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Gregory N. Schabell
R. Leslie Knight
Bryan C. Berger

May 24, 2010

Public Service Commission
Attn: Mr. Jeff Derouen, Executive Director
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED
MAY 26 2010
PUBLIC SERVICE
COMMISSION

Re: Bullock Pen Water District
Case No. 2010-00072

Dear Mr. Derouen:

Enclosed please find a filing submitted on behalf of the Bullock Pen Water District. Pursuant to the Commission's Order entered March 22, 2010, the District is filing the final Loan Agreement with the County of Grant, Kentucky. Please record the enclosed with the subject file and return a file stamped copy.

If you need any additional information, please do not hesitate to call.

Thanking you in advance for your cooperation, I remain,

Very truly yours,

BERGER, COX & NIENABER


Thomas R. Nienaber

TRN/css
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
MAY 26 2010
PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR APPROVAL TO ENTER INTO A)
LEASE AGREEMENT WITH THE COUNTY OF)
GRANT, KENTUCKY IN A PRINCIPAL AMOUNT) CASE NO. 2010-00072
NOT TO EXCEED \$1,250,000.00 FOR THE PURPOSE)
OF REFINANCING CERTAIN OUTSTANDING)
SUBLEASE AGREEMENTS WITH THE COUNTY OF)
GRANT, KENTUCKY)

NOTICE OF FILING

Comes now the Bullock Pen Water District (“Bullock Pen”), through counsel, and pursuant to the Commission’s Order entered March 22, 2010 herein submits the District’s Agreement entered into with the County of Grant, Kentucky relating to the refinancing approved herein. The District attaches hereto as Exhibit “A” the final Agreement with attached payment schedule.

Respectfully submitted,

BERGER, COX & NIENABER, PSC

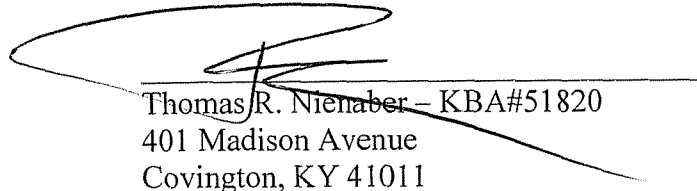

Thomas R. Nienaber – KBA#51820
401 Madison Avenue
Covington, KY 41011
(859) 491-9088

EXHIBIT “A”

AGREEMENT

THIS AGREEMENT (the "Agreement"), dated for reference purposes as of May 1, 2010, to be effective May 4, 2010, by and between the COUNTY OF GRANT, KENTUCKY, (hereinafter called the "County") and the BULLOCK PEN WATER DISTRICT, a water district and political subdivision of the Commonwealth of Kentucky, duly organized and existing under and by virtue of the laws and Constitution of the Commonwealth (hereinafter called the "District");

WITNESSETH

WHEREAS, the County, has heretofore issued its Lease Agreement, by and between the County and the Kentucky Association of Counties Leasing Trust ("CoLT"), dated as of September 7, 1995 (the "1995 Lease"), the proceeds of which were used to finance the construction and installation of water distribution systems (the "1995 Project");

WHEREAS, the County, has heretofore issued its Lease Agreement by and between the County and CoLT, dated as of October 17, 1996 (the "1996 Lease", and together with the 1995 Lease, the "Prior Leases"), the proceeds of which were used to finance the construction and installation of water distribution systems (the "1996 Project", and together with the 1995 Project, the "Project");

WHEREAS, the District and the County have previously entered into two Sublease Agreements dated September 7, 1995 and October 17, 1996, and related to the Prior Leases;

WHEREAS, the County has determined to issue its General Obligation Bonds, Series 2010 (the "Bonds") in the principal amount of \$1,020,000, and to use a portion of the proceeds thereof to refund the Prior Leases and to Lease to the Project to the Bullock Pen Water District;

WHEREAS, the District and the County have determined and hereby determine that it is in the best interests of the District and the County that the District and the County enter into a Lease Agreement (the "Lease") for the leasing by the District from the County of the Project, the principal of, and interest on said Lease to be payable solely from the income and revenues of the lessee's utility system (the "System").

NOW, THEREFORE, IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

Section 1. The County agrees to issue the Bonds in a principal amount of \$1,020,000 and to use the proceeds thereof to refund and retire the Prior Leases related to the Project.

Section 2. The District agrees to operate and maintain the Project, to be used only for public purposes, for the period commencing May 4, 2010 and ending February 1, 2019 or such earlier date as hereinafter provided.

Lessee agrees to pay the Lease Payments specified in Exhibit A, hereto. Each payment shall be applied first to payment of the interest component of the respective Lease Payment; provided, however, Lessee may make advance payments of principal components of Base Rent, with the consent of the County.

Section 3. The Project referred to in this Agreement is located in Grant County, Kentucky.

Section 4. The District represents and warrants that:

(a) It is a water district duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky.

(b) It has the power and has been duly authorized to enter into this Agreement and perform all of its obligations hereunder.

(c) The District is not subject to any contractual or other limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the District from entering into this Agreement, or performing any of its obligations hereunder or thereunder; and the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of the terms, conditions or provisions of any restriction, agreement or instrument to which the District is a party or by which it is bound, or constitute a default under any of the foregoing, and will not violate any provision of law or regulation applicable to the District or any court or administrative order or decree.

Section 5. The County represents and covenants that it has full power to execute and perform this Agreement and the covenants and promises contained herein.

Section 6. The District hereby accepts the Project, as is, and the County makes no warranty or representation, either express or implied, as to the value, design, condition, fitness for particular purpose or fitness for use of any of the Project.

Section 7. The District covenants and agrees with the County that the District shall during the term of this Agreement keep and maintain the Project and all parts thereof in good condition and repair, ordinary wear and tear excepted, including, but not limited to, the furnishing of all parts, mechanisms and devices required to keep the Project in good mechanical and working order. The District shall keep the Project in substantial compliance with all applicable governmental regulations and requirements, and in each case the District shall make all replacements and repairs necessary in connection therewith.

Section 8. The District's obligations hereunder shall be secured by a lien on the Revenues of the System on a parity with outstanding obligations payable and secured by a first lien on the Revenues ("Outstanding First Lien Obligations"). The District's obligations under the Lease, together with the interest thereon, shall be payable solely and only out of the Revenues, and shall be a valid claim of the County against the Revenues and the System funds pledged to the payment thereof in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes, as amended.

While there remain any Outstanding First Lien Obligations, the rates for all services and facilities rendered by the System to its customers shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all Outstanding First Lien Obligations and the accruing interest on all such Outstanding First Lien Obligations, and there shall be charged such rates and

amounts as shall be adequate to meet all requirements of the provisions of this Lease. Prior to the delivery of this Lease, a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Lease has been established and adopted and is now in full force and effect.

As used herein, "Revenues" means the totality of all water service charges of any and all types and varieties imposed, enforced and collected by the District for any water services rendered by the System, together with other income received by the District, if any, from any agency of government, both federal and state, as representing income or operating subsidies, as distinguished from capital grants, to the extent not otherwise required to be treated and applied and specifically excluding therefrom any funds received which result from assessments or assessment charges.

Section 9. Except for liens and encumbrances to which Lessee and Lessor consent in writing, Lessee and Lessor shall keep the Project free and clear of all liens and encumbrances except those created or permitted under this Lease.

Section 10. Notwithstanding anything herein to the contrary, the District, for the benefit of the County and each holder of the Bonds, hereby represents that it has not taken, or permitted to be taken on its behalf, and agrees that it will not take or permit to be taken on its behalf, any action which would adversely affect the excludibility from gross income of the interest on the Bonds for federal income tax purposes, and that it will make and take, or require to be made and taken, such acts and filings as may from time to time be required under the Internal Revenue Code of 1986, as amended, to maintain such excludibility from gross income.

Section 11. The County shall have reasonable access and the right to inspect, examine and make copies of the books, records, accounts, tax returns and other such financial information of the District. The District shall provide the County with a copy of its unaudited year-end financial report by September 1 of each year and its audited financial statement as soon as it is available for release. The District shall furnish to the County such other information respecting the condition or operations, financial or otherwise, as the County may from time to time reasonably request, including, but not limited to, all information needed by the County in order to comply with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12. The District will immediately notify the County of any default hereunder.

Section 12. The District shall obtain insurance with respect to the Project issued by an insurer or insurers and on policy forms in such amounts which are customary with the District for facilities which are similar to the Project, against loss or damage from theft, fire, vandalism and other events covered by uniform standard extended coverage endorsements approved by the insurance regulatory authority in the Commonwealth of Kentucky. The District may alternatively insure such property under a blanket insurance policy or policies which cover not only such property but other properties.

Each insurance policy provided for in the preceding and following paragraphs shall contain a provision to the effect that the insurance company shall not cancel the same without first giving written notice thereof to the County at least thirty (30) days in advance of such cancellation.

The District shall also carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in Kentucky, for death

or bodily injury and property damage in amounts which are customarily carried for water districts which are similar to the District. The County shall be made an additional insured under such policies. Such public liability insurance may be by blanket insurance policy or policies.

The parties hereto recognize that continued inflation, the emergence of new risks, and various other factors foreseeable or unforeseeable may at some future time cause the insurance coverages required by this Agreement to become inadequate in face amount or the type of risks insured against. The District hereby covenants with the County that throughout the life of this Agreement the District shall keep the Project continuously insured against such risks as are customarily insured against by the District, and in such amounts as would be customarily maintained, by businesses of like size and type.

Section 13. If the Project is destroyed (in whole or in part) or is damaged by fire or other casualty, the District (i) shall promptly replace, repair, rebuild or restore the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications including the substitution and addition of other property as may be desired by the District and as will not impair the operation of the Project or change its character and the District will apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for losses, under the insurance policies required to be carried herein, resulting from such damage.

Section 14. The County and its duly authorized representatives and agents, reserve the right to enter the Project at all reasonable times during the term of this Agreement for the purpose of (a) examining and inspecting the same, including the construction, installation and equipping thereof and (b) performing such work in and about the Project made necessary by reason of the District's default under any of the provisions of this Agreement. The County shall also have the right at all reasonable times to examine the books and records of the District.

Section 15. This Agreement is made on condition that if (each of the following events being deemed an "Event of Default" under the provisions of this Agreement):

- (a) the District fails to punctually make any payment required hereunder as the same becomes due; or
- (b) the District fails to observe, keep or perform any other covenant or obligation herein contained on the District's part to be observed, kept or performed, and the District fails to remedy the same within thirty (30) days after the County has given the District written notice specifying such failure and requesting that it be remedied; or
- (c) the District vacates or abandons the Project; or
- (d) any representation or warranty by the District contained in this Agreement or in any certificate or instrument delivered by the District pursuant to this Agreement is false or misleading in any material respect;

then the County may at its election then or at any time thereafter, and while such default shall continue, give the District written notice of intention to terminate this Agreement on a date specified therein, which date shall not be earlier than ten (10) days after such notice is given, and, if all defaults have not then been cured, on the date so specified, the District's rights to

operation of the Project shall cease and this Agreement shall thereupon be terminated, and the County may re-enter and take possession of the Project.

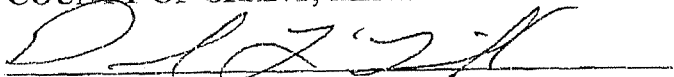
Section 16. If the District shall fail to keep or perform any of its obligations as provided in this Agreement in respect of (a) maintenance of insurance, (b) payments required hereunder, (c) repairs and maintenance of the Project, (d) substantial compliance with legal or insurance requirements hereunder, (e) keeping the Project lien free, or in the making of any other payment or performance of any other obligation so to do) upon the continuance of such failure on the District's part for thirty (30) days after written notice of such failure is given to the District by the County and without waiving or releasing the District from any obligation hereunder, as an additional but not exclusive remedy, the County may make any such payment or perform any such obligation, and all sums so paid by the County and all necessary incidental costs and expenses incurred by the County in performing such obligation shall be deemed additional amounts due and payable by the District and shall be paid to the County, and if not so paid by the District, the County shall have the same rights and remedies as provided for in the case of default by the District in the payment of amounts due under Section 2 hereof.

Section 17. The District shall indemnify and hold the County, its officers, directors, agents and employees harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on the Project during the term of this Agreement, and against and from all claims arising during the term of this Agreement from (a) any condition of the Project caused by the District, (b) any breach or default on the part of the District in the performance of any of its obligations under this Agreement, (c) any act of negligence of the District or of any of its agents, contractors, servants, employees or licensees, and (d) any act of negligence of any agents, contractors, servants, employees or licensees of the District in connection with the construction, installation, furnishing, equipping, management or operation of the Project during the term of this Agreement. Any indemnified party seeking to enforce the above indemnity shall give the District written notice of and the opportunity to defend any claims with respect to which indemnity is sought to be enforced hereunder, in which event the District shall either (i) employ counsel reasonably acceptable to such party to defend such claims and pay all costs and expenses in connection with such defense, or (ii) permit such party to defend such claims itself through counsel of its own choosing in which event the District shall indemnify and hold such party harmless from and against all reasonable costs and expenses incurred in or in connection with any action or proceeding brought with respect to such claims. Upon notice from such party in any such action or proceeding, if the District fails or refuses to proceed under option (i) above, the District shall be deemed to have agreed that such party may proceed under option (ii) above.

Section 18. Upon payment in full of the Bonds, the County, so long as no event of default by the District hereunder has occurred and is continuing, will immediately transfer all of its right, title and interest in and to the Project to the District.

IN TESTIMONY WHEREOF, the District has caused this instrument to be executed for and on its behalf by its Chairman and attested by its Secretary and the County has caused this instrument to be executed for an on its behalf by its Judge/Executive and attested by its Fiscal Court Clerk, as of the date first above written.


COUNTY OF GRANT, KENTUCKY


Darrell Link, Judge/Executive

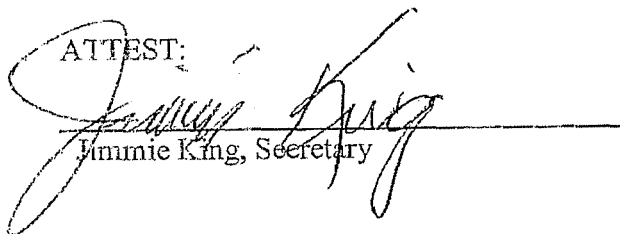
ATTEST:


Patricia Conrad
Fiscal Court Clerk

BULLOCK PEN WATER DISTRICT

By: 
Bobby Burgess, Chairman

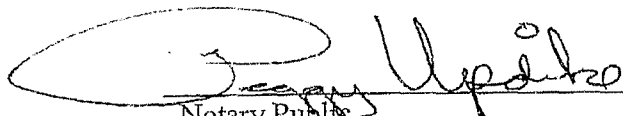
ATTEST:


Jimmie King, Secretary

ACKNOWLEDGMENTS

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF GRANT)


The foregoing instrument was acknowledged before me this 4th day of May, 2010, by Darrell L. Link, Judge/Executive, and Patricia Conrad, Fiscal Court Clerk, of Grant County, Kentucky, on behalf of the County.



Notary Public
My commission expires: 12-21-2011

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF GRANT)

The foregoing instrument was acknowledged before me this 5th day of April, 2010, by Bobby Burgess, Chairman and Jimmie King, Secretary of the Bullock Pen Water District, on behalf of the District.



Notary Public
My commission expires: 3/27/12

This instrument was prepared by
the undersigned Attorney at Law of
PECK, SHAFFER & WILLIAMS LLP
50 East RiverCenter Boulevard, Suite 1150
Covington, Kentucky 41011

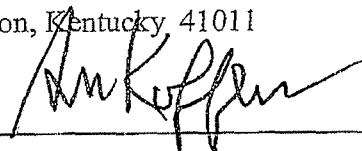


EXHIBIT A

Rent Payments

47445_1.DOC

Grant County, Kentucky

General Obligation Refunding Bonds, Series 2010

(Bullock Pen Water District Project)

Sold to Hilliard Lyons on 04.13.10, Dated 05.04.10, Delivered 05.04.10

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
08/01/2010	-	-	5,659.23	5,659.23	5,659.23
02/01/2011	120,000.00	1.000%	11,708.75	131,708.75	131,708.75
08/01/2011	-	-	11,108.75	11,108.75	11,108.75
02/01/2012	115,000.00	1.400%	11,108.75	126,108.75	126,108.75
08/01/2012	-	-	10,303.75	10,303.75	10,303.75
02/01/2013	120,000.00	1.700%	10,303.75	130,303.75	130,303.75
08/01/2013	-	-	9,283.75	9,283.75	9,283.75
02/01/2014	120,000.00	2.000%	9,283.75	129,283.75	129,283.75
08/01/2014	-	-	8,083.75	8,083.75	8,083.75
02/01/2015	120,000.00	2.400%	8,083.75	128,083.75	128,083.75
08/01/2015	-	-	6,643.75	6,643.75	6,643.75
02/01/2016	135,000.00	3.000%	6,643.75	141,643.75	141,643.75
08/01/2016	-	-	4,618.75	4,618.75	4,618.75
02/01/2017	95,000.00	3.000%	4,618.75	99,618.75	99,618.75
08/01/2017	-	-	3,193.75	3,193.75	3,193.75
02/01/2018	95,000.00	3.250%	3,193.75	98,193.75	98,193.75
08/01/2018	-	-	1,650.00	1,650.00	1,650.00
02/01/2019	100,000.00	3.300%	1,650.00	101,650.00	101,650.00
Total	\$1,020,000.00	-	\$127,140.48	\$1,147,140.48	\$1,147,140.48

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Ross, Sinclair & Associates, LLC
Public Finance - KBrock