

16. Provide a map of Central City's water system showing all facilities used to serve Central City's wholesale customers. This map shall, at a minimum, show all master meters, pumping stations, storage tanks, water transmission mains, and water distribution mains used to serve its wholesale customers.

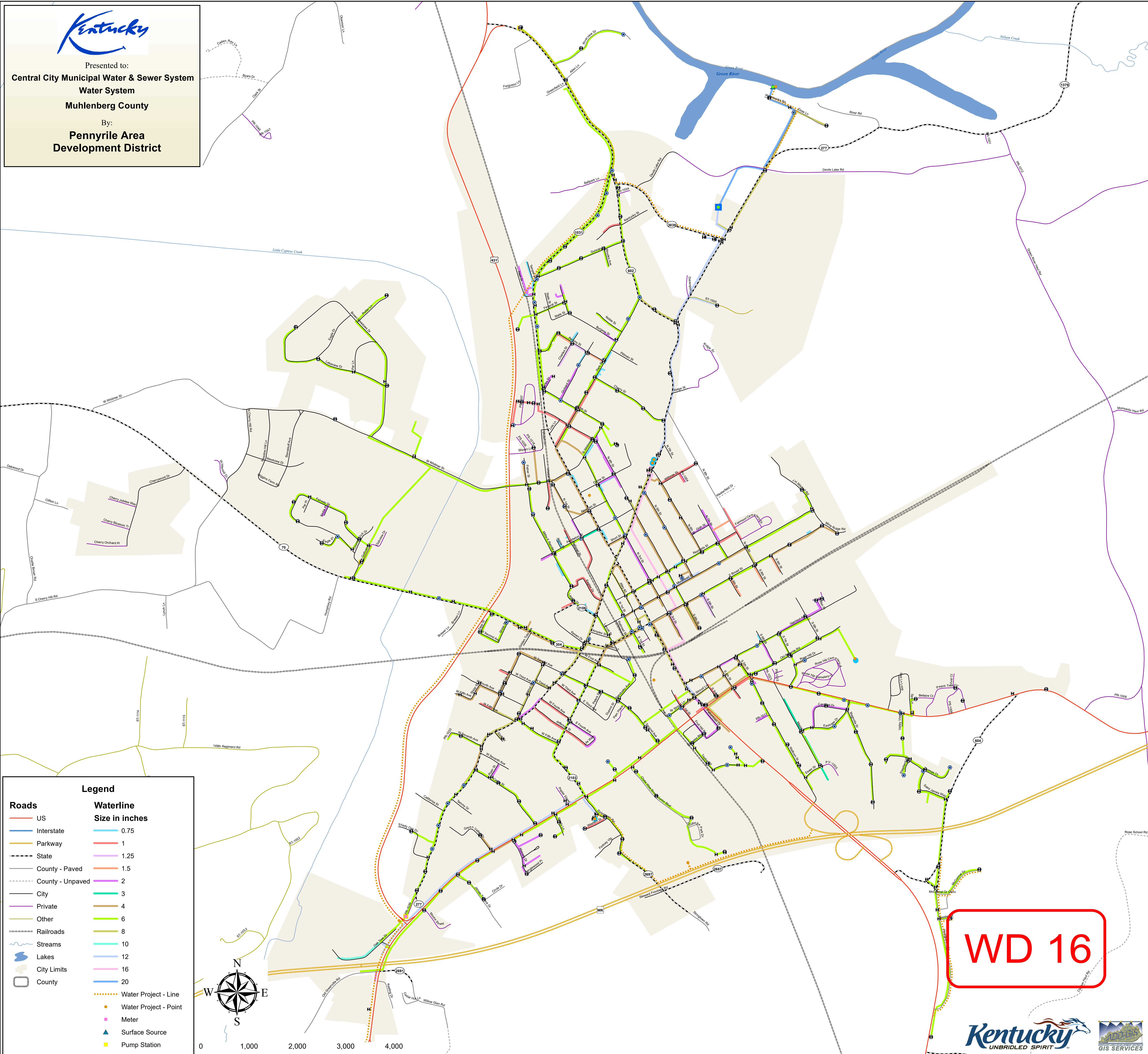
Response: Please see the map.

Witness: Michael McGhee





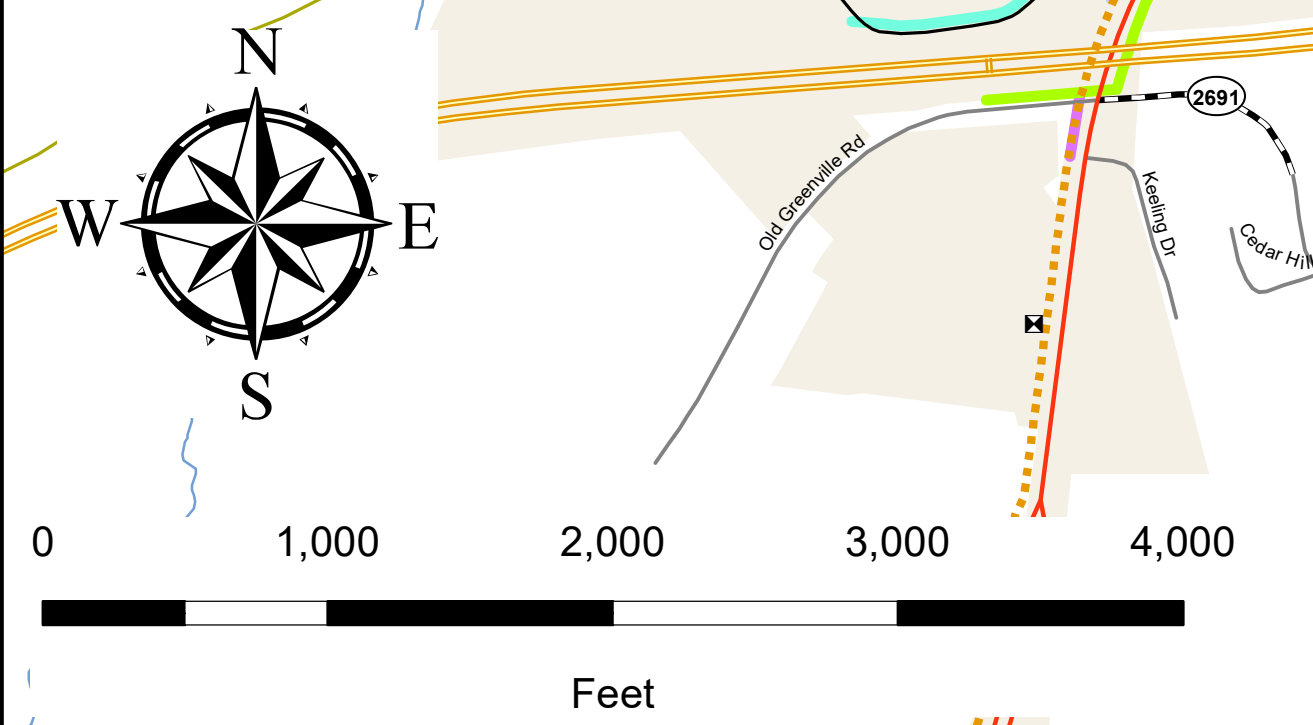
Presented to:  
**Central City Municipal Water & Sewer System**  
**Water System**  
**Muhlenberg County**  
 By:  
**Pennyriple Area**  
**Development District**



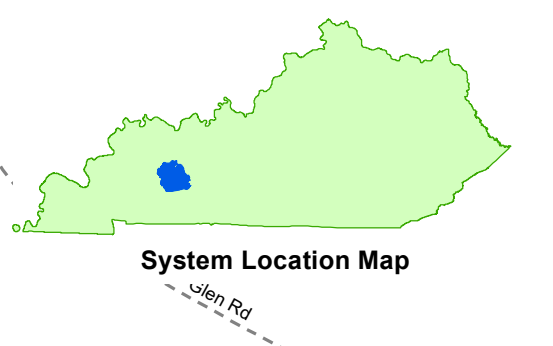
**WD 16**

**Legend**

<b>Roads</b>	<b>Waterline</b>
— US	Size in inches
— Interstate	0.75
— Parkway	1
— State	1.25
— County - Paved	1.5
— County - Unpaved	2
— City	3
— Private	4
— Other	6
— Railroads	8
— Streams	10
— Lakes	12
— City Limits	16
— County	20
— Water Project - Line	
● Water Project - Point	
● Meter	
▲ Surface Source	
■ Pump Station	
■ Purchase Source	
■ Water Treatment Plant	
■ Public Well Source	
● Water Tank	
● Water Pump	
■ Water Valve	
● Hydrant	



NADCON 1983 Datum based on Kentucky State Plane Coordinate System, Single Zone 1600.  
 Road Centerlines collected using GPS technology and KYTC (Kentucky Transportation Cabinet) standards.



To the best of my knowledge, this planning map and associated reports are an accurate and current representation of the Central City Municipal Water & Sewer System.

Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_  
 System Name: Central City Municipal Water & Sewer System

Limitation of Liability: The information contained on this map is to be used for planning purposes only. The Pennyriple Area Development District provides no warranties of any kind for the accuracy or use of this information outside the context of use for planning purposes.

Date: June 2017  
 Illustrated by: GIS Department  
 Sheet Number: 1  
 Project: Kentucky Infrastructure Authority (KIA)

**PADD** a regional planning and development agency

GIS Department  
 300 Hammond Drive  
 Hopkinsville, Kentucky 42240

Fax: 270-886-3211  
 Phone: 270-886-9484  
 www.peadd.org



17. Refer to "Audited Financial Statements and Supplemental Schedules For Year-Ended June 30, 2016 and Independent Auditor's Report" at page 15, Note 13. Describe the leased office space and explain how the monthly rental amount was determined.

Response: Central City owns the public works building and City Hall, both of which are used by the Water Department. The monthly rental amount is based on square footage of combined space.

Witness: David Rhoades



18. Describe the operation of Central City's water system. This description should include a detailed description of the treatment process that Central City uses.

Response: Central City obtains raw water from the Green River. A raw water intake with screening, variable speed vertical turbine pumps, metering and chemical pretreatment facilities draws the water from the river. It is pumped through approximately 3,500 feet of 24-inch ductile iron pipe to the water treatment plant site on River Road south of the intake. The water treatment plant employs a traditional rapid mix → flocculation → sedimentation → sand filtration → disinfection process. At the plant, water is introduced into a dual train rapid mix area where chemical coagulants are introduced and mixed into the water. The water then moves into a dual train flocculation basin, then into sedimentation basins. The effluent from the sedimentation basins enters sand and anthracite gravity filter cells. Filtered effluent discharges to three clearwells for disinfection. The finished water moves to a high service pumping station where it is pumped into the distribution system. The facility also has facilities for chemical storage and feeding, sludge handling and disposal, plant maintenance, laboratory testing, and operator's offices. The plant has a rated capacity of 7.0 million gallons per day (MGD), and the site is configured to allow space for expansion to 10.5 MGD. Water entering the distribution system flows either to one of four water storage tanks, or to one of several metering points to wholesale customers, or to direct city customers.

Witness: Michael McGhee



19. Does Central City meter finished water as it leaves its water treatment plant and enters Central City's distribution system? If yes, provide the daily meter readings for FY 2016.

Response: Yes, Central City meters finished water as it leaves its water treatment plant.

Please see the attached documents.

Witness: Michael McGhee



July 2015

	Central City	14003 - Fin Water Treated Total gal	11000 - HSP Flow KGAL
1 Wed		2719990	2965
2 Thu		2304502	2768
3 Fri		2277573	2726
4 Sat		2241722	2691
5 Sun		2305667	2799
6 Mon		2541011	2905
7 Tue		2236830	2749
8 Wed		2804425	3114
9 Thu		2466592	2841
10 Fri		2314430	2748
11 Sat		2372533	2815
12 Sun		2391874	2883
13 Mon		2804423	3101
14 Tue		3365507	3082
15 Wed		3278539	3296
16 Thu		2750399	3277
17 Fri		2829940	3227
18 Sat		2693913	3097
19 Sun		2860406	3263
20 Mon		2579938	3027
21 Tue		2798610	3086
22 Wed		2921874	3026
23 Thu		2501782	2897
24 Fri		2856870	3188
25 Sat		2564617	3003
26 Sun		2185595	2866
27 Mon		2706462	3182
28 Tue		2701378	3117
29 Wed		2105980	2745
30 Thu		2962687	3248
31 Fri		2689930	3035
MIN		2,105,980	2,691
MAX		3,365,507	3,296
AVG		2,617,290	2,992
SUM		81,135,999	92,767

	Central City	14003 - Fin Water Treated Total gal	1000 - HSP Flow KGAL
1 Sat		2574725	3030
2 Sun		2622696	3036
3 Mon		2649077	3068
4 Tue		2580283	3113
5 Wed		2666974	3012
6 Thu		2517186	2889
7 Fri		2269669	2767
8 Sat		2145503	2730
9 Sun		2475440	3008
10 Mon		2569725	3100
11 Tue		2562392	2905
12 Wed		2810806	3151
13 Thu		2727833	3053
14 Fri		2620615	3054
15 Sat		2211018	2881
16 Sun		2611211	3033
17 Mon		2462612	2910
18 Tue		2354028	2840
19 Wed		2582556	2873
20 Thu		2377122	2867
21 Fri		2392796	2873
22 Sat		2384447	2920
23 Sun		2313961	2861
24 Mon		2520938	2964
25 Tue		2426567	2878
26 Wed		2700292	3032
27 Thu		2716013	2982
28 Fri		2561155	2984
29 Sat		2531470	2972
30 Sun		2566981	2918
31 Mon		2576365	3045
MIN		2,145,503	2,730
MAX		2,810,806	3,151
AVG		2,518,789	2,960
SUM		78,082,456	91,749

Aug 2015



	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1 Tue		2716409	3162
2 Wed		2817298	3131
3 Thu		2539790	2999
4 Fri		2789646	3153
5 Sat		2530980	3069
6 Sun		2386859	2892
7 Mon		2758534	3248
8 Tue		2776260	3073
9 Wed		2750183	3109
10 Thu		2663696	3039
11 Fri		2483873	2944
12 Sat		2282354	2789
13 Sun		2262834	2752
14 Mon		2542926	3010
15 Tue		2680798	3087
16 Wed		2851929	3261
17 Thu		2800152	3165
18 Fri		2841300	3158
19 Sat		2659517	3020
20 Sun		2249320	2806
21 Mon		2799965	3119
22 Tue		2581888	2970
23 Wed		2575719	2961
24 Thu		2649728	3043
25 Fri		2486606	2907
26 Sat		2328339	2877
27 Sun		2276122	2746
28 Mon		2555924	2916
29 Tue		2459530	2838
30 Wed		2347921	2790
MIN		2,249,320	2,746
MAX		2,851,929	3,261
AVG		2,581,547	3,001
SUM		77,446,400	90,034

Sept 2015



	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1 Thu		2341846	2833
2 Fri		2286366	2715
3 Sat		2101274	2563
4 Sun		1857342	2437
5 Mon		2303714	2758
6 Tue		2274663	2709
7 Wed		2451212	2905
8 Thu		2214696	2684
9 Fri		2747642	2748
10 Sat		2062039	2599
11 Sun		2230170	2712
12 Mon		2352928	2774
13 Tue		2400240	2779
14 Wed		2251359	2723
15 Thu		2668979	2660
16 Fri		2363773	2773
17 Sat		2128461	2603
18 Sun		1944187	2553
19 Mon		2041210	2662
20 Tue		2500124	2799
21 Wed		2392390	2808
22 Thu		2743434	3279
23 Fri		3014150	3303
24 Sat		1913277	2542
25 Sun		1960490	2530
26 Mon		2251157	2704
27 Tue		2543144	2859
28 Wed		2212555	2717
29 Thu		2046593	2639
30 Fri		2333478	2766
31 Sat		1783404	2415
MIN		1,783,404	2,415
MAX		3,014,150	3,303
AVG		2,281,171	2,727
SUM		70,716,297	84,551

*Oct 2015*

*Nov 2015*

	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1 Sun		1945667	2606
2 Mon		2085586	2660
3 Tue		2280748	2725
4 Wed		3275158	3558
5 Thu		2855339	3152
6 Fri		2022203	2570
7 Sat		2279394	2640
8 Sun		2300351	2754
9 Mon		2080722	2588
10 Tue		2129994	2642
11 Wed		2328971	2747
12 Thu		2607237	2837
13 Fri		2092276	2610
14 Sat		2071850	2640
15 Sun		2062286	2582
16 Mon		2650815	2900
17 Tue		2391977	2771
18 Wed		2175539	2659
19 Thu		2168412	2642
20 Fri		2451648	2711
21 Sat		2043403	2575
22 Sun		2075728	2584
23 Mon		2424000	2747
24 Tue		2615433	2812
25 Wed		1932356	2606
26 Thu		2464773	2775
27 Fri		2137541	2585
28 Sat		1905771	2509
29 Sun		2185745	2567
30 Mon		2235238	2831
MIN		1,905,771	2,509
MAX		3,275,158	3,558
AVG		2,275,872	2,720
SUM		68,276,161	81,585



	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1 Tue		2802207	2965
2 Wed		2819518	3115
3 Thu		3143413	3326
4 Fri		2024608	2633
5 Sat		1919518	2551
6 Sun		2090151	2611
7 Mon		2271410	2853
8 Tue		2286558	2673
9 Wed		2482447	2859
10 Thu		2860576	3295
11 Fri		1378599	2165
12 Sat		2133303	2691
13 Sun		2552281	2898
14 Mon		2640769	3151
15 Tue		2917027	3127
16 Wed		2018819	2801
17 Thu		2403083	2893
18 Fri		2475373	2929
19 Sat		2572376	2959
20 Sun		2001164	2642
21 Mon		2240433	2693
22 Tue		2265892	2693
23 Wed		2324964	2695
24 Thu		2461562	2837
25 Fri		2352508	2733
26 Sat		2010273	2454
27 Sun		2071847	2607
28 Mon		1846724	2459
29 Tue		2058977	2527
30 Wed		2286477	2606
31 Thu		2253327	2657
MIN		1,378,599	2,165
MAX		3,143,413	3,326
AVG		2,321,490	2,777
SUM		71,966,184	86,098

Dec 2015



	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1	Fri	2218347	2652
2	Sat	1714662	2374
3	Sun	2287975	2676
4	Mon	2284569	2709
5	Tue	2601994	2831
6	Wed	2403031	2861
7	Thu	2549667	2840
8	Fri	3315805	3031
9	Sat	2281500	2488
10	Sun	2128635	2621
11	Mon	2494726	2826
12	Tue	2816341	3101
13	Wed	2606471	3017
14	Thu	3143034	2868
15	Fri	2317058	2789
16	Sat	2362988	2779
17	Sun	2314681	2784
18	Mon	2410818	2881
19	Tue	2755396	3132
20	Wed	2718101	3084
21	Thu	2645232	3016
22	Fri	2674020	3031
23	Sat	2483256	2889
24	Sun	2492551	2935
25	Mon	2715810	3014
26	Tue	2675989	2973
27	Wed	2682468	3113
28	Thu	2779072	3162
29	Fri	2444790	2855
30	Sat	2389798	2836
31	Sun	2416266	2864
<hr/>			
	MIN	1,714,662	2,374
	MAX	3,315,805	3,162
	AVG	2,520,163	2,872
	SUM	78,125,051	89,032

January 2016

	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1 Mon		2359383	2804
2 Tue		2387991	2780
3 Wed		2379816	2873
4 Thu		2424183	2757
5 Fri		2571469	2837
6 Sat		2215580	2616
7 Sun		2416190	2740
8 Mon		2220527	2685
9 Tue		2326220	2737
10 Wed		2569132	2900
11 Thu		2262570	2727
12 Fri		2459880	2886
13 Sat		2470589	2911
14 Sun		2312099	2710
15 Mon		2331021	2775
16 Tue		2451364	2782
17 Wed		2467402	2935
18 Thu		2472059	2896
19 Fri		2437816	2808
20 Sat		2338825	2779
21 Sun		2387100	2734
22 Mon		2182934	2644
23 Tue		2147463	2595
24 Wed		2162961	2618
25 Thu		2059181	2678
26 Fri		2212391	2692
27 Sat		2361248	2616
28 Sun		2102235	2604
29 Mon		2300132	2705
MIN		2,059,181	2,595
MAX		2,571,469	2,935
AVG		2,337,578	2,753
SUM		67,789,761	79,824

February 2016

*March 2016*

	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1	Tue	2424482	2772
2	Wed	1912525	2569
3	Thu	2242624	2670
4	Fri	2018115	2535
5	Sat	2255375	2680
6	Sun	2228359	2674
7	Mon	2437371	2818
8	Tue	2276670	2729
9	Wed	2398654	2804
10	Thu	2361539	2688
11	Fri	2300117	2686
12	Sat	2281800	2588
13	Sun	2417200	2565
14	Mon	2211012	2617
15	Tue	2138628	2647
16	Wed	2353574	2778
17	Thu	2482698	2845
18	Fri	2370802	2767
19	Sat	2258860	2602
20	Sun	2250907	2667
21	Mon	2034511	2569
22	Tue	2330531	2750
23	Wed	2214150	2706
24	Thu	2482873	2874
25	Fri	2270396	2712
26	Sat	2326499	2799
27	Sun	2204458	2667
28	Mon	2229040	2694
29	Tue	2233507	2704
30	Wed	2650422	3064
31	Thu	2480271	2916
	MIN	1,912,525	2,535
	MAX	2,650,422	3,064
	AVG	2,292,838	2,715
	SUM	71,077,970	84,156



*April 2016*

	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1	Fri	2306735	2868
2	Sat	2374454	2791
3	Sun	2153787	2635
4	Mon	2182507	2676
5	Tue	2146828	2617
6	Wed	2047062	2566
7	Thu	2491975	2673
8	Fri	2339004	2840
9	Sat	2548664	2886
10	Sun	2269233	2686
11	Mon	2265297	2674
12	Tue	1983188	2582
13	Wed	2271034	2753
14	Thu	2701547	2737
15	Fri	2393951	2858
16	Sat	2486896	2943
17	Sun	2612787	2986
18	Mon	2669011	3059
19	Tue	2517950	2920
20	Wed	2589582	3022
21	Thu	2622270	2894
22	Fri	2277402	2739
23	Sat	2116515	2618
24	Sun	2282345	2745
25	Mon	2271528	2741
26	Tue	2716449	3003
27	Wed	2635051	2962
28	Thu	2283203	2739
29	Fri	2440825	2807
30	Sat	1644608	2386
	MIN	1,644,608	2,386
	MAX	2,716,449	3,059
	AVG	2,354,723	2,780
	SUM	70,641,688	83,406

	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1	Sun	2259429	2712
2	Mon	1582114	2385
3	Tue	4084957	3899
4	Wed	2707734	2978
5	Thu	2669193	2996
6	Fri	2410723	2853
7	Sat	2686227	3133
8	Sun	2784387	3139
9	Mon	2784654	3107
10	Tue	2824214	3109
11	Wed	2720550	3034
12	Thu	2753141	3064
13	Fri	2587386	2968
14	Sat	2627066	2945
15	Sun	2531851	2963
16	Mon	2793311	3084
17	Tue	2703224	3003
18	Wed	2744328	3057
19	Thu	2630475	3005
20	Fri	2486303	2911
21	Sat	2487615	2943
22	Sun	2637108	3030
23	Mon	2631523	3098
24	Tue	2835814	3154
25	Wed	2748786	3017
26	Thu	2786719	3084
27	Fri	2686684	3036
28	Sat	2831790	3140
29	Sun	2725328	3094
30	Mon	2996919	3254
31	Tue	3071026	3408
	MIN	1,582,114	2,385
	MAX	4,084,957	3,899
	AVG	2,703,567	3,052
	SUM	83,810,579	94,603

May 2016



	Central City	14003 - Fin Water Treated Total gal	21000 - HSP Flow KGAL
1	Wed	3193860	3449
2	Thu	2848573	3193
3	Fri	2960286	3403
4	Sat	2842647	3280
5	Sun	2581615	3035
6	Mon	2911010	3476
7	Tue	3177383	3492
8	Wed	3110657	3470
9	Thu	3468966	3750
10	Fri	3277811	3677
11	Sat	3575883	3857
12	Sun	3121572	3678
13	Mon	3661267	3903
14	Tue	4456551	4330
15	Wed	2433331	2882
16	Thu	2335537	2855
17	Fri	2470516	2930
18	Sat	2687297	3111
19	Sun	2620553	3159
20	Mon	2859826	3374
21	Tue	2213465	3116
22	Wed	2873508	3334
23	Thu	3300903	3547
24	Fri	2439284	2915
25	Sat	2383284	3009
26	Sun	2710790	3172
27	Mon	2508369	2926
28	Tue	2611290	2956
29	Wed	2671292	3050
30	Thu	2724804	3062
	MIN	2,213,465	2,855
	MAX	4,456,551	4,330
	AVG	2,901,071	3,313
	SUM	87,032,130	99,391

June 2016  
~~May~~

20. Provide the number of gallons of non-revenue water that Central City experienced for each month of FY 2016 and FY 2017. For purposes of this request, "non-revenue" water is the total volume of water produced and distributed less the volume of water billed.

Response: Please see the attached document. The data reflected in the attached document reveals that non-revenue water for Central City's system is extremely low. The City will attempt to review additional information in order to confirm the information provided. It will update this response with relevant information if it becomes available.

Witness: Michael McGhee



Central City Water Production and Usage Summary

7/31/2017

		Central City		MCWD		MCWD#3		Non-Revenue		Production
		Gallons	% Prod	Gallons	% Prod	Gallons	% Total	Gallons	% Total	Gallons
2014	Jan	26,672,500	27%	46,485,600	47%	25,406,400	26%	(577,500)	-1%	97,987,000
	Feb	22,824,900	26%	39,185,800	45%	22,655,300	26%	3,211,000	4%	87,877,000
	Mar	20,258,200	22%	40,824,200	44%	24,160,300	26%	7,143,300	8%	92,386,000
	Apr	22,135,400	26%	37,098,900	43%	23,172,300	27%	3,766,400	4%	86,173,000
	May	21,855,500	23%	40,998,100	43%	24,945,200	26%	8,087,200	8%	95,886,000
	Jun	28,319,000	30%	43,508,600	47%	25,893,100	28%	(4,224,700)	-5%	93,496,000
	Jul	25,505,800	27%	42,489,300	44%	25,948,200	27%	1,585,700	2%	95,529,000
	Aug	39,881,600	44%	39,108,800	43%	22,518,800	25%	(10,061,200)	-11%	91,448,000
	Sep	26,642,600	31%	40,768,600	48%	23,343,600	28%	(6,105,800)	-7%	84,649,000
	Oct	23,653,300	29%	36,806,000	44%	21,462,700	26%	885,000	1%	82,807,000
	Nov	22,114,000	27%	36,251,300	43%	19,272,800	23%	5,809,900	7%	83,448,000
	Dec	23,349,700	27%	42,149,000	48%	21,783,400	25%	405,900	0%	87,688,000
	<b>TOTAL</b>	<b>303,212,500</b>	<b>28%</b>	<b>485,674,200</b>	<b>45%</b>	<b>280,562,100</b>	<b>26%</b>	<b>9,925,200</b>	<b>1%</b>	<b>1,079,374,000</b>
2015	Jan	21,938,300	24%	40,159,800	43%	21,285,200	23%	9,684,700	10%	93,068,000
	Feb	27,070,300	30%	39,507,100	44%	21,282,100	24%	1,530,500	2%	89,390,000
	Mar	22,649,500	24%	43,983,000	46%	23,733,300	25%	5,955,200	6%	96,321,000
	Apr	22,547,300	27%	36,475,900	43%	21,187,700	25%	4,102,100	5%	84,313,000
	May	23,230,500	25%	39,736,500	42%	21,795,000	23%	8,784,000	9%	93,546,000
	Jun	28,099,200	31%	42,990,400	47%	26,016,400	29%	(6,081,000)	-7%	91,025,000
	Jul	25,262,800	27%	41,816,300	45%	24,202,700	26%	1,485,200	2%	92,767,000
	Aug	26,694,200	29%	41,340,700	45%	23,484,000	26%	230,100	0%	91,749,000
	Sep	22,951,000	25%	41,432,500	46%	22,943,500	25%	2,707,000	3%	90,034,000
	Oct	23,187,500	27%	36,149,000	43%	20,824,700	25%	4,389,800	5%	84,551,000
	Nov	27,419,000	34%	37,171,700	46%	20,122,700	25%	(3,128,400)	-4%	81,585,000
	Dec	21,607,300	25%	37,614,700	44%	20,821,500	24%	6,054,500	7%	86,098,000
	<b>TOTAL</b>	<b>292,656,900</b>	<b>27%</b>	<b>478,377,600</b>	<b>45%</b>	<b>267,698,800</b>	<b>25%</b>	<b>35,713,700</b>	<b>3%</b>	<b>1,074,447,000</b>
2016	Jan	26,161,800	29%	37,002,300	42%	19,978,200	22%	5,889,700	7%	89,032,000
	Feb	22,833,800	29%	37,989,700	48%	21,292,500	27%	(2,292,000)	-3%	79,824,000
	Mar	21,734,500	26%	37,186,500	44%	20,812,800	25%	4,422,200	5%	84,156,000
	Apr	21,009,800	25%	34,887,400	42%	20,696,600	25%	6,812,200	8%	83,406,000
	May	22,795,100	24%	38,557,900	41%	22,817,000	24%	10,433,000	11%	94,603,000
	Jun	26,158,200	26%	43,001,000	43%	23,787,500	24%	6,444,300	6%	99,391,000
	Jul	29,043,900	32%	37,969,900	42%	21,755,300	24%	2,267,900	2%	91,037,000
	Aug	26,172,200	29%	42,399,300	47%	25,301,000	28%	(3,416,500)	-4%	90,456,000
	Sep	25,489,900	29%	40,140,800	46%	22,941,000	26%	(1,761,700)	-2%	86,810,000
	Oct	27,465,000	31%	39,284,800	45%	22,643,600	26%	(2,142,400)	-2%	87,251,000
	Nov	23,651,400	29%	35,627,800	44%	22,253,200	27%	(204,400)	0%	81,328,000
	Dec	24,786,200	29%	35,554,800	42%	22,325,700	26%	2,568,300	3%	85,235,000
	<b>TOTAL</b>	<b>297,301,800</b>	<b>28%</b>	<b>459,602,200</b>	<b>44%</b>	<b>266,604,400</b>	<b>25%</b>	<b>29,020,600</b>	<b>3%</b>	<b>1,052,529,000</b>
2017	Jan	26,834,300	30%	39,521,800	45%	23,677,100	27%	(1,361,200)	-2%	88,672,000
	Feb	26,554,800	34%	33,436,500	43%	20,356,000	26%	(2,833,300)	-4%	77,514,000
	Mar	21,843,500	25%	37,575,600	44%	22,003,000	26%	4,315,900	5%	85,738,000
	Apr	21,751,600	26%	35,414,500	42%	19,649,600	23%	7,002,300	8%	83,818,000
	May	28,425,400	30%	44,998,700	48%	24,698,300	26%	(4,823,400)	-5%	93,299,000
	Jun	23,770,900	26%	41,851,100	46%	22,676,500	25%	2,566,500	3%	90,865,000
	<b>TOTAL</b>	<b>149,180,500</b>	<b>29%</b>	<b>232,798,200</b>	<b>45%</b>	<b>133,060,500</b>	<b>26%</b>	<b>4,866,800</b>	<b>1%</b>	<b>519,906,000</b>

Note: Water produced in a given month is generally billed in a subsequent month.



21. List each water storage tank in Central City's water distribution system, its storage volume, and its location. For each listed storage tank, state whether it is used to provide water service to MCWD or MCWD3 and the percentage of the tank's capacity that Central City has reserved for MCWD or MCWD3.

Response: Please see the attached document that lists each water storage tank, all of which assist in providing water service to all customers, including the water districts.

Central City has previously informed Muhlenberg County Water District No. 3 that its storage capacity exceeds its average daily retail demand. The greater storage capacity in the system was designed to accommodate the water needs of the water districts. The City can and will reserve storage capacity for the water districts. No contract has been executed related to the reservation of storage capacity to date.

Witness: Michael McGhee and David Rhoades

Name	Volume (GAL)	Style	Lattitude	Longitude	Notes
<b>Central City</b>					
Reservoir Hill North	485,000	Steel Ground	37°18'10.3"N	87°07'25.3"W	
Reservoir Hill South	1,000,000	Steel Ground	37°18'10.9"N	87°07'24.8"W	
Rose Hill	1,265,000	Steel Ground	37°17'30.4"N	87°06'32.0"W	
Stringtown	500,000	Legged Elevated	37°16'57.1"N	87°07'39.0"W	Out of Service in 2015
Community College	1,000,000	Composite Elevated	37°16'51.1"N	87°07'05.0"W	



22. State the maximum capacity of Central City's water treatment facilities.

Response: 7.0 million gallons per day

Witness: Michael McGhee

23. State the maximum daily demand in gallons for each of the following and the date upon which it occurred:

- a. MCWD;
- b. MCWD3;
- c. Central City's retail distribution system; and
- d. Central City's combined wholesale and retail operations.

Response: The City does not have reliable data for which to respond to the maximum daily demand in gallons. Water meters are read monthly, so no daily figures are available. The distribution SCADA is set up to read the district's master meters continuously, but data is not recorded in a daily format. Additionally, the SCADA system has not been functional for several recent months due to maintenance problems with the water districts' equipment. The districts may have this information for their own systems.

Witness: Michael McGhee

24. Provide the ordinance of the Central City Council authorizing the proposed wholesale rate adjustment.

Response: Please see response to Item 13 above.

Witness: David Rhoades



It 13

It. 24+  
25 P. 7

KOC #610.02

CITY OF CENTRAL CITY, KENTUCKY  
ORDINANCE BILL #2017-02

AN ORDINANCE AMENDING SECTION 9(A); SECTION 9(C); AND SECTION 9(D) OF ORDINANCE KOC #610.02, WHICH IS ENTITLED:

AN ORDINANCE OF THE CITY OF CENTRAL CITY RELATING TO THE COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM AND THE COMMISSION ESTABLISHED TO OPERATE AND MANAGE SAID SYSTEM: PROHIBITING UNAUTHORIZED DISPOSAL OF SEWAGE: DETERMINING THAT IT IS NECESSARY TO INCREASE THE RATES AND CHARGES FOR WATER SERVICE AND FOR SEWER SERVICE PROVIDED THROUGH THE FACILITIES OF SAID SYSTEM: PRESCRIBING RATES AND CHARGES FOR SUCH SERVICES, AND THE EFFECTIVE DATES THEREOF: PRESCRIBING TIMES FOR METER READING, RENDITION OF BILLS, PAYMENT OF BILLS, PENALTIES FOR LATE PAYMENT, AND DISCONTINUANCE OF SERVICE TO DELINQUENTS: AND ESTABLISHING OTHER CHARGES

BE IT ORDAINED BY THE CITY OF CENTRAL CITY AS FOLLOWS:

FIRST:

Section 9(A) of Ordinance KOC #610.02 is hereby amended as follows:

SECTION 9. SERVICE, RATES AND CHARGES. Rates and charges for the use of the services and facilities of the System are hereby established and prescribed, effective in the manner and upon the respectable dates hereinafter set forth as follows:

WATER RATES SHALL BE:

A. In-town users:

Monthly user charge	\$11.00
All usage	@\$3.70 per 1,000 gallons

SECOND:

Section 9(C) of Ordinance KOC #610.02 is amended as follows:

SECTION 9. SERVICE, RATES AND CHARGES. Rates and charges for the use of the services and facilities of the System are hereby established

WD 24

and prescribed, effective in the manner and upon the respectable dates hereinafter set forth, as follows:

#### METERED WATER SERVICE

C. Resale:

Muhlenberg County Water District - \$3.19 per 1,000 gallons and Muhlenberg County Water District #3 \$3.19 per 1,000 gallons.

**THIRD:**

**Section 9(D) of Ordinance KOC # 610.02 is hereby amended as follows:**

D. Retail Users of water outside the city limits with or without sewer service:

First 1,000 gallons @ \$18.76 Minimum Bill

All over 2,000 gallons @ \$7.35 per 1,000 gallons

**FOURTH:**

All other provisions of City of Central City Ordinance KOC #0610.02, except as amended herein, shall remain in full force and effect, including, without limitation, the provisions of Section 10(II) of such ordinance, which is quoted below:

*(II) EXISTING RATES: It is hereinabove provided that the prescribed rates and charges for water service and for sewer service are to become effective as applied to bills rendered on and after specified dates. It is the intention that the rates and charges herein prescribed shall supersede any rates and charges presently in force under existing Ordinances, Resolutions, Rules and Regulations but it is not intended that the rates and charges presently in force under existing Ordinances, Resolutions, Rules and Regulations; be rescinded unless and until effectively replaced or superseded; nor that there shall ever be a period of time when no lawful rate or charge for water service or sewer service prevails. Subject to the provisions of this Ordinance, it is ordained that presently prevailing rates, charges, rules and regulations continue in force until lawfully superseded.*



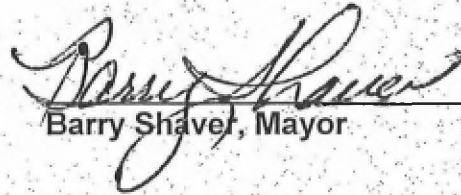
FIFTH:

The provisions of this ordinance are severable, and any valid declaration of unenforceability by a court or other tribunal of competent jurisdiction of any provision hereof shall not invalidate the remaining provisions of this ordinance.


SIXTH:

This Ordinance shall take effect upon its passage, approval and publication according to law. "Approval" shall include, without limitation, any approval required by law by any agency, department, or cabinet of the Commonwealth of Kentucky, including, without limitation, the Kentucky Public Service Commission.

This the 14<sup>th</sup> day of June, 2017.

  
Barry Shaver, Mayor

ATTEST:

  
David G. Rhoades, City Clerk

Date of First Reading: May 10<sup>th</sup>, 2017



ROLL CALL

	<u>YES</u>	<u>NO</u>
BROWN	<u>✓</u>	<u>      </u>
CHRISTMAS	<u>✓</u>	<u>      </u>
COOMBS	<u>✓</u>	<u>      </u>
JENKINS	<u>✓</u>	<u>      </u>
LANCASTER	<u>✓</u>	<u>      </u>
MILLER	<u>✓</u>	<u>      </u>
MITCHELL	<u>✓</u>	<u>      </u>
WEST	<u>✓</u>	<u>      </u>

---

TOTAL:

8

25. Provide the ordinance that established Central City's current retail rates.

Response: Please see the attached ordinance.

Witness: David Rhoades

*Water rate*

KOC #610.02

CITY OF CENTRAL CITY, KENTUCKY  
ORDINANCE BILL #2013- 04

AN ORDINANCE AMENDING SECTION 9(A) AND SECTION 9(C) OF ORDINANCE  
KOC #610.02, WHICH IS ENTITLED:

AN ORDINANCE OF THE CITY OF CENTRAL CITY RELATING TO THE COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM AND THE COMMISSION ESTABLISHED TO OPERATE AND MANAGE SAID SYSTEM: PROHIBITING UNAUTHORIZED DISPOSAL OF SEWAGE: DETERMINING THAT IT IS NECESSARY TO INCREASE THE RATES AND CHARGES FOR WATER SERVICE AND FOR SEWER SERVICE PROVIDED THROUGH THE FACILITIES OF SAID SYSTEM: PRESCRIBING RATES AND CHARGES FOR SUCH SERVICES, AND THE EFFECTIVE DATES THEREOF: PRESCRIBING TIMES FOR METER READING, RENDITION OF BILLS, PAYMENT OF BILLS, PENALTIES FOR LATE PAYMENT, AND DISCONTINUANCE OF SERVICE TO DELINQUENTS: AND ESTABLISHING OTHER CHARGES

BE IT ORDAINED BY THE CITY OF CENTRAL CITY AS FOLLOWS:

FIRST:

Section 9(A) of Ordinance KOC #610.02 is hereby amended as follows:

SECTION 9. SERVICE, RATES AND CHARGES. Rates and charges for the use of the services and facilities of the System are hereby established and prescribed, effective in the manner and upon the respectable dates hereinafter set forth as follows:

WATER RATES SHALL BE:

A. In-town users:

Monthly user charge	\$11.00
All usage	@\$3.06 per 1,000 gallons

SECOND:

Section 9(C) of Ordinance KOC #610.02 is amended as follows:

SECTION 9. SERVICE, RATES AND CHARGES. Rates and charges for the use of the services and facilities of the System are hereby established

**WD 25**



and prescribed, effective in the manner and upon the respectable dates hereinafter set forth, as follows:

#### METERED WATER SERVICE

C. Resale:

Muhlenberg County Water District - \$2.63 per 1,000 gallons  
and Muhlenberg County Water District #3 \$2.63 per 1,000 gallons.

**THIRD:**

All other provisions of City of Central City Ordinance KOC #0610.02, except as amended herein, shall remain in full force and effect, including, without limitation, the provisions of Section 10(II) of such ordinance, which is quoted below:

*(II) EXISTING RATES: It is hereinabove provided that the prescribed rates and charges for water service and for sewer service are to become effective as applied to bills rendered on and after specified dates. It is the intention that the rates and charges herein prescribed shall supersede any rates and charges presently in force under existing Ordinances, Resolutions, Rules and Regulations but it is not intended that the rates and charges presently in force under existing Ordinances, Resolutions, Rules and Regulations; be rescinded unless and until effectively replaced or superseded; nor that there shall ever be a period of time when no lawful rate or charge for water service or sewer service prevails. Subject to the provisions of this Ordinance, it is ordained that presently prevailing rates, charges, rules and regulations continue in force until lawfully superseded.*

**FOURTH:**

The provisions of this ordinance are severable, and any valid declaration of unenforceability by a court or other tribunal of competent jurisdiction of any provision hereof shall not invalidate the remaining provisions of this ordinance.

FIFTH:

This Ordinance shall take effect upon its passage, approval and publication according to law. "Approval" shall include, without limitation, any approval required by law by any agency, department, or cabinet of the Commonwealth of Kentucky, including, without limitation, the Kentucky Public Service Commission.

This the 4 day of March, 2013.

  
Barry Shaver, Mayor

ATTEST:

  
David G. Rhoades, City Clerk

Date of First Reading: February 18, 2013

ROLL CALL

	<u>YES</u>	<u>NO</u>
CHRISTMAS	<u>✓</u>	<u>   </u>
COOMBS	<u>✓</u>	<u>   </u>
HIGGS	<u>✓</u>	<u>   </u>
JENKINS	<u>✓</u>	<u>   </u>
KOPER	<u>✓</u>	<u>   </u>
LANCASTER	<u>✓</u>	<u>   </u>
MILLER	<u>✓</u>	<u>   </u>
MOORE	<u>✓</u>	<u>   </u>
<hr/>		
TOTAL:	<u>8</u>	<u>0</u>

26. Provide a copy of the budget for Central City's water operations for FY 2018.

Response: Please see attached document.

Witness: David Rhoades

## MUNICIPAL WATER AND SEWER SYSTEM

## 2017-2018 BUDGET

<u>Account #</u>		<u>2017-2018 Proposed Budget</u>
	<b><u>Revenues</u></b>	
4200	Water Sales-City	773,664
4201	Water Sales-County District	1,189,578
4202	Water Sales-County Dist. #3	703,490
4203	Water Sales - Penalties	16,822
4232	Miscellaneous Income-Water	362
	<b>Total Receipts from Water Sales</b>	<b>\$2,683,916</b>
4210	Sewer Sales	827,125
4211	Sewer Sales-Penalties	17,028
	<b>Total Receipts from Sewer Sales</b>	<b>\$844,153</b>
4215	Grinder Pump-Sewer	40,000
4216	Grinder Pump-Loan Principal	2,233
4217	Grinder Pump - Interest	0
4220	Service Charges & Sales-Sewer	1,403
4221	Sewer Inspection Fees	0
4222	Miscellaneous Income-Sewer	0
4230	Service Charges & Sales-Water	13,021
5140	Admin. - Bad Debts	80
7100	Interest Income	277
	<b>Total Other Receipts</b>	<b>\$57,014</b>
	<b>GROSS RECEIPTS FROM OPERATONS</b>	<b>3,585,083</b>

**GENERAL FUND EXPENDITURES****Water Plant Operations**

GR-6563	Water Plant - Salaries	401,028
6020	Water Plant - Supplies	70,000
6030	Water Plant - Repairs/Maint.	51,753
6040	Water Plant - Chemicals	300,000
	<b>Cost of Water Plant Operations</b>	<b>\$822,781</b>

**Sewer Plant Operations**

PR-6564	Labor	144,164
7020	Sewer Plant - Supplies	32,737
7030	Sewer Plant - Repairs/Maint.	35,000
7050	Sewer Plant - Gas/Oil	1,280
	<b>Cost of Sewer Plant Operations</b>	<b>\$213,181</b>



MUNICIPAL WATER AND SEWER SYSTEM

2017-2018 BUDGET

<u>Account #</u>		<u>2017-2018 Proposed</u>
		<u>Budget</u>
<b><u>Water Distribution</u></b>		
PR-6565	Water Dist. - Salaries	257,929
8010	Water Dist. - Gas & Oil	17,810
8020	Meters	900
8030	Water Distr. - Repairs/Maint.	5,586
8050	Water Dist. - Parts/Supplies	95,808
8060	Water Dist. - Maint. Equip.	8,381
8090	Water Dist. - Misc.	810
	<b>Cost of Water Distribution</b>	<b>\$387,224</b>

**Sewer Collection**

5252	Repairs/Maint.	0
5254	Parts & Supplies	0
5255	Grinder Pumps	28,815
5280	Sewer Rehab	0
	<b>Cost of Sewer Collection</b>	<b>\$28,815</b>

**General & Administrative Expenses - Water**

GR-6561	Admin. Salaries	108,753
GR-6585	FICA/Medicare	74,087
4204	Water Sales - Allowances	11,605
4212	Sewer Sales-Allowances	14,253
5070	Admin. - Building Maint.	8,400
5090	Admin. - Audit Expense	12,000
5100	Admin. - Municipal Insurance	97,384
5101	Admin. - Workman's Comp.	47,695
5111	Admin. - Uniforms	11,645
5130	Admin. - CERS	175,000
5150	Admin. - Grinder Pump Expense	3,544
5155	Admin. - Rent	72,000
5160	Admin - Electric	328,215
5170	Admin. - Telephones	22,686
5190	Bank Fees	10,172
5250	Admin. - Natural Gas	5,111
5290	Admin. - Misc.	14,447
6200	Admin. - Health Insurance	89,422
6201	Office Supplies-Water	28,250
6202	Admin. - Dental Insurance	3,533
6203	Empl. Pd. Health/Dental	33,549
6204	Commissioners Salaries-Water	12,000

MUNICIPAL WATER AND SEWER SYSTEM

2017-2018 BUDGET

<u>Account #</u>	<u>2017-2018 Proposed Budget</u>
6205	Bad Debts - Water
	0
6206	Bad Debts - Sewer
	0
6207	Legal & Accounting-Water
	1,255
6215	Interest Payment
	18,000
6216	Paving
	0
	<b>Cost of General &amp; Admin. Exp. - Water</b>
	<b>\$1,203,006</b>
	<b>TOTAL COST OF OPERATIONS</b>
	<b>\$2,655,007</b>
	<b>INCOME (LOSS) FROM OPERATIONS</b>
	<b>\$930,076</b>
8101	Payroll Account Fund
	604,656
8102	Maintenance & Operating Fund
	1,896,668
8103	Bond & Interest Redemption Fd.
	930,076
9200	Transfers from Revenue Fund
	-2,501,324
	<b>Total inter-company</b>
	<b>\$930,076</b>

27. Provide a copy of the most recent depreciation study for Central City's water system.

Response: Central City has not performed a depreciation study beyond the analysis conducted by Michael W. McGhee in his testimony filed on July 7, 2017, and the assignment of reasonable service lives of assets for accounting purposes, as reflected in the document produced in response to Item 11(a) of the Commission Staff's First Request for Information to Central City.

Witness: David Rhoades, Daniel Pate, and Michael McGhee

28. If Central City has not performed or commissioned a depreciation study, explain how Central City determined the depreciation rate for its assets and identify the person(s) who made the determination.

Response: See response to Item 27 above. With respect to the service lives (or "tax period") of assets reflected in the document produced in response to Item 11(a) of the Commission Staff's First Request for Information to Central City, these were based on the City's historical treatment of similar assets and observations of City employees. The depreciation rates contained in that document would have been determined by a variety of individuals over the years, and most recently would have been a collaboration between David Rhoades and Daniel Pate.

Witness: David Rhoades, Daniel Pate, and Mike McGhee



29. Explain how Central City determined the useful life for the assets listed in Table B of the Testimony of Michael W. McGhee.

Response: The useful lives of the assets identified in Table B of the Testimony of Michael W. McGhee were based on Mr. McGhee's experience in the industry.

Witness: Michael McGhee

30. Are portions of the depreciation for all of Central City's depreciable assets allocated to MCWD and MCWD3?

Response: No, portions of the depreciation for all of Central City's depreciable assets are not allocated to the water districts. There are some depreciable assets of Central City that are not allocated to the water districts.

Witness: Michael McGhee and Daniel Pate

31. Provide a copy of the current asset management plan for Central City's water operations.

Response: Central City does not maintain an asset management plan for its water operations.

Witness: David Rhoades and Michael McGhee

32. Provide a copy of the current capital improvement plan for Central City's water operations.

Response: Central City does not maintain a capital improvement plan for its water operations.

Witness: David Rhoades and Michael McGhee



33. For all mains in the Central City System, complete the table below.

Response:

<b>Water Main Size</b>	<b>Total Miles of Line</b>	<b>Miles of Lines Used to Serve MCWD</b>	<b>Miles of Lines Used to Serve MCWD3</b>
16-inch	3.17	3.17	3.16
14-inch	0.00	0.00	0.00
12-inch	5.63	3.15	5.11
10-inch	0.63	0.27	0
8-inch	3.48	2.52	2.36
6-inch	21.73	15.00	11.66
4-inch	6.51	4.50	4.79
2-inch	2.59	0.86	0.47

Central City also has a 20-inch raw water main from the intake to the water treatment plant that is approximately 3,500 feet long. It is required to serve all customers.

Witness: Michael McGhee

34. List all persons on Central City's payroll during FY 2016 who performed duties on behalf of Central City's water operations. (Employee may be identified by position or employee number in lieu of name.) For each employee, state his or her job duties, total wages paid during the test year, current salary or wage rate, and the percentage of work hours spent performing duties for the water operations during the test year. If Central City's records do not permit the allocation of an employee's work hours among city divisions, provide an estimate for each employee and explain how Central City derived the estimate.

Response: See attached document. Regarding the percentage of work hours spent performing duties for the water operations during the test year, the supervisor and operators of the water treatment plant spend 100% of their working time dedicated to the water operations. With respect to the other positions listed, their duties can vary depending on pending projects at any given time. Overall, David Rhoades estimates that these positions are consistent with the 60/40 allocation, whereby these employees spend on average 60 percent of their time for the department working on water operations and 40 percent of their time working on sewer operations.

Witness: David Rhoades

<u>Employee</u>	<u>Job Duties</u>	<u>Gross</u>	<u>%</u>	<u>Rate</u>
Office Manager	Daily office functions	36,420.32	60	\$17.31
Water Supt.	Supervisor all water departments	60,777.60	60	\$29.22
<b>TOTAL ADMINISTRATION</b>		<b>97,197.92</b>		
Laborer	Maintain water & sewer distribution	39,348.90	60	\$15.17
Supervisor	Supervise water & sewer distribution	63,544.00	60	\$30.55
Laborer	Maintain water & sewer distribution	26,434.53	60	\$10.83
Laborer	Maintain water & sewer distribution	40,393.73	60	\$17.31
Laborer	Maintain water & sewer distribution	30,926.31	60	\$13.69
Laborer	Maintain water & sewer distribution	33,779.68	60	\$14.77
<b>TOTAL DISTRIBUTION</b>		<b>234,427.15</b>		
Operator	Maintain water plant operations	30,417.68	100	\$15.00
Operator	Maintain water plant operations	45,103.70	100	\$20.60
Operator	Maintain water plant operations	47,019.50	100	\$20.60
Operator	Maintain water plant operations	40,245.71	100	\$18.54
Operator	Maintain water plant operations	26,175.00	100	\$12.00
Operator	Maintain water plant operations	43,919.44	100	\$20.00
Operator	Maintain water plant operations	43,305.00	100	\$20.00
Supervisor	Supervise water plant operations	56,659.20	100	\$27.24
Operator	Maintain water plant operations	39,944.43	100	\$18.54
<b>TOTAL WATER PLANT</b>		<b>372,789.66</b>		
<b>TOTAL WATER PAYROLL</b>		<b>\$704,414.73</b>		

35. Describe the benefits (e.g., health insurance, life insurance, pension costs, etc.) that Central City provides to the employees listed in the response to Question 34 and, for each employee listed in that response, state the cost of each benefit provided.

Response: Please see response to Item 10 of the Commission Staff's First Request for Information. Central City pays up to \$350 towards health insurance premiums and \$14 towards dental insurance monthly for its employees. Central City also pays the mandatory employer contributions to participate in the County Employee Retirement System.

Witness: David Rhoades

36. For each employee listed in Question 34, describe how Central City allocated his or her payroll and payroll overhead charges to water operations for the proposed test period. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

Response: Payroll and payroll overhead charges for water treatment plant employees were allocated entirely to the water operations. Payroll and payroll overhead charges for relevant administrative and distribution employees were allocated 60% to the water operations.

Witness: David Rhoades



37. Provide the amortization schedule for each of the following debt instruments:

a. Department of Agriculture Rural Development Water and Sewer Revenue

Bonds, Series 2012A;

b. Department of Agriculture Rural Development Water and Sewer Revenue

Bonds, Series 2012B;

c. Department of Agriculture Rural Development Water and Sewer Revenue

Bonds, Series 2014; and

d. 2013 Kentucky Rural Water Finance Corporation loan.

Response: Please see the attached documents.

Witness: David Rhoades

**City of Central City, Kentucky**  
**Water and Sewer Revenue Bonds**  
**Series 2012A and 2012B**

*14,450,000*

**Debt Service Schedule**

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
07/01/2013	-	-	92,319.44	92,319.44
01/01/2014	-	-	180,625.00	180,625.00
07/01/2014	-	-	180,625.00	180,625.00
01/01/2015	192,500.00	2.500%	180,625.00	373,125.00
07/01/2015	-	-	178,218.75	178,218.75
01/01/2016	199,500.00	2.500%	178,218.75	377,718.75
07/01/2016	-	-	175,725.00	175,725.00
01/01/2017	206,000.00	2.500%	175,725.00	381,725.00
07/01/2017	-	-	173,150.00	173,150.00
01/01/2018	213,000.00	2.500%	173,150.00	386,150.00
07/01/2018	-	-	170,487.50	170,487.50
01/01/2019	210,500.00	2.500%	170,487.50	380,987.50
07/01/2019	-	-	167,856.25	167,856.25
01/01/2020	227,500.00	2.500%	167,856.25	395,356.25
07/01/2020	-	-	165,012.50	165,012.50
01/01/2021	235,000.00	2.500%	165,012.50	400,012.50
07/01/2021	-	-	162,075.00	162,075.00
01/01/2022	243,000.00	2.500%	162,075.00	405,075.00
07/01/2022	-	-	159,037.50	159,037.50
01/01/2023	251,000.00	2.500%	159,037.50	410,037.50
07/01/2023	-	-	155,900.00	155,900.00
01/01/2024	260,000.00	2.500%	155,900.00	415,900.00
07/01/2024	-	-	152,650.00	152,650.00
01/01/2025	268,500.00	2.500%	152,650.00	421,150.00
07/01/2025	-	-	149,293.75	149,293.75
01/01/2026	277,500.00	2.500%	149,293.75	426,793.75
07/01/2026	-	-	145,825.00	145,825.00
01/01/2027	287,000.00	2.500%	145,825.00	432,825.00
07/01/2027	-	-	142,237.50	142,237.50
01/01/2028	297,000.00	2.500%	142,237.50	439,237.50
07/01/2028	-	-	138,525.00	138,525.00
01/01/2029	307,000.00	2.500%	138,525.00	445,525.00
07/01/2029	-	-	134,687.50	134,687.50
01/01/2030	317,000.00	2.500%	134,687.50	451,687.50
07/01/2030	-	-	130,725.00	130,725.00
01/01/2031	328,000.00	2.500%	130,725.00	458,725.00
07/01/2031	-	-	126,625.00	126,625.00
01/01/2032	339,000.00	2.500%	126,625.00	465,625.00
07/01/2032	-	-	122,387.50	122,387.50
01/01/2033	350,500.00	2.500%	122,387.50	472,887.50
07/01/2033	-	-	118,006.25	118,006.25
01/01/2034	362,000.00	2.500%	118,006.25	480,006.25
07/01/2034	-	-	113,481.25	113,481.25
01/01/2035	374,500.00	2.500%	113,481.25	487,981.25

WD 37ab

**City of Central City, Kentucky**

Water and Sewer Revenue Bonds

Series 2012A and 2012B

**Debt Service Schedule**

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
07/01/2035	-	-	108,800.00	108,800.00
01/01/2036	387,500.00	2.500%	108,800.00	496,300.00
07/01/2036	-	-	103,956.25	103,956.25
01/01/2037	400,000.00	2.500%	103,956.25	503,956.25
07/01/2037	-	-	98,956.25	98,956.25
01/01/2038	413,500.00	2.500%	98,956.25	512,456.25
07/01/2038	-	-	93,787.50	93,787.50
01/01/2039	427,500.00	2.500%	93,787.50	521,287.50
07/01/2039	-	-	88,443.75	88,443.75
01/01/2040	442,000.00	2.500%	88,443.75	530,443.75
07/01/2040	-	-	82,918.75	82,918.75
01/01/2041	457,000.00	2.500%	82,918.75	539,918.75
07/01/2041	-	-	77,206.25	77,206.25
01/01/2042	472,500.00	2.500%	77,206.25	549,706.25
07/01/2042	-	-	71,300.00	71,300.00
01/01/2043	498,500.00	2.500%	71,300.00	569,800.00
07/01/2043	-	-	65,068.75	65,068.75
01/01/2044	505,000.00	2.500%	65,068.75	570,068.75
07/01/2044	-	-	58,756.25	58,756.25
01/01/2045	522,000.00	2.500%	58,756.25	580,756.25
07/01/2045	-	-	52,231.25	52,231.25
01/01/2046	539,500.00	2.500%	52,231.25	591,731.25
07/01/2046	-	-	45,487.50	45,487.50
01/01/2047	557,500.00	2.500%	45,487.50	602,987.50
07/01/2047	-	-	38,518.75	38,518.75
01/01/2048	576,500.00	2.500%	38,518.75	615,018.75
07/01/2048	-	-	31,312.50	31,312.50
01/01/2049	596,000.00	2.500%	31,312.50	627,312.50
07/01/2049	-	-	23,862.50	23,862.50
01/01/2050	616,000.00	2.500%	23,862.50	639,862.50
07/01/2050	-	-	16,162.50	16,162.50
01/01/2051	637,000.00	2.500%	16,162.50	653,162.50
07/01/2051	-	-	8,200.00	8,200.00
01/01/2052	656,000.00	2.500%	8,200.00	664,200.00
<b>Total</b>	<b>\$14,450,000.00</b>	-	<b>\$8,727,944.44</b>	<b>\$23,177,944.44</b>

**City of Central City, Kentucky**  
 Water and Sewer Revenue Bonds  
 Series 2012A and 2012B

**Debt Service Schedule**

Part 3 of 3

**Yield Statistics**

Bond Year Dollars	\$349,117.78
Average Life	24.160 Years
Average Coupon	2.5000000%
Net Interest Cost (NIC)	2.5000000%
True Interest Cost (TIC)	2.5021325%
Bond Yield for Arbitrage Purposes	2.5021325%
All Inclusive Cost (AIC)	2.5021325%
<b>IRS Form 8038</b>	
Net Interest Cost	2.5000000%
Weighted Average Maturity	24.160 Years

**City of Central City, Kentucky**

Water and Sewer Revenue Bonds

Series 2012A and 2012B

**Net Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
01/01/2014	-	-	272,944.44	272,944.44	272,944.44
01/01/2015	192,500.00	2.500%	361,250.00	553,750.00	553,750.00
01/01/2016	199,500.00	2.500%	356,437.50	555,937.50	555,937.50
01/01/2017	206,000.00	2.500%	351,450.00	557,450.00	557,450.00
01/01/2018	213,000.00	2.500%	346,300.00	559,300.00	559,300.00
01/01/2019	210,500.00	2.500%	340,975.00	551,475.00	551,475.00
01/01/2020	227,500.00	2.500%	335,712.50	563,212.50	563,212.50
01/01/2021	235,000.00	2.500%	330,025.00	565,025.00	565,025.00
01/01/2022	243,000.00	2.500%	324,150.00	567,150.00	567,150.00
01/01/2023	251,000.00	2.500%	318,075.00	569,075.00	569,075.00
01/01/2024	260,000.00	2.500%	311,800.00	571,800.00	571,800.00
01/01/2025	268,500.00	2.500%	305,300.00	573,800.00	573,800.00
01/01/2026	277,500.00	2.500%	298,587.50	576,087.50	576,087.50
01/01/2027	287,000.00	2.500%	291,650.00	578,650.00	578,650.00
01/01/2028	297,000.00	2.500%	284,475.00	581,475.00	581,475.00
01/01/2029	307,000.00	2.500%	277,050.00	584,050.00	584,050.00
01/01/2030	317,000.00	2.500%	269,375.00	586,375.00	586,375.00
01/01/2031	328,000.00	2.500%	261,450.00	589,450.00	589,450.00
01/01/2032	339,000.00	2.500%	253,250.00	592,250.00	592,250.00
01/01/2033	350,500.00	2.500%	244,775.00	595,275.00	595,275.00
01/01/2034	362,000.00	2.500%	236,012.50	598,012.50	598,012.50
01/01/2035	374,500.00	2.500%	226,962.50	601,462.50	601,462.50
01/01/2036	387,500.00	2.500%	217,600.00	605,100.00	605,100.00
01/01/2037	400,000.00	2.500%	207,912.50	607,912.50	607,912.50
01/01/2038	413,500.00	2.500%	197,912.50	611,412.50	611,412.50
01/01/2039	427,500.00	2.500%	187,575.00	615,075.00	615,075.00
01/01/2040	442,000.00	2.500%	176,887.50	618,887.50	618,887.50
01/01/2041	457,000.00	2.500%	165,837.50	622,837.50	622,837.50
01/01/2042	472,500.00	2.500%	154,412.50	626,912.50	626,912.50
01/01/2043	498,500.00	2.500%	142,600.00	641,100.00	641,100.00
01/01/2044	505,000.00	2.500%	130,137.50	635,137.50	635,137.50
01/01/2045	522,000.00	2.500%	117,512.50	639,512.50	639,512.50
01/01/2046	539,500.00	2.500%	104,462.50	643,962.50	643,962.50
01/01/2047	557,500.00	2.500%	90,975.00	648,475.00	648,475.00
01/01/2048	576,500.00	2.500%	77,037.50	653,537.50	653,537.50
01/01/2049	596,000.00	2.500%	62,625.00	658,625.00	658,625.00
01/01/2050	616,000.00	2.500%	47,725.00	663,725.00	663,725.00
01/01/2051	637,000.00	2.500%	32,325.00	669,325.00	669,325.00
01/01/2052	656,000.00	2.500%	16,400.00	672,400.00	672,400.00
<b>Total</b>	<b>\$14,450,000.00</b>	<b>-</b>	<b>\$8,727,944.44</b>	<b>\$23,177,944.44</b>	<b>\$23,177,944.44</b>



**City of Central City, Kentucky**  
**Water and Sewer Revenue Bonds**  
**Series 2012A and 2012B**

**Bond Balance Report**

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Bond Balance
07/01/2013	-	-	92,319.44	92,319.44	14,450,000.00
01/01/2014	-	-	180,625.00	180,625.00	14,450,000.00
07/01/2014	-	-	180,625.00	180,625.00	14,450,000.00
01/01/2015	192,500.00	2.500%	180,625.00	373,125.00	14,257,500.00
07/01/2015	-	-	178,218.75	178,218.75	14,257,500.00
01/01/2016	199,500.00	2.500%	178,218.75	377,718.75	14,058,000.00
07/01/2016	-	-	175,725.00	175,725.00	14,058,000.00
01/01/2017	206,000.00	2.500%	175,725.00	381,725.00	13,852,000.00
07/01/2017	-	-	173,150.00	173,150.00	13,852,000.00
01/01/2018	213,000.00	2.500%	173,150.00	386,150.00	13,639,000.00
07/01/2018	-	-	170,487.50	170,487.50	13,639,000.00
01/01/2019	210,500.00	2.500%	170,487.50	380,987.50	13,428,500.00
07/01/2019	-	-	167,856.25	167,856.25	13,428,500.00
01/01/2020	227,500.00	2.500%	167,856.25	395,356.25	13,201,000.00
07/01/2020	-	-	165,012.50	165,012.50	13,201,000.00
01/01/2021	235,000.00	2.500%	165,012.50	400,012.50	12,966,000.00
07/01/2021	-	-	162,075.00	162,075.00	12,966,000.00
01/01/2022	243,000.00	2.500%	162,075.00	405,075.00	12,723,000.00
07/01/2022	-	-	159,037.50	159,037.50	12,723,000.00
01/01/2023	251,000.00	2.500%	159,037.50	410,037.50	12,472,000.00
07/01/2023	-	-	155,900.00	155,900.00	12,472,000.00
01/01/2024	260,000.00	2.500%	155,900.00	415,900.00	12,212,000.00
07/01/2024	-	-	152,650.00	152,650.00	12,212,000.00
01/01/2025	268,500.00	2.500%	152,650.00	421,150.00	11,943,500.00
07/01/2025	-	-	149,293.75	149,293.75	11,943,500.00
01/01/2026	277,500.00	2.500%	149,293.75	426,793.75	11,666,000.00
07/01/2026	-	-	145,825.00	145,825.00	11,666,000.00
01/01/2027	287,000.00	2.500%	145,825.00	432,825.00	11,379,000.00
07/01/2027	-	-	142,237.50	142,237.50	11,379,000.00
01/01/2028	297,000.00	2.500%	142,237.50	439,237.50	11,082,000.00
07/01/2028	-	-	138,525.00	138,525.00	11,082,000.00
01/01/2029	307,000.00	2.500%	138,525.00	445,525.00	10,775,000.00
07/01/2029	-	-	134,687.50	134,687.50	10,775,000.00
01/01/2030	317,000.00	2.500%	134,687.50	451,687.50	10,458,000.00
07/01/2030	-	-	130,725.00	130,725.00	10,458,000.00
01/01/2031	328,000.00	2.500%	130,725.00	458,725.00	10,130,000.00
07/01/2031	-	-	126,625.00	126,625.00	10,130,000.00
01/01/2032	339,000.00	2.500%	126,625.00	465,625.00	9,791,000.00
07/01/2032	-	-	122,387.50	122,387.50	9,791,000.00
01/01/2033	350,500.00	2.500%	122,387.50	472,887.50	9,440,500.00
07/01/2033	-	-	118,006.25	118,006.25	9,440,500.00
01/01/2034	362,000.00	2.500%	118,006.25	480,006.25	9,078,500.00
07/01/2034	-	-	113,481.25	113,481.25	9,078,500.00

Series 2012 W&S | SINGLE PURPOSE | 4/23/2013 | 11:45 AM

City of Central City, Kentucky  
 Water and Sewer Revenue Bonds  
 Series 2012A and 2012B

## Bond Balance Report

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Bond Balance
01/01/2035	374,500.00	2.500%	113,481.25	487,981.25	8,704,000.00
07/01/2035	-	-	108,800.00	108,800.00	8,704,000.00
01/01/2036	387,500.00	2.500%	108,800.00	496,300.00	8,316,500.00
07/01/2036	-	-	103,956.25	103,956.25	8,316,500.00
01/01/2037	400,000.00	2.500%	103,956.25	503,956.25	7,916,500.00
07/01/2037	-	-	98,956.25	98,956.25	7,916,500.00
01/01/2038	413,500.00	2.500%	98,956.25	512,456.25	7,503,000.00
07/01/2038	-	-	93,787.50	93,787.50	7,503,000.00
01/01/2039	427,500.00	2.500%	93,787.50	521,287.50	7,075,500.00
07/01/2039	-	-	88,443.75	88,443.75	7,075,500.00
01/01/2040	442,000.00	2.500%	88,443.75	530,443.75	6,633,500.00
07/01/2040	-	-	82,918.75	82,918.75	6,633,500.00
01/01/2041	457,000.00	2.500%	82,918.75	539,918.75	6,176,500.00
07/01/2041	-	-	77,206.25	77,206.25	6,176,500.00
01/01/2042	472,500.00	2.500%	77,206.25	549,706.25	5,704,000.00
07/01/2042	-	-	71,300.00	71,300.00	5,704,000.00
01/01/2043	498,500.00	2.500%	71,300.00	569,800.00	5,205,500.00
07/01/2043	-	-	65,068.75	65,068.75	5,205,500.00
01/01/2044	505,000.00	2.500%	65,068.75	570,068.75	4,700,500.00
07/01/2044	-	-	58,756.25	58,756.25	4,700,500.00
01/01/2045	522,000.00	2.500%	58,756.25	580,756.25	4,178,500.00
07/01/2045	-	-	52,231.25	52,231.25	4,178,500.00
01/01/2046	539,500.00	2.500%	52,231.25	591,731.25	3,639,000.00
07/01/2046	-	-	45,487.50	45,487.50	3,639,000.00
01/01/2047	557,500.00	2.500%	45,487.50	602,987.50	3,081,500.00
07/01/2047	-	-	38,518.75	38,518.75	3,081,500.00
01/01/2048	576,500.00	2.500%	38,518.75	615,018.75	2,505,000.00
07/01/2048	-	-	31,312.50	31,312.50	2,505,000.00
01/01/2049	596,000.00	2.500%	31,312.50	627,312.50	1,909,000.00
07/01/2049	-	-	23,862.50	23,862.50	1,909,000.00
01/01/2050	616,000.00	2.500%	23,862.50	639,862.50	1,293,000.00
07/01/2050	-	-	16,162.50	16,162.50	1,293,000.00
01/01/2051	637,000.00	2.500%	16,162.50	653,162.50	656,000.00
07/01/2051	-	-	8,200.00	8,200.00	656,000.00
01/01/2052	656,000.00	2.500%	8,200.00	664,200.00	-
<b>Total</b>	<b>\$14,450,000.00</b>	-	<b>\$8,727,944.44</b>	<b>\$23,177,944.44</b>	-

## City of Central City, Kentucky

## Water System Revenue Bonds

Series 2014

21,950

## Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
07/01/2014	-	-	1,760.42	1,760.42
01/01/2015	-	-	24,375.00	24,375.00
07/01/2015	-	-	24,375.00	24,375.00
01/01/2016	-	-	24,375.00	24,375.00
07/01/2016	-	-	24,375.00	24,375.00
01/01/2017	31,500.00	2.500%	24,375.00	55,875.00
07/01/2017	-	-	23,981.25	23,981.25
01/01/2018	32,000.00	2.500%	23,981.25	55,981.25
07/01/2018	-	-	23,581.25	23,581.25
01/01/2019	33,000.00	2.500%	23,581.25	56,581.25
07/01/2019	-	-	23,168.75	23,168.75
01/01/2020	34,000.00	2.500%	23,168.75	57,168.75
07/01/2020	-	-	22,743.75	22,743.75
01/01/2021	34,500.00	2.500%	22,743.75	57,243.75
07/01/2021	-	-	22,312.50	22,312.50
01/01/2022	35,500.00	2.500%	22,312.50	57,812.50
07/01/2022	-	-	21,868.75	21,868.75
01/01/2023	36,500.00	2.500%	21,868.75	58,368.75
07/01/2023	-	-	21,412.50	21,412.50
01/01/2024	37,500.00	2.500%	21,412.50	58,912.50
07/01/2024	-	-	20,943.75	20,943.75
01/01/2025	38,000.00	2.500%	20,943.75	58,943.75
07/01/2025	-	-	20,468.75	20,468.75
01/01/2026	39,000.00	2.500%	20,468.75	59,468.75
07/01/2026	-	-	19,981.25	19,981.25
01/01/2027	40,000.00	2.500%	19,981.25	59,981.25
07/01/2027	-	-	19,481.25	19,481.25
01/01/2028	41,000.00	2.500%	19,481.25	60,481.25
07/01/2028	-	-	18,968.75	18,968.75
01/01/2029	42,000.00	2.500%	18,968.75	60,968.75
07/01/2029	-	-	18,443.75	18,443.75
01/01/2030	43,000.00	2.500%	18,443.75	61,443.75
07/01/2030	-	-	17,906.25	17,906.25
01/01/2031	44,500.00	2.500%	17,906.25	62,406.25
07/01/2031	-	-	17,350.00	17,350.00
01/01/2032	45,500.00	2.500%	17,350.00	62,850.00
07/01/2032	-	-	16,781.25	16,781.25
01/01/2033	46,500.00	2.500%	16,781.25	63,281.25
07/01/2033	-	-	16,200.00	16,200.00
01/01/2034	47,500.00	2.500%	16,200.00	63,700.00
07/01/2034	-	-	15,606.25	15,606.25
01/01/2035	49,000.00	2.500%	15,606.25	64,606.25
07/01/2035	-	-	14,993.75	14,993.75
01/01/2036	50,000.00	2.500%	14,993.75	64,993.75

WD 37c

**City of Central City, Kentucky**

**Water System Revenue Bonds**

**Series 2014**

**Debt Service Schedule**

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
07/01/2036	-	-	14,368.75	14,368.75
01/01/2037	51,500.00	2.500%	14,368.75	65,868.75
07/01/2037	-	-	13,725.00	13,725.00
01/01/2038	52,500.00	2.500%	13,725.00	66,225.00
07/01/2038	-	-	13,068.75	13,068.75
01/01/2039	54,000.00	2.500%	13,068.75	67,068.75
07/01/2039	-	-	12,393.75	12,393.75
01/01/2040	55,500.00	2.500%	12,393.75	67,893.75
07/01/2040	-	-	11,700.00	11,700.00
01/01/2041	56,500.00	2.500%	11,700.00	68,200.00
07/01/2041	-	-	10,993.75	10,993.75
01/01/2042	58,000.00	2.500%	10,993.75	68,993.75
07/01/2042	-	-	10,268.75	10,268.75
01/01/2043	59,500.00	2.500%	10,268.75	69,768.75
07/01/2043	-	-	9,525.00	9,525.00
01/01/2044	61,000.00	2.500%	9,525.00	70,525.00
07/01/2044	-	-	8,762.50	8,762.50
01/01/2045	62,500.00	2.500%	8,762.50	71,262.50
07/01/2045	-	-	7,981.25	7,981.25
01/01/2046	64,000.00	2.500%	7,981.25	71,981.25
07/01/2046	-	-	7,181.25	7,181.25
01/01/2047	65,500.00	2.500%	7,181.25	72,681.25
07/01/2047	-	-	6,362.50	6,362.50
01/01/2048	67,500.00	2.500%	6,362.50	73,862.50
07/01/2048	-	-	5,518.75	5,518.75
01/01/2049	69,000.00	2.500%	5,518.75	74,518.75
07/01/2049	-	-	4,656.25	4,656.25
01/01/2050	71,000.00	2.500%	4,656.25	75,656.25
07/01/2050	-	-	3,768.75	3,768.75
01/01/2051	72,500.00	2.500%	3,768.75	76,268.75
07/01/2051	-	-	2,862.50	2,862.50
01/01/2052	74,500.00	2.500%	2,862.50	77,362.50
07/01/2052	-	-	1,931.25	1,931.25
01/01/2053	76,000.00	2.500%	1,931.25	77,931.25
07/01/2053	-	-	981.25	981.25
01/01/2054	78,500.00	2.500%	981.25	79,481.25
<b>Total</b>	<b>\$1,950,000.00</b>	<b>-</b>	<b>\$1,168,122.92</b>	<b>\$3,118,122.92</b>

**City of Central City, Kentucky**

Water System Revenue Bonds

Series 2014

**Debt Service Schedule**

Part 3 of 3

**Yield Statistics**

Bond Year Dollars	\$46,724.92
Average Life	23.961 Years
Average Coupon	2.5000000%
Net Interest Cost (NIC)	2.5000000%
True Interest Cost (TIC)	2.4398379%
Bond Yield for Arbitrage Purposes	2.4398379%
All Inclusive Cost (AIC)	2.4398379%

**IRS Form 8038**

Net Interest Cost	2.5000000%
Weighted Average Maturity	23.961 Years



City of Central City, Kentucky

Water System Revenue Bonds

Series 2014

Proof Of Bond Yield @ 2.4398379%

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
06/18/2014	-	1.0000000x	-	-
07/01/2014	1,760.42	0.9887992x	1,740.70	1,740.70
01/01/2015	24,375.00	0.9769517x	23,813.20	25,553.90
07/01/2015	24,375.00	0.9651085x	23,524.52	49,078.42
01/01/2016	24,375.00	0.9535400x	23,242.54	72,320.96
07/01/2016	24,375.00	0.9419854x	22,960.89	95,281.85
01/01/2017	55,875.00	0.9306988x	52,002.80	147,284.65
07/01/2017	23,981.25	0.9194163x	22,048.75	169,333.40
01/01/2018	55,981.25	0.9084001x	50,853.38	220,186.77
07/01/2018	23,581.25	0.8973879x	21,161.53	241,348.30
01/01/2019	56,581.25	0.8866357x	50,166.96	291,515.26
07/01/2019	23,168.75	0.8758873x	20,293.21	311,808.48
01/01/2020	57,168.75	0.8653883x	49,473.17	361,281.65
07/01/2020	22,743.75	0.8549019x	19,443.67	380,725.32
01/01/2021	57,243.75	0.8446587x	48,351.43	429,076.75
07/01/2021	22,312.50	0.8344192x	18,617.98	447,694.73
01/01/2022	57,812.50	0.8244215x	47,661.87	495,356.60
07/01/2022	21,868.75	0.8144273x	17,810.51	513,167.11
01/01/2023	58,368.75	0.8046691x	46,967.53	560,134.64
07/01/2023	21,412.50	0.7949144x	17,021.10	577,155.75
01/01/2024	58,912.50	0.7853860x	46,269.05	623,424.80
07/01/2024	20,943.75	0.7758690x	16,249.61	639,674.41
01/01/2025	58,943.75	0.7665728x	45,184.68	684,859.08
07/01/2025	20,468.75	0.7572799x	15,500.57	700,359.65
01/01/2026	59,468.75	0.7482064x	44,494.90	744,854.55
07/01/2026	19,981.25	0.7391362x	14,768.86	759,623.42
01/01/2027	59,981.25	0.7302801x	43,803.11	803,426.53
07/01/2027	19,481.25	0.7214272x	14,054.30	817,480.84
01/01/2028	60,481.25	0.7127796x	43,109.80	860,590.64
07/01/2028	18,968.75	0.7041424x	13,356.70	873,947.34
01/01/2029	60,968.75	0.6957056x	42,416.30	916,363.64
07/01/2029	18,443.75	0.6872718x	12,675.87	929,039.51
01/01/2030	61,443.75	0.6790372x	41,722.59	970,762.10
07/01/2030	17,906.25	0.6708054x	12,011.61	982,773.71
01/01/2031	62,406.25	0.6627681x	41,360.87	1,024,134.58
07/01/2031	17,350.00	0.6547336x	11,359.63	1,035,494.21
01/01/2032	62,850.00	0.6468855x	40,656.75	1,076,150.96
07/01/2032	16,781.25	0.6390468x	10,724.00	1,086,874.97
01/01/2033	63,281.25	0.6313899x	39,955.14	1,126,830.11
07/01/2033	16,200.00	0.6237358x	10,104.52	1,136,934.63
01/01/2034	63,700.00	0.6162624x	39,255.91	1,176,190.54
07/01/2034	15,606.25	0.6087917x	9,500.95	1,185,691.50
01/01/2035	64,606.25	0.6014973x	38,860.49	1,224,551.99

**City of Central City, Kentucky**

**Water System Revenue Bonds**

Series 2014

**Proof Of Bond Yield @ 2.4398379%**

Part 2 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/01/2035	14,993.75	0.5942056x	8,909.37	1,233,461.36
01/01/2036	64,993.75	0.5870830x	38,156.73	1,271,618.08
07/01/2036	14,368.75	0.5799690x	8,333.43	1,279,951.51
01/01/2037	65,868.75	0.5730200x	37,744.11	1,317,695.62
07/01/2037	13,725.00	0.5660734x	7,769.36	1,325,464.98
01/01/2038	66,225.00	0.5592909x	37,039.04	1,362,504.02
07/01/2038	13,068.75	0.5525109x	7,220.63	1,369,724.65
01/01/2039	67,068.75	0.5458909x	36,612.22	1,406,336.86
07/01/2039	12,393.75	0.5392732x	6,683.62	1,413,020.48
01/01/2040	67,893.75	0.5328091x	36,174.41	1,449,194.89
07/01/2040	11,700.00	0.5263527x	6,158.33	1,455,353.22
01/01/2041	68,200.00	0.5200461x	35,467.15	1,490,820.36
07/01/2041	10,993.75	0.5137418x	5,647.95	1,496,468.31
01/01/2042	68,993.75	0.5075863x	35,020.28	1,531,488.60
07/01/2042	10,268.75	0.5014330x	5,149.09	1,536,637.69
01/01/2043	69,768.75	0.4954250x	34,565.18	1,571,202.87
07/01/2043	9,525.00	0.4894192x	4,661.72	1,575,864.59
01/01/2044	70,525.00	0.4835526x	34,102.55	1,609,967.14
07/01/2044	8,762.50	0.4776931x	4,185.79	1,614,152.92
01/01/2045	71,262.50	0.4719696x	33,633.73	1,647,786.66
07/01/2045	7,981.25	0.4662480x	3,721.24	1,651,507.90
01/01/2046	71,981.25	0.4606616x	33,159.00	1,684,666.90
07/01/2046	7,181.25	0.4550772x	3,268.02	1,687,934.92
01/01/2047	72,681.25	0.4496246x	32,679.28	1,720,614.20
07/01/2047	6,362.50	0.4441739x	2,826.06	1,723,440.25
01/01/2048	73,862.50	0.4388498x	32,414.54	1,755,854.79
07/01/2048	5,518.75	0.4335320x	2,392.55	1,758,247.35
01/01/2049	74,518.75	0.4283375x	31,919.18	1,790,166.53
07/01/2049	4,656.25	0.4231449x	1,970.27	1,792,136.79
01/01/2050	75,656.25	0.4180749x	31,629.98	1,823,766.78
07/01/2050	3,768.75	0.4130068x	1,556.52	1,825,323.30
01/01/2051	76,268.75	0.4080583x	31,122.09	1,856,445.39
07/01/2051	2,862.50	0.4031115x	1,153.91	1,857,599.30
01/01/2052	77,362.50	0.3982795x	30,811.90	1,888,411.20
07/01/2052	1,931.25	0.3934533x	759.86	1,889,171.05
01/01/2053	77,931.25	0.3887391x	30,294.92	1,919,465.98
07/01/2053	981.25	0.3840266x	376.83	1,919,842.80
01/01/2054	79,481.25	0.3794253x	30,157.20	1,950,000.00
<b>Total</b>	<b>\$3,118,122.92</b>	<b>-</b>	<b>\$1,950,000.00</b>	<b>-</b>

**Derivation Of Target Amount**

Par Amount of Bonds	\$1,950,000.00
Original Issue Proceeds	\$1,950,000.00

Series 2014 Water | SINGLE PURPOSE | 9/25/2014 | 3:08 PM

**City of Central City, Kentucky**

**Water System Revenue Bonds**

Series 2014

**Derivation Of Form 8038 Yield Statistics**

Part 1 of 2

<b>Maturity</b>	<b>Issuance Value</b>	<b>Price</b>	<b>Issuance Price</b>	<b>Exponent</b>	<b>Bond Years</b>
06/18/2014	-	-	-	-	-
01/01/2017	31,500.00	100.000%	31,500.00	2.5361111x	79,887.50
01/01/2018	32,000.00	100.000%	32,000.00	3.5361111x	113,155.56
01/01/2019	33,000.00	100.000%	33,000.00	4.5361111x	149,691.67
01/01/2020	34,000.00	100.000%	34,000.00	5.5361111x	188,227.78
01/01/2021	34,500.00	100.000%	34,500.00	6.5361111x	225,495.83
01/01/2022	35,500.00	100.000%	35,500.00	7.5361111x	267,531.94
01/01/2023	36,500.00	100.000%	36,500.00	8.5361111x	311,568.06
01/01/2024	37,500.00	100.000%	37,500.00	9.5361111x	357,604.17
01/01/2025	38,000.00	100.000%	38,000.00	10.5361111x	400,372.22
01/01/2026	39,000.00	100.000%	39,000.00	11.5361111x	449,908.33
01/01/2027	40,000.00	100.000%	40,000.00	12.5361111x	501,444.44
01/01/2028	41,000.00	100.000%	41,000.00	13.5361111x	554,980.56
01/01/2029	42,000.00	100.000%	42,000.00	14.5361111x	610,516.67
01/01/2030	43,000.00	100.000%	43,000.00	15.5361111x	668,052.78
01/01/2031	44,500.00	100.000%	44,500.00	16.5361111x	735,856.94
01/01/2032	45,500.00	100.000%	45,500.00	17.5361111x	797,893.06
01/01/2033	46,500.00	100.000%	46,500.00	18.5361111x	861,929.17
01/01/2034	47,500.00	100.000%	47,500.00	19.5361111x	927,965.28
01/01/2035	49,000.00	100.000%	49,000.00	20.5361111x	1,006,269.44
01/01/2036	50,000.00	100.000%	50,000.00	21.5361111x	1,076,805.56
01/01/2037	51,500.00	100.000%	51,500.00	22.5361111x	1,160,609.72
01/01/2038	52,500.00	100.000%	52,500.00	23.5361111x	1,235,645.83
01/01/2039	54,000.00	100.000%	54,000.00	24.5361111x	1,324,950.00
01/01/2040	55,500.00	100.000%	55,500.00	25.5361111x	1,417,254.17
01/01/2041	56,500.00	100.000%	56,500.00	26.5361111x	1,499,290.28
01/01/2042	58,000.00	100.000%	58,000.00	27.5361111x	1,597,094.44
01/01/2043	59,500.00	100.000%	59,500.00	28.5361111x	1,697,898.61
01/01/2044	61,000.00	100.000%	61,000.00	29.5361111x	1,801,702.78
01/01/2045	62,500.00	100.000%	62,500.00	30.5361111x	1,908,506.94
01/01/2046	64,000.00	100.000%	64,000.00	31.5361111x	2,018,311.11
01/01/2047	65,500.00	100.000%	65,500.00	32.5361111x	2,131,115.28
01/01/2048	67,500.00	100.000%	67,500.00	33.5361111x	2,263,687.50
01/01/2049	69,000.00	100.000%	69,000.00	34.5361111x	2,382,991.67
01/01/2050	71,000.00	100.000%	71,000.00	35.5361111x	2,523,063.89
01/01/2051	72,500.00	100.000%	72,500.00	36.5361111x	2,648,868.06
01/01/2052	74,500.00	100.000%	74,500.00	37.5361111x	2,796,440.28
01/01/2053	76,000.00	100.000%	76,000.00	38.5361111x	2,928,744.44
01/01/2054	78,500.00	100.000%	78,500.00	39.5361111x	3,103,584.72
<b>Total</b>	<b>\$1,950,000.00</b>	<b>-</b>	<b>\$1,950,000.00</b>	<b>-</b>	<b>\$46,724,916.67</b>

**Derivation Of Form 8038 Yield Statistics**

Part 2 of 2

**IRS Form 8038**

Weighted Average Maturity = Bond Years/Issue Price	23.961 Years
Total Interest from Debt Service	1,168,122.92
Total Interest	1,168,122.92
NIC = Interest / (Issue Price * Average Maturity)	2.5000000%
Bond Yield for Arbitrage Purposes	2.4398379%

*Final*  
\$ 895,000

Preliminary

**\$970,000**

Central City  
Kentucky Rural Water Finance Corporation  
Public Projects Refunding Revenue Bonds, Series 2013 D

**Proof of Prior Debt Service Fund Transfers**

Issue	Maturity	Coupon	Principal	Months of Interest	Interest Accrued	Months of Principal	Principal Accrued
<b>31,262.50</b>							
Central City 1990	09/01/2013	5.000%	41,000.00	3/6 Months	512.50	9/12 Months	30,750.00
<b>537.50</b>							
Central City 1990	09/01/2014	5.000%	43,000.00	3/6 Months	537.50		-
<b>575.00</b>							
Central City 1990	09/01/2015	5.000%	46,000.00	3/6 Months	575.00		-
<b>600.00</b>							
Central City 1990	09/01/2016	5.000%	48,000.00	3/6 Months	600.00		-
<b>625.00</b>							
Central City 1990	09/01/2017	5.000%	50,000.00	3/6 Months	625.00		-
<b>662.50</b>							
Central City 1990	09/01/2018	5.000%	53,000.00	3/6 Months	662.50		-
<b>700.00</b>							
Central City 1990	09/01/2019	5.000%	56,000.00	3/6 Months	700.00		-
<b>737.50</b>							
Central City 1990	09/01/2020	5.000%	59,000.00	3/6 Months	737.50		-
<b>762.50</b>							
Central City 1990	09/01/2021	5.000%	61,000.00	3/6 Months	762.50		-
<b>800.00</b>							
Central City 1990	09/01/2022	5.000%	64,000.00	3/6 Months	800.00		-
<b>850.00</b>							
Central City 1990	09/01/2023	5.000%	68,000.00	3/6 Months	850.00		-
<b>887.50</b>							
Central City 1990	09/01/2024	5.000%	71,000.00	3/6 Months	887.50		-
<b>937.50</b>							
Central City 1990	09/01/2025	5.000%	75,000.00	3/6 Months	937.50		-
<b>975.00</b>							
Central City 1990	09/01/2026	5.000%	78,000.00	3/6 Months	975.00		-
<b>1,025.00</b>							
Central City 1990	09/01/2027	5.000%	82,000.00	3/6 Months	1,025.00		-
<b>1,087.50</b>							
Central City 1990	09/01/2028	5.000%	87,000.00	3/6 Months	1,087.50		-
<b>\$43,025.00</b>							
Subtotal	-	-	\$982,000.00		\$12,275.00		\$30,750.00
Total	-	-	\$982,000.00		\$12,275.00		\$30,750.00

WD 37d

Raymond James



Preliminary

**\$970,000**

Central City

Kentucky Rural Water Finance Corporation

Public Projects Refunding Revenue Bonds, Series 2013 D

## Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
06/30/2013	-	-	-	-	-
06/30/2014	19,199.61	350.00	19,549.61	89,075.00	69,525.39
06/30/2015	79,267.50	350.00	79,617.50	88,975.00	9,357.50
06/30/2016	83,137.50	350.00	83,487.50	89,750.00	6,262.50
06/30/2017	81,845.00	350.00	82,195.00	89,400.00	7,205.00
06/30/2018	80,470.00	350.00	80,820.00	88,950.00	8,130.00
06/30/2019	83,972.50	350.00	84,322.50	89,375.00	5,052.50
06/30/2020	82,127.50	350.00	82,477.50	89,650.00	7,172.50
06/30/2021	80,072.50	350.00	80,422.50	89,775.00	9,352.50
06/30/2022	82,963.75	350.00	83,313.75	88,775.00	5,461.25
06/30/2023	80,802.50	350.00	81,152.50	88,650.00	7,497.50
06/30/2024	83,592.50	350.00	83,942.50	89,350.00	5,407.50
06/30/2025	81,317.50	350.00	81,667.50	88,875.00	7,207.50
06/30/2026	83,942.50	350.00	84,292.50	89,225.00	4,932.50
06/30/2027	81,448.75	350.00	81,798.75	88,400.00	6,601.25
06/30/2028	78,936.25	350.00	79,286.25	88,400.00	9,113.75
06/30/2029	81,340.00	350.00	81,690.00	89,175.00	7,485.00
<b>Total</b>	<b>\$1,244,435.86</b>	<b>\$5,600.00</b>	<b>\$1,250,035.86</b>	<b>\$1,425,800.00</b>	<b>\$175,764.14</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	175,764.14
Gross PV Debt Service Savings	150,691.94
Effects of changes in Expenses	(4,351.82)
Net PV Cashflow Savings @ 3.495%(AIC)	146,340.12
Transfers from Prior Issue Debt Service Fund	(43,025.00)
Contingency or Rounding Amount	3,444.69
Net Present Value Benefit	\$106,759.81
Net PV Benefit / \$982,000 Refunded Principal	10.872%
Net Future Value Benefit	\$136,183.83
Net PV Benefit / \$970,000 Refunding Principal	11.006%
Average Annual Cash Flow Savings	10,339.07

### Refunding Bond Information

Refunding Dated Date	6/09/2013
Refunding Delivery Date	6/09/2013

**Raymond James**

Public Finance

KRWFC Flexible Term Program Series 2013 D  
Sinking Fund Payment Schedule

Borrower: Central City  
Closing Date: 06/05/13

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
8/13-1/14	3,750.00	3,778.73	7,528.73
2/14-8/14 <i>7/14</i>	3,750.00	2,882.08	6,632.08
8/14-1/15	4,166.67	2,795.83	6,962.50
2/15-7/15	4,166.67	2,795.83	6,962.50
8/15-1/16	4,166.67	2,700.00	6,866.67
2/16-7/16	4,166.67	2,700.00	6,866.67
8/16-1/17	4,166.67	2,562.50	6,729.17
2/17-7/17	4,166.67	2,562.50	6,729.17
8/17-1/18	4,166.67	2,383.33	6,550.00
2/18-7/18	4,166.67	2,383.33	6,550.00
8/18-1/19	4,583.33	2,204.17	6,787.50
2/19-7/19	4,583.33	2,204.17	6,787.50
8/19-1-20	4,583.33	2,007.08	6,590.42
2/20-7/20	4,583.33	2,007.08	6,590.42
8/20-1/21	5,000.00	1,810.00	6,810.00
2/21-7/21	5,000.00	1,810.00	6,810.00
8/21-1/22	5,000.00	1,595.00	6,595.00
2/22-7/22	5,000.00	1,595.00	6,595.00
8/22-1/23	5,416.67	1,380.00	6,796.67
2/23-7/23	5,416.67	1,380.00	6,796.67
8/23-1/24	5,416.67	1,147.08	6,563.75
2/24-7/24	5,416.67	1,147.08	6,563.75
8/24-1/25	5,833.33	914.17	6,747.50
2/25-7/25	5,833.33	914.17	6,747.50
8/25-1/26	5,833.33	663.33	6,496.67
2/26-7/26	5,833.33	663.33	6,496.67
8/26-1/27	6,250.00	412.50	6,662.50
2/27-7/27	6,250.00	412.50	6,662.50
8/27-1/28	6,250.00	206.25	6,456.25
2/28-7/28	6,250.00	206.25	6,456.25
8/28-1/29	-	-	-
	<u>895,000.00</u>	<u>313,339.89</u>	<u>1,208,339.89</u>

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2013 D

Borrower: Central City  
 Closing Date: 06/05/13

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
01/01/13						
07/01/13						
01/01/14			22,672.39	350.00	23,022.39	
07/01/14	45,000.00	2.300%	17,292.50		62,292.50	85,314.89
01/01/15			16,775.00	350.00	17,125.00	
07/01/15	50,000.00	2.300%	16,775.00		66,775.00	83,900.00
01/01/16			16,200.00	350.00	16,550.00	
07/01/16	50,000.00	3.300%	16,200.00		66,200.00	82,750.00
01/01/17			15,375.00	350.00	15,725.00	
07/01/17	50,000.00	4.300%	15,375.00		65,375.00	81,100.00
01/01/18			14,300.00	350.00	14,650.00	
07/01/18	50,000.00	4.300%	14,300.00		64,300.00	78,950.00
01/01/19			13,225.00	350.00	13,575.00	
07/01/19	55,000.00	4.300%	13,225.00		68,225.00	81,800.00
01/01/20			12,042.50	350.00	12,392.50	
07/01/20	55,000.00	4.300%	12,042.50		67,042.50	79,435.00
01/01/21			10,860.00	350.00	11,210.00	
07/01/21	60,000.00	4.300%	10,860.00		70,860.00	82,070.00
01/01/22			9,570.00	350.00	9,920.00	
07/01/22	60,000.00	4.300%	9,570.00		69,570.00	79,490.00
01/01/23			8,280.00	350.00	8,630.00	
07/01/23	65,000.00	4.300%	8,280.00		73,280.00	81,910.00
01/01/24			6,882.50	350.00	7,232.50	
07/01/24	65,000.00	4.300%	6,882.50		71,882.50	79,115.00
01/01/25			5,485.00	350.00	5,835.00	
07/01/25	70,000.00	4.300%	5,485.00		75,485.00	81,320.00
01/01/26			3,980.00	350.00	4,330.00	
07/01/26	70,000.00	4.300%	3,980.00		73,980.00	78,310.00
01/01/27			2,475.00	350.00	2,825.00	
07/01/27	75,000.00	3.300%	2,475.00		77,475.00	80,300.00
01/01/28			1,237.50	350.00	1,587.50	
07/01/28	75,000.00	3.300%	1,237.50		76,237.50	77,825.00
01/01/29						
Totals	895,000.00		313,339.89	5,250.00	1,213,589.89	1,213,589.89

38. For each debt instrument listed in Question 37, provide a copy of the loan agreement or bond ordinance.

Response: Please see the attached documents.

Witness: David Rhoades

**NOTICE OF ENACTMENT AND SUMMARY OF BOND ORDINANCE**

**ORDINANCE OF THE CITY OF CENTRAL CITY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$14,450,000 PRINCIPAL AMOUNT OF CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2012, CONSISTING OF \$8,000,000 OF SERIES A BONDS AND \$6,450,000 OF SERIES B BONDS, FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM OF SAID CITY; 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 COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.**

As required by KRS 83A.060(9), I hereby certify that an Ordinance bearing the above title was given first reading (by Summary) by the City Council of the City of Central City Kentucky, at a duly convened meeting of said City Council held on October 19, 2011, and was given second reading (by Summary) and enacted by said City Council at a duly convened meeting held on November 9, 2011, and that the following is a Summary of such Ordinance prepared by W. Randall Jones, an attorney licensed to practice law in the Commonwealth of Kentucky, of the firm of Rubin & Hays, Attorneys at Law, Louisville, Kentucky. (Signed W. Randall Jones)

**SUMMARY OF ORDINANCE**

Said Ordinance authorizes the issuance of \$14,450,000 of City of Central City Water and Sewer Revenue Bonds, Series 2012 (the "Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of the Project referred to in said title; authorizes interim financing to pay the costs of said Project pending the issuance of the Bonds; designates Engineers for the Project and the depository bank of the proceeds of the Bonds and of certain funds to be maintained in connection with the Bonds; provides for a Sinking Fund for the payment of principal and interest on the Bonds, an Operation and Maintenance Fund, and a Debt Reserve Fund; provides that said Bonds are secured by a pledge of the gross revenues of the System; establishes the method of payment of the principal of and interest on the Bonds, and the conditions and restrictions for the issuance of bonds ranking on a parity with the Bonds; provides certain covenants of the City for the further protection of the holders of the Bonds, including covenants as to compliance with the Internal Revenue Code; and prescribes terms and conditions upon which bids will be received for the purchase of the Bonds.

A copy of the full text of said Ordinance is available for public inspection during regular business hours, Monday through Friday. (Signed) David G. Rhoades, City Clerk, City of Central City, Kentucky 42330.

**WD 38ab**



BOND ORDINANCE

CITY OF CENTRAL CITY, KENTUCKY

AUTHORIZING

CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2012

IN THE PRINCIPAL AMOUNT OF

\$14,450,000

CONSISTING OF

\$8,000,000 OF SERIES A BONDS

AND

\$6,450,000 OF SERIES B BONDS

## TABLE OF CONTENTS

ARTICLE 1.	DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS; SECURITY .....	3
Section 101.	Definitions .....	3
Section 102.	Purpose .....	6
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 Subject to the Prior Bonds .....	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 .....	12
A.	Interim Financing .....	12
B.	Multiple Advances by RD .....	14
Section 303.	Arbitrage Limitations on Investment of Proceeds .....	14
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. Debt Reserve 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 are Subordinate to the Prior Bonds .....	19
ARTICLE 5.	COVENANTS OF CITY .....	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 .....	23
ARTICLE 6.	INFERIOR BONDS AND PARITY BONDS .....	24
Section 601.	Inferior Bonds. ....	24
Section 602.	Parity Bonds to Complete the Project .....	24
Section 603.	Parity Bonds to Finance Future Improvements .....	24
Section 604.	Covenants to be Complied with at Time of Issuance of Parity Bonds .....	26
Section 605.	Prepayment Provisions Applicable to Parity Bonds .....	26
Section 606.	Consent of the RD Regarding Future Bonds .....	26
Section 607.	Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities .....	26
ARTICLE 7.	DEFAULT AND CONSEQUENCES .....	28
Section 701.	Events of Default .....	28
Section 702.	Consequences of Event of Default .....	28

ARTICLE 8.	CONTRACTUAL PROVISIONS; GRANT APPROVAL; MISCELLANEOUS PROVISIONS .....	29
Section 801.	Ordinance Contractual with Bondowners .....	29
Section 802.	All Current Bonds are Equal .....	29
Section 803.	City Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited .....	29
Section 804.	Approval and Acceptance of RD Grant Agreement .....	30
Section 805.	Use of City Streets .....	30
Section 806.	Authorization, Ratification and Confirmation of Approval and Execution of Various Documents .....	30
Section 807.	Authorization of Condemnation to Acquire Easements and/or Sites ..	30
ARTICLE 9.	SALE OF CURRENT BONDS .....	32
Section 901.	Sale of Current Bonds .....	32
Section 902.	Adjustment in Maturities, Prepayment Provisions and Other Dates if Delivery is Delayed .....	32
ARTICLE 10.	CONCLUDING PROVISIONS .....	33
Section 1001.	Covenant of City to Take All Necessary Action To Assure Compliance with the Code .....	33
Section 1002.	Severability Clause .....	33
Section 1003.	All Provisions in Conflict Repealed .....	34
Section 1004.	Effective Date .....	34
CERTIFICATION .....		35
EXHIBIT A - Schedule of Principal Maturities		
EXHIBIT B - Form of Fully Registered Bond		
EXHIBIT C - Requisition Certificate		

## BOND ORDINANCE

**ORDINANCE OF THE CITY OF CENTRAL CITY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$14,450,000 PRINCIPAL AMOUNT OF CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2012, CONSISTING OF \$8,000,000 OF SERIES A BONDS AND \$6,450,000 OF SERIES B BONDS, FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM OF SAID CITY; 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 COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.**

WHEREAS, the combined and consolidated water and sewer system (the "System") of the City of Central City (the "City") is owned and operated by said City pursuant to Chapters 58 and 82 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the City 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 Ordinance (as hereinafter defined) of the City, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the City at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$14,450,000, consisting of \$8,000,000 of Series A Bonds and \$6,450,000 of Series B Bonds (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 City, in accordance with plans and specifications prepared by McGhee Engineering, Inc. and to prescribe the covenants of the City, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and



WHEREAS, the City desires and intends that the Current Bonds be issued, subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$4,550,000, to provide the total cost of such construction,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF CENTRAL CITY, KENTUCKY, AS FOLLOWS:

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

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

*"Act"* refers to Chapters 58 and 82 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 the registered Owners of the Bonds at the time issued and outstanding hereunder.

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

*"Bonds of 1989" or "Series 1989 Bonds"* refer to the outstanding City of Central City Water and Sewer Revenue Bonds, Series of 1989, dated October 25, 1990, in the original authorized principal amount of \$1,526,000.

*"Bonds of 1997" or "Series 1997 Bonds"* refer to the outstanding City of Central City Water and Sewer Refunding Revenue Bonds, Series 1997, dated January 1, 1997, in the original authorized principal amount of \$1,070,000.

*"Bond Ordinance of 1989" or "1989 Bond Ordinance"* refer to the Ordinance authorizing the Bonds of 1989, duly enacted by the City Council of the City.

*"Bond Ordinance of 1997" or "1997 Bond Ordinance"* refer to the Ordinance authorizing the Bonds of 1997, duly enacted by the City Council of the City.

*"City"* refers to the City of Central City, Kentucky.

*"City Clerk"* refers to the appointed City Clerk of the City.

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

*"Construction Account"* refers to the City of Central City Water and Sewer Construction Account, created in Section 301(B) of this Current Bond Ordinance.

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

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

"Current Bonds" refers to the \$14,450,000 of City of Central City Water and Sewer Revenue Bonds, Series 2012, consisting of \$8,000,000 of Series A Bonds and \$6,450,000 of Series B Bonds authorized by this Ordinance, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the City of Central City Water and Sewer Sinking Fund of 2012, created in Section 401 of this Ordinance.

"Debt Reserve Fund" refers to the City of Central City Water and Sewer Debt Reserve Fund, described in Section 401 of this Ordinance.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is First National Bank, Central City, Kentucky, or its successor.

"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 McGhee Engineering, 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 Ordinance.

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

"Fiscal Year" refers to the annual accounting period of the City, beginning on July 1 and ending on June 30 of each year.

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

"Governing Body" refers to the City Council of the City, or such other body as shall be the governing body of said City under the laws of Kentucky at any given time.

"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 KIA Grant.

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

*"Interim Lender"* refers to Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the City.

*"KIA Grant"* refers to the Kentucky Infrastructure Authority grant to the City in the amount of \$1,550,000.

*"Local Counsel"* refers to Russell L. Croley, Esq., Central City, Kentucky, or any other attorney or firm of attorneys designated by the City.

*"Mayor"* refers to the Mayor of the City.

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

*"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 City evidencing the interim financing for the Project as prescribed in Section 302 of this Ordinance.

*"Operation and Maintenance Fund"* refers to the City of Central City Water and Sewer Operation and Maintenance Fund described in Section 401 of this Ordinance.

*"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 Ordinance, rank on a basis of parity with the outstanding Current 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 Current Bonds.

*"Prior Bonds"* refers collectively to the Series 1989 Bonds and the Series 1997 Bonds.

*"Prior Bond Ordinance"* refers collectively to the 1989 Bond Ordinance and the 1997 Bond Ordinance.

*"Prior Sinking Fund"* refers to the City of Central City Water and Sewer Bond Interest and Redemption Fund, described in Section 401 of this Ordinance.

*"Project"* refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the City, 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 Ordinance.

*"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 Mayor, (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 City of Central City Water and Sewer Revenue Fund, described in Section 401 of this Ordinance.

*"System"* refers to the existing combined and consolidated water and sewer system of the City, together with all extensions, additions and improvements to said System.

*"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 Ordinance.

**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 City Council hereby declares the System of the City, 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 City 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 City Council 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 City 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 City, after all necessary approvals have been obtained.

**Section 104. Declaration of Period of Usefulness.** The City Council 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 City 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 \$19,000,000. Therefore, it is hereby determined to be necessary in order for the City to finance the cost (not otherwise provided) of the Project that the City issue a total of \$14,450,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$19,000,000
Less:		
	RD Grant	\$3,000,000
	KIA Grant	<u>1,550,000</u>
	Total Non-Bond Funds:	<u>( 4,550,000)</u>
	Balance to be financed by Current Bonds	\$14,450,000

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 \$14,450,000 principal amount of City of Central City Water and Sewer Revenue Bonds, Series 2012, consisting of \$8,000,000 of Series A Bonds and \$6,450,000 of Series B Bonds.

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 City hereby expressly recognizes and acknowledges that the City has previously pledged, for the benefit and protection of the owners of the Prior Bonds, the gross revenues of the System, all as set forth in the Prior Bonds and in the Prior Bond Ordinance.

**Section 107. Current Bonds Shall be Payable Out of Gross Revenues, Subject to the Prior Bonds.** The Current Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions set forth hereinafter, shall be secured by and payable out of the gross revenues of the System, after providing only for the principal and interest requirements of the Prior 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 City 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 Ordinance and incorporated herein by reference.

**Section 202. Issuance of Current Bonds; Bond Form.** The Purchaser of the Current Bonds at the public sale thereof 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 by reference, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201 above. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the City as prescribed herein, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), and payable as to principal and interest to 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 City by the manual or facsimile signature of the Mayor, with the Corporate Seal of the City affixed thereto and attested by the manual or facsimile signature of the City Clerk.

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, 2022, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2022, shall be subject to prepayment by the City on any date falling on and after January 1, 2021, 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 payments 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 City Clerk, or such other City official as shall be designated by the City Council, 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 City 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 \$681,000 (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 City 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 \$681,000, 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 City 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 "City of Central City Water and Sewer 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 City at the time of receipt of Grant Proceeds.

**(3) Withdrawal of Funds From Construction Account.** Prior to the expenditure by the City of any moneys from the Construction Account, the City 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 Mayor, the City Clerk (or by such other official of the City as may be authorized by the City Council), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Ordinance, 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 Mayor (or by such other official of the City as may be authorized by the City Council), 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 City shall disburse Construction Account funds in a manner consistent with RD Instruction 1780.

The City shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the City'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 from time to time, as needed, an amount sufficient to provide for capitalized interest (initially estimated at \$175,000) during the construction of the Project, as approved by the Engineers and by the 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 City Council, 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 Mayor and the RD), provided that to the

extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the City 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 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 City will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the City 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 City 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 City 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 Current Bonds will be transferred to the Debt Reserve Fund.

### **Section 302. Interim Financing Authorization.**

**A. Interim Financing.** The City 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 \$14,450,000 from the Interim Lender is hereby authorized; and the Mayor is hereby authorized to execute the Note in the name and on behalf of the



City. Each advance under the Note shall evidence a loan by the Interim Lender to the City 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 City, 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 City, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the City 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 \$14,450,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the City Clerk. 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 \$14,450,000 shall be the maximum indebtedness which the City 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 City may reduce the amount owed by the City to the Interim Lender from time to time as and when funds are available to the City, 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 City of additional proceeds from the Current Bonds and/or Grant Proceeds.

The City 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 City 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 City 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

City 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 City.

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

If the RD agrees to make Multiple Advances to the City pending the delivery of the Current Bonds, the Mayor is hereby authorized to execute in the name and on behalf of the City any number of Notes. Each such Note, evidencing an advance of funds by the RD to the City, 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 City 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 City 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 City covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of enactment of this Ordinance, 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 City covenants to the Owners of the Current Bonds that (1) the City 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 City 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 Current 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 Mayor and/or the City Clerk (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 Ordinance the following funds and accounts:

- (a) City of Central City Water and Sewer Revenue Fund
- (b) City of Central City Water and Sewer Bond Interest and Redemption Fund
- (c) City of Central City Water and Sewer Depreciation Fund
- (d) City of Central City Water and Sewer Operation and Maintenance Fund

There is hereby created and established in this Ordinance the following funds and accounts:

- (a) City of Central City Water and Sewer Sinking Fund of 2012
- (b) City of Central City Water and Sewer Debt Reserve Fund

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 City to designate a different depository bank.

**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 Ordinance, 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 City 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 City only for the purpose and in the manner and order of priorities specified in the Prior Bond Ordinance, as hereinafter modified by this Ordinance, 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 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 Bonds then outstanding, plus

- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior 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 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 \$175,000) 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, 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 then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds maturing on the next succeeding principal payment date.

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

**D. Debt Reserve Fund.** 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 the RD, there shall be transferred from the Revenue Fund the sum of at least \$5,675 each month which shall be deposited into the Debt Reserve Fund until there is accumulated in such Debt Reserve Fund the sum of at least \$681,000, which amount shall be maintained, and when necessary, restored to said sum of \$681,000, so long as any of the Current Bonds are outstanding and unpaid.

As further security for the Bondowners and for the benefit of the City, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Debt Reserve Fund, there shall be deposited into said Debt Reserve 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 Debt Reserve Fund may be withdrawn and used by the City, upon appropriate certification of the City Council, 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 City'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 City 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 Debt Reserve Fund for application in accordance with the terms of this Ordinance 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 Debt Reserve Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the City Council. All monies in the Sinking Fund and the Debt Reserve 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 City on deposit in the Depository Bank shall cause the total deposits of the City 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.

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 City funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the City 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 City Clerk 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 are Subordinate to the Prior Bonds.** It is hereby certified and declared that the Current Bonds shall be subordinate to the lien and pledge of the Prior Bonds on the gross revenues of the System.

## ARTICLE 5. COVENANTS OF CITY.

**Section 501. Rates and Charges.** The City 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 City shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The City covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the City Clerk 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 City shall maintain proper records and accounts relating to the operation of the System and the City'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 years of operation after completion of the Project, and whenever and so long as the City is delinquent in any of the covenants set out in the Prior Bond Ordinance or this Current Bond Ordinance. 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 City 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 City covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the City 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 City 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 City 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 City 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 City Council 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 City 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 City by a specific resolution duly adopted.

**Section 504. General Covenants.** The City, through its City Council, 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 Ordinance;

- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the City 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;
- (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 combined and consolidated water and sewer 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 City shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures); and
- (7) It will, pursuant to Section 96.930-96.943 of the Kentucky Revised Statutes and other applicable legal provisions, cause rates and charges for sewer services provided by the System to be billed simultaneously with rates and charges for water service furnished to sewer customers by the System, and will provide that water service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges so billed, including such penalties and fees for disconnection and/or reconnection as may be prescribed from time to time.

**Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds.** So long as the RD shall own any of the Bonds, the City 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 City, which is hereby authorized, approved, ratified and confirmed.

**Section 506. Insurance on Motors, Tanks and Structures.** The City shall (a) immediately after the enactment of this Ordinance and (b) at the time of final acceptance of the Project, insure all electric motors, 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 City 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 in this Article, the City 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 City 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 of all or a portion of the Outstanding Bonds.

**Section 602. Parity Bonds to Complete the Project.** The City 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 City from any and all sources, the City shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the City 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 City to pay the cost (not otherwise provided) of the completion of the Project, and provided the City has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is 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 City has 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 this Current Bond Ordinance, which conditions are as follows:

The City further reserves the right to add new combined and consolidated water and sewer 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 City 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 City has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Outstanding Bonds at the time of issuance of such Parity Bonds and (2) the written consent of the Owners of all of the then Outstanding Bonds, and no other prerequisite need be complied with by the City in order to issue Parity Bonds.

**Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds.** The City hereby covenants and agrees that in the event any Parity Bonds are issued, the City 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 annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Debt Reserve Fund on the same basis as that prescribed in the provisions establishing such Debt Reserve 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 City 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 Ordinance, the City agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the City 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 City covenants and agrees that so long as any of the Bonds are outstanding, the City will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the City 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 City 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 City 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 City 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 City 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 City 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 City 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 City:

- (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 30 days thereafter.
- (c) The default by the City in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Ordinance or in this Ordinance.
- (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 City, 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 City, its failure to have the order vacated, discharged or stayed on appeal within 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 City set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the City 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 Ordinance and with the laws of the Commonwealth of Kentucky.

The City hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the City's obligations, all contracts, and other rights of the City pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the City by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Ordinance.

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

**Section 801. Ordinance Contractual with Bondowners.** The provisions of this Ordinance constitute a contract between the City and its City Council 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 Ordinance 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 City Council may adopt any resolution for any purpose not inconsistent with the terms of this Ordinance 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 Ordinance, subject to the conditions that (a) this Ordinance 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. City 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 City is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible commercial or private credit sources, or to sell bonds of the City in the open market, at reasonable rates and terms, the City 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 City 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 City in the amount of \$3,000,000 (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 City 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 Mayor and the City Clerk are authorized to execute said RD Grant Agreement on behalf of the City. The Mayor and City Clerk are also authorized on behalf of the City to accept any and all other RD Grants offered to the City 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. Use of City Streets.** The use of all City streets, highways, alleys and public ways for the construction and maintenance of the Project is hereby authorized, without the necessity of further permits, licenses or other certifications from the City.

**Section 806. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents.** The City Council hereby authorizes, approves, ratifies and confirms the previous action of the officers of the City 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 807. 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 combined and consolidated water and sewer facility of the Project shall not be obtained through negotiation within 10 days after the date of enactment of this Ordinance and in the event that (1) such combined and consolidated water and sewer lines cannot be located within the right-of-way of the State and/or County road involved, and/or (2) such combined and consolidated water and sewer facilities cannot be located on a site already owned by the City, 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 City or the City Council. 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 10 days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The City 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 City Council, 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 City Council further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Ordinance, shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the City is unable to obtain the approval of the RD for any such payment, the City Council shall take all reasonably necessary actions, within the powers and authority of the City Council, to make such additional amount available from all other available City resources.

**Section 808. Authorization to File Required Financing Statements.** In the event that it is determined by Bond Counsel or Local Counsel that the City 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 City'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 City Council 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 City Clerk with the Minutes of the meeting at which this Ordinance is enacted. The Notice of Bond Sale shall be signed by the City Clerk 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 City may readvertise the sale pursuant to this Ordinance.

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

## ARTICLE 10. CONCLUDING PROVISIONS.

**Section 1001. Covenant of City 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 City covenants to and with the Owners of the Current Bonds to take the following action:

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

(c) The City 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 City, 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, the City covenants and agrees to rebate to the United States of America any such excess generated from such investments and remit such excess to the United States of America on or before five years from the date of issuance of the Current Bonds, and once every five years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The City 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 City 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 Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, 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 Ordinance, 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 City 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 sold, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The City covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

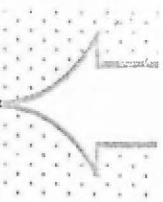
**Section 1004. Effective Date.** This Ordinance shall take effect upon its enactment and publication by title and summary, as provided by law.

Introduced and given first reading on October 19, 2011.

Given second reading and enacted on November 9, 2011.

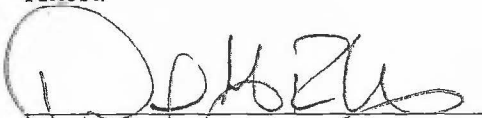
City of Central City, Kentucky

  
\_\_\_\_\_  
Mayor



(Seal of City)

Attest:

  
\_\_\_\_\_  
City Clerk

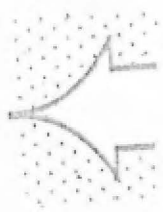
CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Central City, Kentucky, and that the foregoing Ordinance is a true copy of an Ordinance duly enacted by the City Council of said City, signed by the Mayor of said City and attested under Seal by me as City Clerk, at a properly convened meeting of said City Council held on November 9, 2011, as shown by the official records of said City 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 Ordinance 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 City Clerk and the official Seal of the City this November 9, 2011.

  
\_\_\_\_\_  
City Clerk



(Seal of City)

EXHIBIT A-1

Schedule of Principal Payments on Series A Bonds

<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>
2014	\$106,500	2033	\$200,500
2015	110,500	2034	207,500
2016	114,000	2035	214,500
2017	118,000	2036	221,500
2018	122,000	2037	229,000
2019	126,000	2038	236,500
2020	130,000	2039	244,500
2021	134,500	2040	253,000
2022	139,000	2041	261,500
2023	144,000	2042	270,500
2024	148,500	2043	279,500
2025	153,500	2044	289,000
2026	159,000	2045	298,500
2027	164,500	2046	308,500
2028	170,000	2047	319,000
2029	175,500	2048	330,000
2030	181,500	2049	341,000
2031	187,500	2050	352,500
2032	194,000	2051	364,500



EXHIBIT A-2

Schedule of Principal Payments on Series B Bonds

<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>
2014	\$86,000	2033	\$161,500
2015	89,000	2034	167,000
2016	92,000	2035	173,000
2017	95,000	2036	178,500
2018	98,500	2037	184,500
2019	101,500	2038	191,000
2020	105,000	2039	197,500
2021	108,500	2040	204,000
2022	112,000	2041	211,000
2023	116,000	2042	218,000
2024	120,000	2043	225,500
2025	124,000	2044	233,000
2026	128,000	2045	241,000
2027	132,500	2046	249,000
2028	137,000	2047	257,500
2029	141,500	2048	266,000
2030	146,500	2049	275,000
2031	151,500	2050	284,500
2032	156,500	2051	291,500

EXHIBIT B

(BOND FORM)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2012

No. R- \_\_\_\_\_ Interest Rate: \_\_\_\_\_ % \$ \_\_\_\_\_

KNOW ALL PERSONS BY THESE PRESENTS:

That the City of Central City (the "City"), acting by and through its City Council (the "City Council"), a fourth class city in Muhlenberg, 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 (\$ \_\_\_\_\_),

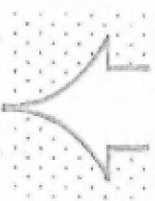
on the first day of January, in years and installments as follows:

<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 City.

This Bond is issued by the City as part of an issue in the aggregate principal amount of \$14,450,000, consisting of \$8,000,000 of Series A Bonds and \$6,450,000 of Series B Bonds under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 82 of the Kentucky Revised Statutes (collectively the "Act"), and



pursuant to a duly enacted Bond Ordinance of the City authorizing same (the "Current Bond Ordinance"), to which Current Bond Ordinance 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 City, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing combined and consolidated water and sewer system of the City (said existing combined and consolidated water and sewer system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued subject to the vested rights and priorities in favor of the owners of the outstanding (i) City of Central City Water and Sewer Revenue Bonds, Series of 1989, dated October 25, 1990 (the "Bonds of 1989"), authorized by an Ordinance enacted by the City Council of the City (the "1989 Bond Ordinance"); and (ii) City of Central City Water and Sewer Refunding Revenue Bonds, Series 1997, dated January 1, 1997 (the "Bonds of 1997"), authorized by an Ordinance enacted by the City Council of the City (the "1997 Bond Ordinance") [hereinafter the Bonds of 1989 and the Bonds of 1997 shall be collectively referred to as the "Prior Bonds", and the 1989 Bond Ordinance and the 1997 Bond Ordinance shall be collectively referred to as the "Prior Bond Ordinance"]. Accordingly, this Bond, together with any bonds ranking on a parity herewith, is 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 and the requirements of the Prior Bond Ordinance.

This Bond has been issued in full compliance with the Current Bond Ordinance 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 Ordinance, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "City of Central City Water and Sewer Sinking Fund of 2012", created in the Current Bond Ordinance.

This Bond does not constitute an indebtedness of the City 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 Ordinance, the City covenants that so long as any of the Current Bonds are outstanding, the System will be continuously owned and operated by the City as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Current Bonds and that the City 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 Current Bonds 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 City has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond, if necessary in order to complete the aforesaid extensions, additions and improvements to the System and to finance future extensions, additions and improvements to the System, provided the City has met the requirements of the Current Bond Ordinance.

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 City Clerk of the City 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 City kept for that purpose.

The City, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2021, 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 City 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 certified 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.

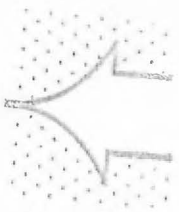
Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the City to comply with any other provision of this Bond or with any provision of the Current Bond Ordinance, the registered owner may, at its option, institute all rights and remedies provided by law or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

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 City, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

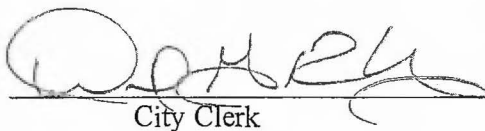
IN WITNESS WHEREOF said City of Central City, by its City Council, has caused this Bond to be executed by its Mayor, its corporate seal to be hereunto affixed, and attested by its City Clerk, on the date of this Bond, which is

CITY OF CENTRAL CITY, KENTUCKY

By  \_\_\_\_\_  
Mayor



Attest:

  
\_\_\_\_\_  
City Clerk

(Seal of City)

### PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the City kept for that purpose by the City Clerk, as Bond Registrar, upon presentation hereof to said City Clerk, 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: \_\_\_\_\_

*Garry Shaver*

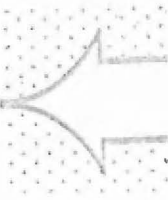




EXHIBIT C

REQUISITION CERTIFICATE

Re: City of Central City Water and Sewer Revenue Bonds, Series 2012, in the principal amount of \$14,450,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Ordinance enacted by the City of Central City, Kentucky (the "City").
2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$ \_\_\_\_\_, itemized as set forth in said Exhibit A and as per approved invoices attached hereto.
3. That upon said amount being lent to said City and/or obtained by said City from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts on deposit in the "City of Central City Water and Sewer Construction Account".
4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the City and the parties requesting payment.

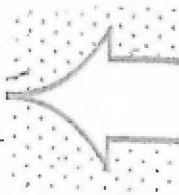
IN TESTIMONY WHEREOF, witness the signatures of the undersigned, this \_\_\_\_\_, 20\_\_\_\_.

City of Central City, Kentucky

McGhee Engineering, Inc.

By *Barry A. Hoover*  
Mayor

By \_\_\_\_\_  
Registered Professional Engineer  
State of Kentucky No. \_\_\_\_\_



Approved on \_\_\_\_\_

Approved on \_\_\_\_\_

USDA, Rural Development

Amount expended heretofore \$ \_\_\_\_\_

By \_\_\_\_\_  
Authorized RD Official

Amount approved herein \_\_\_\_\_

Total \_\_\_\_\_

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

## NOTICE OF ENACTMENT AND SUMMARY OF BOND ORDINANCE

ORDINANCE OF THE CITY OF CENTRAL CITY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$1,950,000 PRINCIPAL AMOUNT OF CITY OF CENTRAL CITY WATER SYSTEM REVENUE BONDS, SERIES 2014 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE WATER SYSTEM OF SAID CITY; 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 WATER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

As required by KRS 83A.060(9), I hereby certify that an Ordinance bearing the above title was given first reading (by Title and Summary) by the City Council of the City of Central City Kentucky, at a duly convened meeting of said City Council held on April 9, 2014, and was given second reading (by Title and Summary) and enacted by said City Council at a duly convened meeting held on April 30, 2014, and that the following is a Summary of such Ordinance prepared by W. Randall Jones, of the firm of Rubin & Hays, Attorneys at Law, Louisville, Kentucky. (Signed W. Randall Jones)

## SUMMARY OF ORDINANCE

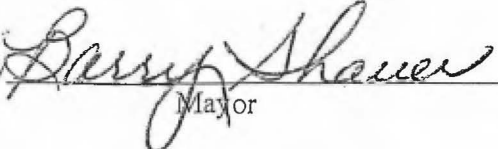
Said Ordinance authorizes the issuance of \$1,950,000 of City of Central City Water System Revenue Bonds, Series 2014 (the "Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of the Project referred to in said title; authorizes interim financing to pay the costs of said Project pending the issuance of the Bonds; designates Engineers for the Project and the depository bank of the proceeds of the Bonds and of certain funds to be maintained in connection with the Bonds; provides for a Sinking Fund for the payment of principal and interest on the Bonds, an Operation and Maintenance Fund, and a Depreciation Fund; provides that said Bonds are secured by a pledge of the gross revenues of the System; establishes the method of payment of the principal of and interest on the Bonds, and the conditions and restrictions for the issuance of bonds ranking on a parity with the Bonds; provides certain covenants of the City for the further protection of the holders of the Bonds, including covenants as to compliance with the Internal Revenue Code; and prescribes terms and conditions upon which bids will be received for the purchase of the Bonds.

A copy of the full text of said Ordinance is available for public inspection during regular business hours, Monday through Friday. (Signed) David G. Rhoades, City Clerk, City of Central City, Kentucky 42330.

WD 38c

Adopted on April 30, 2014.

CITY OF CENTRAL CITY, KENTUCKY

By   
Mayor

Attest:

By   
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Central City, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of said City at a meeting duly held on April 30, 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 April 30, 2014.

  
City Clerk



2013-03

2013d

RESOLUTION

RESOLUTION OF THE CITY OF CENTRAL CITY,  
KENTUCKY APPROVING AND AUTHORIZING AN  
ASSISTANCE AGREEMENT WITH THE KENTUCKY  
RURAL WATER FINANCE CORPORATION FOR THE  
PURPOSE OF REFINANCING AND CURRENTLY  
REFUNDING CERTAIN OBLIGATIONS OF THE CITY.

WHEREAS, the City Council of the City of Central City, Kentucky (the "City") has previously determined that it is in the public interest to refinance and currently refund its outstanding City of Central City Water and Sewer System Revenue Bonds, Series 1989, dated October 25, 1990, in the original principal amount of \$1,526,000 (the "Prior Bonds"), in order for the City to obtain substantial interest cost savings, which Prior Bonds were issued by the City to make improvements and extensions to the City's sewer system (the "System"); and

WHEREAS, the City 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 City is required to enter into an Assistance Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Central City, Kentucky as follows:

1. **Authorization of Assistance Agreement and the Obligations Thereunder.** For the purpose of paying the costs, not otherwise provided, of the refinancing and current refunding of the Prior Bonds, the City hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$970,000 (subject to adjustment plus or minus ten percent (10%) [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 City and the Corporation.

2. **Approval and Authorization of Execution of Assistance Agreement.** The Assistance Agreement by and between the City and the Corporation in such form as may be approved by the Mayor, is hereby approved, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Mayor, or any other officer of the City, is hereby authorized to execute and acknowledge same for and on behalf of the City; and the City Clerk is authorized to attest same and to affix thereto the corporate seal of the City. The Assistance Agreement is hereby ordered to be filed in the office of the City Clerk with this Resolution in the official records of the City.

WD 38d

3. **Disbursement of Proceeds of Obligations.** The City'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. **Mayor and Other City Officials to Take Any Other Necessary Action.** Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Mayor, the Treasurer, the City Clerk and all other appropriate officials of the City are hereby authorized and directed 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.

*[Signature Page Follows]*



Adopted on April 10, 2013.

CITY OF CENTRAL CITY, KENTUCKY

By Barry Shaver  
Mayor

Attest:

By Daniel H. [Signature]  
City Clerk

**CERTIFICATE**

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Central City; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Council of the City of Central City at a meeting duly held on April 10, 2013; that said official action appears as a matter of public record in the official records or Journal of the City Council; 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 April 10, 2013.

Daniel H. [Signature]  
City Clerk

Preliminary

**\$970,000**

Potential Refunding through the  
Kentucky Rural Water Finance Corporation  
Central City

### Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Trustee	Net New D/S
06/30/2013	-	-	-	-	-	-
06/30/2014	-	-	18,927.50	18,927.50	450.00	19,377.50
06/30/2015	50,000.00	2.100%	29,625.00	79,625.00	450.00	80,075.00
06/30/2016	55,000.00	2.250%	28,481.25	83,481.25	450.00	83,931.25
06/30/2017	55,000.00	2.350%	27,216.25	82,216.25	450.00	82,666.25
06/30/2018	55,000.00	2.400%	25,910.00	80,910.00	450.00	81,360.00
06/30/2019	60,000.00	2.450%	24,515.00	84,515.00	450.00	84,965.00
06/30/2020	60,000.00	2.650%	22,985.00	82,985.00	450.00	83,435.00
06/30/2021	60,000.00	3.400%	21,170.00	81,170.00	450.00	81,620.00
06/30/2022	65,000.00	3.400%	19,045.00	84,045.00	450.00	84,495.00
06/30/2023	65,000.00	3.450%	16,818.75	81,818.75	450.00	82,268.75
06/30/2024	70,000.00	3.450%	14,490.00	84,490.00	450.00	84,940.00
06/30/2025	70,000.00	3.450%	12,075.00	82,075.00	450.00	82,525.00
06/30/2026	75,000.00	3.500%	9,555.00	84,555.00	450.00	85,005.00
06/30/2027	75,000.00	3.550%	6,911.25	81,911.25	450.00	82,361.25
06/30/2028	75,000.00	3.600%	4,230.00	79,230.00	450.00	79,680.00
06/30/2029	80,000.00	3.600%	1,440.00	81,440.00	450.00	81,890.00
<b>Total</b>	<b>\$970,000.00</b>	<b>-</b>	<b>\$283,395.00</b>	<b>\$1,253,395.00</b>	<b>\$7,200.00</b>	<b>\$1,260,595.00</b>

**Raymond James**

Public Finance

Preliminary

**\$970,000**

Potential Refunding through the  
Kentucky Rural Water Finance Corporation  
Central City

## Debt Service Comparison

Date	Total P+i	Trustee	Net New D/S	Old Net D/S	Savings
06/30/2013	-	-	-	-	-
06/30/2014	18,927.50	450.00	19,377.50	89,075.00	69,697.50
06/30/2015	79,625.00	450.00	80,075.00	88,975.00	8,900.00
06/30/2016	83,481.25	450.00	83,931.25	89,750.00	5,818.75
06/30/2017	82,216.25	450.00	82,666.25	89,400.00	6,733.75
06/30/2018	80,910.00	450.00	81,360.00	88,950.00	7,590.00
06/30/2019	84,515.00	450.00	84,965.00	89,375.00	4,410.00
06/30/2020	82,985.00	450.00	83,435.00	89,650.00	6,215.00
06/30/2021	81,170.00	450.00	81,620.00	89,775.00	8,155.00
06/30/2022	84,045.00	450.00	84,495.00	88,775.00	4,280.00
06/30/2023	81,818.75	450.00	82,268.75	88,650.00	6,381.25
06/30/2024	84,490.00	450.00	84,940.00	89,350.00	4,410.00
06/30/2025	82,075.00	450.00	82,525.00	88,875.00	6,350.00
06/30/2026	84,555.00	450.00	85,005.00	89,225.00	4,220.00
06/30/2027	81,911.25	450.00	82,361.25	88,400.00	6,038.75
06/30/2028	79,230.00	450.00	79,680.00	88,400.00	8,720.00
06/30/2029	81,440.00	450.00	81,890.00	89,175.00	7,285.00
<b>Total</b>	<b>\$1,253,395.00</b>	<b>\$7,200.00</b>	<b>\$1,260,595.00</b>	<b>\$1,425,800.00</b>	<b>\$165,205.00</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	165,205.00
Gross PV Debt Service Savings	137,033.52
Effects of changes in Expenses	(5,340.88)
Net PV Cashflow Savings @ 3.354%(Bond Yield)	131,692.64
Transfers from Prior Issue Debt Service Fund	(40,652.34)
Contingency or Rounding Amount	3,040.79
Net Present Value Benefit	\$94,081.09
Net PV Benefit / \$982,000 Refunded Principal	9.581%
Net Future Value Benefit	\$127,593.45
Net PV Benefit / \$970,000 Refunding Principal	9.699%
Average Annual Cash Flow Savings	9,717.94

### Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

Final

**\$895,000**

Central City  
Kentucky Rural Water Finance Corporation  
Public Projects Refunding Revenue Bonds, Series 2013 D

## Sources & Uses

Dated 06/05/2013 | Delivered 06/05/2013

### Sources Of Funds

Par Amount of Bonds	\$895,000.00
Reoffering Premium	88,924.45
Transfers from Prior Issue Debt Service Funds	43,025.00

**Total Sources** **\$1,026,949.45**

### Uses Of Funds

Total Underwriter's Discount (1.192%)	10,668.40
Costs of Issuance	17,900.00
Deposit to Current Refunding Fund	995,294.92
Rounding Amount	3,086.13

**Total Uses** **\$1,026,949.45**

39. For each debt instrument listed in Question 37, state the required debt service coverage and indicate whether depreciation expense is considered in determining the required debt service coverage.

Response: The debt instruments and affiliated documents speak for themselves. It is my understanding that the debt instruments require a 1.2x debt service coverage. I do not believe that the documents specifically mention whether depreciation expense is considered in determining the required debt service coverage.

Witness: David Rhoades

40. State the purpose and use of the proceeds from the 2013 Kentucky Rural Water Finance Corporation loan.

Response: The 2013 bond issuance was used to refinance a prior debt.

Witness: David Rhoades



41. State whether the pension expense of \$139,001 that is listed under "General Administrative Expenses-Water" on page 17 of "Audited Financial Statements and Supplemental Schedules For Year-Ended June 30, 2016 and Independent Auditor's Report" is contained in "Total Operating Expenses" of \$1,846,639 in Table A of the Testimony of Michael W. McGhee.

Response: Yes

Witness: Michael McGhee

42. Refer to "Audited Financial Statements and Supplemental Schedules For Year-Ended June 30, 2016 and Independent Auditor's Report" at 17. State whether the pension expense of \$139,001 that is listed under "General Administrative Expenses-Water" represents more than the actual cash payments made to County Employees Retirement System for FY 2016.

Response: Please see response to Item 15 of the Commission Staff's First Request for Information.

Witness: Daniel Pate

43. Refer to Testimony of Michael W. McGhee, Table B. For each item that is not fully depreciated, indicate how the item's construction or purchase was originally financed. Did Central City use the proceeds of any of the debt instruments listed in Question 37 to finance the item's construction or purchase? If so, identify the debt instrument and the amount of proceeds used.

Response: Please see the attached document.

Witness: Michael McGhee

Central City Water System Depreciation Calculation

July 31, 2017

Item	In-Service Date	Useful Life (YR)	Cost	Annual Depreciation	Notes	Funding Source(s)
Water Treatment Plant (pre-renovation)	1963	40	\$ -	\$ -	Fully Depreciated	
Water Treatment Plant Renovations - Electronics & Short-Lived Assets	2013	10	\$ 918,271	\$ 91,827.10		RD2012A&B+KIA Grant
Water Treatment Plant - Equipment	2013	20	\$ 4,958,633	\$ 247,932		RD2012A&B+KIA Grant
Water Treatment Plant - Basins and Structures	2013	40	\$ 12,488,425	\$ 312,211		RD2012A&B+KIA Grant
Reservoir Hill Tank No. 1	1938	40	\$ -	\$ -	Fully Depreciated	
Reservoir Hill Tank No. 2	1982	40	\$ 400,000	\$ 10,000		Unknown
Stringtown Road Tank	1967	40	\$ -	\$ -	Fully Depreciated	
Rose Hill Tank	2001	40	\$ 759,000	\$ 18,975		Unknown
Community College Tank	2013	40	\$ 1,912,473	\$ 47,812		RD2014+CDBG
Reservoir Hill Tank No. 1 - Renovation	2014	15	\$ 156,190	\$ 10,413		RD2014
Water Distribution System	1938	50	\$ -	\$ -	Fully Depreciated	
New Transmission Lines	2014	50	\$ 872,107	\$ 17,442		RD2012A&B
Distribution SCADA	2016	20	\$ 977,825	\$ 48,891		RD2012A&B + RD2014
<b>TOTAL</b>			\$ 23,442,924	\$ 805,502		

WD 43

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF )  
THE WHOLESALE WATER SERVICE RATES OF ) Case No. 2017-00199  
CENTRAL CITY MUNICIPAL WATER & SEWER )

---


**CERTIFICATION OF RESPONSES TO THE  
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

---

This is to certify that I have supervised the preparation of the City of Central City's responses to the requests for information contained in the Commission Staff's First Request for Information and the Water Districts' First Request for Information, and that the responses are true and accurate to the best of my knowledge, information, and belief after reasonable inquiry.

Date:

7/31/17

  
David Rhoades  
City Administrator