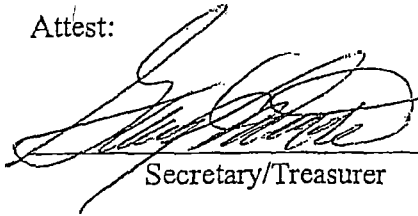
A. J. Zimmerman
Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By 
President

Attest:


Secretary/Treasurer

PENDLETON COUNTY WATER DISTRICT

By _____
Chairman

Attest:

Secretary

ISSUER ACKNOWLEDGMENT

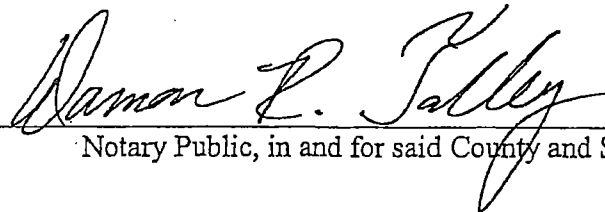
COMMONWEALTH OF KENTUCKY

COUNTY OF WARREN

The foregoing instrument was acknowledged before me this 27th day of June, 2001 by Paul Lashbrooke who is the President of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this 27th day of June, 2001.

My Commission expires: 6-9-2003.



Notary Public, in and for said County and State

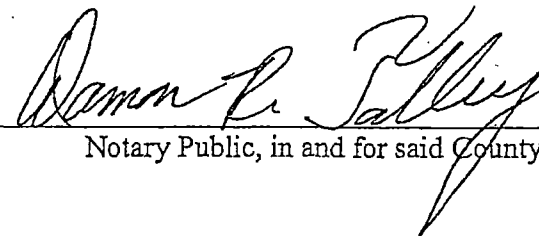
COMMONWEALTH OF KENTUCKY

COUNTY OF WARREN

The foregoing instrument was acknowledged before me this 27th day of June, 2001 by Gary Larimore who is the Secretary/Treasurer of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this 27th day of June, 2001.

My Commission expires: 6-9-2003.



Notary Public, in and for said County and State

GOVERNMENTAL AGENCY ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF PENDLETON

The foregoing instrument was acknowledged before me this 21st day of June, 2001 by J.C. Crowley and H.T. Ammerman who are the Chairman and Secretary of the Pendleton County Water District, on behalf of said District.

WITNESS my hand this June 21, 2001.

My Commission expires: 4-8-02.

Cheri B. Wright

Notary Public, in and for said County and State

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE - TERM FINANCE PROGRAM

Borrower: Pendleton County Water District
 Dated Date: 06/27/01

Borrower Payment Schedule

EXHIBIT A

Payment Date	Principal	Interest	Trustee Fees	Total	Fiscal Total	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments	
06/27/01									
01/01/02	14,000.00	11,343.33	250.00	25,593.33		7/1-1/2	2,000.00	1,620.48	3,620.48
07/01/02	0.00	9,250.63	0.00	9,250.63	34,843.96	2/2-7/2	750.00	1,541.77	2,291.77
01/01/03	9,000.00	9,250.63	250.00	18,500.63		8/2-1/3	750.00	1,541.77	2,291.77
07/01/03	0.00	9,063.88	0.00	9,063.88	27,564.51	2/3-7/3	750.00	1,510.65	2,260.65
01/01/04	9,000.00	9,063.88	250.00	18,313.88		8/3-1/4	750.00	1,510.65	2,260.65
07/01/04	0.00	8,877.13	0.00	8,877.13	27,191.01	2/4-7/4	916.67	1,479.52	2,396.19
01/01/05	11,000.00	8,877.13	250.00	20,127.13		8/4-1/5	916.67	1,479.52	2,396.19
07/01/05	0.00	8,648.88	0.00	8,648.88	28,776.01	2/5-7/5	916.67	1,441.48	2,358.15
01/01/06	11,000.00	8,648.88	250.00	19,898.88		8/5-1/6	916.67	1,441.48	2,358.15
07/01/06	0.00	8,420.63	0.00	8,420.63	28,319.51	2/6-7/6	916.67	1,403.44	2,320.11
01/01/07	11,000.00	8,420.63	250.00	19,670.63		8/6-1/7	916.67	1,403.44	2,320.11
07/01/07	0.00	8,164.88	0.00	8,164.88	27,835.51	2/7-7/7	1,000.00	1,360.81	2,360.81
01/01/08	12,000.00	8,164.88	250.00	20,414.88		8/7-1/8	1,000.00	1,360.81	2,360.81
07/01/08	0.00	7,885.88	0.00	7,885.88	28,300.76	2/8-7/8	1,000.00	1,314.31	2,314.31
01/01/09	12,000.00	7,885.88	250.00	20,135.88		8/8-1/9	1,000.00	1,314.31	2,314.31
07/01/09	0.00	7,606.88	0.00	7,606.88	27,742.76	2/9-7/9	1,000.00	1,267.81	2,267.81
01/01/10	12,000.00	7,606.88	250.00	19,856.88		8/9-1/10	1,000.00	1,267.81	2,267.81
07/01/10	0.00	7,297.88	0.00	7,297.88	27,154.76	2/10-7/10	1,166.67	1,216.31	2,382.98
01/01/11	14,000.00	7,297.88	250.00	21,547.88		8/10-1/11	1,166.67	1,216.31	2,382.98
07/01/11	0.00	6,937.38	0.00	6,937.38	28,485.26	2/11-7/11	1,166.67	1,156.23	2,322.90
01/01/12	14,000.00	6,937.38	250.00	21,187.38		8/11-1/12	1,166.67	1,156.23	2,322.90
07/01/12	0.00	6,576.88	0.00	6,576.88	27,764.26	2/12-7/12	1,333.33	1,096.15	2,429.48
01/01/13	16,000.00	6,576.88	250.00	22,826.88		8/12-1/13	1,333.33	1,096.15	2,429.48
07/01/13	0.00	6,164.88	0.00	6,164.88	28,991.76	2/13-7/13	1,416.67	1,027.48	2,444.15
01/01/14	17,000.00	6,164.88	250.00	23,414.88		8/13-1/14	1,416.67	1,027.48	2,444.15
07/01/14	0.00	5,695.25	0.00	5,695.25	29,110.13	2/14-7/14	1,500.00	949.21	2,449.21
01/01/15	18,000.00	5,695.25	250.00	23,945.25		8/14-1/15	1,500.00	949.21	2,449.21
07/01/15	0.00	5,198.00	0.00	5,198.00	29,143.25	2/15-7/15	1,583.33	866.33	2,449.67
01/01/16	19,000.00	5,198.00	250.00	24,448.00		8/15-1/16	1,583.33	866.33	2,449.67
07/01/16	0.00	4,673.13	0.00	4,673.13	29,121.13	2/16-7/16	1,666.67	778.86	2,445.52
01/01/17	20,000.00	4,673.13	250.00	24,923.13		8/16-1/17	1,666.67	778.86	2,445.52
07/01/17	0.00	4,120.63	0.00	4,120.63	29,043.76	2/17-7/17	1,750.00	686.77	2,436.77
01/01/18	21,000.00	4,120.63	250.00	25,370.63		8/17-1/18	1,750.00	686.77	2,436.77
07/01/18	0.00	3,540.50	0.00	3,540.50	28,911.13	2/18-7/18	1,916.67	590.08	2,506.75
01/01/19	23,000.00	3,540.50	250.00	26,790.50		8/18-1/19	1,916.67	590.08	2,506.75
07/01/19	0.00	2,905.13	0.00	2,905.13	29,695.63	2/19-7/19	2,083.33	484.19	2,567.52
01/01/20	25,000.00	2,905.13	250.00	28,155.13		8/19-1-20	2,083.33	484.19	2,567.52
07/01/20	0.00	2,214.50	0.00	2,214.50	30,369.63	2/20-7/20	2,166.67	369.08	2,535.75
01/01/21	26,000.00	2,214.50	250.00	28,464.50		8/20-1/21	2,166.67	369.08	2,535.75
07/01/21	0.00	1,545.00	0.00	1,545.00	30,009.50	2/21-7/21	1,583.33	257.50	1,840.83
01/01/22	19,000.00	1,545.00	250.00	20,795.00		8/21-1/22	1,583.33	257.50	1,840.83
07/01/22	0.00	1,055.75	0.00	1,055.75	21,850.75	2/22-7/22	1,666.67	175.96	1,842.63
01/01/23	20,000.00	1,055.75	250.00	21,305.75		8/22-1/23	1,666.67	175.96	1,842.63
07/01/23	0.00	540.75	0.00	540.75	21,846.50	2/23-7/23	1,750.00	90.13	1,840.13
01/01/24	21,000.00	540.75	250.00	21,790.75		8/23-1/24	1,750.00	90.13	1,840.13
07/01/24	0.00	0.00	0.00	0.00	21,790.75	2/24-7/24	0.00	0.00	0.00
Totals	374,000.00	264,112.23	5,750.00	643,862.23					
						374,000.00	264,112.23	638,112.23	

KY Rural Water Revenue Bonds, Series 2015B

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2015 B

Borrower: Pendleton County Water District
 Closing Date: 02/19/15

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
02/19/15						
07/01/15			17,128.13		17,128.13	17,128.13
01/01/16	35,000.00	2.250%	19,031.25	450.00	54,481.25	
07/01/16			18,637.50		18,637.50	73,118.75
01/01/17	35,000.00	2.250%	18,637.50	450.00	54,087.50	
07/01/17			18,243.75		18,243.75	72,331.25
01/01/18	35,000.00	2.250%	18,243.75	450.00	53,693.75	
07/01/18			17,850.00		17,850.00	71,543.75
01/01/19	40,000.00	2.250%	17,850.00	450.00	58,300.00	
07/01/19			17,400.00		17,400.00	75,700.00
01/01/20	40,000.00	2.250%	17,400.00	450.00	57,850.00	
07/01/20			16,950.00		16,950.00	74,800.00
01/01/21	40,000.00	2.250%	16,950.00	450.00	57,400.00	
07/01/21			16,500.00		16,500.00	73,900.00
01/01/22	40,000.00	3.250%	16,500.00	450.00	56,950.00	
07/01/22			15,850.00		15,850.00	72,800.00
01/01/23	45,000.00	3.250%	15,850.00	450.00	61,300.00	
07/01/23			15,118.75		15,118.75	76,418.75
01/01/24	45,000.00	3.250%	15,118.75	450.00	60,568.75	
07/01/24			14,387.50		14,387.50	74,956.25
01/01/25	45,000.00	3.250%	14,387.50	450.00	59,837.50	
07/01/25			13,656.25		13,656.25	73,493.75
01/01/26	45,000.00	3.250%	13,656.25	450.00	59,106.25	
07/01/26			12,925.00		12,925.00	72,031.25
01/01/27	50,000.00	3.250%	12,925.00	450.00	63,375.00	
07/01/27			12,112.50		12,112.50	75,487.50
01/01/28	50,000.00	3.250%	12,112.50	450.00	62,562.50	
07/01/28			11,300.00		11,300.00	73,862.50
01/01/29	55,000.00	3.250%	11,300.00	450.00	66,750.00	
07/01/29			10,406.25		10,406.25	77,156.25
01/01/30	55,000.00	3.250%	10,406.25	450.00	65,856.25	
07/01/30			9,512.50		9,512.50	75,368.75
01/01/31	60,000.00	3.250%	9,512.50	450.00	69,962.50	
07/01/31			8,537.50		8,537.50	78,500.00
01/01/32	60,000.00	3.250%	8,537.50	450.00	68,987.50	
07/01/32			7,562.50		7,562.50	76,550.00
01/01/33	65,000.00	3.375%	7,562.50	450.00	73,012.50	
07/01/33			6,465.63		6,465.63	79,478.13
01/01/34	65,000.00	3.375%	6,465.63	450.00	71,915.63	
07/01/34			5,368.75		5,368.75	77,284.38
01/01/35	70,000.00	3.500%	5,368.75	450.00	75,818.75	
07/01/35			4,143.75		4,143.75	79,962.50
01/01/36	70,000.00	3.500%	4,143.75	450.00	74,593.75	
07/01/36			2,918.75		2,918.75	77,512.50
01/01/37	75,000.00	3.500%	2,918.75	450.00	78,368.75	
07/01/37			1,606.25		1,606.25	79,975.00
01/01/38	20,000.00	3.500%	1,606.25	450.00	22,056.25	
07/01/38			1,256.25		1,256.25	23,312.50
01/01/39	20,000.00	3.500%	1,256.25	450.00	21,706.25	
07/01/39			906.25		906.25	22,612.50
01/01/40	25,000.00	3.625%	906.25	350.00	26,256.25	
07/01/40			453.13		453.13	26,709.38
01/01/41	25,000.00	3.625%	453.13	350.00	25,803.13	
07/01/41						25,803.13
Totals	<u>1,210,000.00</u>		<u>556,296.90</u>	<u>11,500.00</u>	<u>1,777,796.90</u>	<u>1,777,796.90</u>

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

PENDLETON COUNTY WATER DISTRICT

DATED

FEBRUARY 19, 2015

IN THE AMOUNT OF \$1,210,000

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

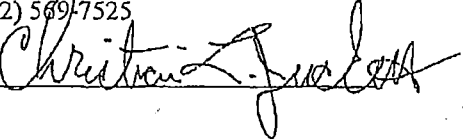
By 

TABLE OF CONTENTS TO ASSISTANCE AGREEMENT

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

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of February 19, 2015 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Pendleton County Water District, 331 Hwy 330 West, Falmouth, Kentucky 41040 (the "Governmental Agency"):

WITNESSETH

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

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

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

1. Pendleton County Water District Waterworks Revenue Series 1997, dated March 25, 1998, in the original authorized principal amount of \$747,000.
2. Pendleton County Water District Waterworks Revenue Bonds, Series 2004, dated January 28, 2005, in the original authorized principal amount of \$596,000.

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

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

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

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$1,210,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

Section 1. Definitions.

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

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

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

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

"*Bond Legislation of 1977*" or "*1977 Bond Legislation*" refer to the Resolution authorizing the Series 1977 Bonds, duly adopted by the Governing Body on August 22, 1977.

"*Bond Legislation of 1997*" or "*1997 Bond Legislation*" refer to the Resolution authorizing the Series 1997 Bonds, duly adopted by the Governing Body on May 8, 1997.

"*Bond Legislation of 2004*" or "*2004 Bond Legislation*" refer to the Resolution authorizing the Series 2004 Bonds, duly adopted by the Governing Body on February 26, 2004.

"*Bond Legislation of 2010*" or "*2010 Bond Legislation*" refer to the Resolution authorizing the Series 2010 Bonds, duly adopted by the Governing Body on December 17, 2009.

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

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

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

"*Chairman*" refers to the elected or appointed Chairman or Chairperson of the Governing Body.

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

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

"*Depreciation Fund*" refers to the Pendleton County Water District Waterworks Depreciation Reserve Fund, described in Section 2010 Bond Legislation.

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

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

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

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

"*Governmental Agency*" refers to the Pendleton County Water District, 331 Hwy 330 West, Falmouth, Kentucky 41040.

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

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

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

"*Interest Payment Date*" shall mean the 1st day of each month, commencing April 1, 2015 and continuing through and including January 1, 2041 or until the Loan has been paid in full.

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

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$1,210,000, maturing January 1, 2041.

"*Operation and Maintenance Fund*" refers to the Pendleton County Water District Waterworks Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"*Prior Bond Legislation*" refers to the 1977 Bond Legislation, Series 2001A Assistance Agreement, and 2010 Bond Legislation.

"*Prior Bonds*" collectively refers to the Series 1977 Bonds, Series 2001A Loan, and Series 2010 Bonds.

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

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

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

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

"*Refunded Bonds*" refers to the outstanding Series 1997 Bonds and Series 2004 Bonds.

"*Revenue Fund*" refers to the Pendleton County Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"*Series 1977 Bonds*" refers to the outstanding Pendleton County Water District Waterworks Revenue Bonds of 1977, dated May 26, 1978, in the original authorized principal amount of \$263,000.

"*Series 1997 Bonds*" refers to the outstanding Pendleton County Water District Waterworks Revenue Series 1997, dated March 25, 1998, in the original authorized principal amount of \$747,000.

"*Series 2001A Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated June 27, 2001, authorizing the loan in the principal amount of \$374,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001.

"*Series 2001A Loan*" refers to the loan to the Governmental Agency in the principal amount of \$374,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001A.

"*Series 2004 Bonds*" refers to the outstanding Pendleton County Water District Waterworks Revenue Bonds, Series 2004, dated January 28, 2005, in the original authorized principal amount of \$596,000.

"*Series 2010 Bonds*" refers to the outstanding Pendleton County Water District Waterworks Revenue Bonds, Series 2010, dated July 30, 2010, in the original authorized principal amount of \$220,000.

"*Sinking Fund*" refers to the Pendleton County Water District Waterworks Sinking Fund created and confirmed in the Prior Bond Legislation and which Sinking Fund will continue to be maintained for the benefit of the System.

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

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

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

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

Section 2. Reaffirmation of Declaration of Waterworks System.

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

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

That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$1,210,000 from the Program, for the purpose of providing funds for the Project.

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

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

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

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on Exhibit A attached hereto, pursuant

to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption.

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

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

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

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

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

All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the gross income and revenues of the System of said Governmental Agency pledged to said fund.

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

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

Section 7. Flow of Funds.

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

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

B. **Sinking Fund.** There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, a sum equal to the total of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 9. Arbitrage Limitations.

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

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

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

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

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

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

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

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably

anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

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

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

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

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

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

Section 10. Parity Bonds.

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

(a) The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of

bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided:

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

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

(3) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, including such requirements of the Obligations, any Parity Bonds then outstanding plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

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

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

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

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

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

establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

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

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

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

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

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

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual

net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

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

Section 12. All Obligations of this Issue Are Equal.

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

Section 13. Defeasance and/or Refunding of Obligations.

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

Section 14. Contractual Nature of Assistance Agreement.

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

Section 15. Appointment and Duties of Trustee.

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

Its duties as Trustee shall be as follows:

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

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

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision

shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed.

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

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

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

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

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as

to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance.

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

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

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

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

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

Section 19. Event of Default; Remedies.

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

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

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

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

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

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

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

Section 20. Annual Reports.

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

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

Section 21. Supplemental Assistance Agreement.

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

(a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;

(b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;

(c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;

(d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;

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

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

Section 22. No Remedy Exclusive.

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

Section 23. Waivers.

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

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

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

Section 25. Signatures of Officers.

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

Section 26. Severability Clause.

If any section, paragraph, clause or provision of this Assistance Agreement shall be held

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

[Signature page follows]

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By Stephen T. Owen
President

Attest:

By _____
Secretary/Treasurer

PENDLETON COUNTY WATER DISTRICT

By _____
Chairman

Attest:

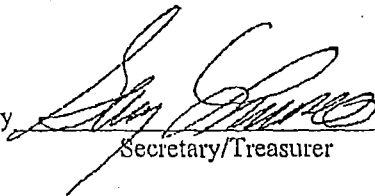
By _____
Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By  _____
Secretary/Treasurer

PENDLETON COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

PENDLETON COUNTY WATER DISTRICT

By L.R. Faulkner
Chairman

Attest:

By [Signature]
Secretary

EXHIBIT A

Debt Service Schedule

KRWFC Flexible Term Program Series 2015 B
Sinking Fund Payment Schedule

Borrower: Pendleton County Water District
Closing Date: 02/19/15

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
4/15-7/15	3,500.00	4,282.03	7,782.03
8/15-1/16	3,500.00	3,171.88	6,671.88
2/16-7/16	2,916.67	3,106.25	6,022.92
8/16-1/17	2,916.67	3,106.25	6,022.92
2/17-7/17	2,916.67	3,040.63	5,957.29
8/17-1/18	2,916.67	3,040.63	5,957.29
2/18-7/18	3,333.33	2,975.00	6,308.33
8/18-1/19	3,333.33	2,975.00	6,308.33
2/19-7/19	3,333.33	2,900.00	6,233.33
8/19-1-20	3,333.33	2,900.00	6,233.33
2/20-7/20	3,333.33	2,825.00	6,158.33
8/20-1/21	3,333.33	2,825.00	6,158.33
2/21-7/21	3,333.33	2,750.00	6,083.33
8/21-1/22	3,333.33	2,750.00	6,083.33
2/22-7/22	3,750.00	2,641.67	6,391.67
8/22-1/23	3,750.00	2,641.67	6,391.67
2/23-7/23	3,750.00	2,519.79	6,269.79
8/23-1/24	3,750.00	2,519.79	6,269.79
2/24-7/24	3,750.00	2,397.92	6,147.92
8/24-1/25	3,750.00	2,397.92	6,147.92
2/25-7/25	3,750.00	2,276.04	6,026.04
8/25-1/26	3,750.00	2,276.04	6,026.04
2/26-7/26	4,166.67	2,154.17	6,320.83
8/26-1/27	4,166.67	2,154.17	6,320.83
2/27-7/27	4,166.67	2,018.75	6,185.42
8/27-1/28	4,166.67	2,018.75	6,185.42
2/28-7/28	4,583.33	1,883.33	6,466.67
8/28-1/29	4,583.33	1,883.33	6,466.67
2/29-7/29	4,583.33	1,734.38	6,317.71
8/29-1/30	4,583.33	1,734.38	6,317.71
2/30-7/30	5,000.00	1,585.42	6,585.42
8/30-2/31	5,000.00	1,585.42	6,585.42
2/31-7/31	5,000.00	1,422.92	6,422.92
8/31-1/32	5,000.00	1,422.92	6,422.92
2/32-7/32	5,416.67	1,260.42	6,677.08
8/32-1/33	5,416.67	1,260.42	6,677.08
2/33-7/33	5,416.67	1,077.61	6,494.27
8/33-1/34	5,416.67	1,077.61	6,494.27
2/34-7/34	5,833.33	894.79	6,728.13
8/34-1/35	5,833.33	894.79	6,728.13
2/35-7/35	5,833.33	690.63	6,523.96
8/35-1/36	5,833.33	690.63	6,523.96
2/36-7/36	6,250.00	486.46	6,736.46
8/36-1/37	6,250.00	486.46	6,736.46
2/37-7/37	1,666.67	267.71	1,934.38
8/37-1/38	1,666.67	267.71	1,934.38
2/38-7/38	1,666.67	209.38	1,876.04
8/38-1/39	1,666.67	209.38	1,876.04
2/39-7/39	2,083.33	151.04	2,234.38
8/39-1/40	2,083.33	151.04	2,234.38
2/40-7/40	2,083.33	75.52	2,158.86
8/40-1/41	2,083.33	75.52	2,158.86
	-	-	-
	-	-	-
	<u>1,210,000.00</u>	<u>556,296.90</u>	<u>1,766,296.90</u>

RESOLUTION

RESOLUTION OF THE PENDLETON COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF REFINANCING CERTAIN OBLIGATIONS OF THE DISTRICT.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Pendleton County Water District (the "District") previously issued the following outstanding bonds to make improvements and extensions to the District's waterworks system (the "System"):

1. Pendleton County Water District Waterworks Revenue Bonds, Series 1997, dated March 25, 1998, in the original authorized principal amount of \$747,000.
2. Pendleton County Water District Waterworks Revenue Bonds, Series 2004, dated January 28, 2005, in the original authorized principal amount of \$596,000.

(The above-referenced bonds are hereinafter collectively referred to as the "Prior Bonds").

WHEREAS, the Governing Authority has determined that it is in the public interest to refinance and currently refund the Prior Bonds to obtain debt service savings for the District; and

WHEREAS, the District desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to refinance and currently refund the outstanding Prior Bonds and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such monies, the District is required to enter into an Assistance Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of the Pendleton County Water District as follows:

1. **Authorization of Assistance Agreement and the Obligations Thereunder.** For the purpose of paying the costs, not otherwise provided, to refinance the Prior Bonds, the District hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$1,210,000 (subject to adjustment plus or minus ten percent (10%)) (which aggregate principal amount may be adjusted downward in the event that the Chairman determines it is in the District's best interest to not refund one or more of the Prior Bonds) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and shall be payable in

such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the District and the Corporation.

2. Approval and Authorization of Execution of Assistance Agreement. The Assistance Agreement by and between the District and the Corporation in such form as may be approved by the Chairman, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman, or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the District. The Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the District.

3. Disbursement of Proceeds of Obligations. The District's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the refinancing and current refunding of the Prior Bonds and for the payment from time to time of the costs and related expenses associated therewith.

4. Revenues of the System. The revenues of the System are determined to be sufficient to pay the principal of and interest on the Obligations, as the same become due and payable; and said revenues, pursuant to the terms of the Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Assistance Agreement.

5. Chairman and Other District Officials to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, Treasurer, Secretary and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval of the issuance of the Obligations from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Obligations and the Assistance Agreement.

6. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.


7. Captions of Clauses. The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

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


9. **Effective Date of Resolution.** This Resolution shall take effect from and after its adoption and approval.

Adopted on December 19, 2014.

PENDLETON COUNTY WATER
DISTRICT

By 
Chairman

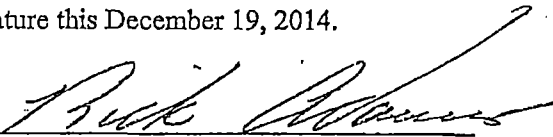
Attest:

By 
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the District at a meeting duly held on December 19, 2014; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this December 19, 2014.


Secretary

Statement of Disclosure of
Related Party Transactions – ARF Form 3

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between PENDLETON COUNTY WATER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Ricky L King
(Print Name)

Ricky L King
(Signed)

Manager
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

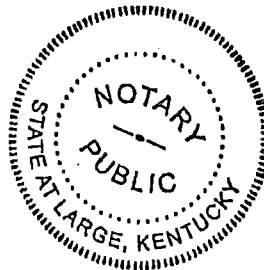
COMMONWEALTH OF KENTUCKY

COUNTY OF Pendleton

Subscribed and sworn to before me by Ricky L. King
(Name)

this 19 day of August, 2019.

Katey Hendry
NOTARY PUBLIC
State-at-Large 10/22/21



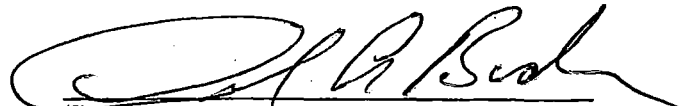
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between PENDLETON COUNTY WATER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

DAVID A. BODEN
(Print Name)


(Signed)

Vice CHAIR
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

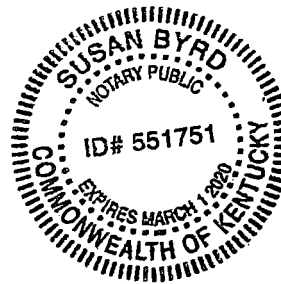
COMMONWEALTH OF KENTUCKY

COUNTY OF Kenton

Subscribed and sworn to before me by David Baden
(Name)

this 28 day of Aug, 2019

Susan Byrd
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between PENDLETON COUNTY WATER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Joe Strange
(Print Name)


(Signed)

Commissioner
(Position/Office)


* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Campbell

Subscribed and sworn to before me by Joe Strang
(Name)

this 28th day of Aug, 20 19.


NOTARY PUBLIC #541436
State-at-Large Comm. exp. 9-23-19

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between PENDLETON COUNTY WATER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Rick Adams
(Print Name)

Rick Adams
(Signed)

Secretary
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Franklin

Subscribed and sworn to before me by Rebekah Adams
(Name)

this 28 day of August, 2019.

Barbara LaFollette Brown

NOTARY PUBLIC
State-at-Large

Barbara LaFollette Brown
Notary Public-State at Large
KENTUCKY-Notary ID #619535
My Commission Expires March 28, 2023

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between PENDLETON COUNTY WATER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Brent Moore
(Print Name)

Brent Moore
(Signed)

Pendleton County Water Commissioner
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Pendleton

Subscribed and sworn to before me by Brent Moore
(Name)

this 28 day of August, 2019.

Christina M. Moore #578843
NOTARY PUBLIC
State-at-Large Exp 5/23/2021

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between PENDLETON COUNTY WATER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

L.R. FAULKNER, JR
(Print Name)

LR Faulkner, Jr
(Signed)

Chairman
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Penderton

Subscribed and sworn to before me by L.P. Faulkner, Jr.
(Name)

this 28 day of August, 2019.

Thip J. King, Notary
NOTARY PUBLIC
State-at-Large
2-19-2023