

RECEIVED

JAN 28 2019

PUBLIC SERVICE  
COMMISSION

1/21/2019

Mr Schmitt

I've been the FC Treasurer since Aug of 2000 and I agree Southern Water District is a mess.

However, if anyone reviews the documents, the sole purpose of why a bond was issued by the Floyd County Fiscal Court was intended to assist Southern Water District.

The court spend and acquired additional funding that is not included on the bond as well to help establish the water district.

I've attached numerous documents including ledgers that you can see clearly see where funds were spent and man hours performed, equipment utilized from the counties Road Department to assist SW.

We also paid Dean Hall, \$26,000 a year with benefits to be a go between, SW and the FCFC. So the current superintendent knows all about the payments SW should be reimbursing the FCFC.

Originally, SW reimbursed the county for the entire yearly payment when everything was in the bond anticipation phase in 2002. SW continued to grow and expand, supplying needed water to citizens that that portion of the county.

Furthermore, the water district, superintendent and the board members, which included chairperson Paula Johnson agreed and approved the reimburse to FCFC. (as you can see from attached documents.)

They also took on more debt as they grew, and bookkeeping problems made it difficult for SW to manage their cash flow. They seemed to have a hard time saving up a large sum of money when the bond payment was coming due, so they agreed to set aside \$10,000 a month in an account to cover their obligation

Southern tried to issue their own bonds in 2003 or 2004, but due their infancy and their credit rating they were turned down.

To assist SW, the Judge (Paul Thompson) and the Superintendent went back and forth, for months to try and see what SW could reimburse the County and what magistrates (FCFC members would agree to pay a portion of the SW bond.

In several proposals, of reimbursement of \$140 K, \$130 K and \$120 K per year presented to SW and the FCFC, was preformed from Ross & Associates.

The Judge finally convinced a couple of the magistrates that it was in the counties best interest to pay for \$5,000 a month (\$60K per year) for clean drinking water to help with the SW bond. (Resolution included)

Everyone agreed, documents were signed, letters were presented. SW board voted and agreed to reimburse the FCFC \$100 k per month. (Minutes included from SW)

Time limitations ran out on the bond anticipation note, so the that's when the county issued the bond in 2005, as you can see from the debt service schedule, it clearly states the water district is responsible for \$100 k per year, see attached. *Regardless of how the county refinanced the loan, the original lease was still in place.*

FCFC and Citizens of Floyd County are requesting that the rate increase SW has requested be granted and that the reimbursement which, the SW board voted on and agreed to reimburse \$100,000.00 annually regarding the bond, that the FCFC issued be accounted for as an expenditure of Southern Water, until the bond is paid off.

Sincerely





December 8, 2004

Paul Hunt Thompson  
Floyd County Judge-Executive  
Floyd County Courthouse  
149 South Central Avenue  
Prestonsburg, KY 41653

RE: Floyd County Bond Issue

Judge Thompson:

Subsequent to the merger of Beaver Elkhorn Water District and Mud Creek Water District in March of 2,000, the merged entity, Southern Water & Sewer District, began a major expansion of its water distribution system. The District was successful in securing a significant amount of grant funds for this expansion effort, but at the same time had to borrow additional loan funds.

In order to minimize the impact on customer rates, the Floyd County Fiscal Court elected to borrow approximately \$2,000,000.00 in bond funds to assist Southern Water & Sewer District with this expansion. With the Fiscal Court assuming responsibility for this debt, the water district's debt load would be decreased and customers would have to pay less for their monthly water bills. It was also understood that all assets purchased with these bond funds (ie: new water lines, tanks, pump stations, etc.) would be owned by Southern Water & Sewer District and not by the Fiscal Court.

As a result of the Fiscal Court's efforts and financial support, Southern Water has completed several major expansions and increased its customer base significantly (see attached). At your request, the District recently agreed to assist the Floyd County Fiscal Court in repaying the debt on the bond issue, in the amount of \$100,000.00 per year (see attached letter).

→ Agreed to  
\$100 K per  
Year

Without your and the Fiscal Courts' financial assistance, the District would not have been able to provide public water service to over 2,400 additional customers in southern Floyd County. Please let me know if you need any additional information or clarification related to this debt or its impact on Southern Water & Sewer District.

Sincerely,

Robert L. Meyer, Project Manager

Enclosures



Cc: Hubert Halberl, Chairman, Southern Water & Sewer District





Attachment  
H4

**SOUTHERN WATER & SEWER DISTRICT  
MCDOWELL, KY 41647**

**MINUTES OF SPECIAL CALLED MEETING HELD Thurs., SEPTEMBER 2, 2004 @  
4:00PM**

**IN ATTENDANCE:**

- HUBERT HALBERT, CHAIRMAN
- PAULA JOHNSON, SECRETARY
- BERT LAYNE, TREASURER
- EULA HALL, COMMISSIONER
- PALMER FRASURE, COMMISSIONER
- BOB MEYER, VEOLIA WATER
- TINA MOSLEY, VEOLIA WATER

A. Meeting was called to order @ 4:00 pm by Hubert Halbert.

**B. PROPOSED WATER RATE INCREASE**

Bob Meyer presented the board with a packet of data containing current & proposed rates and various supporting documentation. Supporting documentation included historical usage and billing data, a current and projected District budget, and the proposed new rate structure. Included with the budget was current debt service (KIA and RD loans) and \$100,000.00 additional debt service per year to assist Floyd County Fiscal Court with retirement of a bond issue by the fiscal court to assist with the District's expansion program.

Budget data reflected a significant increase in electric costs due to the number of new pump stations that have been installed over the last 4 years. It also reflected a proposed increase in the Veolia management fee and a justification for the increase in the fee. As well, it included amortization of past due management fees due to Veolia – this past due amount will be amortized over a five year period.

The proposed new Rate Structure is as follows:

Minimum Bill (2,000 gal):	\$16 30	(10% Increase)
Rate per 1,000 gal above 2,000	\$5 20	(20.9% Increase)
Wholesale Rate (per thousand)	\$2.40	(20% Increase)
Average overall increase: 15.1%		

A family with an average of 4,000 gallons would be billed for \$26.70.

These rates will have to be submitted to and approved by the PSC before they are implemented.

Eula Hall expressed her concerns about raising rates and whether many of our elderly and low income customers could afford the higher rates. There was a lengthy discussion on the necessity of increasing the rates in order to keep the District in stable financial condition. Subsequent to this discussion, Hubert Halbert stated that he supported the rate

increase and the increase in the Veolia Management fee, but indicated that he felt the Veolia fee increase should not happen until the District's water rate increase has been approved.

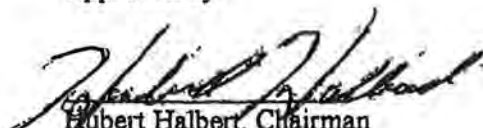
- o MOTION TO APPROVE THE PROPOSED RATE INCREASE AND SUBMIT SAME TO THE KENTUCKY PUBLIC SERVICE COMMISSION; AND TO APPROVE THE INCREASE IN THE VEOLIA MANAGEMENT FEE AFTER THE DISTRICT'S WATER RATE INCREASE HAS BEEN FORMALLY APPROVED.

MOTION MADE BY: PALMER FRASURE  
SECOND BY BERT LAYNE

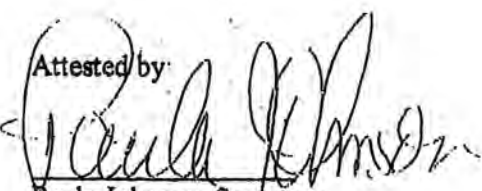
- o Motion approved by all commissioners with the exception of Eula Hall. She indicated that she had not had sufficient time to study the analysis and documentation supporting for the rate increase and felt that it would be a burden for many of our current customers.

With no further business the meeting was adjourned at 5:05 pm. Passed by the commissioners of the Southern Water & Sewer District on this 30<sup>th</sup> day of Sept., 2004.

Approved by

  
Hubert Halbert, Chairman

Attested by

  
Paula Johnson, Secretary



County of Floyd, Kentucky - Series 2005A General Obligation KADU Lease  
 Projected Debt Service Assuming Non-Rated Rates

*what SW voted and agreed to pay.*

**Assumptions:**

Average Fixed Interest Rate:	5.13%
Term (years):	30
Annual Lease Payment of Water District:	\$100,000
Average Annual County Payment:	\$99,017

Payment Date	Coupon	Principal Payment	Interest Payment	Fees*	Total Payment	Lease Lease Payment	Net Period Payment Due of County	FY Payment Due of County
01-Dec-05			62,788	888	\$63,676	\$80,000	\$13,076	
01-Jun-06	3.25%	45,000	62,788	878	\$108,894	\$80,000	\$68,884	\$72,338
01-Dec-06			62,058	878	\$62,936	\$80,000	\$12,936	
01-Jun-07	3.40%	45,000	62,058	868	\$107,921	\$80,000	\$67,921	\$70,864
01-Dec-07			61,290	868	\$62,158	\$80,000	\$12,158	
01-Jun-08	3.50%	45,000	61,290	858	\$107,148	\$80,000	\$67,148	\$69,301
01-Dec-08			60,503	858	\$61,368	\$80,000	\$11,368	
01-Jun-09	3.75%	45,000	60,503	844	\$108,348	\$80,000	\$68,348	\$67,704
01-Dec-09			59,689	844	\$60,503	\$80,000	\$10,503	
01-Jun-10	4.00%	50,000	59,689	831	\$110,490	\$80,000	\$69,490	\$70,993
01-Dec-10			58,859	831	\$69,690	\$80,000	\$9,690	
01-Jun-11	4.00%	50,000	58,859	819	\$109,478	\$80,000	\$69,478	\$69,988
01-Dec-11			57,989	819	\$69,478	\$80,000	\$8,478	
01-Jun-12	4.00%	55,000	57,989	805	\$113,484	\$80,000	\$63,484	\$71,941
01-Dec-12			56,559	805	\$67,364	\$80,000	\$7,364	
01-Jun-13	4.40%	55,000	56,559	791	\$112,350	\$80,000	\$62,350	\$69,714
01-Dec-13			55,349	791	\$66,140	\$80,000	\$6,140	
01-Jun-14	4.40%	55,000	55,349	778	\$111,128	\$80,000	\$61,128	\$67,298
01-Dec-14			54,139	778	\$64,918	\$80,000	\$4,918	
01-Jun-15	4.40%	60,000	54,139	763	\$114,901	\$80,000	\$64,901	\$66,618
01-Dec-15			52,819	763	\$63,681	\$80,000	\$3,681	
01-Jun-16	4.75%	60,000	52,819	748	\$113,598	\$80,000	\$63,598	\$67,148
01-Dec-16			51,394	748	\$62,141	\$80,000	\$2,141	
01-Jun-17	4.75%	65,000	51,394	731	\$117,125	\$80,000	\$67,125	\$68,258
01-Dec-17			49,850	731	\$60,581	\$80,000	\$881	
01-Jun-18	4.75%	70,000	49,850	714	\$120,584	\$80,000	\$70,584	\$71,145
01-Dec-18			48,188	714	\$68,901	\$80,000	(\$1,099)	
01-Jun-19	5.00%	70,000	48,188	698	\$118,884	\$80,000	\$68,884	\$67,785
01-Dec-19			46,438	698	\$67,134	\$80,000	(\$2,866)	
01-Jun-20	5.00%	75,000	46,438	678	\$122,115	\$80,000	\$72,115	\$68,249
01-Dec-20			44,583	678	\$65,240	\$80,000	(\$4,760)	
01-Jun-21	5.00%	80,000	44,583	658	\$125,220	\$80,000	\$75,220	\$70,480
01-Dec-21			42,593	658	\$63,220	\$80,000	(\$6,780)	
01-Jun-22	5.10%	85,000	42,593	638	\$128,199	\$80,000	\$78,199	\$71,419
01-Dec-22			40,395	638	\$61,031	\$80,000	(\$8,969)	
01-Jun-23	5.10%	85,000	40,395	618	\$128,010	\$80,000	\$78,010	\$67,041
01-Dec-23			38,228	618	\$68,843	\$80,000	(\$11,158)	
01-Jun-24	5.10%	90,000	38,228	593	\$128,820	\$80,000	\$78,820	\$67,883
01-Dec-24			35,933	593	\$68,828	\$80,000	(\$13,476)	
01-Jun-25	5.10%	95,000	35,933	569	\$131,501	\$80,000	\$81,501	\$68,028
01-Dec-25			33,510	569	\$68,079	\$80,000	(\$15,921)	
01-Jun-26	5.20%	100,000	33,510	544	\$134,054	\$80,000	\$84,054	\$68,133
01-Dec-26			30,910	544	\$63,454	\$80,000	(\$18,546)	
01-Jun-27	5.20%	105,000	30,910	518	\$138,428	\$80,000	\$88,428	\$67,881
01-Dec-27			28,180	518	\$68,898	\$80,000	(\$21,303)	
01-Jun-28	5.20%	110,000	28,180	490	\$138,870	\$80,000	\$88,870	\$67,388
01-Dec-28			25,320	490	\$68,810	\$80,000	(\$24,180)	
01-Jun-29	5.20%	115,000	25,320	461	\$140,781	\$80,000	\$90,781	\$68,591
01-Dec-29			22,330	461	\$68,781	\$80,000	(\$27,269)	
01-Jun-30	5.20%	125,000	22,330	430	\$147,760	\$80,000	\$97,760	\$70,881
01-Dec-30			19,080	430	\$10,510	\$80,000	(\$30,490)	
01-Jun-31	5.30%	130,000	19,080	398	\$149,478	\$80,000	\$99,478	\$69,988
01-Dec-31			15,638	398	\$16,033	\$80,000	(\$33,968)	
01-Jun-32	5.30%	135,000	15,638	364	\$180,999	\$80,000	\$100,999	\$67,031
01-Dec-32			12,058	364	\$12,421	\$80,000	(\$37,579)	
01-Jun-33	5.30%	145,000	12,058	328	\$187,388	\$80,000	\$107,388	\$69,508
01-Dec-33			8,218	328	\$8,543	\$80,000	(\$41,458)	
01-Jun-34	5.30%	150,000	8,218	290	\$188,508	\$80,000	\$108,508	\$67,048
01-Dec-34			4,240	290	\$4,830	\$80,000	(\$46,470)	
01-Jun-35	5.30%	160,000	4,240	250	\$184,490	\$80,000	\$114,490	\$69,020
<b>Totals:</b>		<b>\$2,665,000</b>	<b>\$2,477,003</b>	<b>\$38,511</b>	<b>\$5,070,514</b>	<b>\$5,000,000</b>	<b>\$2,070,514</b>	<b>\$2,070,514</b>

\* Fees are annual Trustee Fee paid to Bank of New York and KADD Administrative Fee

FLOYD COUNTY, KENTUCKY GENERAL OBLIGATION SUPPORTED REVENUE  
 BONDS, SERIES 2005A  
 PROJECTED FOR POS -- ASSUMING INSURED SCALE 5/3/05

Sources and Uses of Funds

Delivery Date: 6/1/5

Sources of Funds

PAR AMOUNT OF BONDS.....	\$2,600,000.00	
+PREMIUM /-DISCOUNT.....	\$0.00	
BOND PROCEEDS.....		2,600,000.00
		<u>\$2,600,000.00</u>

Uses of Funds

DEPOSIT TO 2004B EAR NOTE FUND.....		2,496,274.69
BOND COUNSEL FEES.....		5,000.00
TRUSTEE OBLIGATION FEE.....		1,000.00
BOND RATINGS FEE.....		5,000.00
Bond Insurance..... ( 0.800000%)...		38,090.56
UNDERWRITERS DISCOUNT..... ( 2.000000%)...		52,000.00
CONTINGENCY.....		1,634.75
		<u>\$2,600,000.00</u>

BOSS, SINCLAIRE & ASSOCIATES - DSALSBURY

Date: 05-03-2005 @ 13:26:41 File name: FLOYD Key: 2005A1

Equipment Schedule No. 01  
Agreement No. M00121

**EXHIBIT G  
ACCEPTANCE CERTIFICATE**

This Acceptance Certificate is executed by The Southern Water and Sewer District and Floyd County Fiscal Court, as co-lessees, pursuant to Equipment Schedule No. 01 dated as of May 19, 2000 to the Master Lease-Purchase Agreement No. M00121 dated as of May 19, 2000 (together, the "Agreement") between U.S. Filter Operating Services, Inc. ("Lessor") and said co-lessees.

Lessees acknowledge and represents that:

1. The Equipment (as defined in the Agreement) is delivered, installed and available for use and is placed in service as of the Acceptance Date indicated below.
2. Such Equipment is in good operating condition and repair and is accepted as satisfactory in all respects for purposes of the Agreement.

Co-Lessee: The Southern Water and Sewer District

Acceptance Date: \_\_\_\_\_  
 Signature: *Hubert Halbert*  
 Name Printed: HUBERT HALBERT  
 Title: CHAIRMAN

Co-Lessee: Floyd County Fiscal Court

Acceptance Date: \_\_\_\_\_  
 Signature: *Paul H. Thompson*  
 Name Printed: PAUL H. THOMPSON  
 Title: FLOYD COUNTY JUDGE-EXECUTIVE

*Original signed  
 by PHT on 1/29/01  
 & returned to Dean  
 Hamilton of SWSD*

*Z  
 "Equipment" accepted  
 is that equipment which  
 is in & above ground  
 on Jacks, Branhams, & Haver*

U. S. Filter Operating Services ("USFOS") and the Co-Lessees have agreed that the accrued interest on above-referenced Lease in the amount of \$56,868.18 will be split in half. \$28,434.09 will be remitted to USFOS via wire transfer and \$28,434.09 will be delivered to the Co-Lessees, at the address of the Court, in the form of a check payable to both Co-Lessees immediately upon receipt of this executed acknowledgment.

Your signature below will constitute your acknowledgement of this agreement.

The Southern Water and Sewer District  
("Co-Lessee")

By: *Hubert Hubert*

Title: *Chairman*

Date: *11-15-2000*

Floyd County Fiscal Court  
("Co-Lessee")

By: *Paul D. Thompson*

Title: *Floyd Co. Judge/Exec.*

Date: *10-14-00*





Telephone (606) 886-9193  
TDD 810-648-6056

**Paul Hunt Thompson**  
JUDGE/EXECUTIVE of FLOYD COUNTY  
COMMONWEALTH of KENTUCKY

Floyd County Fiscal Court  
149 South Central Avenue - Suite 9  
Prestonsburg, Kentucky 41653



Fax (606) 886-1083  
e-mail: fscft@yahoo.com

Mr. Cordell Lawrence, State Local Debt Officer  
Department for Local Government  
1024 Capital Center Drive  
Frankfort, Kentucky 40601

RE: Notice of Intent to Lease

Dear Mr. Lawrence:

In accordance with KRS 66.310, please find enclosed a Notice of Intent to Lease relating to a lease agreement between the County of Floyd (the "County") and the Kentucky Area Development District Financing Trust (KADD), in the approximate principal amount of \$2,600,000 (the "Project"). The proceeds of the Lease will be used to fund water line extensions and improvements in the County.

The County has reviewed its financial statements and has determined that the project is necessary and that debt service can be met without additional tax levies or a reduction in services. The County expects the Water District to pay a portion of the debt service.

Ross, Sinclair & Associates, Inc. will prepare the preliminary financing plans and other financial information that you may need. If you have any question of this request or of the project, please feel free to contact me or Dwight Salisbury with Ross, Sinclair & Associates, Inc.

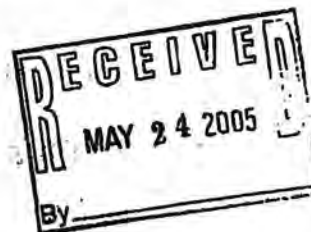
Yours truly,

*Paul H. Thompson*  
Floyd County Judge/Executive

Cc: Dwight Salisbury



Floyd County Fiscal Court is committed to providing safe, decent and affordable housing for low-income citizens with special needs.





This Bond  
Anticipation  
Note  
was done  
before they took  
over Betsy Layne.  
So they should be paying  
the entire Bond Payment.

P.O. Box 398  
Frankfort, KY  
40602

March 16, 2005

502/695-7353  
fax: 502/695-2897  
www.mamuni.com

VIA USPS  
Honorable Paul Hunt Thompson  
Floyd County Courthouse  
149 South Central Avenue  
Prestonsburg, Kentucky 41653

INVESTMENT  
BANKING

RE: County of Floyd, Kentucky Series 2005A General Obligation Bonds

FINANCIAL  
ADVISORY

Dear Judge Thompson:

PUBLIC  
FINANCE

In October 2004, our firm handled for your County the issuance of \$2,455,000 of Bond Anticipation Renewal Notes ("Renewal Notes") which mature on June 30, 2005. It is my understanding that the intention of the County was to ultimately loan this money to a water district in your County and that the water district, in turn, would pay for all or a portion of the debt service of the permanent bond financing. At our last meeting in Prestonsburg, it was my understanding that you expected the water district should be able to pay approximately \$120,000 of the bond payments. I am enclosing herewith the following:

BROKERAGE  
SERVICES

- A schedule that shows the projected bond payments if the water district is willing to pay \$120,000 each year.
- A schedule that shows the projected bond payments if the water district is willing to pay \$130,000 each year
- A schedule that shows the projected bond payments if the water district is willing to pay \$140,000 each year.

700 Walnut Street  
Suite 600  
Cincinnati, OH  
45202

Again, make note that these are projections using current interest rates which are subject to change. As you can see, on the first page of the schedules where the water district agrees to pay \$120,000 a year, the County would have to supplement that payment by approximately \$41,560 each year in order to fully amortize the bonds over a 30 year period. If they agree to a payment of \$130,000 a year, the County payment is expected to be \$31,560 and if the water district agrees to \$140,000 a year, the County payment is expected to be \$21,560 per year.

513/381-3939  
fax: 513/381-0124

When the Renewal Notes mature on June 30 of this year, there will be a total of \$2,496,274.69 that is owed to redeem those Renewal Notes. Also included in the Bond sizing is the cost of issuing the bonds as shown on the sources and uses schedule I have enclosed.

1219 Assembly Street  
Suite 202  
Columbia, SC  
29201

The structure that we have proposed is that the County will issue the bonds as General Obligation Bonds meaning that the Bonds have the full faith and credit of the County behind them, which will give you a better interest rate. You will then have an agreement between the water district and the County, whereby the water district will participate in the debt service according to the debt payment level you agree to with them.

803/765-1004  
fax: 803/765-1088

Finally, in order for us to refund the Renewal Notes by June 30, 2005, it is necessary we have a hearing before the State Local Debt Officer and obtain his approval. I am enclosing herewith two copies of a Petition that has to be filed with his office. Within three business days, please sign both copies of the Petition, return one copy to my office in the pre-addressed stamped envelope and retain the other copy for your files. Upon receipt, I will file the Petition with the State along with all other necessary legal documentation and schedules. It is not necessary that your Court approve this Petition, but it will be necessary for your Court, at a later date, to approve the issuance of the Bonds by adoption of an ordinance.

1900 Bayou Circle  
Suite 1920  
Louisville, KY  
40299

If you have any questions of the above or the enclosures, please feel free to call me.

Yours truly,  
  
Terrell Ross

502/491-3939  
fax: 502/491-9979

TRWkr  
Enclosures

cc:   
Gil Johnson, Esquire

5217 Maryland Way  
Suite 302  
Brentwood, TN  
37027

615/370-6262  
fax: 615/370-9669

ROSS, SINGLAIRE & ASSOCIATES, INC.





**Beyer, Jonathan (PSC)**

---

**From:** Dwight Salsbury [REDACTED] >  
**Sent:** Tuesday, January 29, 2013 9:22 AM  
**To:** Beyer, Jonathan (PSC)  
**Subject:** Floyd County  
**Attachments:** 20130128094210570.pdf  
  
**Categories:** Red Category

Jonathan –

Attached are the final schedules from the Floyd County KADD deal. The sequence of prior issues went like this:

1. The County issued \$2,175,000 in Bond Anticipation Notes (BANs) on October 1, 2001 to "construct and install water lines in southern portions of Floyd County". The BANs were due October 1, 2003.
2. In 2003, the County issued \$2,395,000 in renewal BANs dated 9/10/03 to roll over the above. The BANs were due 10/1/04.
3. In 2004 the County issued \$2,455,000 in renewal BANs dated 10/1/04 to roll over the above. Those BANs were due 6/30/05.
4. In 2005 the County issued the long term debt that paid off the above (through KADD).

I can send you information on any of the above. Just let m know what you are looking for.

Dwight Salsbury  
Ross, Sinclair & Associates  
325 West Main St.  
Suite 300  
Lexington, KY 40507  
Phone: 800-255-0795  
Fax: 859-381-1357

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Monday, January 28, 2013 9:42 AM  
**To:** Dwight Salsbury  
**Subject:**

This E-mail was sent from [REDACTED]

Scan Date: 01.28.2013 09:42:10 (-0500)  
Queries to: [REDACTED]

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\*\*\*\*\*CONFIDENTIALITY NOTICE\*\*\*\*\*

This email transmission and any attachments to it are confidential and intended solely for the individual or entity to whom it is addressed. Any unauthorized review, use, disclosure or distribution is prohibited. If you have received this



FLOYD COUNTY PUBLIC PROPERTIES CORPORATION  
 FIRST MORTGAGE REVENUE BOND ANTICIPATION NOTES, SERIES 2001  
 FINAL SCHEDULES

Net Debt Service Requirements

Delivery Date: 10/15/ 1

Period Ending	Principal	Coupon	Interest	Total Debt Service	Constr. Fund Earnings	Debt Svc. Res. + Cap. Int.	Net Debt Service	Surplus Funds Remaining
4/ 1/ 2			42,623.96	42,623.96		136,475.05		93,851.09
10/ 1/ 2			46,218.75	46,218.75		1,397.36		49,029.70
4/ 1/ 3			46,218.75	46,218.75		730.01		3,540.96
10/ 1/ 3	2,175,000.00	4.250000	46,218.75	2,221,218.75		52.72	2,217,625.07	
	2,175,000.00		181,280.21	2,356,280.21		138,655.14	2,217,625.07	

Dated 10/15/ 1 with Delivery of 10/15/ 1  
 Bond Years 4,265.417  
 Average Coupon 4.250000  
 Average Life 1.961111  
 M I C % 4.504958 % Using 99.500000  
 T I C % 4.520195 % From Delivery Date  
 Arbitrage Yield 4.250846 %

Ross, Sinclair & Associates - JP

Date: 10-04-2001 @ 17:20:44 Filename: FLOYD Key: BANS

*Handwritten notes:*  
 Sold over into Bonds  
 Paid Off  
 Softeners  
 Water

DATE Jan. 7, 2002

PAY TO THE ORDER OF TRANSAMERICA PUBLIC FINANCE

\$ 117,045.73

One Hundred Seventeen thousand fourty five dollars and 73/ 100 -- DOLLARS

**First Guaranty Bank**  
Martin, Kentucky 41649

*Paul C. Thompson*  
County Judge Executive

FOR Resol. 1/7/02

*Dale J. [unclear]*  
County Treasurer

At the special meeting of the Floyd County Fiscal Court held in the Courtroom of the Floyd County Courthouse on January 7, 2002 at the hour of 2:00 o'clock p.m., the following resolution was offered:

WHEREAS, the Floyd County Fiscal Court, for the sole purpose of assisting one of the County's water districts in obtaining advantageous financing for capital construction projects, became a Co-Lessee with the Southern Water and Sewer District in a Master Lease-Purchase Agreement which was executed by and among the Floyd County Fiscal Court, the Southern Water and Sewer District, and U.S. Filter Operating Services, Inc., on or about June 5, 2000; and

WHEREAS, in compliance with Paragraph 2 of that Master Lease-Purchase Agreement, entitled "Rental Payments," and Exhibit "A," Page 2, of that Master Lease-Purchase Agreement, entitled "Rental Payment Schedule," the amount of One Hundred Seventeen Thousand Forty-Five Dollars and Seventy-Three Cents (\$117,045.73) is now due and payable by the Lessee (i.e., the Floyd County Fiscal Court and the Southern Water and Sewer District) to the Lessor (i.e., U.S. Filter Operating Services, Inc.) pursuant to the terms of the Master Lease-Purchase Agreement; and

WHEREAS, the Lessor has asked that the Rental Payment be made directly to Transamerica Public Finance, the leasing company for this particular lease-purchase transaction, namely, Lease Number [redacted]; and

WHEREAS, these moneys are necessary for use in the capital construction projects, including the upgrade and expansion of the water distribution system in Jacks Creek and the extension of water lines to Abner Mountain and Branhams Creek, all currently taking place in the Southern Water and Sewer District pursuant to the terms of a Construction Services Agreement executed by and between the Southern Water and Sewer District and U.S. Filter Operating Services, Inc., on or about April 28, 2000;

NOW, THEREFORE, BE IT RESOLVED by the Floyd County Fiscal Court, pursuant to the aforementioned terms of the June 5, 2000 Master Lease-Purchase Agreement, that the County Judge/Executive be authorized to issue a check for this scheduled Rental Payment directly to Transamerica Public Finance (the respective leasing company for U.S. Filter Operating Services, Inc.), in the amount of One Hundred Seventeen Thousand Forty-Five Dollars and Seventy-Three Cents (\$117,045.73), to be paid from Budget Account # [redacted] Building Construction Fund 2001, and that the County Judge/Executive be authorized to sign any and all other documentation as may be necessary to complete this particular transaction.





**Floyd County, KY**

<b>Subcontractor Engineering Costs</b>
Aerial Photography
Preliminary Engineering
Surveying
Geotechnical Site Work
Hydraulic Model of System
Engineering Design
Site Superintendent and Inspections
Legal and Acquisition Fees
<b>Subcontractor Installation</b>
Installation of 45,580 L.F. of 4" PVC Pipe
Installation of 12,720 L.F. of 6" PVC Pipe
Installation of 46,200 L.F. of 8" PVC Pipe
Installation of 1,000 L.F. of 6" DI Pipe
Installation of 5,000 L.F. of 8" DI Pipe
Installation of Branham Pump Station
Installation of Jacks Creek Pump Station
Installation of Abner Mt. Pump Station
Branham Skid Tank - 25,000 Gallon Water Storage Tank
Jacks Creek Tank - 50,000 Gallon Expandable Water Storage Tank
Abner Mt. Skid Tank - 25,000 Gallon Water Storage Tank
Tank Site Development <sup>ET</sup>
Telemetry Installation
<b>E &amp; C Supplied Equipment Costs</b>
45,580 L.F. of 4" PVC Pipe
12,720 L.F. of 6" PVC Pipe
46,200 L.F. of 8" PVC Pipe
1,000 L.F. of 6" DI Pipe
5,000 L.F. 8" DI Pipe
Branham Pump Station
Jacks Creek Pump Station
Abner Mt. Pump Station
Valves and Hydrants
<b>US Filter Construction Costs</b>
Management
Engineering Support
USFOS Field Representative
USFOS Surplus Labor
Travel and In-House Expense
Construction Bonds
Proposal Costs
<b>US Filter Support Costs</b>
USFOS Engineering Support
<b>USFOS Capital Costs</b>
Start-Up, Capital Equipment, Parts & Spares

(Y) Assets

SOUTHERN WATER			BOB MYERS
US FILTER			245 KY RT 680 PO Box 610 McDowell KY 41647
Item	Total		
1	4" PVC, CLASS 200, SDR 21	\$	197,641
2	4" DUCTILE IRON PIPE, CLASS 350	\$	320,312
3	4" G. V. & BOX	\$	24,343
4	HIGHWAY BORING W/STEEL CASING FOR 4" W.M.	\$	6,110
5	RAILROAD BORING W/STEEL CASING FOR 4" W.M.	\$	7,800
5	OPEN CUT W/STEEL CASING FOR 4" W.M.	\$	45,190
7	OPEN CUT WITHOUT CASING FOR 4" W.M.	\$	1,025
8	CONNECTION TO EXIST. 4" W.M.	\$	3,000
9	6" PVC, CLASS 200, SDR 21	\$	144,306
0	6" DUCTILE IRON PIPE, CLASS 350	\$	557,640
1	6" G. V. & BOX	\$	24,510
2	HIGHWAY BORING W/STEEL CASING FOR 6" W.M.	\$	62,100
3	RAILROAD BORING W/STEEL CASING FOR 6" W.M.	\$	17,400
4	OPEN CUT W/STEEL CASING FOR 6" W.M.	\$	15,300
5	CONNECTION TO EXIST. 6" W.M.	\$	8,100
6	8" PVC, CLASS 200, SDR 21	\$	40,560
7	8" DUCTILE IRON PIPE, CLASS 350	\$	165,100
8	8" G. V. & BOX	\$	4,000
9	HIGHWAY BORING W/STEEL CASING FOR 8" W.M.	\$	8,000
0	CONNECTION TO EXIST. 8" W.M.	\$	5,200
1	CONNECTION TO EXIST. 10" W.M.	\$	4,600
2	TYPE "B" CREEK CROSSING	\$	15,780
3	TYPE "B" CREEK CROSSING W/PVC CASING	\$	16,475
4	TYPE "C" CREEK CROSSING	\$	13,680
5	CUSTOMER SERVICES SAME SIDE	\$	128,620
6	CUSTOMER SERVICES OPPOSITE SIDE	\$	52,300
7	CUSTOMER SERVICES SAME SIDE W/PRV	\$	86,400
8	CUSTOMER SERVICES OPPOSITE SIDE W/PRV	\$	61,540
9	4" FLUSHING ASSEMBLY	\$	6,750
10	BLOW-OFF ASSEMBLY	\$	14,400
11	AIR RELEASE ASSEMBLY	\$	2,638
12	4" GATE VALVE & BOX W/BY PASS METER	\$	1,300
13	6" GATE VALVE & BOX W/BY PASS METER	\$	1,250
14	MAIN LINE PRESSURE REDUCING STATION	\$	71,000
15	JOHNS BRANCH BOOSTER PUMPING STATION	\$	45,000
16	SPURLOCK CREEK BOOSTER PUMPING STATION	\$	75,000
17	JOHN HALL BRANCH BOOSTER PUMPING STATION	\$	70,000
18	MINK BRANCH BOOSTER PUMPING STATION	\$	70,000
19	FRASURE CREEK BOOSTER PUMPING STATION	\$	70,000
10	WEEKSBURY BOOSTER PUMPING STATION	\$	70,000
1	WILSON CREEK PUMPING STATION MODIFICATIONS	\$	12,000

2	MARTIN TANK - 1,040,000 GALLON	\$ 450,000		
3	SPURLOCK CREEK TANK - 100,000 GALLON	\$ 125,000		
4	JOHN HALL BRANCH TANK - 24,000 GALLON EXPANSION	\$ 80,000		
5	MINK BRANCH TANK - 27,000 GALLON	\$ 85,000		
6	FRASURE CREEK TANK - 37,000 GALLON	\$ 100,000		
7	WEEKSBURY TANK - 39,000 GALLON	\$ 110,000		
8	DEMOLITION OF MARTIN TANK	\$ 25,000		
9	TELEMETRY - Martin Water Storage Tank	\$ 13,000		
10	TELEMETRY - Spurlock Creek Water Storage Tank	\$ 35,000		
11	TELEMETRY - John Hall Branch Water Storage Tank	\$ 13,000		
12	TELEMETRY - Mink Branch Water Storage Tank	\$ 13,000		
13	TELEMETRY - Frasure Creek Water Storage Tank	\$ 13,000		
14	TELEMETRY - Weeksbury Water Storage Tank	\$ 13,000		
15	TELEMETRY - Brush Fork Water Storage Tank	\$ 13,000		
16	TELEMETRY - Mink Tank Existing Water Storage Tank	\$ 13,000		
17	TELEMETRY - Spurlock Creek Booster Pumping Station	\$ -		
18	TELEMETRY - John Hall Branch Booster Pumping Station	\$ 13,000		
19	TELEMETRY - Mink Branch Booster Pumping Station	\$ 13,000		
20	TELEMETRY - Frasure Creek Booster Pumping Station	\$ 13,000		
21	TELEMETRY - Weeksbury Booster Pumping Station	\$ 13,000		
62	TELEMETRY - Brush Fork Booster Pumping Station	\$ 13,000		
63	TELEMETRY - Branham Existing Booster Pumping Station	\$ 13,000		
64	TELEMETRY - Branham New Booster Pumping Station	\$ 13,000		
65	<b>Subtotal Construction Cost</b>	<b>\$ 3,738,370</b>		
66	<b>Contingency - 10%</b>	<b>\$373,837</b>		
67	Preliminary Engineering Report	\$ 10,000		
68	Engineering Design/Bidding/Construction - 6.42%	\$ 253,656	\$253,656	6.4
69	Resident Inspection - 2.71%	\$ 107,073	\$107,073	2.7
70	Additional Engineering - Geotech, Property Acquisition	\$ 65,600		
71	Administration	\$ 10,000		
72	Legal Services	\$ 22,000		
73	Land Acquisition	\$ 30,000		
74	CSX Encroachment	\$ 6,450		
75	Interim Financing	\$ 50,000		
76	USFOS Lease Refinancing	\$ 2,710,400		→ First Set of Projects
77	USFOS Capitalized Interest for First 18 Months of Lease	\$ -		
78	USFOS Limited Account	\$ 185,000		→ OVERSPENT
79	USFOS Change Order	\$ 113,783		
80	Capitalized RD Interest	\$ 42,419		
81	<b>Subtotal Non-Construction Costs</b>	<b>\$ 3,606,381</b>		
75	<b>Total Project Costs</b>	<b>\$7,718,588</b>		

Notes is gone

Funding Sources				
	RD Grant	Southern	\$ 450,000	
	RD Loan	Southern (Refinanced) →	\$ 2,515,000	
	ARC	GRANT	\$ 433,900	
	Legislative Money		\$ 300,000	
Ⓢ	County Bond Issue		\$ 2,000,000	
Ⓢ	County Force Account	→ Labor / Pipe / Counties Funds		\$ 474,000 ←
Ⓢ	AML	950,000 Spalock / Johns Branch 190,000	\$ 940,000	
Ⓢ	Coal Severance		\$ 1,000,000	
	<b>Total</b>		<b>\$ 7,638,900</b>	<b>\$ 474,000</b>
	<b>Project Costs</b>		<b>\$7,718,588</b>	

900,000



**DOND CONSTRUCTIONS - J.W. WATER LINES**

Date 20__	Warrant Number	EXPLANATION	Warrant Payments	Sub Total	Transfers To This Account	Transfers From This Account	Budget Allotment
1-7-02		Budget Amended #7					200114747
	001	TRANSAMERICA Public Finance	11704573	11704573			188410174
3-14	002	Floyd Co. Fiscal Court-Road Fund	10248756				
	003	Floyd Co. Fiscal Court- LGFA Fund	5706938	27860267			172254480
3-18	004	East Equipment	3800				
	005	Eastco Supply	92763				
	006	Mave Creek Sand	45000				
	007	P: H Hardware	8434				
	008	Trucker Auto Parts	599				
	009	The Wells Group, LLC	20775				
	010	US Filter	3336232	31367870			168746877
4-26	011	Eastco Supply	21744				
	012	Environmental Design Co	1000000				
	013	Steve's Farm: Home Store	6900				
	014	H & R Construction	974000				
	015	James S. Little	482500	33853014			166261733
5-20	016	James S. Little	220000				
	017	HE R Construction	366000				
	018	U.S. Filter	18519464				
	019	C&C Construction	807500				
	020	Eastco Supply	68901				
	021	Hamilton's Hardware	3949				
	022	Allen Hardware	4094	53842922			146271825
6-26	023	Allen Hardware	4933				



Account Number

DIVISION

DISTRICT

Appropriation For 2002-03

"Bond Anticipation"

-Southern Water

Date 20	Warrant Number	EXPLANATION	WARRANT PAYMENTS	SUBTOTAL	DEPOSITS	DEPOSITS TO DATE	BANK BALANCE
							11 575 282'
7-19-02	030	✓ Allen Hardware	7260				
	031	✓ Brandeis Machinery	8910				
	032	✓ C.O.E.X.	750000				
	033	✓ East Equipment	3321				
	034	✓ Eastco Supply	131416				
	035	✓ James S. Little	372500				
	036	✓ May Truck Parts	1500				
	037	✓ Napa Auto Parts - Martin	17714				
	038	✓ Southern Water & Sewer	660000				
	039	✓ The Wells Group, LLC	21075	1973696			11 377 9131
7-31		First Guaranty Bank - Interest		1973696	122691	122691	11 390 1822
8-16	040	Allen Hardware	5208				
	041	✓ Eastco Supply	22520				
	042	✓ Hamilton's Hardware	1239				
	043	✓ Napa Auto Parts of Martin	4610				
	044	✓ Napa Auto Parts of Prestonsburg	4151				
	045	Right Beaver Concrete	77009				
	046	✓ Steve's Farm & Home Store	6790				
	047	The C.I. Thornburg Co., Inc.	354050				
	048	✓ US Filter	2107181				
	049	✓ Water Works Supply, Inc.	1665176	6221630			10 965 3888
8-31		First Guaranty Bank - Interest		6221630	119789	242480	10 977 3677
9-5		FORM VOID CK# 045 + 047	431059	5790571			11 020 4736



"Bond Anticipation"

Date	Warrant Number	EXPLANATION	WARRANT PAYMENTS	SUBTOTAL	DEPOSITS	DEPOSITS TO DATE	BANK BALANCE
2-23-02	050 ✓	Allen Hardware	4345				
	051 ✓	City of Wheelwright	282336				
	052 ✓	C.O.E.X.	243000				
	053 ✓	Eastco Supply Co.	10949				
	054 ✓	H & R Construction	544000				
	055 ✓	Keith's Auto Machine	40000				
	056 ✓	Marc Creek Sand	15000				
	057 ✓	James S. Little	355000	7285201			108710106
9-26	058 ✓	Souther Water: Sewer	5805577	13090778			102904529
	10-4727	WATER WORKS SUPPLIES, Inc			1665176	1907656	104569705
9-30		First Guaranty Bank - Interest		13090778	112658	2020314	104682363
0-18	059 ✓	Laurel Construction	6495000				
	060 ✓	C.O.E.X.	712500				
	061 ✓	Napa Auto Parts of Martin	1699				
	062 ✓	Steve's Farm e Home	8875				
	063 ✓	Allen Hardware	2748				
	064 ✓	East KY Tire	5500				
	065 ✓	American Hose e Mine Supply	2346				
	066 ✓	Wells Group	29700				
	067 ✓	Mountain Enterprise	8053				
	068 ✓	Eastco Supply	72550	20429749			97343392
0-31		First Guaranty Bank - Interest		20429749	109420	2129734	97452812
11-1	069 ✓	Laurel Construction	27719100				
	070 ✓	GWS Contractors	14545581				
	071 ✓	PDR Engineers	17,870.00	644,814.30			534,011.31

Account Number

[REDACTED]

10-8099-743

Appropriation For 2002-03

Southern WATER

Date 20	Warrant Number	EXPLANATION	WARRANT PAYMENTS	SUBTOTAL	DEPOSITS	DEPOSITS TO DATE	BANK BALANCE
11-19-02	072 <sup>n</sup>	Stacy's Backhoe Co.	517500				
	073 <sup>n</sup>	C.O.E.X.	1410000				
	074 <sup>n</sup>	NAPPA Auto Parts of Martin	4238				
	075 <sup>n</sup>	Allen Hardware	858				
	076 <sup>n</sup>	Mtn. Enterprises	63735				
	077 <sup>n</sup>	EASTCO Supply	24095				
	078 <sup>p</sup>	Water Works Supply	7400				
	079 <sup>p</sup>	Mare Creek Sand	10000				
	080 <sup>n</sup>	P & H Hardware	6273				
	081 <sup>p</sup>	Hall's Supply	2891	66528420			51354141
11-22	082	Clay Pipeline	7832173	74360593			43521968
H-30		First Guaranty Bank - Interest	---	74360593	58313	2138047	43580281
12-11	083 ✓	Laurel Construction	10728000				
	084 ✓	GWS Contractors	13447543				
	085 ✓	PDR Engineers	791400				
	086 ✓	East KY Tire	1500				
	087 ✓	Steve's Farm & Home	4075				
	088 ✓	Mountain Enterprise	18396				
	089 ✓	Eastco Supply	11363				
	090 ✓	Hall's Supply	20538	99383408			18557466
12-26	091 ✓	Southern Water : Sewer	8024785				
	092 ✓	EASTCO Supply	2614				
	093 ✓	Mountain Enterprises	35795	107446602			10494272
12-31		First Guaranty Bank - Interest	---	107446602	22454	2210501	10516726

"Bond Anticipation"

Date	Warrant Number	EXPLANATION					
-03	094 ✓	PDR Engineers	306000				
	095 ✓	GWS Contractors and US Bank	7939564	115692166			2271162
31		First Guaranty Bank - Interest	---	115692166	3198	2213699	2274360
-14	096 ✓	Eastco Supply	39640				
	097 ✓	Wright's Lumber Co	16967				
	098 ✓	Mountain Enterprises	41371	115790144			2176382
	099 ✓	Eastco Supply	21620				
	100 ✓	East Equipment	76655				
	101 ✓	Grayco Rentals	39000				
	102	Water Works Supply	384760				
	103 ✓	COEX	603000	116915179			1051347
2-28		First Guaranty Bank - Interest	---	116915179	1295	2214994	1052642
3-5	104 ✓	Stacy's Backhoe Company	372500	117287679			680142
3-21	105 ✓	Stacy's Backhoe Company	172500				
	106	Country Boy Farm Supply	2550	117462729			505092
3-31		First Guaranty Bank - Interest	---	117462729	725	2215719	505817
4-18	107 ✓	Water Works Supply	272516	117735245			233301
1-30		First Guaranty Bank - Interest	---	117735245	386	2216105	233687
5-31		First Guaranty Bank - Interest	---	117735245	323	2216428	234010
2-30		First Guaranty Bank - Interest	---	117735245	248	2216676	234258



# ROAD WAGES

02-6105-143

2001-02

	Initials	Date
Prepared By		
Approved By		

© WILSON JONES COMPANY    G7213 GREEN    7213 BUFF    MADE IN U.S.A.

4 on Crew 5 - that Dig Water Lines

	Pay Period	1		2		3		4		5	
		1-1-02	1-11-02	1-25-02	2-8-02	2-22-02	1-4-02	1-18-02	2-1-02	2-15-02	3-2-02
	Pay Day										
1	850 Bryan D. Adams	646.00	807.50	714.00	680.00	680.00					
2	1157 Eddie Caudill	925.60	1428.75	1330.46	995.00	971.88					
3	1157 Kenneth Conley	925.60	1446.12	1278.41	925.60	925.60					
4	1157 Gregory Cooley	1099.15	1550.25	1249.56	925.60	925.60					
5	1157 Chad Frasure	925.60	1307.30	1104.91	1099.10	925.60					
6	1157 Eddie Gayheart	995.02	1388.27	1191.66	960.30	925.60					
7	1157 Jeffrey Gayheart	925.60	1463.49	1209.01	1099.10	925.60					
8	1157 Carl Gibson	925.60	925.60	1261.06	925.60	1018.16					
9	1215 Travis Hall	972.00	1555.08	1287.84	1154.20	1044.88					
10	1157 Travis Hall, Jr.	960.30	1440.37	1382.51	925.60	925.60					
11	850 Jackie "Arvey" Hamilton	782.00	680.00	762.88	750.13	731.00					
12	1215 Ricky Henson	1154.20	1609.70	1670.46	1063.10	1020.60					
13	1157 Ray Hill	SP 925.60	SP 925.60	SP 925.60	SP 925.60	925.60					
14	1157 Brandon Jarrell	1272.60	1428.75	1417.21	1156.96	925.60					
15	1157 Russell Jarrell	1342.12	1440.32	1365.16	1047.05	1064.40					
16	1157 Troy Jarrell	925.60	1272.60	1168.57	925.60	925.60					
17	1157 Donald Johnson	1099.15	1579.17	1278.41	925.60	1209.01					
18	879 Phil Jones	808.64	749.33	788.87	775.69	755.92					
19	1221 Larry Kidd	VP 976.80	SP 366.30								
20	1157 Ernest Kimbler	1099.15	1509.77	1556.01	1099.10	925.60					
21	1157 Tommy Lackey	1099.15	1822.07	1243.71	1220.55	925.60					
22	1157 Charles Lewis	925.60	925.60	VP 925.60	925.60	161.98					
23	1215 Michael McCormick	1227.10	1372.85	1069.20	972.00	972.00					
24	1157 Vickie Moore	925.60	896.68	925.60	861.97	902.46					
25	1157 George Ousley	925.60	1376.70	1388.30	925.60	925.60					
28	1215 Rodney Ousley	972.00	1154.25	1470.04	1117.76	972.00					
27	1215 Hathe Owens	1093.50	972.00	1172.44	1126.87	1008.45					
28	1157 Jackie Owens II	925.60	1116.47	1365.16	1090.43	925.60					
29	1157 Arnold Prater	925.60	1550.25	1423.00	1168.50	925.60					
30	1215 Bruce Prater	972.00	1445.72	1457.90	990.22	972.00					
31	1157 David M Sammons	925.60	1515.50	1365.16	925.60	1064.40					
32	1157 Mark Sanders	995.02	1220.57	1365.16	925.60	1099.10					
33	1157 Lacy D Shepherd	925.60	1249.50	925.60	960.30	925.60					
34	1157 William Wells	1099.15	1648.57	1272.66	925.60	925.60					
35	850 Steve Hill			255.00	969.00	714.00					
36	998 RODNEY BENTLEY										
37	525 William Branham										
38	525 Tony Conley										
39	525 Jimmy Crager										
40	525 Brady Curry										
		33623.45	43141.00	40567.12	33464.53	31171.84					

LARRY  
 \$4,001.96 x 26 payrolls  
 \$104,050.96 x 3 yrs  
 PLUS BONUS PLUS  
 DEMO HALL \$26,000 a year x 2 yrs

4/26/02  
5/18/02



# SOUTHERN WATER & SEWER DISTRICT

*co Floyd County Fiscal Court*

The Bank of New York Company, N.A.  
625 Vine St, Suite 900 Cincinnati, OH 45202

LOAN Number # [REDACTED]  
Closing Date: 06/28/2005

30 yrs @ an Avg. Interest rate of 4.55%

Total Principal	\$ 2,600,000.00	
Total Interest	<u>\$ 2,227,794.63</u>	
	\$ 4,824,794.63	Total Issue

Outstanding		
Principal	\$ 2,170,000.00	
Outstanding		
Interest	<u>\$ 1,288,266.86</u>	
	\$ 3,458,266.86	Total Outstanding

## Money Due (2013-14 Budget)

Payment - just made Dec. 1, 2013 \$50,122.50 (Interest Only)

## Following

Payment - due June 1, 2014 \$110,122.50 (Principal & Interest)

## APPENDIX B

### DESCRIPTION OF PROJECT

USFOS agrees to provide the services necessary for the management, operation and maintenance of the following:

- a. All equipment, vehicles, grounds and facilities now existing within the present property boundaries of or being used to operate DISTRICT's Water Treatment Plant, water intake and backwash lagoons located in Allen, Kentucky.
- b. All equipment, grounds and facilities now existing within the present property boundaries of pumping stations and tank sites as described as follows:

<u>Pumping Stations</u>		<u>Tanks</u>	
P1	Arkansas Creek	Arkansas	Hamilton
P2	Brush Creek	Martin	Tinker
P3	Wilson Creek	Allan Central	Tackett
P4	Fisher Hollow	Brush Creek	Ligon (MC)
P5	Trace Fork	Lackey	Ligon (BE)
P6	Branham Creek	Minnie	Melvin
P7	Hall Branch	Trace Fork	Buckingham
P8	Mink Branch	Little Mud	Price
P9	Morge Branch	Toler	Hall Branch
P10	Price	Branham	Branham Creek
P11	Logon	Morge Branch	Pikeville-Mud Creek
P12	Buckingham	Mink Branch	Kiethly Branch
P13	Wheelwright		

- c. All water lines, meters, hydrants and valves in service on the effective date of this Agreement.



RESOLUTION

At a special meeting of the Floyd County Fiscal Court held in the Courtroom of the Floyd County Courthouse on June 5, 2000 at the hour of 9:00 A.M., the following resolution was offered:

WHEREAS, the newly-formed Southern Water and Sewer District has entered into a Construction Services Agreement and an Agreement For Operations, Maintenance and Management Services with U.S. Filter Operating Services, Inc., said agreements being executed on April 28, 2000; and

WHEREAS, ABN-AMRO, the institution providing financing for the future construction projects for the Southern Water and Sewer District and U.S. Filter Operating Services, Inc., has advised that it would be advantageous to the Southern Water and Sewer District, in terms of the interest rate assigned for financing the District's construction projects, for the Floyd County Fiscal Court (by virtue of its status as the governmental body that created the District's predecessor districts, Beaver Elkhorn Water District and Mud Creek Water District, and the Judge/Executive's approval of the merger of those districts to form Southern Water and Sewer District) to act as a Co-Lessee with the District in a Master Lease-Purchase Agreement to be executed by and between the Southern Water and Sewer District and U.S. Filter Operating Services, Inc.; and

WHEREAS, the development of this infrastructure and the construction and financing of these proposed water projects are of vital and immediate importance to Floyd County's economic development.

NOW, THEREFORE, BE IT RESOLVED by the Floyd County Fiscal Court that the Floyd County Fiscal Court act as a Co-Lessee with the Southern Water and Sewer District for purposes of reducing the interest rate assigned to the District's construction projects and, further, that, to this end, the Floyd County Judge/Executive be authorized to execute any and all documents necessary for finalizing the Master Lease-Purchase Agreement by and among U.S. Filter Operating Services, Inc., Southern Water and Sewer District, and the Floyd County Fiscal Court.

Motion for adoption of this Resolution was made by Larry Stumbo and seconded by Gerald DeWessett and vote taken as follows:

For	Against
<u>Gerald DeWessett</u>	_____
<u>Larry F. Stumbo</u>	_____
<u>Ernest Jachett</u>	

THEREUPON, said Motion was declared passed and the Resolution adopted this the 5<sup>th</sup> day June, 2000.

R. H. H. H.



OFFICE OF THE

# Floyd County Attorney

Commonwealth of Kentucky

(606) 886-9144 or (606) 886-6863

**KEITH BARTLEY**  
County Attorney

P. O. Box 1000  
Prestonsburg, Kentucky 41653

June 5, 2000

U.S. Filter Operating Services, Inc.  
55 Shuman Boulevard  
Naperville, IL 60563

RE: Equipment Schedule No. 01 dated as of May 19, 2000 to the Master Lease-Purchase Agreement No. M00121 dated as of May 19, 2000 (together, the "Agreement") between U.S. Filter Operating Services, Inc. ("Lessor") and The Southern Water and Sewer District ("District") and Floyd County Fiscal Court ("County"). The District and the County are each co-lessees, jointly and severally) each, singularly or collectively, "Lessee").

Ladies and Gentlemen:

As counsel for Floyd County, I have examined the duly executed original Agreement, the duly executed original Escrow Agreement dated as of May 19, 2000 (the "Escrow Agreement") among Lessee, Lessor and ABN AMRO Incorporated, as escrow agent, and the proceedings taken by the governing body of Lessee to authorize the execution and delivery of the Escrow Agreement on behalf of Lessee. Based upon the foregoing examination and upon an examination of such other documents and matters of law as I have deemed necessary or appropriate, I am of the opinion that:

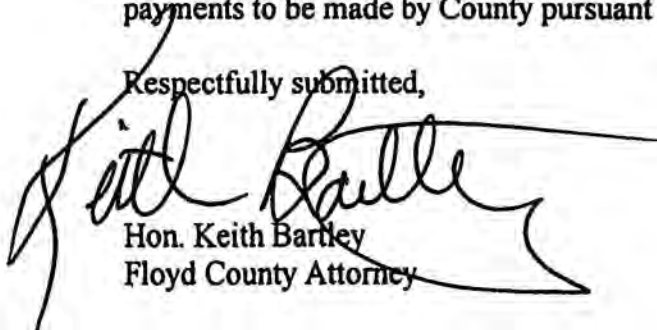
1. Floyd County is a County duly organized and legally existing as a political subdivision under the Constitution and laws of the State of KY with full power and authority to enter into the Agreement and the Escrow Agreement.
2. The Agreement and the Escrow Agreement and the Escrow Agreement have been duly authorized, executed and delivered by County and, assuming due authorization, execution and delivery thereof by Lessor and County, constitute the legal, valid and binding obligations of County, enforceable against County in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally.



3. The Equipment (as defined in the Agreement) constitutes personal property and when subjected to use by County will not be or become a fixture under applicable law.
4. County has complied with any applicable public bidding requirements in connection with the Agreement, the Escrow Agreement and the transactions contemplated thereby.
5. No litigation or proceeding is pending or, to the best of my knowledge, threatened to restrain or enjoin the execution, delivery or performance by County of the Agreement or the Escrow Agreement or in any way to contest the validity of the Agreement or the Escrow Agreement, to contest or question the creation or existence of County or its governing body or the authority or ability of County to execute or deliver the Agreement or the Escrow Agreement or to comply with or perform its obligations thereunder. There is no litigation pending or, to the best of my knowledge, threatened seeking to restrain or enjoin County from annually appropriating sufficient funds to pay the related Rental Payments or other amounts contemplated by the Agreement.
6. The resolution adopted by County's governing body authorizing the execution and delivery of the Agreement, the Escrow Agreement and certain other matters was adopted at a meeting that was held in compliance with all applicable laws relating to the holding of open and public meetings.
7. The entering into the performance of the Agreement and the Escrow Agreement do not violate any judgment, order, law or regulation applicable to County or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of County or on the Equipment (as defined in the Agreement) or the Escrow Fund (as defined in the Escrow Agreement) pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Lessee is a party or by which it or its assets may be bound, except as provided in the Agreement and the Escrow Agreement.

This opinion may be relied upon by Lessor and its purchasers and assignees pursuant to the Agreement and may be relied upon by special tax counsel if one is retained to render an opinion as to the exemption from federal income taxation of the interest component of payments to be made by County pursuant to the Agreement.

Respectfully submitted,



Hon. Keith Bartley  
Floyd County Attorney



**CONSTRUCTION SERVICES AGREEMENT**

**THIS AGREEMENT effective the 1 day of May, 2000, by and between:**

**U.S. Filter Operating Services, Inc.;** a Delaware corporation, whose address is 14850 Heathrow Forest Parkway, Suite 200, Houston, Texas 77032, hereinafter called "Contractor";

**and**

**Southern Water and Sewer District;** a special district organized pursuant to the Kentucky Revised Statues, Chapter 74, with offices at Route 3188, Box 769, Martin Kentucky, 41649, hereinafter called "the District".

**WITNESSETH:**

**For and in consideration of the remuneration hereinafter set forth, the parties hereto agree as follows:**

- I. Contractor shall furnish all materials (except those which may be specified herein that District shall furnish), equipment, tools, supervision and labor at the job site and shall design and construct various improvements to the District's Water treatment and distribution system (the "Services") as generally described in Attachment A - SCOPE OF SERVICES. The District may from time-to-time assign additional projects related to the water distribution system (referred to as "Additional Services"). The scope of Additional Services will be described, together with the schedule and compensation, and set forth in a written project authorization ("Additional Services Authorization") signed by both parties and appended to this Agreement as a portion of the Contract Documents.**
- II. District shall pay Contractor for the performance of the Scope of Services in accordance with the terms set forth in Attachment "B - COMPENSATION" attached hereto. Contractor shall deliver to District, upon completion of the Services, a complete release from Contractor of all claims or liens and Contractor's affidavit that all parties furnishing material or labor to the Contractor in connection with the Project (as defined in Attachment "C") have been paid.**
- III. The General Conditions attached as Attachment "D - GENERAL CONDITIONS" are made a part of this Agreement and shall govern the performance of Services.**
- IV. This Construction Services Agreement, the above identified Attachments and any attachments identified and referenced below, together with subsequent executed Additional Services Authorization, are collectively referred to herein as the "Contract Documents" and, together, make up the Agreement (the "Agreement"). In the event of an inconsistency between provisions of the Contract Documents, the inconsistency shall be resolved by giving precedence to specific provisions**

over general provisions and, if any inconsistency still exists, by giving precedence to the documents in the following descending order (notwithstanding cross references): 1) the Agreement; 2) Attachment A - SCOPE OF SERVICES; 3) Attachment B - COMPENSATION; 4) Special Terms, if any; 5) Attachment C - Project Description; 6) Attachment D - GENERAL CONDITIONS; and, 7) Other documents or addenda incorporated in the Contract Documents.

This Agreement is effective the day, month and year first above written.

SOUTHERN WATER AND SEWER DISTRICT:

U.S. FILTER OPERATING SERVICES, INC.

By: Hubert Halbert

By: Michael M. Stark

Print Name: Hubert Halbert

Print Name: Michael M. Stark

Title: Chairman

Title: Exec VP/GM

Date: 4/28/2000

Date: 4/28/00

CERTIFICATE OF DISTRICT REPRESENTATIVE

The undersigned, as legal representative for the Southern Water and Sewer District, (the "District") in this transaction, hereby certifies that (s)he has examined the circumstances surrounding the selection of U.S. Filter Operating Services, Inc. ("Contractor") and the award and letting of the foregoing contract to Contractor by District and has found that said selection and award process comply with the procurement laws of the State of Kentucky and those laws applicable to the District.

Brett D. Davis  
District Legal Representative

Date: 4/28/00

MARCH 25, 2002

DAVID,

JUDGE THOMPSON NEEDS FRONT & BACK COPIES OF THE FOLLOWING CHECKS FOR TOMORROW, TUESDAY, MARCH 26, 2002:

ACCOUNT NUMBER FOR ALL CHECKS [REDACTED]

VENDOR NAME:

CHECK NUMBER:

C & C CONSTRUCTION

94,576.00

[REDACTED] - NOV 11/16/01 51,996.00  
[REDACTED] - DEC 12/21/01 36,580.00

C.O.E.X.

274,518.33

[REDACTED] 81,277.33 10/24/01  
[REDACTED] 105,651.00 12/21/01  
[REDACTED] 2/15/02 34,357.50

ONE CHECK FROM SPECIAL MEETING 08/24/02

[REDACTED] - 8/24/01 53,232.50

D.F.M.

55,804.00

[REDACTED] - 9,552.00  
[REDACTED] 12,588.50 9/21/01  
[REDACTED] 19,235.00 12/3/01  
[REDACTED] - 14,428.50 12/21/01

J & L CONSTRUCTION

[REDACTED] - 6,580.00 10/14/01

JOHN'S CONSTRUCTION

105,855.00

[REDACTED] - 15,480.00 8/24/01  
[REDACTED] 23,025.00 9/21/01  
[REDACTED] 36,570.00 11/16/01  
[REDACTED] - 30,780.00 12/21/01

MARTIN EXCAVATING

10,950.00

[REDACTED] - 7,160.00 8/24/01  
[REDACTED] 3,590.00 9/21/01

MT. ENTERPRISES, INC.

[REDACTED] - 9/21/01 34,799.94  
[REDACTED] - 10/19/01 27,036.47  
[REDACTED] 11/16/01 58,809.66  
[REDACTED] 12/21/01 36,682.75



MOUNTAIN ENTERPRISES CONT

804,606.06

██████████  
██████████

209,699.38  
- 437,577.56

12/21/01  
2/21/02

MICHAEL & HENRIETTA PENNINGTON dba DRAINS UNLIMITED

186,841.25

██████████  
██████████

- 35,360.83 9/21/01  
- 21,072.75 10/24/01  
63,580.23 11/16/01  
37,080.33 12/21/01

ONE CHECK FROM  
SPECIAL MEETING  
08/24/02

██████████

- 8/24/01  
29,747.11

Hands,

Anita

1,532,950.64

+ 12,783.50 - COEX 17101 9/21/01

1,605,734.14

# Floyd County

Advertising and publishing amendments is a costly process. When possible unnecessary expense may be avoided by waiting to amend until several items or funds can be included in one amendment. In order to avoid unnecessary delays and confusion the following State Local Finance Officer policies should be carefully reviewed:

1. Any amendments to a county budget submitted to the State Local Finance Officer for approval on an emergency basis must strictly adhere to the provisions of KRS 67.078 and a photocopy of the fiscal court order naming and describing the emergency must accompany the budget amendment submitted for approval pursuant to KRS 68.280.
2. Prior to the consideration of any budget amendment for approval by the State Local Finance Officer, he/she must be in receipt of a current, complete and accurate quarterly report.
3. The State Local Finance Officer will not consider amendments for prior years. Budget amendments are to be made at the time additional revenues are added to the budget; without doing so, the funds are not available for expenditure.

(X) 4.

All borrowed money received and repaid must be reflected in the county budget. Amendments for unanticipated borrowed monies (4911) must appropriate 100% of the borrowed funds for repayment. Amendments for unanticipated lease proceeds (4912) must appropriate 100% of the proceeds for the lease project. A copy of any required notice to the state local debt officer must be included with the proposed amendment.

33. Audits coded "9100".  
(Exception: May allocate fee office audit expense to 5010 and 5015)
34. Insurance coded "9100".
35. Bank charges coded "9100-503".
36. Juvenile costs coded "5102".
37. Public advocacy program support coded "5175-903".
38. Salary codes 100-189 are restricted to county employees and officials. Reimbursements and contracted services are to be coded accurately.
- (X) 39. Bond anticipation note repayment coded "7401".



OPERATING SERVICES  
14950 HEATHCROW FOREST PARKWAY #200  
HOUSTON, TEXAS 77032

TELEPHONE 281-449-1500  
FACSIMILE 281-449-9970

April 28, 2000

Brett Davis, Esq.  
Office of the Floyd County Judge Executive  
149 South Central Avenue, Suite 9  
Prestonsburg, KY 41653

Re: Financing of Capital Improvements to Southern District

Dear Mr. Davis:

This is to confirm that U.S. Filter Operating Services, Inc. (USFOS) has, in conjunction with its proposal for the operation, maintenance and management of the District's water system and related improvements, **assisted with identifying ABN AMRO as a source of financing of approximately \$2,400,000 to support construction of improvements to the District's distribution system.**

You are advised the USFOS has identified several alternative sources of financing and, in the event ABN AMRO should elect not to provide the \$2,400,000 required for the project, in whole or in part, USFOS will apply diligent efforts to obtain financing commitments from other sources, in order to allow this critical project to proceed. In the event no third party lender is identified, USFOS will explore, with its parent corporation, providing financing on an interim or permanent basis in order to allow installation of the improvements which USFOS and the District recognize will provide a significant economic benefit and impact on the quality of life of the customers of the District and residents of Floyd County, Kentucky.

USFOS is pleased to join with you to play a part in this process.

Very truly yours,

Michael M. Stark  
President

MMS:lh

Damon R Talley, P.S.C.  
112 N. Lincoln Blvd.  
PO Box 150  
Hodgenville KY 42748  
drtalley@kih.net

**VIVENDI**  
water company

270-358-3187  
270-358-9560 FAX



**Agreement For  
Operations, Maintenance and Management Services**

THIS AGREEMENT is entered into this 25th day of April 2000, by and between:

Southern Water and Sewer District, with its principal address at Route 3188, Box 769, Martin, KY 41649 (hereinafter "DISTRICT");

and

U.S. Filter Operating Services, Inc., with its principal address at 14950 Heathrow Forest Parkway, Suite 200 Houston, Texas 77032-3842 (hereinafter "USFOS").

**WHEREAS, DISTRICT owns and provides for the operation of a water treatment plant and water distribution facilities; and,**

**WHEREAS, DISTRICT desires to employ the services of USFOS in the management, operation and maintenance of these facilities, and USFOS desires to perform such services for the compensation provided for herein;**

**NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, DISTRICT and USFOS agree as follows:**

**1 General**

- 1.1 Definitions of words and phrases used in this Agreement and the attachments are contained in Appendix A.
- 1.2 All land, buildings, facilities, easements, licenses, rights-of-way, equipment and vehicles presently owned or hereinafter acquired by DISTRICT shall remain the exclusive property of DISTRICT unless specifically provided for otherwise in this Agreement.
- 1.3 This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.
- 1.4 This Agreement shall be binding upon the successors and assigns of each of the parties, but neither party shall assign this Agreement without the prior written consent of the other party. Consent shall not be unreasonably withheld.
- 1.5 All notices shall be in writing and transmitted to the party's address stated above. All notices shall be deemed effectively given when delivered, if delivered

ability to perform at the Project, DISTRICT, with USFOS's assistance or USFOS at its own option, may seek appropriate injunctive court orders. During any such disruption, USFOS shall operate the facilities on a best-efforts basis until any such disruptions cease.

12.2 Neither party shall be liable for its failure to perform its obligations under this Agreement, if such failure is due to any Unforeseen Circumstances beyond its reasonable control or force majeure. However, this Section may not be used by either party to avoid, delay or otherwise affect any payments due to the other party.

12.3 If a claim or a dispute arises between the parties under this Agreement or the performances of any obligations set forth herein, the parties agree to endeavor in good faith to resolve such claim or dispute equitably through negotiation. If such negotiation fails, either party may request non-binding mediation to resolve such claim or dispute, under the rules of the American Arbitration Association, before having recourse to the courts. The non-requesting party may decline such request in its sole discretion. Notwithstanding the foregoing, prior to or during negotiation or non-binding mediation, either party may initiate a legal proceeding to resolve any claim or dispute arising under this Agreement or the performance of any obligations set forth herein.

Both parties indicate their approval of this Agreement by their signatures below, and each party warrants that all corporate or governmental actions necessary to bind the parties to the terms of this Agreement have been and will be taken

SOUTHERN WATER AND SEWER DISTRICT

U.S. FILTER OPERATING SERVICES, INC.

By: [Signature]

By: [Signature]

Name: Hubert Halbert

Name: Michael M. Stark

Title: Chairman

Title: Exec VP & GM

Date: 4/28/00

Date: 4/28/00

CERTIFICATE OF COUNSEL

[Signature], as counsel for the Southern Water and Sewer District ("DISTRICT") in this transaction, hereby certifies that (s)he has examined the circumstances surrounding the selection of U.S. Filter Operating Services, Inc. ("USFOS") and the award and letting of the foregoing contract to USFOS by DISTRICT, and has found that said selection and award process comply with the procurement laws of the Commonwealth of Kentucky and DISTRICT.

[Signature]  
Counsel for DISTRICT

Date: 4/28/00

**COX, BOWLING & JOHNSON, PLLC**

209 Breckenridge Lane  
Louisville, Kentucky 40207  
Telephone: 502-721-9555  
Facsimile: 502-721-9517

Offices also located at:

200 West Vine Street  
PNC Plaza - Suite 610  
Lexington, Kentucky 40507  
Telephone: 859-255-7080  
Facsimile: 859-255-6903

Gillard B. Johnson, III  
Joseph K. Cox\*  
James R. Cox  
Michael D. Bowling  
Robert B. Bowling  
Edward Lee Bowling  
Robert T. Yoakum  
Shea Dunn Yoakum

\*Admitted in Michigan

March 13, 2002

Ms. Toni Spradlin  
Citizens National Bank  
P.O. Box 1488  
Paintsville, Kentucky 41240-5488

**RE: \$2,175,000 Floyd County, Kentucky Public Properties Corporation First Mortgage Revenue Bond Anticipation Notes (Water Project), Series 2001, dated October 1, 2001**

Dear Ms. Spradlin:

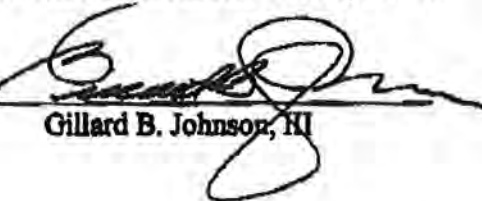
We have been advised that the County has not acquired the real estate in connection with the water line project, for which the above referenced Notes were issued. Accordingly, no mortgage has been filed securing the Notes.

The purpose of this letter is to provide notice that no funds should be disbursed without the resulting mortgage being filed. Based upon our previous understanding, those funds have not been disbursed.

For the protection of the bondholders, it is necessary that we secure a deed and legal description to the real estate and record the mortgage. Please advise as to the status of securing the mortgage or legal description.

Sincerely,

COX, BOWLING & JOHNSON, PLLC

By:   
Gillard B. Johnson, III

GBJIII/ln

cc: Julie Petersen

3/20/01 → 10:15am → Spoke to Gill Johnson

- Ⓚ legal Description of Right of Way of Easments.
- Ⓚ Bank Requests the Bond Holders  
↓  
Citizens Bank (Trustee)

Engineer was suppose to provide.

Ⓚ Notes bought by investor → NO Security. → NO Mortg

Ⓚ Suppose there was a default, how are you going to collect.





ABN AMRO Incorporated  
208 South LaSalle Street  
Chicago, Illinois 60604 1003  
(312) 855-6880  
(800) 621-0686  
FAX: (312) 855-6002  
Leasing and Financial Services

### FINANCING PLAN

ABN AMRO Incorporated is pleased to have the opportunity to provide the following financing plan to the Southern Water and Sewer District and Floyd County, KY for the financing of system improvements to the water treatment plant. Financing will be subject to the following terms and conditions:

Date: April 28, 2000

Lessee: Southern Water and Sewer District and Floyd County, KY

Vendor: U.S. Filter Operating Services

Equipment: Pumping station, tanks, water meters, pipes, and various other water-related equipment

Size: \$2,400,000 (approximate)

Term: 8 years with a 20 year amortization

Payment: Monthly

Escrow: Payments will commence upon estimated completion of the system improvements. Interest will be capitalized during the term of the construction period.

Rate: 6.75%

Credit Rating: Nonrated

This financing remains subject to credit review and approval as well as acceptable documentation. Please feel free to call me at 312-855-8760 with any questions you may have regarding the commitment.

Sincerely,

  
Mary Gettelfinger  
Managing Director





**TRANSAMERICA  
PUBLIC FINANCE, LLC**

KAX  
322-9286

**INVOICE**

Bill To:  
Donna Thompson  
Floyd County Fiscal Court  
149 S. Central Avenue  
Prestonburg, KY 41653

Date: 11/13/00  
Invoice Number [REDACTED]  
Customer Number [REDACTED]

<u>DESCRIPTION</u>	<u>LEASE #</u>	<u>DUE DATE</u>	<u>AMOUNT DUE</u>
Lease Payment	[REDACTED]	01/01/01	\$ 100,355.61
<b>TOTAL AMOUNT DUE:</b>			<b>\$ 100,355.61</b>

⊕ Southern Water and Sewer District  
FLOYD COUNTY FISCAL COURT.

⊕ ABN AMRO LEASING

JACKS CREEK  
BRANTNER CREEK

15 Semi-annual payments

3 new Pump Station  
PVC Pipe  
Water  
U.S. Filter Inc.

**PLEASE INCLUDE LEASE NUMBER WITH PAYMENT  
AND MAIL PAYMENT TO:  
(816) 421-1800  
Transamerica Public Finance  
Lockbox 21479 Network Place  
Chicago, IL 60673-1274**



fac. or

Nov. 17, 2001 - Feb. 22, 2002

hrs

Eddie Gayheart

70 R.  
 80 R. 16 O.T.  
 30 R.  
 40 R. 5 O.T.  
 80 R. 10 O.T.  
 80 R. 2 O.T.  
 72 R.

Warren Jarrell

40 R.  
 80 R. 10 O.T.  
 40 R.  
 40 R. 5 O.T.  
 71 R. 5 O.T.  
 70 R. 7 O.T.  
 72 R. 8 O.T.

David Shepherd

66 R.  
 80 R. 2 O.  
 60 R. 2 O.  
 40 R. 1 O.  
 40 R.  
 80 R. 2 O.  
 72 R.

452 Reg. Hrs.  
 $\times 18.34$  (FEMA) RATE  
 $\$8,289.68$

33 O.T. Hrs.  
 $\times 21.18$  (FEMA O.T. Rate)  
 $\$698.94$

8,289.68  
 698.94

Total  $\$8,988.62$

413 Reg. Hrs.  
 $\times 18.34$  (FEMA) RATE  
 $\$7,574.42$

35 O.T. Hrs.  
 $\times 21.18$  (FEMA) O.T. Rate  
 $\$741.30$

7,574.42  
 741.30

Total  $\$8,315.72$

438 Reg. Hrs.  
 $\times 18.34$  FEMA Rate  
 $\$8,032.92$

7 O.T. Hrs.  
 $\times 21.18$  FEMA O.T. Rate

8,032.92  
 148.26

Total  $\$8,181.18$

3 Members of  
 Co. Road Crew that  
 Dug Water Lines,  
 Installed Pipe

101  
 101 -  
 2/14/01  
 12/15/01 -  
 12/28/01  
 12/29/01  
 1/11/02  
 1/12/02 -  
 1/25/02  
 1/26/02 -  
 2/8/02  
 2/9/02 -  
 2/22/02

Stephens Branch

ft. 4" water pipe .76¢ \$ 760.00

Garrett Rt 550

3300 ft. 4" water pipe .76¢ \$ 2,508.00

Bluegrass Hollow

2600 ft. 4" water pipe .76¢ \$ 1,976.00

McCreech Branch

3500 ft 4" water pipe .76¢ \$ 2,660.00

Total

\$ 7,904.00

Water Pipe  
Approved & Purchased



**BIG SANDY  
AREA DEVELOPMENT DISTRICT, INC.**

*Donna -  
Armorent Co. will  
be reimbursed is  
highlighted in the  
Project profile - Don't  
forget to put BSAAD's  
agenda*

May 5, 2006

Mr. John E. Covington, III  
Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Frankfort, KY 40601

RE:WX21071712 - Floyd County Water Tank/Line Project

Dear Mr. Covington:

As we have discussed previously, enclosed please find a Project Profile and Project Budget revision.

Should you require anything further at this time, please advise. Thanks for your assistance with our projects. It is appreciated.

Sincerely,

Brenda Powers  
Projects Administrator

/enclosures

cc: Paul Hunt Thompson, Judge/Executive  
Floyd County Fiscal Court

Bob Meyer, Manager  
Southern Water & Sewer District



# KENTUCKY WATER PROJECT PROFILE

Areas indicated with (\*) are required fields.

**1.\* Project Title (use title which will be identifiable by local community):**

SOUTHERN WATER & SEWER DISTRICT PROPOSED WATERLINE EXTENSIONS

**2.\* Project Description:**

Provide a brief narrative denoting if project relates to source, distribution, treatment, storage or other)

THIS PROJECT INCLUDES THE REPLACEMENT OF LACKEY TANK. TANK IS TO BE REPLACED AND RAISED 45 FEET. THE TOTAL COST OF THE TANK IS \$313,970.00. WATERLINES THROUGHOUT SOUTHERN FLOYD COUNTY THAT NEED UPGRADES WILL BE REPAIRED OR REPLACED. NEW WATERLINES WILL BE INSTALLED THROUGHOUT SOUTHERN FLOYD COUNTY. COST FOR WATERLINE UPGRADES AND INSTALLATIONS IS \$30,882.80

\* Project Descriptor: WATERLINE EXTENSION IN SOUTHERN FLOYD COUNTY

\* WRIS Project Number (PNUM): WX21071712

This number is assigned by an ADD through the respective Area Water Management Planning Council once the project profile is approved by the Council. This number ties each project to mapped/spatial information in the Water Resource Information System (WRIS). Project profiles without this number AND the required corresponding mapped/spatial information will NOT be accepted.

\* Project County: Floyd

\* Is it a multi-county project:  Yes  No

\* Project Submitted By: Big Sandy

\* Select the PWSID# from the list below:

Available:

- 0010082
- 0010702
- 0020386
- 0020956
- 0030007
- 0030239
- 0030660
- 0040015
- 0040020



Include >

< Remove



Selected:

0360026

**3. Legal Applicant**

\* Legal Applicant: SOUTHERN WATER & SEWER DISTRICT

Water Utility which will own proposed improvements:  
(if different from Legal Applicant)

\* Organizational Structure: Water District

---

**Authorized Official Information**

\* First Name: BOB \* Last Name: MEYER M.I.:

\* Title: PROJECT MANAGER

\* Street Address Line 1: MCDOWELL

Street Address Line 2:

\* P.O. Box: 610

\* City: MCDOWELL \* State: KY \* Zip: 41647

\* County: FLOYD

\* Telephone: [REDACTED] Ext: [REDACTED]

Fax: 606-377-9286

Email: [REDACTED]

---

**Contact Person Information**

\* First Name: BOB \* Last Name: MEYER M.I.:

\* Title: PROJECT MANAGER

\* Street Address Line 1: MCDOWELL

Street Address Line 2:

\* P.O. Box: 610

\* City: MCDOWELL \* State: KY \* Zip: 41647

\* County: FLOYD

\* Telephone: [REDACTED] Ext: [REDACTED]

Fax: 606-377-9286

Email: [REDACTED]

---

**Project Administrator Information**

\* First Name: Brenda \* Last Name: Powers M.I.:

Title: PROJECT Administrator

Street Address Line 1: 110 RESOURCE COURT

Street Address Line 2:

P.O. Box:

City: PRESTONSBURG State: KY Zip: 41653

County: FLOYD

\* Telephone: 606-886-2374 Ext: 330

Fax: 606-886-3382

Email: [REDACTED]

**Consulting Engineer Information**

\* First Name: JIM \* Last Name: THOMPSON M.I.:

Firm: PE

Street Address Line 1: 1019 Majestic Drive

Street Address Line 2: Suite 110

P.O. Box:

City: LEXINGTON State: KY Zip: 40513

County: FAYETTE

\* Telephone: [REDACTED] Ext: [REDACTED]

Fax:

Email: [REDACTED]

**4. \* Project Type (atleast one required/check all that apply):**

- Planning
- Design
- Construction
- Management

**5. Project Alternatives: Please list a minimum of three:**

a.\* SYSTEM MAINTAINED WELL SOURCES

b.\* BUILD CISTERN

c.\* DO NOTHING

**6. Special Impact(s) of Proposed Water Project:**

a.\* New service/improve service to 188 unserved 0 underserved households

b. Number of new jobs: 0 Number of retained jobs: 12

c. Other beneficial technical, managerial, fiscal impacts: (20 words or less)



INCREASING THE CUSTOMER BASE WILL RESULT IN LOWER WATER COST AND BETTER SERVICE FOR ALL CUSTOMERS AND ESTABLISH THE BASE FOR FUTURE EXPANSIONS.

d.\* Does proposed activity relate to public health protection emergency:  Yes  No

e.\* Does project involve regionalization:  Yes  No

f. Number of systems affected/involved: 1

**7.\* Median Household Income of Service Area:**

\$ 22748

**8.\* Project Start Schedule:**

Years 0-2  Years 3-10  Years 11-20

**9. Estimated Funding Sources:**

\* Estimated Local Funding Amount \$ 194853

\* Estimated Other Funding Amount (all sources) \$ 150000

Total Estimated Project Cost \$ 344853

**10. Project Data - Water (complete all items which apply to your project)**

a.\* Is project related to source protection?  Yes  No

**Drinking Water Facilities**

b.\* Is project related to source?  Yes  No

c.\* Is project related to water treatment?  Yes  No

d.\* Is project related to distribution (Extension/Rehab)?  Yes  No

Check all that apply to your project

Extension  Water Tank

Rehab/Improvement  Pump Station

**Proposed project involves construction of line**

Total linear feet <sup>0</sup> of new line

Line Size (in inches)  2  3  4  6  8  10  greater than 10

Material  Ductile Iron  PVC  PE Other

**Project activity improves pressure, as a result of**

Replacement of <sup>0</sup> total linear feet of inadequately sized lines

<sup>0</sup> total gallons of increased storage due to additional demand

Leaks, Breaks, or restrictive flows due to age

**Project activity improves water quality by providing:**

Adequate turnover of water

Proper maintenance of disinfection residual

Replacement of <sup>0</sup> total linear feet of lead, copper, asbestos-cement lines

Briefly describe why the above items apply to your project:

STATE OF KENTUCKY  
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code. 3. Maturity date (if any): NONE STATED

<p>1 Debtor(s) (Last Name First) and address (es) Floyd County Fiscal Court 149 S. Central Avenue PRESTONSBURG, KY 41653</p> <p><b>Debtor(s) Taxpayer Number or Employer Identification Number:</b></p>	<p>2 Secured Party and address U.S. Filter Operating Services, Inc. 55 Shuman Boulevard NAPERVILLE, IL 60563</p>	<p>For Filing Officer (Date, Time, Number, and Filing Office)</p>
---	--	---

4 This financing statement covers the following types (or items) of property also described realty where collateral is crops or fixtures and name(s) of record owner(s):  
See Schedule A attached hereto and made a part hereof.

This Financing Statement is to be filed in the Real Estate records. This is a fixture filing. It covers the above goods (property) which are or are to become fixtures on the real estate described in Schedule B attached hereto and made a part hereof.

**Assignee(s) of Secured Party and Address(es)**

Check if applicable:  
 The described crops are growing or are to be grown on the real estate described herein.  
 The described goods are or will be affixed to the real estate described herein and this statement is to be filed in this same office as the real estate records.  
 Name of real estate record owner if other than Debtor: \_\_\_\_\_

Check  AS APPLICABLE:  Proceeds of Collateral are also Covered;  Products of Collateral are also covered;  Debt Secured exceeds \$200.00.

Filed with: KY-Floyd County No of Additional Sheets presented: \_\_\_\_\_  
Floyd County Fiscal Court U.S. Filter Operating Services, Inc.

By: *Paul H. Thompson*  
 Signature(s) of Debtor(s)

By: *Michael R. Stank*  
 Signature of Secured Party (Title)

SECURED PARTY COPY  
 FORM UCC-1 KENTUCKY UNIFORM COMMERCIAL CODE

The officer signing this Financing Statement for the Secured Party individually states that his address is the same as the Secured Party's and that he prepared this instrument.

STATE OF KENTUCKY  
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1

UCC-1 KY  
Floyd

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code. 3. Maturity date (if any): NONE STATED

1 Debtor(s) (Last Name First) and address(es) Floyd County Fiscal Court 149 S. Central Avenue PRESTONSBURG, KY 41653  Debtor(s) Taxpayer Number or Employer Identification Number:	2 Secured Party and address U.S. Filter Operating Services, Inc. 55 Shuman Boulevard NAPERVILLE, IL 60563	For Filing Officer (Date, Time, Number, and Filing Office)
---	--	--

4 This financing statement covers the following types (or items) of property also described realty where collateral is crops or fixtures and name(s) of record owner(s): The Collateral as described in the Exhibit A-1 - Equipment Description attached hereto and made a part hereof.	Assignee(s) of Secured Party and Address(es)
--	--

Check if applicable:  
 The described crops are growing or are to be grown on the real estate described herein.  
 The described goods are or will be affixed to the real estate described herein and this statement is to be filed in this same office as the real estate records.  
Name of real estate record owner if other than Debtor \_\_\_\_\_

Check  AS APPLICABLE:  Proceeds of Collateral are also Covered;  Products of Collateral are also covered;  Debt Secured exceeds \$200.00.

Filed with: KY-SOS No of Additional Sheets presented: \_\_\_\_\_

Floyd County Fiscal Court  
By: Paul O. Thompson  
Signature(s) of Debtor(s)

U.S. Filter Operating Services, Inc.  
By: Michael M. Stueck  
Signature of Secured Party (Title)

FILING OFFICER COPY- ALPHABETICAL  
FORM UCC-1 KENTUCKY UNIFORM COMMERCIAL CODE

The officer signing this Financing Statment for the Secured Party individually states that his address is the same as the Secured Party's and that he prepared this instrument.



17,307.54 - WAGES (Southern Water: Sewer Dist.) #04  
Customer Service Rep.  
2000-2001 → Fiscal Year

400,000.00 → U.S. Filter (Water Projects) #04  
(Reimbursed by the State 400,000)

28,434.09 → U.S. Filter (Other Utilities) #01

130,000.00 → Southern Water Bond (Principle) #01

177,947.91 → Southern Water Bond (Interest) #01

} Write  
to Citi  
Watson  
Bank



### TURKEY CREEK WATER PROJECT

# 306,196.20 → Reimbursed (KY State Treasurer)  
↳ U.S. Filter

### BOND CONSTRUCTION FUND (Anticipation)

# 117,045.73 - Transamerica Public Finance

161,556.94 → (Reimbursed to Fiscal Court from Labor/Supplies/Equipment)

33,362.32 → U.S. Filter

(EST) 26,000.00 → WAGES (DENNY HAMILTON) 04-5220-106

(?) 119,843.86 (As of 1/18/02) 04-5220-457 - total for Waterpipe lines  
- was this in the project a u

500,000.00 (WATER PROJECTS) 04-5220-579  
↳ Southern Water  
↳ Sewer District  
(Reimbursed by the State 500,000)

Renewed

400,000  
20,000  
300,000  
40,000  
10,000

450,000  
251,000  
296,000  
270,000  
26,000

Bob Myers  
377-9296

Bond Anticipate Note

Trust

County Bond  
↳ County Note

→ Revenue from the  
Water Lines, ~~should~~  
should help pay for the note

2.5 Million

Financing on 1st Phase  
of Construction

Southern Original

⊗ Gmg was going to get a line item  
→ Did not happen. (No legislation for  
Borrow Money)

U.S. Filter  
↳ Munge System

Southern Water  
↳ owns

8 million dollar Project  
Rene Development

**Amendment One  
to the  
Agreement for Construction Services**

**THIS AMENDMENT** to the Agreement is entered into on 14<sup>th</sup> day of December 2000, by and between:

**U.S. Filter Operating Services, Inc.**, a Delaware corporation, whose address is 14950 Heathrow Forest Parkway, Suite 200, Houston, Texas 77032, hereinafter called "Contractor";

and

**Southern Water and Sewer District**, a special district organized pursuant to the Kentucky Revised Statutes, Chapter 74, with offices at Route 3188, Box 769, Martin Kentucky, 41649, hereinafter called "the District".

**WHEREAS**, Contractor and the District entered into that certain Agreement for Construction Services dated May 1, 2000 (the "Agreement"); and,

**WHEREAS**, the parties now desire to modify selective portions of the Agreement, all as set forth herein.

**NOW, THEREFORE**, in mutual consideration herein described and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Add the following item to Attachment A - Scope of Services:
  15. Upgrade existing telemetry control software from a DOS based version to a Windows version and install remote terminal units (RTU's) at several existing pump stations and storage tanks.
2. Delete Article I.A of Attachment B in its entirety and insert the following in its place:
  - A. District will compensate Contractor the fixed sum of \$3,332,205.09 (the "Contract Price") for the performance of the design and engineering services, the installation of water lines, installation of tanks, the additions and upgrades to the existing telemetry system, and ancillary services all as described in Attachment A.



3. This Amendment shall take effect upon the date entered unless otherwise provided for herein.
4. All terms of the Agreement not specifically amended or modified by this instrument shall remain unmodified and in full force and effect.

**WHEREFORE**, both parties indicate their approval of this Amendment by their signature below and each party warrants that all action necessary to bind the parties to the terms of this Agreement has been taken.

**SOUTHERN WATER AND SEWER DISTRICT:**

**U.S. FILTER OPERATING SERVICES, INC.**

By: *Hubert Halbert*  
 Print Name: Hubert Halbert  
 Title: Chairman  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

**CERTIFICATE OF DISTRICT REPRESENTATIVE**

The undersigned, as legal representative for the Southern Water and Sewer District, (the "District") in this transaction, hereby certifies that (s)he has examined the circumstances surrounding the selection of U.S. Filter Operating Services, Inc. ("Contractor") and the award and letting of the foregoing contract to Contractor by District and has found that said selection and award process comply with the procurement laws of the State of Kentucky and those laws applicable to the District.

*Brett D. Davis*  
 District Legal Representative

Date: 12/14/00

CONSTRUCTION CONTRACT  
 ORIGINAL  
 CONTRACT AMT

\$3,303,771 —

PLUS 1/2 of  
 ACCRUED INTEREST + 28,434<sup>09</sup>

AMENDED  
 CONTRACT  
 AMOUNT 3,332,205<sup>09</sup>

## INVESTMENT DIRECTION LETTER

October 31, 2000

LaSalle Bank National Association  
135 S. LaSalle Street  
Suite 545  
Chicago, Illinois 60603

Re: Escrow Agreement dated as of May 19, 2000, by and between ABN AMRO Incorporated ("AAI"), as Lessor, The Southern Water and Sewer District and Floyd County Fiscal Court, each, singularly or collectively, as Lessee, and LaSalle Bank National Association, as Escrow Agent

Gentlemen:

Pursuant to the above-referenced Escrow Agreement, there currently remains \$794,660.00 in escrow in relation to the lease financing which closed on September 29, 2000. Such funds should be invested in the following:

<u>Option</u> (circle one)	<u>Amount</u>	<u>Nature of Investment/Instrument</u>
Option 1	\$ _____	Direct obligations of the United States of America or any agency or instrumentality thereof, with ___ day maturity (T-bills mature on a Thursday).
Option 2	\$ <u>294,660.</u>	Money market funds or repurchase agreements, including money market funds sponsored or managed by the Escrow Agent or an affiliate and repurchase agreements to which the Escrow Agent or an affiliate may be party, that invest solely in or are fully collateralized by, respectively, direct obligations or instrumentality thereof. With <u>7</u> day maturity.
Option 3	\$ _____	Fully insured or collateralized (by direct obligations of the United States of America or any agency or instrumentality thereof) dollar denominated certificates of deposit of LaSalle National Corporation, with _____ day maturity (minimum required: 7-days and \$100,000.00). ( <i>*If Collateralization is desired, please specify</i> )
Option 4	\$ _____	Commercial paper, including commercial paper of the Escrow Agent or an affiliate, which is noted at the time of purchase in the single highest classification, "A-1" by Standard & Poor's, a Division of McGraw-Hill, Inc., or "P-

1" by Moody's Investor Services, Inc. used by LaSalle National Corporation, with \_\_\_\_\_ day maturity (minimum allowable: overnight and \$25,000.00)

Option 5 \$ \_\_\_\_\_ Other - Specify (This choice must be approved in writing by LBNA, as Lessor): \_\_\_\_\_

In the event that the funds held in escrow account are equal to or less than \$10,000, such funds shall be invested in the following:

(Note: The following investments are FDIC insured.)

Option 1 \$ \_\_\_\_\_ Savings Account (minimum of \$500.00)

Option 2 \$   X   Money Market Account (minimum of \$3,000)

Option 3 \$ \_\_\_\_\_ Short-Term Certificate of Deposit (minimum of \$2500.00 and a minimum term of 90 days)

Very truly yours,

The Southern Water and Sewer District

By: Hubert E. Helbert

Title: Chairman

Floyd County Fiscal Court

By: Paul W. Thompson

Title: Judge-Executive



**EXHIBIT I**  
**ESCROW AGREEMENT**

For Equipment Schedule No. 01 dated as of May 19, 2000  
to Master Lease-Purchase Agreement No. [REDACTED] dated as of May 19, 2000 (together, the "Agreement")

U.S. Filter Operating Services, Inc., a corporation duly organized and existing under the laws of the State of Delaware ("Lessor"), and The Southern Water and Sewer District (the "District") and Floyd County Fiscal Court (the "County"), bodies corporate and politic duly organized and existing under the laws of the State of Kentucky (the District and the County are each co-lessees, jointly and severally, each, singularly or collectively, "Lessee"), hereby deliver to ABN AMRO Incorporated, a New York corporation, as escrow agent ("Escrow Agent"), the sum of \$2,548,714.01 (the "Purchase Price) (including Capitalized Interest of \$186,374.71). Lessor and Lessee hereby agree that this Escrow Agreement shall be used for the Agreement in lieu of a Vendor Payable Account. All capitalized terms used but not defined herein shall have the meanings given such terms in the Agreement. Escrow Agent hereby acknowledges receipt for deposit of \$2,548,714.01 into the Escrow Fund (as hereinafter defined), to be held and disposed of by Escrow Agent upon the terms and conditions hereinafter set forth to which Lessee hereby agrees as follows:

1. Escrow Agent hereby acknowledges receipt of a true and correct copy of the Agreement whereby Lessor leases to Lessee, and Lessee leases from Lessor, the Equipment and other property described therein. From and after Escrow Agent's receipt of a written notice from Lessor that Lessor has assigned its right, title and interest in the Agreement to an assignee, and of any further assignments, all references to "Lessor" herein shall mean and refer to such assignee or assignees.

2. There is hereby created and established with Escrow Agent a special fund designated the Escrow Fund (the "Escrow Fund") to be held by Escrow Agent in the name of Lessee and Lessor separate and apart from all other funds of Lessor, Lessee or Escrow Agent. Lessee hereby grants to Lessor a security interest in all cash and negotiable instruments from time to time held by Escrow Agent as security for the obligations of Lessee under and pursuant to the Agreement.

3. Escrow Agent shall disburse funds from the Escrow Fund as follows: (a) to Lessor or its assigns the amount of Capitalized Interest (if any) set forth in the Agreement automatically at the times and in the amounts set forth in the Agreement without any request of Lessee or requirement of any notice and (b) to the applicable Seller upon receipt of a completed Payment Request Form from Lessee, substantially in the form attached hereto as Exhibit A, executed by Lessee and approved in writing by Lessor. Each Payment Request Form shall have attached thereto such bills, receipts, invoices or other documents acceptable to Lessee and Lessor evidencing the amount and purposes for which the disbursement is requested. Lessee agrees to submit to Lessor each Payment Request Form for approval by Lessor and such other documents and certificates as Lessor may reasonably request to evidence the proper expenditure of the moneys in the Escrow Fund for the purpose of paying costs to acquire the Equipment to be leased pursuant to the Agreement. Lessee is responsible for making any and all payments required that exceed the amount deposited in the Escrow Fund. Escrow Agent assumes no responsibility for the expenditure of moneys paid out of the Escrow Fund pursuant to a Payment Request Form properly signed, approved by Lessor and delivered to Escrow Agent as provided herein. If an Event of Nonappropriation or an Event of Default occurs under the Agreement prior to Lessee's acceptance of all the Equipment or to the extent that funds have not been disbursed from the Escrow Fund within the twenty-four month period from the Dated Date, funds then on deposit in the Escrow Fund shall be applied as follows:

If an Event of Nonappropriation or an Event of Default occurs prior to Lessee's acceptance of all the Equipment, the amount then on deposit in the Escrow Fund shall be applied to prepay the unpaid principal component (which shall be the Purchase Option Price then applicable, if shown) of the Rental Payments in whole on the first business day of the month next succeeding the occurrence of such event plus accrued interest to the prepayment date; *provided, however*, that the amount to be prepaid by Lessee shall first be paid from moneys in the Escrow Fund and then from legally available funds and other moneys available for such purpose as a result of the exercise by Lessor of its rights and remedies under the Agreement. Any funds on deposit in the Escrow Fund on the prepayment date described herein in excess of the unpaid principal component of the Rental Payments to be prepaid plus accrued interest thereon to the prepayment date shall be paid promptly to Lessee.

Upon the earlier of (i) the twenty-fourth month after the Dated Date; and (ii) Lessee's acceptance of all the Equipment and disbursement of the amounts from the Escrow Fund required to pay any Capitalized Interest and the Purchase Price for the Equipment under the Agreement, the amount then on deposit in the Escrow Fund on the Partial Prepayment Date (as defined herein) (the "Surplus Amount") shall be applied as set forth in the following paragraph hereof. For purposes herein, the "Partial Prepayment Date" shall mean the first Rental Payment date that occurs on or after the earlier of (a) the twenty-fourth month after the Dated Date; and (b) the date on which Lessee has accepted all the Equipment and all amounts have been disbursed from the Escrow Fund to pay any Capitalized Interest and the Purchase Price for the Equipment under the Agreement. Notwithstanding any partial prepayment, the Agreement shall remain in full force and effect with respect to the portion of the Equipment accepted by Lessee during such twenty-four month period, and the portion of the principal component of Rental Payments remaining unpaid after such prepayment plus accrued interest thereon shall remain payable in accordance with the terms of the Agreement.

Any Surplus Amount on deposit in the Escrow Fund on the Partial Prepayment Date shall be applied, at Lessor's option, either (i) to pay the principal component of Rental Payments coming due on the next succeeding Rental Payment date or dates, (ii) to pay on the Partial Prepayment Date a portion of the Purchase Option Price then applicable or (iii) any combination of the actions permitted under clause (i) or (ii) of this subparagraph.

Upon payment of a portion of the Purchase Option Price as provided herein, each related Rental Payment thereafter (including the principal and interest components thereof) and the Purchase Option Price related to each Rental Payment date thereafter shall be reduced by an amount calculated by Lessor based upon a fraction the numerator of which is the Surplus Amount and the denominator of which is the Purchase Option Price on such Partial Prepayment Date. Within 15 days after such Partial Prepayment Date Lessor shall provide to Lessee a revised Schedule to the Agreement, which shall take into account such payment of a portion of the Purchase Option Price and the corresponding reduction in the related Rental Payments (including the principal and interest components thereof) and the Purchase Option Price thereafter and shall be and become thereafter the Schedule to the Agreement. Notwithstanding any other provision of this Paragraph, the Agreement shall remain in full force and effect with respect to all or the portion of the Equipment accepted by Lessee as provided in the Agreement, and the Rental Payments remaining unpaid after the Partial Prepayment Date shall remain payable in accordance with the terms of the Agreement, including the revised Rental Payment Schedule, which shall be binding and conclusive upon Lessor and Lessee (absent manifest effort).

**Exhibit B  
To Escrow Agreement  
Equipment Schedule No. 01**

**Escrow Fund Draw Schedule**

<b>Anticipated Payment Date</b>	<b>Payment Amount</b>
<b>June 1, 2000</b>	<b>\$1,190,000.00</b>
<b>July 1, 2000</b>	<b>\$400,000.00</b>
<b>August 1, 2000</b>	<b>\$350,000.00</b>
<b>September 1, 2000</b>	<b>\$300,000.00</b>
<b>October 1, 2000</b>	<b>\$60,000.00</b>
<b>November 1, 2000</b>	<b>\$40,000.00</b>
<b>December 1, 2000</b>	<b>\$30,000.00</b>
<b>January 1, 2001</b>	<b>\$14,660.00</b>
<b>January 1, 2001 (capitalized interest)</b>	<b>\$100,355.61</b>
<b>July 1, 2001 (capitalized interest)</b>	<b>\$86,019.10</b>
	<b>Total: \$2,571,034.71</b>

Lessor and Lessee hereby certify and covenant that, so long as any Rental Payments remain unpaid under the Agreement, moneys on deposit in the Escrow Fund will not be used in a manner that will cause the Agreement to be classified as "arbitrage bonds" within the meaning of Section 148 (a) of the Code. Lessee will cause to be calculated and paid the rebate, if any, due to the United States under Section 148(f) of the Code.

Lessee's obligation to pay Rental Payments under the Agreement shall commence on the related Dated Date.

4. To the extent permitted by law, and with such collateral or security as required by law, any moneys held as part of the Escrow Fund shall be promptly invested and reinvested by Escrow Agent (so long as an Event of Default under the Agreement has not occurred and is continuing or an Event of Nonappropriation under the Agreement has not occurred) or at the direction of Lessor (if an Event of Default under the Agreement has occurred and is continuing or an Event of Nonappropriation under the Agreement has occurred) in any of the following investments:

(a) direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, the guarantee of which constitutes the full faith and credit obligation of the United States of America ("United States Government Obligations");

(b) bonds, debentures, participation certificates or notes issued by, or obligations the prompt payment of principal and interest for which is guaranteed by, any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export-Import Bank of the United States, Student Loan Marketing Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation that has been or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof; or

(c) certificates of deposit, time deposits, bank repurchase agreements or any other interest-bearing banking arrangements with any banking institution (including Escrow Agent or any bank with which Escrow Agent is affiliated) that is fully insured by the Federal Deposit Insurance Corporation, or any successor thereto, provided that such certificates of deposit or time deposits, bank repurchase agreements or other interest-bearing banking arrangements, if not fully insured by the Federal Deposit Insurance Corporation, or such successor, are either (i) issued by national or state banks having capital and surplus of at least \$100,000,000 and a rating of "A" or better by any nationally recognized securities rating organization or (ii) fully secured by United States Government Obligations.

(d) shares in a cash-equivalent mutual fund issued by a registered investment company with assets in excess of \$100 million.

No investment shall be made in a security maturing later than the date on which Lessee reasonably anticipates needing such funds for the payment of the costs to acquire the Equipment from the Escrow Fund. Lessee shall notify Escrow Agent from time to time as to the dates on which funds are needed for disbursement from the Escrow Fund and the estimated amount of each such disbursement, and Escrow Agent may rely upon such information in connection with the investment or reinvestment of funds. Until further notice from Lessee to Escrow Agent, the schedule of disbursements attached as Exhibit B hereto (the "Escrow Fund Draw Schedule") shall constitute such notice from Lessee upon which Escrow Agent may rely for such purposes. Lessee acknowledges and agrees that all earnings and income realized from the investment and reinvestment of moneys in the Escrow Fund shall constitute interest due Lessor, unless Lessor and Lessee have agreed otherwise through a written agreement.

5. Lessee hereby acknowledges and agrees that the Escrow Fund has been "net funded" in that the amount deposited into the Escrow Fund on the date of execution of this Escrow Agreement will be sufficient to pay the amount of \$2,548,714.01 to acquire the Equipment and the interest component of Rental Payments only so long as amounts in those Funds are invested at least to the dates shown on the Escrow Fund Draw Schedule in investments designated by Lessee on the date hereof and are not withdrawn from the Escrow Fund on any date earlier than those shown on the Escrow Fund Draw Schedule attached hereto. Lessee hereby agrees not to submit a Payment Request Form pursuant to Paragraph 3 of this Escrow Agreement for disbursements from the Escrow Fund on any date earlier than those shown in the Escrow Fund Draw Schedule. Lessee hereby agrees and acknowledges that interest on the sum of \$186,374.71 shall begin to accrue on the related Dated Date.

6. For purposes of this Escrow Agreement:

(a) Escrow Agent shall not incur any liability in acting upon any Payment Request Form delivered hereunder and believed by Escrow Agent to be genuine and to be signed and approved by the proper parties.

(b) Lessee covenants to indemnify Escrow Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence or bad faith on the part of Escrow Agent, arising out of or in connection with the acceptance or administration of this Escrow Agreement, but only from legally available funds in the same manner as provided in the indemnification provisions of the Agreement.

(c) Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of Escrow Agent's duties hereunder and shall not be held to any liability for acting in accordance with advice so received.

(d) Escrow Agent shall have a first lien on the moneys held by it hereunder for its compensation and for any costs, liability or expense or counsel fees it may incur.

7. In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with or for any moneys involved herein or affected hereby, Escrow Agent shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue, and in so refusing Escrow Agent may refrain from making any delivery or other disposition of any moneys involved herein or affected hereby and in so doing Escrow Agent shall not be or become liable to the undersigned or any of them or to any person or party for its failure or refusal to comply with such conflicting or adverse demands, and Escrow Agent shall be entitled to continue so to refrain and refuse so to act until:

(a) the rights of the adverse claimants have been finally adjudicated in a court assuming and having jurisdiction of the parties and the moneys involved herein or affected hereby; or



(b) all differences shall have been adjusted by agreement and Escrow Agent shall have been notified thereof in writing signed by all of the persons interested.

8. (a) The fees for the usual services of Escrow Agent under the terms of this Escrow Agreement are set forth in the schedule attached hereto as Exhibit C and shall be paid by Lessee. In addition, Escrow Agent shall be entitled to reimbursement for all out-of-pocket expenses reasonably incurred hereunder (including, without limitation, fees of counsel). A statement of the fees and out-of-pocket expenses owed to Escrow Agent by Lessee shall be mailed periodically to Lessee at the mailing address set forth in the Agreement.

(b) In the event that the fees charged and due Escrow Agent remain unpaid for a period of one year, Escrow Agent shall have the right, and is hereby authorized, in its sole and absolute discretion, and without liability to any person, to terminate all duties hereunder upon 30 days' written notice to Lessee and Lessor at their respective addresses.

(c) All fees and out-of-pocket expenses charged by Escrow Agent shall be paid by Lessee within 30 days after receipt of the statement therefor as provided in subparagraph (a) of this Paragraph, hereof, but only from legally available funds.

9. Within 15 days after Escrow Agent's receipt of a written request from Lessee or Lessor for such information, Escrow Agent shall provide to the requesting party a written summary of the receipts, disbursements and status of moneys and investments in the Escrow Fund.

10. This Escrow Agreement may be modified or amended only with the written consent of all parties hereto.

11. This Escrow Agreement shall terminate on the earlier of May 19, 2002, or when all transfers required to be made by Escrow Agent under the provisions hereof shall have been made.

12. A national banking association located in the United States or a state bank or trust company organized under the laws of a state of the United States, qualified as a depository of public funds, may be substituted to act as Escrow Agent under this Escrow Agreement upon agreement of the parties hereto. Upon any such substitution, Escrow Agent agrees to assign and transfer to such substitute Escrow Agent its rights and obligations to be performed (but excluding any accrued obligations of Escrow Agent which exist as of the date of assignment) under this Escrow Agreement. Thereafter, Escrow Agent shall be deemed released by Lessor and Lessee from any and all obligations to be performed subsequent to any substitution of Escrow Agent hereunder. Escrow Agent or any successor may at any time resign by giving mailed notice to Lessor and Lessee of its intention to resign and of the proposed date of resignation, which shall be a date not less than 30 days after such notice is deposited in the United States mail with postage fully prepaid, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by Lessor and Lessee.

13. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of Lessor, Lessee or Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

14. Lessee understands, acknowledges and accepts that Lessor and Escrow Agent may be one in the same hereunder, and hereby waive the right to challenge or contest any actions of Escrow Agent in performing its responsibilities hereunder based on any alleged or actual conflict of interest on the part of Lessor/Escrow Agent.

15. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

16. This Escrow Agreement shall be construed and enforced in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed by their duly authorized officers on \_\_\_\_\_, 2000.

As Co-Lessee: The Southern Water and Sewer District

X Signature: \_\_\_\_\_  
Name Printed: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

As Co-Lessee: Floyd County Fiscal Court

Signature: Paul H. Thompson  
Name Printed: PAUL H. THOMPSON  
Title: County Judge Executive  
Date: 6/5/00

beyond Contractor's reasonable control. If Contractor's cost and schedule are impacted due to Force Majeure as defined herein, the District agrees to negotiate, in good faith, an equitable adjustment in cost (including profit) and schedule.

## GC-21 NOTICES

Any notice or other communication hereunder shall be in writing and shall be delivered by personal delivery, expedited delivery service, certified or registered mail (postage prepaid) or telecopier or similar method of electronic telecommunications. Any such notice shall be deemed given upon its receipt at the address set forth below:

### To District:

The Southern Water and Sewer District  
Rt. 3188 – Box 769  
Martin, KY 41649

### To Contractor:

Mr. Greg May  
U.S. Filter Operating Services, Inc.  
306 Island Creek, Rd.  
Pikeville, KY 41501  
606/437-5114

### With a copy to:

W. D. Nelson, Esq.  
U.S. Filter Operating Services, Inc.  
Suite 200  
14950 Heathrow Forest Parkway  
Houston, Texas 77032

Any party may, by notice given in accordance with this Clause GC-21 to the other party, designate another address or person for receipt of notices hereunder.

## GC-22 MISCELLANEOUS

### 22.1 Independent Contractor.

USFOS will implement and maintain an employee safety program and an OSHA compliance program in compliance with applicable laws, rules and regulations and make recommendations to DISTRICT regarding the need, if any, for DISTRICT to

4/20/2000

Master Lease-Purchase Agreement

RE: Equipment  
& Financing  
(includes pipe)

- Damon Talley will be certifying agreement o/b/o SWSD & Co. Atty. o/b/o County
- (see Exhibit D)
- (Need Federal Tax I.D. #'s)

Throughout  
body of  
M L-P A,  
equipment  
referred to

U.S. Filter Operating Services, Inc. - Lessor  
SWSD & FCFC → Co-Lessees

as "personal prop" regardless of any status as  
equipment ← when schedule conflicts w/  
M L-P A, schedule controls

a fixture - Lessee has option to purchase equipment  
(@ #4)

- All warranties disclaimed as between Lessor & Lessees - Co-Lessees look to "Seller" for warranties (@ #7.)

- breach of tax covenant: interest components of Rental Payment due & owing by Lessee (@ #9)

- waiver of suit (@ #36)



# Escrow Agreement

¶ 4. d. Interest from investment and reinvestment of funds in Escrow Fund shall constitute interest due Lessor, "unless Lessor & Lessee have agreed otherwise through a written agreement."

¶ 8. a. reimbursement of Escrow Agent for out-of-pocket expenses reasonably incurred hereunder (including, w/o limitation, fees of counsel

¶ 14. Lessee understands, acknowledges and accepts that Lessor and Escrow Agent may be one in the same hereunder

Co-Lessee: The Southern Water and Sewer District

\* Signature: Hubert Halbert  
\* Name Printed: Hubert Halbert  
\* Title: Chairman

Co-Lessee: Floyd County Fiscal Court

\* Signature: Paul H. Thompson  
\* Name Printed: PAUL H. THOMPSON  
\* Title: County Judge Executive

Lessor: U.S. Filter Operating Services, Inc.

\* Signature: Michael M. Stark *mm*  
\* Name Printed: Michael M. Stark  
\* Title: Vice President & G.M.

**Reporting Authority** If Amended Return, check here

1 Issuer's name The Southern Water and Sewer District and Floyd County Fiscal Court

2 Issuer's employer identification number [REDACTED]

3 Number and street (or P.O. box if mail is not delivered to street address) 97 Rt. 3188, Box 769, Martin, KY 41649 and 149 S. Central Ave., Prestonburg, KY 41653

4 Report number G00 -

5 City, town, or post office, state, and ZIP code

6 Date of issue

7 Name of issue Master Lease-Purchase Agreement dated as of May 19, 2000

8 CUSIP number N/A

9 Name and title of officer or legal representative whom the IRS may call for more information Robert Meyer, Project Manager

10 Telephone number of officer or legal representative (606) 258-3856

Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11  Education

12  Health and hospital

13  Transportation

14  Public safety

15  Environment (including sewage bonds)

16  Housing

17  Utilities

18  Other. Describe Wastewater treatment equipment 18 \$2,548,714.01

19 If obligations are TANs or RANs, check box  If obligations are BANs, check box

20 If obligations are in the form of a lease or installment sale, check box

**Description of Obligations. (Complete for the entire issue for which this form is being filed.)**

(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 1-1-2008	\$ 2,548,714.01	\$	years	6.750 %

**Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest	22	N/A
23 Issue price of entire issue (enter amount from line 21, column (b))	23	N/A
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	N/A
25 Proceeds used for credit enhancement	25	N/A
26 Proceeds allocated to reasonably required reserve or replacement fund	26	N/A
27 Proceeds used to currently refund prior issues	27	N/A
28 Proceeds used to advance refund prior issues	28	N/A
29 Total (add lines 24 through 28)	29	N/A
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	N/A

**Description of Refunded Bonds (Complete this part only for refunding bonds.)**

31 Enter the remaining weighted average maturity of the bonds to be currently refunded N/A years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded N/A years

33 Enter the last date on which the refunded bonds will be called N/A

34 Enter the date(s) the refunded bonds were issued N/A

**Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) N/A

36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) N/A

b Enter the final maturity date of the guaranteed investment contract N/A

37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units N/A

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box  and enter the name of the issuer N/A and the date of the issue N/A

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check box

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box

40 If the issuer has identified a hedge, check box

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Paul H. Thompson Signature of issuer's authorized representative Date

Paul H. Thompson, County Judge Executive Type or print name and title

**EXHIBIT E  
NOTICE OF ASSIGNMENT**

May 19, 2000

The Southern Water and Sewer District  
97 Rt 3188 Box 769  
Martin, KY 41649

Floyd County Fiscal Court  
149 S. Central Avenue  
Prestonburg, KY 41653

Re: Equipment Schedule No. 01 dated as of May 19, 2000 to the Master Lease-Purchase Agreement No. M00121 dated as of May 19, 2000, (together, the "Agreement") among The Southern Water and Sewer District ("District") and Floyd County Fiscal Court ("County"); (the District and the County are each co-lessees, jointly and severally, each, singularly or collectively, "Lessee") and U.S. Filter Operating Services, Inc. ("Lessor"), and the Escrow Agreement dated as of May 19, 2000 (the "Escrow Agreement") between Lessor, Lessee and ABN AMRO Incorporated, as escrow agent

Please be advised that Lessor has assigned to ABN AMRO Incorporated, 208 S. LaSalle Street, Suite 401, Chicago, IL 60604 ("Assignee") all of its right, title and interest in and to the Agreement, the Equipment (as defined in the Agreement), the right to receive payments thereunder and the Escrow Agreement.

All payments due under the Agreement beginning with the payment due on January 1, 2002, should be made to Assignee at the following address: ABN AMRO Incorporated, Leasing and Financial Services, P.O. Box 73872, Chicago, IL 60673-3872.

Please acknowledge your acceptance of the assignment, as well as your agreement to make the payments due under the Agreement in accordance with the terms thereof to Assignee, by the signature of a duly authorized officer in the space provided below.

Assignor: U.S. Filter Operating Services, Inc.

Signature: Michael M. Stark *mm*  
Name Printed: Michael M. Stark  
Title: Vice President & GM  
Date: 6/6/00

ACKNOWLEDGED:

Co-Lessee: The Southern Water and Sewer District  
Signature: Hubert Halbert  
Name Printed: Hubert Halbert  
Title: Chairman  
Date: 6/6/00

Co-Lessee: Floyd County Fiscal Court  
Signature: Paul H. Thompson  
Name Printed: PAUL H. THOMPSON  
Title: County Judge Executive  
Date: 6/5/00



**BEFORE THE STATE LOCAL DEBT OFFICER OF KENTUCKY**

CASE NO. \_\_\_\_\_

**In the Matter of**

PETITION FOR APPROVAL OF STATE LOCAL DEBT OFFICER PURSUANT TO KRS 66.310 WITH RESPECT TO ISSUANCE OF \$2,585,000 (WHICH AMOUNT MAY BE INCREASED OR DECREASED BY AN AMOUNT NOT TO EXCEED TEN PERCENT) OF ITS COUNTY OF FLOYD, KENTUCKY GENERAL OBLIGATION SUPPORTED REVENUE BONDS, SERIES 2005A.

The Petitioners, COUNTY OF FLOYD, KENTUCKY, a political subdivision of the Commonwealth of Kentucky, acting by and through its Fiscal Court, as its governing body (the "County"), respectfully tenders to the State Local Debt Officer of Kentucky this Petition for the approval of:

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**Approximately \$2,585,000 (which amount may BE INCREASED OR DECREASED BY AN AMOUNT not TO exceed 10%) of its county of Floyd, kentucky general obligation SUPPORTED REVENUE bonds, series 2005A [the "2005A bonds" or the "bonds"]**

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Now comes the Petitioner, the County of Floyd, Kentucky (the "County") and states:


1. That it is a county in the Commonwealth of Kentucky and as such is a body corporate, with power to contract and be contracted with, to sue and be sued.
2. That the County has determined that it is in the public interest and for the public benefit that it is necessary and desirable to assist in the financing of public water line extensions and improvements in the County (the "Project").
3. The Fiscal Court of the County has determined that the County Judge/Executive should seek the approval of said State Local Debt Officer for the participation by the County in the financing plan where the aforesaid County will issue its General Obligation Supported Revenue Bonds, Series 2005A in a principal amount of approximately \$2,585,000, (which amount may be increased or decreased by an amount not to exceed 10%). A copy of the Ordinance by which the Fiscal Court proposes to approve the plan of financing and General Obligation Bonds will be provided on or before the hearing.
4. Under the provisions of KRS 66.310, the County of Floyd, Kentucky cannot enter into such obligations without first obtaining the approval of the State Local Finance Officer.

WHEREFORE, the Petitioner, the County of Floyd, Kentucky, prays on behalf of itself and its Fiscal Court, that the State Local Debt Officer approves the County of Floyd, Kentucky entering into such obligations and approves the issuance by County of Floyd, Kentucky of such General Obligation Bonds, Series 2005A, in an approximate amount of \$2,585,000 in accordance with the provisions of the County Debt Act as provided by law, and for such other relief as it may appear to be entitled.

\*\*\*\*\*

I, Paul Hunt Thompson, certify that I am the duly qualified and acting County Judge/Executive of the County of Floyd, Kentucky, and that I have read the foregoing Petition and that the facts stated therein are true to the best of my knowledge and information and belief.

IN TESTIMONY WHEREOF, witness my signature this \_\_\_ day of \_\_\_\_\_, 2005.

  
County Judge/Executive  
County of Floyd, Kentucky