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

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

WEST SHELBY WATER DISTRICT
(Name of Utility)

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

SIMPSONVILLE, KY 40067
(Business Mailing Address - City, State, and Zip)

(502)722-8944
(Telephone Number)

BASIC INFORMATION

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

(Name)

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

SIMPSONVILLE, KY 40067
(Address - City, State, Zip)

(502) 722-8944
(Telephone Number)

LISAD@WESTSHELBYWATER.ORG
(Email Address)

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

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

YES NO N/A

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

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2020.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ \$218,838 and total revenues from service rates of \$ \$1,855,580. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had 2,391 customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

- | | YES | NO | N/A |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| 16. a. Applicant is not required to file state and federal tax returns. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| b. Applicant is required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| c. Applicant's most recent state and federal tax returns are attached to this Application. (Attach a copy of returns.) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. Approximately <u>0.0%</u> (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

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

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

Signed *Lisa M. Didier*
Officer of the Company/Authorized Representative
 Title OFFICE MANAGER
 Date 7/16/21

COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

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

[Signature]
 Notary Public

My commission expires: May 4, 2023

ID # 621891

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

- Customer Notice of Proposed Rate Adjustment ATTACHMENT 1 PAGE 6
- "Reasons for Application" Attachment ATTACHMENT 2 (SR) PAGE 8
- Current and Proposed Rates" Attachment ATTACHMENT 3 (CPR) PAGE 9
- "Statement of Adjusted Operations" Attachment ATTACHMENT 4 (SAO-W) PAGE 10
- "Revenue Requirements Calculation" Attachment ATTACHMENT 5 (RR-DC) PAGE 13
- Attachment Billing Analysis" Attachment ATTACHMENT 6 PAGE 14
- Depreciation Schedules ATTACHMENT 7A 2020 SCHEDULE PAGE 22
ATTACHMENT 7B PROPOSED 2021 SCHEDULE PAGE 33
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes,
Amortization Schedules.) ATTACHMENT 8A RD BOND TRANSCRIPT PAGE 39
ATTACHMENT 8B RD AMORTIZATION SCH. PAGE 382
ATTACHMENT 8C KRWA REFINANCE AGMT PAGE 383
ATTACHMENT 8D KRWA AMORTIZATION SCH. PAGE 427
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3 ATTACHMENT 9 PAGE 429

ATTACHMENT 1

CUSTOMER NOTICE

Notice is hereby given that West Shelby Water District ("District") in fulfillment of Order of the Public Service Commission (PSC) in case number 2020-00184 expects to file an application with the PSC on or before July 23, 2021 seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the PSC has issued an order approving them. The proposed changes are as follows:

Monthly Rates	Existing Rates	Proposed Rates	\$ Increase	% increase
5/8" x 3/4" Meter				
First 2,500 gallons	\$ 18.50	\$ 21.03	\$ 2.53	13.68 %
Next 7,500 gallons	\$ 5.56	\$ 6.32	\$ 0.76	13.67 %
Next 20,000 gallons	\$ 5.24	\$ 5.96	\$ 0.72	13.74 %
Next 200,000 gallons	\$ 4.83	\$ 5.49	\$ 0.66	13.66 %
Over 230,000 gallons	\$ 4.42	\$ 5.03	\$ 0.61	13.80 %
3/4" Meter				
First 3,500 gallons	\$ 24.05	\$ 27.34	\$ 3.29	13.68 %
Next 6,500 gallons	\$ 5.56	\$ 6.32	\$ 0.76	13.67 %
Next 20,000 gallons	\$ 5.24	\$ 5.96	\$ 0.72	13.74 %
Next 200,000 gallons	\$ 4.83	\$ 5.49	\$ 0.66	13.66 %
Over 230,000 gallons	\$ 4.42	\$ 5.03	\$ 0.61	13.80 %
1" Meter				
First 5,000 gallons	\$ 32.36	\$ 36.78	\$ 4.42	13.66 %
Next 5,000 gallons	\$ 5.56	\$ 6.32	\$ 0.76	13.67 %
Next 20,000 gallons	\$ 5.24	\$ 5.96	\$ 0.72	13.74 %
Next 200,000 gallons	\$ 4.83	\$ 5.49	\$ 0.66	13.66 %
Over 230,000 gallons	\$ 4.42	\$ 5.03	\$ 0.61	13.80 %
1 1/2" Meter				
First 10,000 gallons	\$ 60.15	\$ 68.36	\$ 8.21	13.65 %
Next 20,000 gallons	\$ 5.24	\$ 5.96	\$ 0.72	13.74 %
Next 200,000 gallons	\$ 4.83	\$ 5.49	\$ 0.66	13.66 %
Over 230,000 gallons	\$ 4.42	\$ 5.03	\$ 0.61	13.80 %
2" Meter				
First 16,000 gallons	\$ 91.57	\$ 104.07	\$ 12.50	13.65 %
Next 14,000 gallons	\$ 5.24	\$ 5.96	\$ 0.72	13.74 %
Next 200,000 gallons	\$ 4.83	\$ 5.49	\$ 0.66	13.66 %
Over 230,000 gallons	\$ 4.42	\$ 5.03	\$ 0.61	13.80 %
3" Meter				
First 30,000 gallons	\$ 164.90	\$ 187.41	\$ 22.51	13.65 %
Next 200,000 gallons	\$ 4.83	\$ 5.49	\$ 0.66	13.66 %
Over 230,000 gallons	\$ 4.42	\$ 5.03	\$ 0.61	13.80 %
4" Meter				
First 50,000 gallons	\$ 261.45	\$ 297.14	\$ 35.69	13.65 %
Next 180,000 gallons	\$ 4.83	\$ 5.49	\$ 0.66	13.66 %
Over 230,000 gallons	\$ 4.42	\$ 5.03	\$ 0.61	13.80 %
6" Meter				
First 100,000 gallons	\$ 502.82	\$ 571.46	\$ 68.64	13.65 %
Next 130,000 gallons	\$ 4.83	\$ 5.49	\$ 0.66	13.66 %
Over 230,000 gallons	\$ 4.42	\$ 5.03	\$ 0.61	13.80 %

If the PSC approves the proposed rates, then the monthly bill for a residential customer using an average of 5,200 gallons per month will increase from \$33.51 to \$38.09. This is an increase of \$4.58 or 13.68%. The rates contained in this notice are the rates proposed by the District. However, the PSC may order rates to be charged that differ from these proposed rates. Such action may result in rates for customers other than the rates shown in this notice. Any person may examine this application at the District's office located at 137 Citizens Blvd in Simpsonville, Kentucky: telephone (502) 722-8944. Any person may examine this application at the PSC located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m. or on the PSC website at <http://psc.ky.gov>; telephone (502) 564-3490. Comments regarding the application may be submitted to the PSC through its website or by mail to PSC, PO Box 615, Frankfort, KY 40602. A person may submit a timely written request for intervention to the PSC at the same address, establishing the grounds for the request including the status and interest of the party. If the PSC does not receive a written request for intervention within thirty (30) days of the initial publication of this notice, the PSC may take final action on the application.

ATTACHMENT 2

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

West Shelby Water District (District) is requesting an across the board 13.65% rate increase for all of its water customers. The increase will generate additional annual revenue of approximately \$219,719.00. The District needs the additional revenue for the following reasons:

1. To enable the District to make the annual principal and interest payments and maintain the required coverage on its long term debt.
2. To maintain the District in a sound financial condition.
3. To enable the District to continue to operate its distribution system in compliance with the relevant State and Federal laws and regulations.
4. To fulfill Item 5 in the final order of the Public Service Commission in Case No. 2020-00184 Electronic Purchased Water Adjustment Filing of West Shelby Water District dated June 15, 2020.

CURRENT AND PROPOSED RATES
(List Applicant's Current and Proposed Rates)

MONTHLY RATES:			
		CURRENT	PROPOSED
5/8 INCH METERS			
FIRST	2,500 GALLONS PER MONTH, MINIMUM BILL	\$18.50	\$21.03
NEXT	7,500 GALLONS PER MONTH, PER 1,000 GALLONS	5.56	6.32
NEXT	20,000 GALLONS PER MONTH, PER 1,000 GALLONS	5.24	5.96
NEXT	200,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.83	5.49
OVER	230,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.42	5.03
3/4 INCH METERS (CURRENTLY NONE IN THE SYSTEM)			
FIRST	3,500 GALLONS PER MONTH, MINIMUM BILL	\$24.05	\$27.34
NEXT	6,500 GALLONS PER MONTH, PER 1,000 GALLONS	5.56	6.32
NEXT	20,000 GALLONS PER MONTH, PER 1,000 GALLONS	5.24	5.96
NEXT	200,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.83	5.49
OVER	230,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.42	5.03
1 INCH METERS			
FIRST	5,000 GALLONS PER MONTH, MINIMUM BILL	\$32.36	\$36.78
NEXT	5,000 GALLONS PER MONTH, PER 1,000 GALLONS	5.56	6.32
NEXT	20,000 GALLONS PER MONTH, PER 1,000 GALLONS	5.24	5.96
NEXT	200,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.83	5.49
OVER	230,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.42	5.03
1 1/2 INCH METERS			
FIRST	10,000 GALLONS PER MONTH, MINIMUM BILL	\$60.15	\$68.36
NEXT	20,000 GALLONS PER MONTH, PER 1,000 GALLONS	5.24	5.96
NEXT	200,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.83	5.49
OVER	230,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.42	5.03
2 INCH METERS			
FIRST	16,000 GALLONS PER MONTH, MINIMUM BILL	\$91.57	\$104.07
NEXT	14,000 GALLONS PER MONTH, PER 1,000 GALLONS	5.24	5.96
NEXT	200,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.83	5.49
OVER	230,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.42	5.03
3 INCH METERS			
FIRST	30,000 GALLONS PER MONTH, MINIMUM BILL	\$164.90	\$187.41
NEXT	200,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.83	5.49
OVER	230,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.42	5.03
4 INCH METERS			
FIRST	50,000 GALLONS PER MONTH, MINIMUM BILL	\$261.45	\$297.14
NEXT	180,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.83	5.49
OVER	230,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.42	5.03
6 INCH METE			
FIRST	100,000 GALLONS PER MONTH, MINIMUM BILL	\$502.82	\$571.46
NEXT	130,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.83	5.49
OVER	230,000 GALLONS PER MONTH, PER 1,000 GALLONS	4.42	5.03

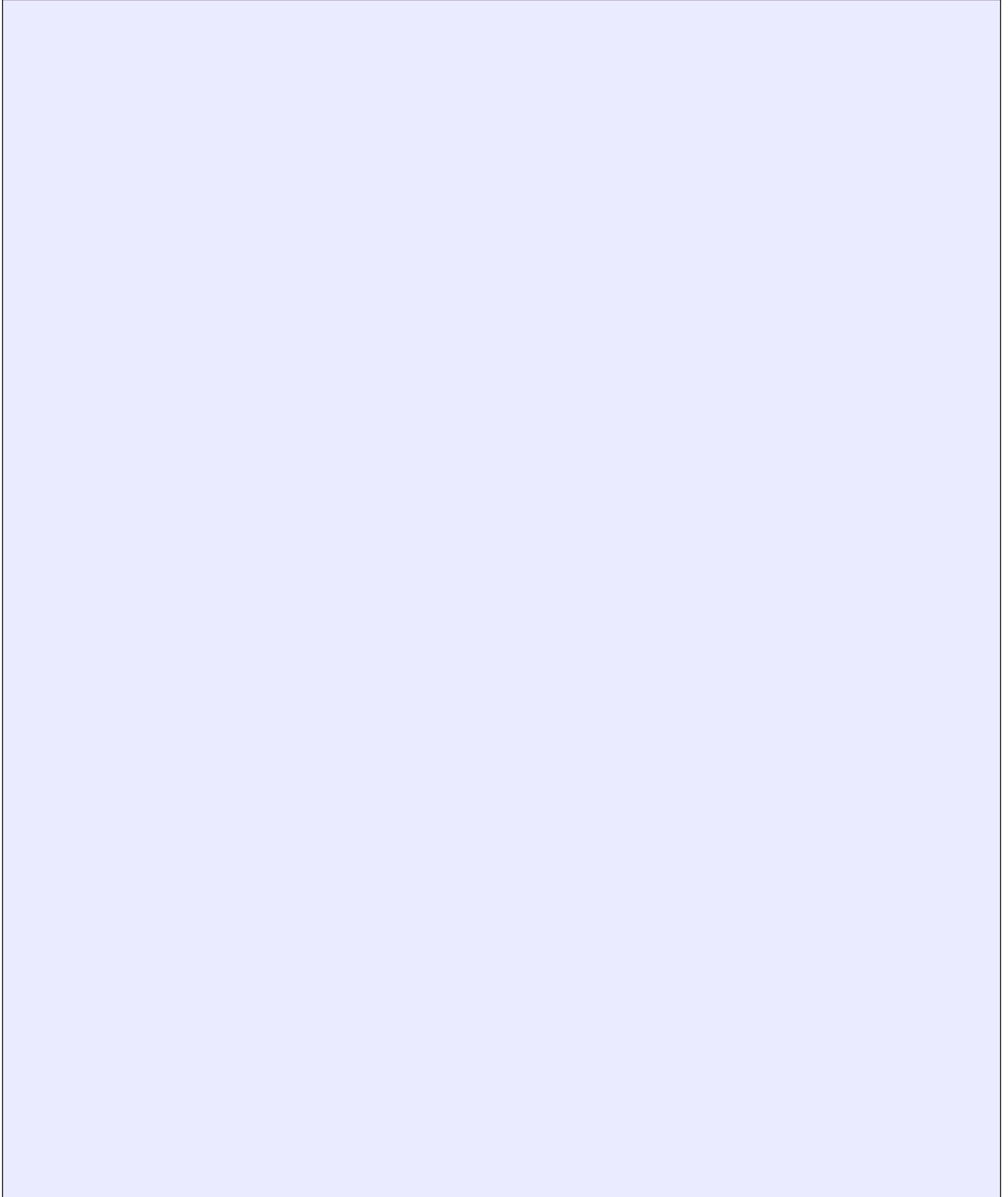
SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				
Metered Water Sales				
Bulk Loading Stations				
Fire Protection Revenue				
Sales for Resale				
Total Sales of Water				
Other Water Revenues				
Forfeited Discounts				
Miscellaneous Service Revenues				
Rents from Water Property				
Other Water Revenues				
Total Other Water Revenues				
Total Operating Revenues				
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees				
Salaries and Wages - Officers				
Employee Pensions and Benefits				
Purchased Water				
Purchased Power				
Fuel for Power Production				
Chemicals				
Materials and Supplies				
Contractual Services				
Water Testing				
Rents				
Transportation Expenses				
Insurance				
Regulatory Commission Expenses				
Bad Debt Expense				

Miscellaneous Expenses				
Total Operation and Maintenance Expenses				
Depreciation Expense				
Amortization Expense				
Taxes Other Than Income				
Income Tax Expense				
Total Operating Expenses				
Utility Operating Income				

References



REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	<input type="text"/>
Plus: Average Annual Debt Principal and Interest Payments*	<input type="text"/>
Debt Coverage Requirement**	<input type="text"/>
Total Revenue Requirement	<hr/> <input type="text"/>
Less: Other Operating Revenue	<input type="text"/>
Non-operating Revenue	<input type="text"/>
Interest Income	<input type="text"/>
Revenue Required from Rates	<hr/> <input type="text"/>
Less: Revenue from Sales at Present Rates	<input type="text"/>
Required Revenue Increase	<hr/> <hr/> <input type="text"/>

Required Revenue Increase stated as a Percentage of Revenue at Present Rates

* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

ATTACHMENT 6 BILLING ANALYSES

WEST SHELBY WATER DISTRICT

SUMMARY OF WATER SALES

APRIL 1, 2020 THRU MARCH 31, 2021

METER SIZE	NUMBER OF BILLS	GALLONS	PRE PWA RATES REVENUE	APPROVED PWA RATES REVENUE	PROPOSED RATES REVENUE
5/8X3/4"	25,856	134,654,400	\$908,679.00	\$916,058.00	\$1,041,366.00
1"	944	14,151,100	85,969.00	86,764.00	98,645.00
1-1/2"	288	7,876,700	46,940.00	47,392.00	53,880.00
2"	398	25,946,600	139,011.00	140,422.00	159,651.00
3"	24	3,041,100	16,326.00	16,493.00	18,748.00
4"	60	14,280,100	68,715.00	69,440.00	78,952.00
6"	48	72,770,500	323,293.00	326,931.00	371,977.00
TOTALS	27,618	272,720,500	\$1,588,933.00	\$1,603,500.00	\$1,823,219.00

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USAGE FOR 5/8" METERS - Pre-PWA Rates

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 2,500	Next 7,500	Next 20,000	Next 200,000	Over 230,000
First 2,500	8,091	9,881.9	9,881.9				
Next 7,500	15,407	79,572.1	38,517.5	41,054.6			
Next 20,000	2,077	31,499.2	5,192.5	15,577.5	10,729.2		
Next 200,000	281	13,701.2	702.5	2,107.5	5,620.0	5,271.2	
Over 230,000	0	0.0	0.0	0.0	0.0	0.0	0.0
TOTALS	25,856	134,654.4	54,294.4	58,739.6	16,349.2	5,271.2	0.0

5/8" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 2,500 gallons	25,856	-----	\$18.37 Min. Bill	\$474,974.72
Next 7,500 gallons		58,739.6	\$5.51 / 1,000 gal	\$323,655.20
Next 20,000 gallons		16,349.2	\$5.19 / 1,000 gal	\$84,852.35
Next 200,000 gallons		5,271.2	\$4.78 / 1,000 gal	\$25,196.34
Over 230,000 gallons		0.0	\$4.37 / 1,000 gal	\$0.00
ANNUAL REVENUE				\$908,678.60

USAGE FOR 5/8" METERS - PWA APPROVED RATES

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 2,500	Next 7,500	Next 20,000	Next 200,000	Over 230,000
First 2,500	8,091	9,881.9	9,881.9				
Next 7,500	15,407	79,572.1	38,517.5	41,054.6			
Next 20,000	2,077	31,499.2	5,192.5	15,577.5	10,729.2		
Next 200,000	281	13,701.2	702.5	2,107.5	5,620.0	5,271.2	
Over 230,000	0	0.0	0.0	0.0	0.0	0.0	0.0
TOTALS	25,856	134,654.4	54,294.4	58,739.6	16,349.2	5,271.2	0.0

5/8" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 2,500 gallons	25,856	-----	\$18.50 Min. Bill	\$478,336.00
Next 7,500 gallons		58,739.6	\$5.56 / 1,000 gal	\$326,592.18
Next 20,000 gallons		16,349.2	\$5.24 / 1,000 gal	\$85,669.81
Next 200,000 gallons		5,271.2	\$4.83 / 1,000 gal	\$25,459.90
Over 230,000 gallons		0.0	\$4.42 / 1,000 gal	\$0.00
ANNUAL REVENUE				\$916,057.88

USAGE FOR 5/8" METERS - PROPOSED RATES

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 2,500	Next 7,500	Next 20,000	Next 200,000	Over 230,000
First 2,500	8,091	9,881.9	9,881.9				
Next 7,500	15,407	79,572.1	38,517.5	41,054.6			
Next 20,000	2,077	31,499.2	5,192.5	15,577.5	10,729.2		
Next 200,000	281	13,701.2	702.5	2,107.5	5,620.0	5,271.2	
Over 230,000	0	0.0	0.0	0.0	0.0	0.0	0.0
TOTALS	25,856	134,654.4	54,294.4	58,739.6	16,349.2	5,271.2	0.0

5/8" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 2,500 gallons	25,856	-----	\$21.03 Min. Bill	\$543,751.68
Next 7,500 gallons		58,739.6	\$6.32 / 1,000 gal	\$371,234.27
Next 20,000 gallons		16,349.2	\$5.96 / 1,000 gal	\$97,441.23
Next 200,000 gallons		5,271.2	\$5.49 / 1,000 gal	\$28,938.89
Over 230,000 gallons		0.0	\$5.03 / 1,000 gal	\$0.00
ANNUAL REVENUE				\$1,041,366.07

USAGE FOR 1" METERS - RATES PRIOR TO PWA

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 5,000	Next 5,000	Next 20,000	Next 200,000	Over 230,000
First 5,000	476	639.5	639.5				
Next 5,000	155	1,088.3	775.0	313.3			
Next 20,000	207	3,878.7	1,035.0	1,035.0	1,808.7		
Next 200,000	104	6,316.8	520.0	520.0	2,080.0	3,196.8	
Over 230,000	2	2,227.8	10.0	10.0	40.0	400.0	1,767.8
TOTALS	944	14,151.1	2,979.5	1,878.3	3,928.7	3,596.8	1,767.8

1" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 5,000 gallons	944	-----	\$32.11 Min. Bill	\$30,311.84
Next 5,000 gallons		1,878.3	\$5.51 / 1,000 gal	\$10,349.43
Next 20,000 gallons		3,928.7	\$5.19 / 1,000 gal	\$20,389.95
Next 200,000 gallons		3,596.8	\$4.78 / 1,000 gal	\$17,192.70
Over 230,000 gallons		1,767.8	\$4.37 / 1,000 gal	\$7,725.29
ANNUAL REVENUE				\$85,969.22

USAGE FOR 1" METERS - APPROVED PWA RATES

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 5,000	Next 5,000	Next 20,000	Next 200,000	Over 230,000
First 5,000	476	639.5	639.5				
Next 5,000	155	1,088.3	775.0	313.3			
Next 20,000	207	3,878.7	1,035.0	1,035.0	1,808.7		
Next 200,000	104	6,316.8	520.0	520.0	2,080.0	3,196.8	
Over 230,000	2	2,227.8	10.0	10.0	40.0	400.0	1,767.8
TOTALS	944	14,151.1	2,979.5	1,878.3	3,928.7	3,596.8	1,767.8

1" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 5,000 gallons	944	-----	\$32.36 Min. Bill	\$30,547.84
Next 5,000 gallons		1,878.3	\$5.56 / 1,000 gal	\$10,443.35
Next 20,000 gallons		3,928.7	\$5.24 / 1,000 gal	\$20,586.39
Next 200,000 gallons		3,596.8	\$4.83 / 1,000 gal	\$17,372.54
Over 230,000 gallons		1,767.8	\$4.42 / 1,000 gal	\$7,813.68
ANNUAL REVENUE				\$86,763.80

USAGE FOR 1" METERS - PROPOSED RATES

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 5,000	Next 5,000	Next 20,000	Next 200,000	Over 230,000
First 5,000	476	639.5	639.5				
Next 5,000	155	1,088.3	775.0	313.3			
Next 20,000	207	3,878.7	1,035.0	1,035.0	1,808.7		
Next 200,000	104	6,316.8	520.0	520.0	2,080.0	3,196.8	
Over 230,000	2	2,227.8	10.0	10.0	40.0	400.0	1,767.8
TOTALS	944	14,151.1	2,979.5	1,878.3	3,928.7	3,596.8	1,767.8

1" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 5,000 gallons	944	-----	\$36.78 Min. Bill	\$34,720.32
Next 5,000 gallons		1,878.3	\$6.32 / 1,000 gal	\$11,870.86
Next 20,000 gallons		3,928.7	\$5.96 / 1,000 gal	\$23,415.05
Next 200,000 gallons		3,596.8	\$5.49 / 1,000 gal	\$19,746.43
Over 230,000 gallons		1,767.8	\$5.03 / 1,000 gal	\$8,892.03
ANNUAL REVENUE				\$98,644.69

USAGE FOR 1 1/2" METERS - RATES PRIOR TO PWA

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 10,000	Next 20,000	Next 200,000	Over 230,000
First	10,000	157	391.9	391.9			
Next	20,000	75	1,449.3	750.0	699.3		
Next	200,000	52	3,893.2	520.0	1,040.0	2,333.2	
Over	230,000	4	2,142.3	40.0	80.0	800.0	1,222.3
TOTALS		288	7,876.7	1,701.9	1,819.3	3,133.2	1,222.3

1 1/2" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	10,000 gallons	288	----	\$59.65 Min. Bill	\$17,179.20
Next	20,000 gallons		1,819.3	\$5.19 / 1,000 ga	\$9,442.17
Next	200,000 gallons		3,133.2	\$4.78 / 1,000 ga	\$14,976.70
Over	230,000 gallons		1,222.3	\$4.37 / 1,000 ga	\$5,341.45
			ANNUAL REVENUE		\$46,939.51

USAGE FOR 1 1/2" METERS - APPROVED PWA RATES

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 10,000	Next 20,000	Next 200,000	Over 230,000
First	10,000	157	391.9	391.9			
Next	20,000	75	1,449.3	750.0	699.3		
Next	200,000	52	3,893.2	520.0	1,040.0	2,333.2	
Over	230,000	4	2,142.3	40.0	80.0	800.0	1,222.3
TOTALS		288	7,876.7	1,701.9	1,819.3	3,133.2	1,222.3

1 1/2" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	10,000 gallons	288	----	\$60.15 Min. Bill	\$17,323.20
Next	20,000 gallons		1,819.3	\$5.24 / 1,000 gal	\$9,533.13
Next	200,000 gallons		3,133.2	\$4.83 / 1,000 gal	\$15,133.36
Over	230,000 gallons		1,222.3	\$4.42 / 1,000 gal	\$5,402.57
			ANNUAL REVENUE		\$47,392.25

USAGE FOR 1 1/2" METERS - PROPOSED RATES

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 10,000	Next 20,000	Next 200,000	Over 230,000
First	10,000	157	391.9	391.9			
Next	20,000	75	1,449.3	750.0	699.3		
Next	200,000	52	3,893.2	520.0	1,040.0	2,333.2	
Over	230,000	4	2,142.3	40.0	80.0	800.0	1,222.3
TOTALS		288	7,876.7	1,701.9	1,819.3	3,133.2	1,222.3

1 1/2" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	10,000 gallons	288	----	\$68.36 Min. Bill	\$19,687.68
Next	20,000 gallons		1,819.3	\$5.96 / 1,000 gal	\$10,843.03
Next	200,000 gallons		3,133.2	\$5.49 / 1,000 gal	\$17,201.27
Over	230,000 gallons		1,222.3	\$5.03 / 1,000 gal	\$6,148.17
			ANNUAL REVENUE		\$53,880.15

USAGE FOR 2" METERS - RATES PRIOR TO PWA

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 16,000	Next 14,000	Next 200,000	Over 230,000
First 16,000	199	919.5	919.5			
Next 14,000	50	1,070.0	800.0	270.0		
Next 200,000	111	9,140.9	1,776.0	1,554.0	5,810.9	
Over 230,000	38	14,816.2	608.0	532.0	7,600.0	6,076.2
TOTALS	398	25,946.6	4,103.5	2,356.0	13,410.9	6,076.2

USAGE FOR 2" METERS - APPROVED PWA RATES

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 16,000	Next 14,000	Next 200,000	Over 230,000
First 16,000	199	919.5	919.5			
Next 14,000	50	1,070.0	800.0	270.0		
Next 200,000	111	9,140.9	1,776.0	1,554.0	5,810.9	
Over 230,000	38	14,816.2	608.0	532.0	7,600.0	6,076.2
TOTALS	398	25,946.6	4,103.5	2,356.0	13,410.9	6,076.2

2" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 16,000 gallons	398	----	\$90.77 Min. Bill	\$36,126.46
Next 14,000 gallons		2,356.0	\$5.19 / 1,000 gal	\$12,227.64
Next 200,000 gallons		13,410.9	\$4.78 / 1,000 gal	\$64,104.10
Over 230,000 gallons		6,076.2	\$4.37 / 1,000 gal	\$26,552.99
ANNUAL REVENUE				\$139,011.20

2" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 16,000 gallons	398	----	\$91.57 Min. Bill	\$36,444.86
Next 14,000 gallons		2,356.0	\$5.24 / 1,000 gal	\$12,345.44
Next 200,000 gallons		13,410.9	\$4.83 / 1,000 gal	\$64,774.65
Over 230,000 gallons		6,076.2	\$4.42 / 1,000 gal	\$26,856.80
ANNUAL REVENUE				\$140,421.75

USAGE FOR 2" METERS - PENDING PWA RATES

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 16,000	Next 14,000	Next 200,000	Over 230,000
First 16,000	199	919.5	919.5			
Next 14,000	50	1,070.0	800.0	270.0		
Next 200,000	111	9,140.9	1,776.0	1,554.0	5,810.9	
Over 230,000	38	14,816.2	608.0	532.0	7,600.0	6,076.2
TOTALS	398	25,946.6	4,103.5	2,356.0	13,410.9	6,076.2

2" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 16,000 gallons	398	----	\$104.07 Min. Bill	\$41,419.86
Next 14,000 gallons		2,356.0	\$5.96 / 1,000 gal	\$14,041.76
Next 200,000 gallons		13,410.9	\$5.49 / 1,000 gal	\$73,625.84
Over 230,000 gallons		6,076.2	\$5.03 / 1,000 gal	\$30,563.29
ANNUAL REVENUE				\$159,650.75

USAGE FOR 3" METERS - RATES PRIOR TO PWA

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 30,000	Next 200,000	Over 230,000
First	30,000	12	63.9	63.9		
Next	200,000	3	650.1	90.0	560.1	
Over	230,000	9	2,327.1	270.0	1,800.0	257.1
TOTALS		24	3,041.1	423.9	2,360.1	257.1

3" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	30,000 gallons	24	----	\$163.40 Min. Bill	\$3,921.60
Next	200,000 gallons		2,360.1	\$4.78 / 1,000 gal	\$11,281.28
Over	230,000 gallons		257.1	\$4.37 / 1,000 gal	\$1,123.53
ANNUAL REVENUE					\$16,326.41

USAGE FOR 3" METERS - APPROVED PWA RATES

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 30,000	Next 200,000	Over 230,000
First	30,000	12	63.9	63.9		
Next	200,000	3	650.1	90.0	560.1	
Over	230,000	9	2,327.1	270.0	1,800.0	257.1
TOTALS		24	3,041.1	423.9	2,360.1	257.1

3" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	30,000 gallons	24	----	\$164.90 Min. Bill	\$3,957.60
Next	200,000 gallons		2,360.1	\$4.83 / 1,000 gal	\$11,399.28
Over	230,000 gallons		257.1	\$4.42 / 1,000 gal	\$1,136.38
ANNUAL REVENUE					\$16,493.27

USAGE FOR 3" METERS -PROPOSED RATES

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 30,000	Next 200,000	Over 230,000
First	30,000	12	63.9	63.9		
Next	200,000	3	650.1	90.0	560.1	
Over	230,000	9	2,327.1	270.0	1,800.0	257.1
TOTALS		24	3,041.1	423.9	2,360.1	257.1

3" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	30,000 gallons	24	----	\$187.41 Min. Bill	\$4,497.84
Next	200,000 gallons		2,360.1	\$5.49 / 1,000 gal	\$12,956.95
Over	230,000 gallons		257.1	\$5.03 / 1,000 gal	\$1,293.21
ANNUAL REVENUE					\$18,748.00

USAGE FOR 4" METERS - RATES PRIOR TO PWA

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 50,000	Next 180,000	Over 230,000
First	50,000	7	135.8	135.8		
Next	180,000	32	5,009.8	1,600.0	3,409.8	
Over	230,000	21	9,134.5	1,050.0	3,780.0	4,304.5
TOTALS		60	14,280.1	2,785.8	7,189.8	4,304.5

4" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	50,000 gallons	60	-----	\$258.95 Min. Bill	\$15,537.00
Next	180,000 gallons		7,189.8	\$4.78 / 1,000 gal	\$34,367.24
Over	230,000 gallons		4,304.5	\$4.37 / 1,000 gal	\$18,810.67
ANNUAL REVENUE					\$68,714.91

USAGE FOR 4" METERS - APPROVED PWA RATES

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 50,000	Next 180,000	Over 230,000
First	50,000	7	135.8	135.8		
Next	180,000	32	5,009.8	1,600.0	3,409.8	
Over	230,000	21	9,134.5	1,050.0	3,780.0	4,304.5
TOTALS		60	14,280.1	2,785.8	7,189.8	4,304.5

4" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	50,000 gallons	60	-----	\$261.45 Min. Bill	\$15,687.00
Next	180,000 gallons		7,189.8	\$4.83 / 1,000 gal	\$34,726.73
Over	230,000 gallons		4,304.5	\$4.42 / 1,000 gal	\$19,025.89
ANNUAL REVENUE					\$69,439.62

USAGE FOR 4" METERS - PROPOSED RATES

	Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 50,000	Next 180,000	Over 230,000
First	50,000	7	135.8	135.8		
Next	180,000	32	5,009.8	1,600.0	3,409.8	
Over	230,000	21	9,134.5	1,050.0	3,780.0	4,304.5
TOTALS		60	14,280.1	2,785.8	7,189.8	4,304.5

4" METERS REVENUE TABLE

	Water Use	No. Bills	Gallons	Billing Rates	Revenue
First	50,000 gallons	60	-----	\$297.14 Min. Bill	\$17,828.40
Next	180,000 gallons		7,189.8	\$5.49 / 1,000 gal	\$39,472.00
Over	230,000 gallons		4,304.5	\$5.03 / 1,000 gal	\$21,651.64
ANNUAL REVENUE					\$78,952.04

USAGE FOR 6" METERS - RATES PRIOR TO PWA

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 100,000	Next 130,000	Over 230,000
First 100,000	0	0.0	0.0		
Next 130,000	8	1,371.8	800.0	571.8	
Over 230,000	40	71,398.7	4,000.0	5,200.0	62,198.7
TOTALS	48	72,770.5	4,800.0	5,771.8	62,198.7

USAGE FOR 6" METERS - APPROVED PWA RATES

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 100,000	Next 130,000	Over 230,000
First 100,000	0	0.0	0.0		
Next 130,000	8	1,371.8	800.0	571.8	
Over 230,000	40	71,398.7	4,000.0	5,200.0	62,198.7
TOTALS	48	72,770.5	4,800.0	5,771.8	62,198.7

6" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 100,000 gallons	48	----	\$497.82 Min. Bill	\$23,895.36
Next 130,000 gallons		5,771.8	\$4.78 / 1,000 gal	\$27,589.20
Over 230,000 gallons		62,198.7	\$4.37 / 1,000 gal	\$271,808.14
ANNUAL REVENUE				\$323,292.71

6" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 100,000 gallons	48	----	\$502.82 Min. Bill	\$24,135.36
Next 130,000 gallons		5,771.8	\$4.83 / 1,000 gal	\$27,877.79
Over 230,000 gallons		62,198.7	\$4.42 / 1,000 gal	\$274,918.08
ANNUAL REVENUE				\$326,931.23

USAGE FOR 6" METERS - PROPOSED RATES

Water Sold (Gal.)	Number Bills	Water Sold (1,000's)	First 100,000	Next 130,000	Over 230,000
First 100,000	0	0.0	0.0		
Next 130,000	8	1,371.8	800.0	571.8	
Over 230,000	40	71,398.7	4,000.0	5,200.0	62,198.7
TOTALS	48	72,770.5	4,800.0	5,771.8	62,198.7

6" METERS REVENUE TABLE

Water Use	No. Bills	Gallons	Billing Rates	Revenue
First 100,000 gallons	48	----	\$571.46 Min. Bill	\$27,430.08
Next 130,000 gallons		5,771.8	\$5.49 / 1,000 gal	\$31,687.18
Over 230,000 gallons		62,198.7	\$5.03 / 1,000 gal	\$312,859.26
ANNUAL REVENUE				\$371,976.52

WEST SHELBY WATER DISTRICT
FIXED ASSET LISTING

01/01/2020- 12/31/2020

ATTACHMENT 7A
2020 DEPRECIATION SCHEDULE

Sorted: General - category

Amortized assets included

System No.	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation	Total Depreciation/ (Sec. 179)	Net Book Value
Depreciated Assets									
Communication Equipment									
201	HAND HELD RADIOS	12/1/2000	SL / N/A	7.0000	5,060	5,060	-	5,060	-
202	TRUCK RADIOS	9/4/2002	SL / N/A	7.0000	1,183	1,183	-	1,183	-
343	Data Cabling	4/11/2018	SL / N/A	5.0000	1,962	686	392	1,078	884
344	Trimble table, adapter, and battery	10/15/2018	SL / N/A	5.0000	3,957	989	791	1,780	2,177
1	Trimble table, adapter, and battery	7/1/2019	SL / N/A	5.0000	4,644	464	929	1,393	3,251
Subtotal: Communication Equipment					16,806	8,382	2,112	10,494	6,312
Less dispositions and exchanges:					0	0	-	-	-
Net for: Communication Equipment					16,806	8,382	2,112	10,494	6,312
Hydrants									
113	HYDRANTS	6/30/1980	SL / N/A	50.0000	62,436	49,729	1,249	50,978	11,458
114	HYDRANTS	6/30/1990	SL / N/A	50.0000	21,644	12,807	433	13,240	8,404
115	HYDRANTS	6/30/1990	SL / N/A	50.0000	4,747	2,809	95	2,904	1,843
116	HYDRANTS	6/30/1991	SL / N/A	50.0000	3,030	1,736	61	1,797	1,233
117	HYDRANTS	7/1/1993	SL / N/A	50.0000	1,500	795	30	825	675
118	HYDRANTS	7/1/1993	SL / N/A	50.0000	4,500	2,385	90	2,475	2,025
119	HYDRANTS	7/1/1993	SL / N/A	50.0000	9,250	4,903	185	5,088	4,162
120	HYDRANTS	7/1/1993	SL / N/A	50.0000	1,500	795	30	825	675
121	HYDRANTS	3/1/1994	SL / N/A	50.0000	234	129	5	134	100
122	HYDRANTS	7/1/1994	SL / N/A	50.0000	540	281	11	292	248
123	HYDRANTS	7/1/1994	SL / N/A	50.0000	1,500	765	30	795	705
124	HYDRANTS	7/1/1994	SL / N/A	50.0000	1,958	995	39	1,034	924
125	HYDRANTS	7/1/1994	SL / N/A	50.0000	2,800	1,428	56	1,484	1,316
126	HYDRANTS	7/1/1994	SL / N/A	50.0000	937	485	19	504	433
127	HYDRANTS	7/1/1994	SL / N/A	50.0000	6,750	3,443	135	3,578	3,172
128	HYDRANTS	4/21/1995	SL / FM	50.0000	7,000	3,465	140	3,605	3,395
129	HYDRANTS	9/11/1995	SL / FM	50.0000	800	389	16	405	395
130	HYDRANTS	11/9/1995	SL / N/A	50.0000	800	387	16	403	397
131	HYDRANTS	12/8/1995	SL / N/A	50.0000	2,500	1,204	50	1,254	1,246
132	HYDRANTS	6/30/1996	SL / FM	50.0000	1,731	825	35	860	871
133	HYDRANTS	7/31/1996	SL / FM	50.0000	1,066	494	21	515	551
134	HYDRANTS	8/31/1996	SL / FM	50.0000	1,215	562	24	586	629
135	HYDRANTS	10/31/1996	SL / N/A	50.0000	845	394	17	411	434
136	HYDRANTS	11/30/1996	SL / FM	50.0000	162	70	3	73	89
137	HYDRANTS	5/1/1998	SL / FM	50.0000	1,566	672	31	703	863

138	HYDRANTS	7/1/1999 SL / FM	50.0000	2,713	1,107	54	1,161	1,552
139	HYDRANTS	7/1/1999 SL / FM	50.0000	6,836	2,809	137	2,946	3,890
140	HYDRANTS	7/1/1999 SL / N/A	50.0000	500	205	10	215	285
141	HYDRANTS	7/1/1999 SL / N/A	50.0000	4,800	1,968	96	2,064	2,736
142	HYDRANTS	7/1/1999 SL / N/A	50.0000	46,165	18,922	923	19,845	26,320
143	HYDRANTS	7/1/2000 SL / N/A	50.0000	808	312	16	328	480
144	HYDRANTS	8/28/2001 SL / FM	50.0000	864	313	17	330	534
145	HYDRANTS	7/1/2002 SL / FM	50.0000	2,000	700	40	740	1,260
146	HYDRANTS	7/1/2002 SL / N/A	50.0000	1,900	665	38	703	1,197
147	HYDRANTS	7/1/2002 SL / N/A	50.0000	8,000	2,800	160	2,960	5,040
148	HYDRANTS	7/1/2002 SL / N/A	50.0000	4,000	1,400	80	1,480	2,520
149	HYDRANTS	7/1/2002 SL / N/A	50.0000	5,400	1,890	108	1,998	3,402
150	HYDRANTS	10/31/2002 SL / FM	50.0000	2,192	759	44	803	1,389
151	HYDRANTS	7/1/2004 SL / N/A	50.0000	859	270	17	287	572
152	HYDRANTS	12/15/2004 SL / FM	50.0000	3,119	935	62	997	2,122
153	HYDRANTS	5/20/2005 SL / FM	50.0000	5,625	1,657	113	1,770	3,855
154	HYDRANTS	9/1/2005 SL / N/A	50.0000	2,562	731	51	782	1,780
155	HYDRANTS	10/1/2005 SL / FM	50.0000	4,800	1,368	96	1,464	3,336
156	HYDRANTS	10/3/2005 SL / N/A	50.0000	2,200	627	44	671	1,529
157	HYDRANTS	10/19/2005 SL / FM	50.0000	2,200	627	44	671	1,529
158	HYDRANTS	12/8/2005 SL / FM	50.0000	8,000	2,253	160	2,413	5,587
159	HYDRANTS	7/1/2006 SL / N/A	50.0000	7,964	2,147	159	2,306	5,658
160	HYDRANTS	9/1/2007 SL / N/A	50.0000	5,590	1,381	112	1,493	4,097
161	HYDRANTS	5/31/2008 SL / FM	50.0000	3,146	763	63	826	2,320
162	HYDRANTS	7/1/2009 SL / N/A	30.0000	3,769	1,323	126	1,449	2,320
163	HYDRANTS	7/1/2010 SL / N/A	30.0000	3,264	1,036	109	1,145	2,119
164	HYDRANTS	10/26/2010 SL / FM	30.0000	17,600	5,430	587	6,017	11,583
165	HYDRANTS	11/30/2010 SL / FM	30.0000	51,000	15,583	1,700	17,283	33,717
298	Hydrants	9/30/2012 SL / N/A	30.0000	3,844	928	128	1,056	2,788
311	Hydrants 2014	12/31/2014 SL / N/A	30.0000	60	10	2	12	48
318	Hydrants 2015	12/31/2015 SL / N/A	30.0000	80	12	3	15	65
341	Hydrants 2018	12/31/2018 SL / N/A	30.0000	550	18	18	36	514
Subtotal: Hydrants				353,421	162,896	8,138	171,034	182,387
Less dispositions and exchanges:				0	0	-	-	-
Net for: Hydrants				353,421	162,896	8,138	171,034	182,387
								-

Laboratory Equipment

263	CHLORINE TESTER	10/31/1993 M / HY	5.0000	373	373	-	373
Subtotal: Laboratory Equipment				373	373	-	373
Less dispositions and exchanges:				0	0	-	-
Net for: Laboratory Equipment				373	373	0	373

Land and Building

187	WATER TOWER LAND	2/28/1997 No Calc /	0.0000	12,439	0	-	-	12,439
188	MAINTENANCE GARAGE	7/31/1997 SL / FM	39.0000	26,999	2,710	900	3,610	23,389
193	LOT TODDS POINT ROAD	10/22/2003 No Calc /	0.0000	73,125	0	-	-	73,125
196	SURVEY - LOT	6/6/2006 No Calc /	0.0000	1,100	0	-	-	1,100
290	SURVEYING	7/1/2011 No Calc /	0.0000	873	0	-	-	873
319	Land and Buildings 2015	12/31/2015 SL	30.0000	14,794	1,890	493	2,383	12,411
336	Building - 137 Citizen's Blvd	6/1/2018 SL / N/A	39.0000	572,584	23,246	14,681	37,927	534,657
337	Maintenance Building	11/30/2018 SL / N/A	39.0000	195,815	5,439	5,021	10,460	185,355
2	Shop Building	1/31/2019 SL / N/A	30.0000	50,122	139	1,671	1,810	48,312
3	Fence	6/1/2019 SL / N/A	30.0000	5,218	87	174	261	4,957
Subtotal: Land and Building				953,069	33,511	22,940	56,451	896,618
Less dispositions and exchanges:								-
Net for: Land and Building				953,069	33,511	22,940	56,451	896,618

Land and Land Rights

1	Franchise and Consents	1/1/1980 No Calc /	0.0000	50	0	-	-	50
3	LOT APPRAISAL - BELLEFONTE	5/13/2002 No Calc /	0.0000	350	0	-	-	350
4	LOT DEPOSIT - BELLEFONTE	8/27/2002 No Calc /	0.0000	3,900	0	-	-	3,900
5	BELLEFONTE ESTATES	10/17/2002 No Calc /	0.0000	57,900	0	-	-	57,900
6	LAND - LEGETT	8/31/2008 No Calc /	0.0000	40,048	0	-	-	40,048
335	Land - 137 Citizen's Blvd	3/22/2018 No Calc /	0.0000	125,000	0	-	-	125,000
Subtotal: Land and Land Rights				227,248	0	-	-	227,248
Less dispositions and exchanges:				0	0	-	-	-
Net for: Land and Land Rights				227,248	0	-	-	227,248

Meters & Meters Installation

105	METERS	7/1/2004 SL / N/A	30.0000	66,743	34,488	2,225	36,713	30,030
106	METERS	7/1/2005 SL / N/A	30.0000	46,594	22,519	1,553	24,072	22,522
107	METERS	7/1/2006 SL / N/A	30.0000	67,133	30,213	2,238	32,451	34,682
108	METERS	7/1/2007 SL / N/A	30.0000	48,446	20,188	1,615	21,803	26,643
109	METERS	7/1/2008 SL / N/A	30.0000	37,253	14,283	1,242	15,525	21,728
110	METERS	7/1/2009 SL / N/A	30.0000	18,053	6,321	602	6,923	11,130
111	METERS	7/1/2010 SL / N/A	30.0000	19,981	6,327	666	6,993	12,988
112	METERS	7/1/2011 SL / N/A	30.0000	25,679	7,276	856	8,132	17,547
297	METERS	6/30/2012 SL / N/A	30.0000	17,671	4,418	589	5,007	12,664
303	METERS	12/30/2013 SL / N/A	30.0000	17,499	3,498	583	4,081	13,418
310	METERS	12/31/2014 SL / N/A	30.0000	53,025	8,840	1,768	10,608	42,417
317	METERS	12/31/2015 SL / N/A	30.0000	43,562	5,808	1,452	7,260	36,302
326	METERS	12/31/2016 SL / N/A	30.0000	35,028	3,504	1,168	4,672	30,356
328	METERS	12/31/2016 SL / N/A	30.0000	4,940	495	165	660	4,280
332	METERS	12/31/2017 SL / N/A	30.0000	63,490	4,232	2,116	6,348	57,142
340	METERS	12/31/2018 SL / N/A	30.0000	50,816	1,694	1,694	3,388	47,428
4	METERS	12/31/2019 SL / N/A	30.0000	27,674	-	922	922	26,752
5	METERS	12/31/2020 SL / N/A	30.0000	94,145	-	-	-	94,145
Subtotal: Meters & Meters Installation				737,732	174,104	21,454	195,558	542,174
Less dispositions and exchanges:				0	-	-	-	-
Net for: Meters & Meters Installation				737,732	174,104	21,454	195,558	542,174

Office Furniture & Equipment

203	SIGN FOR BUILDING	11/30/1996 M / HY	5.0000	477	477	-	477	-
204	DESK	9/22/1994 M / HY	7.0000	344	344	-	344	-
205	INVENTORY COMPUTER PROGRAM	12/31/1994 M / HY	5.0000	495	495	-	495	-
206	BANK DRAFT COMPUTER PROGRAM	7/31/1995 M / HY	5.0000	829	829	-	829	-
207	TOSHIBA COPIER	12/28/1995 SL / N/A	7.0000	2,099	2,099	-	2,099	-
208	COPIER STAND	12/28/1995 M / HY	5.0000	156	156	-	156	-
209	OFFICE EQUIPMENT	11/30/1996 M / HY	5.0000	150	150	-	150	-
210	MQ CALCULATOR	5/31/1997 M / HY	5.0000	190	190	-	190	-
211	CHAIRS	12/6/1998 M / HY	5.0000	1,019	1,019	-	1,019	-
212	TABLES & CHAIRS	1/26/1998 M / HY	5.0000	198	198	-	198	-
213	FIRE SAFE	4/24/1998 M / HY	5.0000	163	163	-	163	-
216	DESK (STEVE'S OFFICE)	12/1/2000 M / HY	5.0000	127	127	-	127	-
217	PRINTER	12/8/2000 M / HY	5.0000	1,155	1,155	-	1,155	-
218	FURNITURE	7/1/2001 SL / N/A	10.0000	7,683	7,683	-	7,683	-
220	MONITOR & DRIVE	2/8/2002 M / HY	5.0000	570	570	-	570	-
221	TRAILER	4/24/2002 SL / N/A	10.0000	550	550	-	550	-
222	LAWN MOWER	4/25/2002 M / HY	5.0000	3,495	3,495	-	3,495	-
223	MAP SYSTEM	5/9/2002 M / HY	5.0000	2,790	2,790	-	2,790	-
224	WORK STATION	9/27/2002 M / HY	5.0000	1,870	1,870	-	1,870	-
225	TAPE BACKUP	10/25/2002 M / HY	5.0000	998	998	-	998	-
226	PRINTER	10/25/2002 M / HY	5.0000	420	420	-	420	-
227	SECURITY SYSTEM	2/28/2003 M / HY	5.0000	714	714	-	714	-
228	COMPUTER PROGRAM	7/31/2003 M / HY	5.0000	500	500	-	500	-

166	PUMPING EQUIPMENT	1/1/1980 SL / N/A	50.0000	35,948	31,872	719	32,591	3,357
167	HYDRANTS	6/30/1990 SL / FM	30.0000	58,952	58,131	821	58,952	-
168	SENSAPHONE TANK	10/31/1995 SL / N/A	7.0000	1,546	1,546	-	1,546	-
169	STRAFFER PUMP	2/29/1996 SL / N/A	7.0000	617	617	-	617	-
170	KY 148 PUMP STATION	7/1/2002 SL / N/A	30.0000	140,569	82,005	4,686	86,691	53,878
171	TELEMETRY	8/31/2003 SL / FM	30.0000	33,391	18,272	1,113	19,385	14,006
172	DEHUMIDIFIER	6/30/2005 SL / N/A	7.0000	1,005	1,005	-	1,005	-
173	VALVE @ JEFF STATION	8/31/2005 SL / FM	30.0000	5,585	2,682	186	2,868	2,717
174	METER VAULT	9/28/2005 SL / FM	30.0000	32,687	15,623	1,090	16,713	15,974
175	HP PUMP	4/24/2006 SL / FM	30.0000	6,400	2,929	213	3,142	3,258
176	3 PHASE ELECTRIC	8/1/2007 SL / N/A	30.0000	4,802	1,987	160	2,147	2,655
177	PUMP	11/30/2007 SL / FM	30.0000	3,352	1,363	112	1,475	1,877
178	VARIABLE DRIVE	7/1/2008 SL / N/A	30.0000	5,589	2,139	186	2,325	3,264
179	PUMPING STATION HWY 148	3/22/2010 SL / FM	30.0000	103,484	33,915	3,449	37,364	66,120
180	FLOOD ALARM	4/12/2010 SL / N/A	7.0000	6,994	6,994	-	6,994	-
300	Computer equipment for pumping station	11/30/2012 SL / N/A	7.0000	5,519	5,519	-	5,519	-
312	Pump Station Equipment 2014	12/31/2014 SL / N/A	30.0000	92	15	3	18	74
314	Pump Station Equipment - Horizon Phase 1	12/31/2014 SL / N/A	7.0000	990,589	707,565	141,513	849,078	141,511
315	Pumping Station Equipment - Horizon Phase 2	12/31/2014 SL / N/A	7.0000	64,304	45,930	9,186	55,116	9,188
322	Pumping Station Equipment - Upgrades 2015	12/31/2015 SL / N/A	7.0000	446,738	255,280	63,820	319,100	127,638
327	Pumping Station Equipment 2016	12/31/2016 SL / N/A	7.0000	3,271	1,401	467	1,868	1,403
342	Big O Pump Station	8/16/2018 SL / N/A	10.0000	306	44	31	75	231
								-
	Subtotal: Pumping Station Equipment			1,951,740	1,276,834	227,755	1,504,589	447,151
	Less dispositions and exchanges:			0	0	0	0	-
	Net for: Pumping Station Equipment			1,951,740	1,276,834	227,755	1,504,589	447,151
								-
	Services							-
								-
								-
74	SERVICES	6/1/1980 SL / N/A	50.0000	84,252	73,539	1,685	75,224	9,028
75	TAYLOR WOODS SERVICES	6/30/1990 SL / N/A	30.0000	8,282	8,166	116	8,282	-
76	POUNDS LANE SERVICES	6/30/1990 SL / N/A	30.0000	2,155	2,127	28	2,155	-
77	SERVICES	6/30/1990 SL / N/A	30.0000	2,152	2,125	27	2,152	-
78	SERVICES	2/1/1992 SL / N/A	30.0000	2,072	1,926	69	1,995	77
79	SERVICES	5/12/1993 SL / N/A	30.0000	906	800	30	830	76
80	SEVICES	7/1/1997 SL / N/A	30.0000	3,013	2,250	100	2,350	663
81	SERVICES	7/1/1998 SL / N/A	30.0000	3,610	2,580	120	2,700	910
82	SERVICES	7/1/1999 SL / N/A	30.0000	5,286	3,608	176	3,784	1,502
83	SERVICES	7/1/2000 SL / N/A	30.0000	8,645	5,616	288	5,904	2,741
84	SERVICES	7/1/2001 SL / N/A	30.0000	12,925	7,974	431	8,405	4,520
85	SERVICES	7/1/2007 SL / N/A	30.0000	27,062	11,275	902	12,177	14,885
86	SERVICES	7/1/2008 SL / N/A	30.0000	20,810	7,981	694	8,675	12,135
87	SERVICES	7/1/2009 SL / N/A	30.0000	10,067	3,528	336	3,864	6,203
313	Services 2014	12/31/2014 SL / N/A	30.0000	8,791	1,465	293	1,758	7,033
316	Services 2015	12/31/2015 SL / N/A	30.0000	1,643	220	55	275	1,368
325	Services 2016	12/31/2016 SL / N/A	30.0000	3,051	306	102	408	2,643
								-
	Subtotal: Services			204,722	135,486	5,452	140,938	63,784
	Less dispositions and exchanges:			0	0	-	-	-

Net for: Services				204,722	135,486	5,452	140,938	63,784
Shop Equipment								-
89	Shop equipment for 2014	12/31/2014 M / HY	5.0000	6,767	6,767	-	6,767	-
264	SAW AND BLADES	8/1/1992 M / HY	5.0000	778	778	-	778	-
265	12" BACKHOE BUCKET	7/31/1995 M / HY	5.0000	375	375	-	375	-
266	AIR COMPRESSOR	1/26/2001 SL / N/A	10.0000	1,883	1,883	-	1,883	-
267	TOOLS	7/1/2001 SL / N/A	10.0000	1,707	1,707	-	1,707	-
269	AIR COMPRESSOR	10/1/2001 SL / N/A	10.0000	4,100	4,100	-	4,100	-
270	BORE MACHINE	10/18/2001 SL / N/A	10.0000	3,240	3,240	-	3,240	-
271	SAW	4/30/2003 M / HY	5.0000	471	471	-	471	-
272	POWER WASHER	5/31/2003 M / HY	5.0000	664	664	-	664	-
273	TRACTOR	11/30/2003 M / HY	5.0000	16,543	16,543	-	16,543	-
274	ROTATING SAW	11/15/2004 M / HY	7.0000	490	490	-	490	-
275	GPS LOCATOR	2/28/2005 M / HY	5.0000	521	521	-	521	-
276	MOBILE WATER PUMP	3/24/2005 SL / N/A	7.0000	1,302	1,302	-	1,302	-
277	MAG LIGHT	4/22/2005 SL / N/A	7.0000	167	167	-	167	-
278	METROTECH	10/27/2005 SL / N/A	7.0000	3,365	3,365	-	3,365	-
279	LEAK DETECTOR	12/1/2005 SL / N/A	7.0000	1,567	1,567	-	1,567	-
280	CENSUS AUTO GUN	4/13/2006 SL / N/A	7.0000	1,006	1,006	-	1,006	-
282	WAGNER POWER SPRAYER	9/6/2006 SL / N/A	7.0000	211	211	-	211	-
283	AQUA TAP MACHINE READER	11/2/2006 SL / N/A	7.0000	2,195	2,195	-	2,195	-
284	COMPUTER	1/31/2007 SL / N/A	7.0000	802	802	-	802	-
285	GENERATOR	8/1/2007 SL / N/A	7.0000	1,200	1,200	-	1,200	-
286	LINE LOCATOR	11/1/2007 SL / N/A	7.0000	1,967	1,967	-	1,967	-
287	METER READING EQUIPMENT	1/15/2008 SL / N/A	10.0000	12,260	12,260	-	12,260	-
288	HAMMER DRILL	2/7/2008 SL / N/A	10.0000	299	299	-	299	-
289	CUTQUICK	8/31/2008 SL / N/A	10.0000	771	771	-	771	-
291	USA BLUE BOOK	2/16/2011 SL / N/A	7.0000	3,901	3,901	-	3,901	-
292	GRAINGER	11/30/2011 SL / N/A	7.0000	630	630	-	630	-
302	Equipment - Water pump	6/30/2012 SYD / N/A	7.0000	4,900	4,900	-	4,900	-
308	Lawn mover +addition	2/28/2013 MSL / HY	5.0000	4,622	4,622	-	4,622	-
309	Tools	9/30/2013 M / HY	5.0000	540	540	-	540	-
321	Fisher Locator	12/31/2015 M / HY	5.0000	2,020	1,905	115	2,020	-
329	Power Rake	8/3/2016 SL / N/A	5.0000	7,750	5,296	1,550	6,846	904
331	Tranceiver	8/7/2017 SL / N/A	30.0000	11,000	1,197	367	1,564	9,436
6	Cameras	2/1/2019 SL / N/A	7.0000	2,440	29	348	377	2,063
7	Shop shelving	2/1/2019 SL / N/A	7.0000	2,000	23	285	308	1,692
8	Pressure Logger	9/1/2019 SL / N/A	7.0000	2,171	2,171	310	2,481	(310)
Subtotal: Shop Equipment				106,625	89,865	2,975	92,840	13,785
Less dispositions and exchanges:				0	0	0	0	-
Net for: Shop Equipment				106,625	89,865	2,975	92,840	13,785
Standpipes								-
7	DIST RESERV & STANDPIPES	6/1/1980 SL / N/A	50.0000	802,405	540,619	16,048	556,667	245,738
8	PAINT FAIRVIEW TANK	12/31/1993 MSL / HY	5.0000	46,555	46,555	-	46,555	-
9	STANDPIPES - I64	6/21/2001 SL / N/A	99.0000	958,803	179,900	9,685	189,585	769,218
10	FENCE	9/3/2004 SL / N/A	15.0000	3,720	3,720	-	3,720	-
11	BEKERT TANK PAINTING	8/31/2008 SL / N/A	15.0000	272,975	207,761	18,198	225,959	47,016

Transporation Equipment

248	TRANSPORATIONA EQUIP	6/30/1987 M / HY	5.0000	7,764	7,764	-	7,764	-
254	STROBE LIGHT	7/13/1992 M / HY	5.0000	2,322	2,322	-	2,322	-
256	CRANE	7/17/1998 M / HY	5.0000	400	400	-	400	-
257	SKID LOADER	5/2/1999 M / HY	5.0000	21,764	21,764	-	21,764	-
259	BACKHOE	5/26/2006 SL / N/A	7.0000	60,132	60,132	-	60,132	-
260	TRAILER	8/31/2008 SL / N/A	10.0000	3,850	3,850	-	3,850	-
261	FORD F250	12/31/2009 SL / N/A	7.0000	21,137	21,137	-	21,137	-
295	2012 Ford 150	5/1/2012 M / HY	5.0000	19,446	19,446	-	19,446	-
307	Steve Truck 7671	12/20/2013 SL / N/A	7.0000	13,976	11,982	1,994	13,976	-
323	2017 Ford Truck 250	10/11/2016 SL / N/A	7.0000	25,168	11,684	3,595	15,279	9,889
Subtotal: Transporation Equipment				175,959	160,481	5,589	166,070	9,889
Less dispositions and exchanges:				0	0	0	0	-
Net for: Transporation Equipment				175,959	160,481	5,589	166,070	9,889

Water Distribution Mains

15	TRANS & DIS MAIN	6/1/1980 SL / N/A	50.0000	833,266	616,325	16,665	632,990	200,276
16	POUNDS LANE	6/30/1990 SL / N/A	50.0000	35,372	20,925	707	21,632	13,740
17	TAYLOR WOODS	6/30/1990 SL / N/A	50.0000	249,618	147,687	4,992	152,679	96,939
18	WILLIAMS	11/30/1991 SL / N/A	50.0000	243	140	5	145	98
19	DISTRIBUTION MAINS - FIELDS LANE	12/31/1991 SL / N/A	50.0000	10,958	6,153	219	6,372	4,586
20	VEECHDALE/CLARK STATION	1/1/1992 SL / N/A	50.0000	288	168	6	174	114
21	TAYLOR WOODS	4/1/1992 SL / N/A	50.0000	2,483	1,388	50	1,438	1,045
22	WILLIAMS PROPERTY	4/21/1992 SL / N/A	50.0000	679	384	14	398	281
23	KY 1848 ROLLING RIDGE	6/1/1992 SL / N/A	50.0000	12,057	6,648	241	6,889	5,168
24	DEVONSHIRE SUBDIVISION	6/1/1992 SL / N/A	50.0000	30,810	16,991	616	17,607	13,203
25	VARIOUS MAINS	6/1/1993 SL / N/A	50.0000	261,701	139,137	5,234	144,371	117,330
26	VARIOUS MAINS	7/1/1994 SL / N/A	50.0000	184,240	93,968	3,685	97,653	86,587
27	MAJESTIC OAKS	4/21/1995 SL / N/A	50.0000	57,265	28,343	1,145	29,488	27,777
28	TODDS POINT	9/11/1995 SL / N/A	50.0000	6,872	3,334	137	3,471	3,401
29	SANDERLIN FARM	10/24/1995 SL / N/A	50.0000	19,100	9,264	382	9,646	9,454
30	FIELDS LANE	11/9/1995 SL / N/A	50.0000	42,809	20,687	856	21,543	21,266
31	760 FT	12/8/1995 SL / N/A	50.0000	28,321	13,631	566	14,197	14,124
32	COPPER COIN	2/1/1997 SL / N/A	50.0000	12,577	5,775	252	6,027	6,550
33	OM JOHNSON	4/30/1997 SL / N/A	50.0000	2,400	1,088	48	1,136	1,264
34	WALMART	4/30/1997 SL / N/A	50.0000	109,294	49,730	2,186	51,916	57,378
35	PINE MEADOW	5/1/1997 SL / N/A	50.0000	55,343	25,092	1,107	26,199	29,144
36	EAST BOUND REST AREA	7/1/1997 SL / N/A	50.0000	326,875	147,105	6,538	153,643	173,232
37	NORFOLK SOUTHERN	7/1/1997 SL / N/A	50.0000	245,695	110,565	4,914	115,479	130,216
38	TODD'S POINT	7/31/1997 SL / N/A	50.0000	2,056	924	41	965	1,091
39	OVERBROOK BEND	9/1/1997 SL / N/A	50.0000	35,884	16,035	718	16,753	19,131

14	WATER TREATMENT EQUIPMENT	6/1/1980 SL / N/A	25.0000	7,548	7,548	-	7,548	-
Subtotal: Water Treatment Equipment				7,548	7,548	0	7,548	-
Less dispositions and exchanges:				0	0	0	0	-
Net for: Water Treatment Equipment				7,548	7,548	0	7,548	-
Subtotal:				16,568,504	6,507,566	560,710	7,068,276	9,500,228
Less dispositions and exchanges:				0	0	0	0	-
Grand Totals:				16,568,504	6,507,566	560,710	7,068,276	9,500,228

165	HYDRANTS	11/30/2010 SL / FM	60.0000	51,000	100.0000	17,283	688	17,971	33,029	30.0000	11.0000	49.0000	33,717.00
298	Hydrants	9/30/2012 SL / N/A	60.0000	3,844	100.0000	1,056	55	1,111	2,733	30.0000	9.0000	51.0000	2,788.00
311	Hydrants 2014	12/31/2014 SL / N/A	60.0000	60	100.0000	12	1	13	47	30.0000	7.0000	53.0000	48.00
318	Hydrants 2015	12/31/2015 SL / N/A	60.0000	80	100.0000	15	1	16	64	30.0000	6.0000	54.0000	65.00
341	Hydrants 2018	12/31/2018 SL / N/A	60.0000	550	100.0000	36	9	45	505	30.0000	3.0000	57.0000	514.00
Subtotal: Hydrants				353,421		171,034	4,809	175,843	177,578				182,387.00
Less dispositions and exchanges:				0		0	-	-	-				-
Net for: Hydrants				353,421		171,034	4,809	175,843	177,578				-
Laboratory Equipment													
263	CHLORINE TESTER	10/31/1993 M / HY	5.0000	373	100.0000	373	-	373	-	n/a	n/a	n/a	n/a
Subtotal: Laboratory Equipment				373		373	-	373	-				-
Less dispositions and exchanges:				0		0	-	-	-				-
Net for: Laboratory Equipment				373		373	0	373	-				-
Land and Building													
Structures and Improvements 40 years													
187	WATER TOWER LAND	2/28/1997 No Calc / N/A	0.0000	12,439	100.0000	0	-	-	12,439	0.0000	n/a		12,439
188	MAINTENANCE GARAGE	7/31/1997 SL / FM	40.0000	26,999	100.0000	3,610	1,462	5,072	21,927	39.0000	24.0000	16.0000	23,389
193	LOT TODDS POINT ROAD	10/22/2003 No Calc / N/A	0.0000	73,125	100.0000	0	-	-	73,125	0.0000	n/a		73,125
196	SURVEY - LOT	6/6/2006 No Calc / N/A	0.0000	1,100	100.0000	0	-	-	1,100	0.0000	n/a		1,100
290	SURVEYING	7/1/2011 No Calc / N/A	0.0000	873	100.0000	0	-	-	873	0.0000	n/a		873
319	Land and Buildings 2015	12/31/2015 SL	40.0000	14,794	100.0000	2,383	365	2,748	12,046	30.0000	6.0000	34.0000	12,411
336	Building - 137 Citizen's Blvd	6/1/2018 SL / N/A	40.0000	572,584	100.0000	37,927	14,450	52,377	520,207	39.0000	3.0000	37.0000	534,657
337	Maintenance Building	11/30/2018 SL / N/A	40.0000	195,815	100.0000	10,460	5,010	15,470	180,345	39.0000	3.0000	37.0000	185,355
2	Shop Building	1/31/2019 SL / N/A	40.0000	50,122	100.0000	1,810	1,271	3,081	47,041	30.0000	2.0000	38.0000	48,312
3	Fence	6/1/2019 SL / N/A	40.0000	5,218	100.0000	261	130	391	4,827	30.0000	2.0000	38.0000	4,957
Subtotal: Land and Building				953,069		56,451	22,688	79,139	873,930				-
Less dispositions and exchanges:				0		0	-	-	-				-
Net for: Land and Building				953,069		56,451	22,688	79,139	873,930				-
Land and Land Rights													
Don't depreciate													
1	Franchise and Consents	1/1/1980 No Calc / N/A	0.0000	50	100.0000	0	-	-	50	n/a	n/a	n/a	n/a
3	LOT APPRAISAL - BELLEFONTE	5/13/2002 No Calc / N/A	0.0000	350	100.0000	0	-	-	350	n/a	n/a	n/a	n/a
4	LOT DEPOSIT - BELLEFONTE	8/27/2002 No Calc / N/A	0.0000	3,900	100.0000	0	-	-	3,900	n/a	n/a	n/a	n/a
5	BELLEFONTE ESTATES	10/17/2002 No Calc / N/A	0.0000	57,900	100.0000	0	-	-	57,900	n/a	n/a	n/a	n/a
6	LAND - LEGETT	8/31/2008 No Calc / N/A	0.0000	40,048	100.0000	0	-	-	40,048	n/a	n/a	n/a	n/a
335	Land - 137 Citizen's Blvd	3/22/2018 No Calc / N/A	0.0000	125,000	100.0000	0	-	-	125,000	n/a	n/a	n/a	n/a
Subtotal: Land and Land Rights				227,248		0	-	-	227,248				-
Less dispositions and exchanges:				0		0	-	-	-				-
Net for: Land and Land Rights				227,248		0	-	-	227,248				-
Meters & Meters Installation													
Meter's and Installations - 50 years													
105	METERS	7/1/2004 SL / N/A	50.0000	66,743	100.0000	36,713	910	37,623	29,120	30.0000	17.0000	33.0000	30,030.00
106	METERS	7/1/2005 SL / N/A	50.0000	46,594	100.0000	24,072	662	24,734	21,860	30.0000	16.0000	34.0000	22,522.00
107	METERS	7/1/2006 SL / N/A	50.0000	67,133	100.0000	32,451	991	33,442	33,691	30.0000	15.0000	35.0000	34,682.00
108	METERS	7/1/2007 SL / N/A	50.0000	48,446	100.0000	21,803	740	22,543	25,903	30.0000	14.0000	36.0000	26,643.00
109	METERS	7/1/2008 SL / N/A	50.0000	37,253	100.0000	15,525	587	16,112	21,141	30.0000	13.0000	37.0000	21,728.00
110	METERS	7/1/2009 SL / N/A	50.0000	18,053	100.0000	6,923	293	7,216	10,837	30.0000	12.0000	38.0000	11,130.00
111	METERS	7/1/2010 SL / N/A	50.0000	19,981	100.0000	6,993	333	7,326	12,655	30.0000	11.0000	39.0000	12,988.00
112	METERS	7/1/2011 SL / N/A	50.0000	25,679	100.0000	8,132	439	8,571	17,108	30.0000	10.0000	40.0000	17,547.00
297	METERS	6/30/2012 SL / N/A	50.0000	17,671	100.0000	5,007	309	5,316	12,355	30.0000	9.0000	41.0000	12,664.00
303	METERS	12/30/2013 SL / N/A	50.0000	17,499	100.0000	4,081	319	4,400	13,099	30.0000	8.0000	42.0000	13,418.00
310	METERS	12/31/2014 SL / N/A	50.0000	53,025	100.0000	10,608	986	11,594	41,431	30.0000	7.0000	43.0000	42,417.00
317	METERS	12/31/2015 SL / N/A	50.0000	43,562	100.0000	7,260	825	8,085	35,477	30.0000	6.0000	44.0000	36,302.00
326	METERS	12/31/2016 SL / N/A	50.0000	35,028	100.0000	4,672	675	5,347	29,681	30.0000	5.0000	45.0000	30,356.00
328	METERS	12/31/2016 SL / N/A	50.0000	4,940	100.0000	660	95	755	4,185	30.0000	5.0000	45.0000	4,280.00
332	METERS	12/31/2017 SL / N/A	50.0000	63,490	100.0000	6,348	1,242	7,590	55,900	30.0000	4.0000	46.0000	57,142.00
340	METERS	12/31/2018 SL / N/A	50.0000	50,816	100.0000	3,388	1,009	4,397	46,419	30.0000	3.0000	47.0000	47,428.00
4	METERS	12/31/2019 SL / N/A	50.0000	27,674	100.0000	922	557	1,479	26,195	30.0000	2.0000	48.0000	26,752.00
5	METERS	12/31/2020 SL / N/A	50.0000	94,145	100.0000	-	1,883	1,883	92,262	30.0000	0.0000	50.0000	94,145.00
Subtotal: Meters & Meters Installation				737,732		195,558	12,856	208,414	529,318				-
Less dispositions and exchanges:				0		0	-	-	-				-
Net for: Meters & Meters Installation				737,732		195,558	12,856	208,414	529,318				-
Office Furniture & Equipment													
Furniture and equipment - 25 years													
If fully depreciated prior to CY 2021; no changes will be made.													
203	SIGN FOR BUILDING	11/30/1996 M / HY	5.0000	477	100.0000	477	-	477	-				-
204	DESK	9/22/1994 M / HY	7.0000	344	100.0000	344	-	344	-				-

205	INVENTORY COMPUTER	12/31/1994 M / HY	5,000	495	100.0000	495	-	495	-	-	-	-	-	-				
206	BANK DRAFT COMPUTER	7/31/1995 M / HY	5,000	829	100.0000	829	-	829	-	-	-	-	-	-				
207	TOSHIBA COPIER	12/28/1995 SL / N/A	7,000	2,099	100.0000	2,099	-	2,099	-	-	-	-	-	-				
208	COPIER STAND	12/28/1995 M / HY	5,000	156	100.0000	156	-	156	-	-	-	-	-	-				
209	OFFICE EQUIPMENT	11/30/1996 M / HY	5,000	150	100.0000	150	-	150	-	-	-	-	-	-				
210	MQ CALCULATOR	5/31/1997 M / HY	5,000	190	100.0000	190	-	190	-	-	-	-	-	-				
211	CHAIRS	12/6/1998 M / HY	5,000	1,019	100.0000	1,019	-	1,019	-	-	-	-	-	-				
212	TABLES & CHAIRS	1/26/1998 M / HY	5,000	198	100.0000	198	-	198	-	-	-	-	-	-				
213	FIRE SAFE	4/24/1998 M / HY	5,000	163	100.0000	163	-	163	-	-	-	-	-	-				
216	DESK (STEVE'S OFFICE)	12/1/2000 M / HY	5,000	127	100.0000	127	-	127	-	-	-	-	-	-				
217	PRINTER	12/8/2000 M / HY	5,000	1,155	100.0000	1,155	-	1,155	-	-	-	-	-	-				
218	FURNITURE	7/1/2001 SL / N/A	10,000	7,683	100.0000	7,683	-	7,683	-	-	-	-	-	-				
220	MONITOR & DRIVE	2/8/2002 M / HY	5,000	570	100.0000	570	-	570	-	-	-	-	-	-				
221	TRAILER	4/24/2002 SL / N/A	10,000	550	100.0000	550	-	550	-	-	-	-	-	-				
222	LAWN MOWER	4/25/2002 M / HY	5,000	3,495	100.0000	3,495	-	3,495	-	-	-	-	-	-				
223	MAP SYSTEM	5/9/2002 M / HY	5,000	2,790	100.0000	2,790	-	2,790	-	-	-	-	-	-				
224	WORK STATION	9/27/2002 M / HY	5,000	1,870	100.0000	1,870	-	1,870	-	-	-	-	-	-				
225	TAPE BACKUP	10/25/2002 M / HY	5,000	998	100.0000	998	-	998	-	-	-	-	-	-				
226	PRINTER	10/25/2002 M / HY	5,000	420	100.0000	420	-	420	-	-	-	-	-	-				
227	SECURITY SYSTEM	2/28/2003 M / HY	5,000	714	100.0000	714	-	714	-	-	-	-	-	-				
228	COMPUTER PROGRAM	7/31/2003 M / HY	5,000	500	100.0000	500	-	500	-	-	-	-	-	-				
229	PRINTER	4/20/2004 SL / N/A	7,000	1,395	100.0000	1,395	-	1,395	-	-	-	-	-	-				
230	COMPUTER READERS	12/31/2004 SL / N/A	7,000	20,050	100.0000	20,050	-	20,050	-	-	-	-	-	-				
231	4 FILE CABINETS	2/28/2005 SL / FM	7,000	346	100.0000	346	-	346	-	-	-	-	-	-				
232	DEHUMIDIFIER	4/22/2005 SL / N/A	7,000	134	100.0000	134	-	134	-	-	-	-	-	-				
233	COMPUTER	8/31/2005 M / HY	5,000	1,757	100.0000	1,757	-	1,757	-	-	-	-	-	-				
234	3 FLATSCREEN MONITORS	1/30/2006 SL / N/A	5,000	967	100.0000	967	-	967	-	-	-	-	-	-				
235	XP SOFTWARE	1/30/2006 SL / N/A	5,000	199	100.0000	199	-	199	-	-	-	-	-	-				
236	COMPUTER EQUIPMENT	3/6/2006 SL / N/A	5,000	620	100.0000	620	-	620	-	-	-	-	-	-				
237	DESK	5/26/2006 SL / N/A	7,000	729	100.0000	729	-	729	-	-	-	-	-	-				
238	CABINETS	6/9/2006 SL / FM	7,000	3,754	100.0000	3,754	-	3,754	-	-	-	-	-	-				
239	COUNTER	8/30/2006 SL / FM	7,000	1,122	100.0000	1,122	-	1,122	-	-	-	-	-	-				
240	NIGHT BOX	2/1/2007 SL / N/A	7,000	552	100.0000	552	-	552	-	-	-	-	-	-				
241	FILE CABINET	3/1/2007 SL / FM	7,000	420	100.0000	420	-	420	-	-	-	-	-	-				
242	PHONE SYSTEM	5/1/2007 SL / N/A	7,000	2,412	100.0000	2,412	-	2,412	-	-	-	-	-	-				
243	SECURITY CAMERA	6/1/2007 SL / N/A	7,000	172	100.0000	172	-	172	-	-	-	-	-	-				
244	FILE CABINET	8/1/2007 SL / N/A	7,000	650	100.0000	650	-	650	-	-	-	-	-	-				
245	CREDIT CARD EQUIPMENT	12/1/2007 SL / N/A	7,000	305	100.0000	305	-	305	-	-	-	-	-	-				
246	COMPUTER EQUIPMENT	1/18/2008 SL / N/A	7,000	2,393	100.0000	2,393	-	2,393	-	-	-	-	-	-				
247	PLAT CABINET	4/29/2010 SL / N/A	7,000	7,900	100.0000	7,900	-	7,900	-	-	-	-	-	-				
249	SOFTWARE SOLUTIONS - COMPUTERS	5/13/2011 SL / FM	7,000	6,735	100.0000	6,735	-	6,735	-	-	-	-	-	-				
250	SOFTWARE UPGRADE	6/7/2011 SL / N/A	7,000	3,500	100.0000	3,500	-	3,500	-	-	-	-	-	-				
251	Billing Software	6/1/2011 SL / N/A	7,000	1,836	100.0000	1,836	-	1,836	-	-	-	-	-	-				
252	Transverse Software	7/7/2011 SL / N/A	7,000	7,200	100.0000	7,200	-	7,200	-	-	-	-	-	-				
253	SCANNER	8/16/2011 SL / N/A	7,000	157	100.0000	157	-	157	-	-	-	-	-	-				
299	HP Computer and Monitor; Fire Extinguishers 2014	12/31/2014 M / HY	5,000	3,317	100.0000	3,317	-	3,317	-	-	-	-	-	-				
304	Reclassify handheld to dpre: Radios	4/30/2013 SL / N/A	5,000	4,116	100.0000	4,116	-	4,116	-	-	-	-	-	-				
305	Sharp MX-3100N Copier	11/11/2013 SL / N/A	5,000	3,595	100.0000	3,595	-	3,595	-	-	-	-	-	-				
306	Monochrome printer	11/11/2013 SL / N/A	5,000	1,520	100.0000	1,520	-	1,520	-	-	-	-	-	-				
320	Mapping Software	12/31/2015 M / HY	5,000	4,650	100.0000	4,650	-	4,650	-	-	-	-	-	-				
5	Dell Desktop	7/1/2019 SL / N/A	25,000	5,650	100.0000	1,605	176	1,781	-	-	3,869	5,000	2,000	23,000	4,045.00			
6	Ampstun Billing Software	7/1/2020 SL / N/A	25,000	22,275	100.0000	2,228	835	3,063	-	-	19,212	5,000	1,000	24,000	20,047.00			
7	Alarm Lock	12/22/2020 SL / N/A	25,000	4,615	100.0000	-	185	185	-	-	4,430	5,000	0,000	25,000	4,615.00			
Subtotal: Office Furniture & Equipment																		
Less dispositions and exchanges:																		
Net for: Office Furniture & Equipment																		

Other Plant Equipment																		
Other plant - 40 years. If fully depreciated prior to CY 2021; no changes will be made.																		
181	OTHER EQUIPMENT	6/30/1980 SL / N/A	40,000	6,055	100.0000	5,428	627	6,055	-	-	-	-	-	-	-	-	-	
182	TELEMARKETING SYSTEM	10/31/1994 SL / FM	20,000	2,400	100.0000	2,400	-	2,400	-	-	-	-	-	-	-	-	-	
183	AIR COMPRESSOR	4/30/1996 SL / N/A	7,000	462	100.0000	462	-	462	-	-	-	-	-	-	-	-	-	
184	FORKS FOR BACKHOE	11/30/1997 SL / N/A	5,000	1,546	100.0000	1,546	-	1,546	-	-	-	-	-	-	-	-	-	
185	FENCE	6/30/2001 SL / FM	40,000	9,424	100.0000	9,224	200	9,424	-	-	20,000	20,000	-	-	-	-	-	
Subtotal: Other Plant Equipment																		
Less dispositions and exchanges:																		
Net for: Other Plant Equipment																		

Pumping Station Equipment																	
Pumping equipment will be at 20 years; pumping station 40 years (structures) If fully depreciated prior to CY 2021; no changes will be made.																	
166	PUMPING EQUIPMENT	1/1/1980 SL / N/A	20,000	35,948	100.0000	32,591	3,357	35,948	-	-	50,000	41,000	-	-21,000	3,357.00	-	-
167	HYDRANTS - 60 years hydrant	6/30/1990 SL / FM	30,000	58,952	100.0000	58,952	-	58,952	-	-	30,000	n/a	-	-	-	-	-
168	SENSAPHONE TANK	10/31/1995 SL / N/A	7,000	1,546	100.0000	1,546	-	1,546	-	-	7,000	n/a	-	-	-	-	-
169	STRAFFER PUMP	2/29/1996 SL / N/A	7,000	617	100.0000	617	-	617	-	-	7,000	n/a	-	-	-	-	-
170	KY 148 PUMP STATION	7/1/2002 SL / N/A	40,000	140,569	100.0000	86,691	2,566	89,257	-	-	51,312	30,000	19,000	21,000	53,878.00	-	-
171	TELEMETRY	8/31/2003 SL / FM	20,000	33,391	100.0000	19,385	7,003	26,388	-	-	7,003	30,000	18,000	2,000	14,006.00	-	-

172	DEHUMIDIFIER	6/30/2005 SL / N/A	20,000	1,005	100,000	1,005	-	1,005	-	7,000	n/a	-	-	
173	VALVE @ JEFF STATION	8/31/2005 SL / FM	20,000	5,585	100,000	2,868	679	3,547	2,038	30,000	16,000	4,000	2,717.00	
174	METER VAULT	9/28/2005 SL / FM	20,000	32,687	100,000	16,713	3,994	20,707	11,981	30,000	16,000	4,000	15,974.00	
175	HP PUMP	4/24/2006 SL / FM	20,000	6,400	100,000	3,142	652	3,794	2,606	30,000	15,000	5,000	3,258.00	
176	3 PHASE ELECTRIC	8/1/2007 SL / N/A	20,000	4,802	100,000	2,147	443	2,590	2,213	30,000	14,000	6,000	2,655.00	
177	PUMP	11/30/2007 SL / FM	20,000	3,352	100,000	1,475	313	1,788	1,564	30,000	14,000	6,000	1,877.00	
178	VARIABLE DRIVE	7/1/2008 SL / N/A	20,000	5,589	100,000	2,325	466	2,791	2,798	30,000	13,000	7,000	3,264.00	
179	PUMPING STATION HWY 148	3/22/2010 SL / FM	40,000	103,484	100,000	37,364	2,280	39,644	63,840	30,000	11,000	29,000	66,120.00	
180	FLOOD ALARM	4/12/2010 SL / N/A	20,000	6,994	100,000	6,994	-	6,994	-	7,000	n/a	-	-	
300	Computer equipment for pumping station	11/30/2012 SL / N/A	20,000	5,519	100,000	5,519	-	5,519	-	7,000	n/a	-	-	
312	Pump Station Equipment 2014	12/31/2014 SL / N/A	20,000	92	100,000	18	6	24	68	30,000	7,000	13,000	74.00	
314	Pump Station Equipment - Horizon Phase 1	12/31/2014 SL / N/A	40,000	990,589	100,000	849,078	4,288	853,366	137,223	7,000	7,000	33,000	141,511.00	
315	Pumping Station Equipment - Horizon Phase 2	12/31/2014 SL / N/A	40,000	64,304	100,000	55,116	278	55,394	8,910	7,000	7,000	33,000	9,188.00	
322	Pumping Station Equipment - Upgrades 2015	12/31/2015 SL / N/A	40,000	446,738	100,000	319,100	3,754	322,854	123,884	7,000	6,000	34,000	127,638.00	
327	Pumping Station Equipment 2016	12/31/2016 SL / N/A	40,000	3,271	100,000	1,868	40	1,908	1,363	7,000	5,000	35,000	1,403.00	
342	Big O Pump Station	8/16/2018 SL / N/A	20,000	306	100,000	75	14	89	217	10,000	3,000	17,000	231.00	
Subtotal: Pumping Station Equipment														
Less dispositions and exchanges:														
Net for: Pumping Station Equipment														

Services														
Services 50 years If fully depreciated prior to CY 2021; no changes will be made.														
74	SERVICES	6/1/1980 SL / N/A	50,000	84,252	100,000	75,224	-	75,224	9,028	50,000	41,000	9,000	9,028.00	
75	TAYLOR WOODS SERVICES	6/30/1990 SL / N/A	50,000	8,282	100,000	8,282	-	8,282	-	30,000	n/a	-	-	
76	POUNDS LANE SERVICES	6/30/1990 SL / N/A	50,000	2,155	100,000	2,155	-	2,155	-	30,000	n/a	-	-	
77	SERVICES	6/30/1990 SL / N/A	50,000	2,152	100,000	2,152	-	2,152	-	30,000	n/a	-	-	
78	SERVICES	2/1/1992 SL / N/A	50,000	2,072	100,000	1,995	4	1,999	73	30,000	29,000	21,000	77.00	
79	SERVICES	5/12/1993 SL / N/A	50,000	906	100,000	830	3	833	73	30,000	28,000	22,000	76.00	
80	SERVICES	7/1/1997 SL / N/A	50,000	3,013	100,000	2,350	26	2,376	638	30,000	24,000	26,000	663.00	
81	SERVICES	7/1/1998 SL / N/A	50,000	3,610	100,000	2,700	34	2,734	876	30,000	23,000	27,000	910.00	
82	SERVICES	7/1/1999 SL / N/A	50,000	5,286	100,000	3,784	54	3,838	1,448	30,000	22,000	28,000	1,502.00	
83	SERVICES	7/1/2000 SL / N/A	50,000	8,645	100,000	5,904	95	5,999	2,646	30,000	21,000	29,000	2,741.00	
84	SERVICES	7/1/2001 SL / N/A	50,000	12,925	100,000	8,405	151	8,556	4,369	30,000	20,000	30,000	4,520.00	
85	SERVICES	7/1/2007 SL / N/A	50,000	27,062	100,000	12,177	413	12,590	14,472	30,000	14,000	36,000	14,885.00	
86	SERVICES	7/1/2008 SL / N/A	50,000	20,810	100,000	8,675	328	9,003	11,807	30,000	13,000	37,000	12,135.00	
87	SERVICES	7/1/2009 SL / N/A	50,000	10,067	100,000	3,864	163	4,027	6,040	30,000	12,000	38,000	6,203.00	
313	Services 2014	12/31/2014 SL / N/A	50,000	8,791	100,000	1,758	164	1,922	6,869	30,000	7,000	43,000	7,033.00	
316	Services 2015	12/31/2015 SL / N/A	50,000	1,643	100,000	275	31	306	1,337	30,000	6,000	44,000	1,368.00	
325	Services 2016	12/31/2016 SL / N/A	50,000	3,051	100,000	408	59	467	2,584	30,000	5,000	45,000	2,643.00	
Subtotal: Services														
Less dispositions and exchanges:														
Net for: Services														

Shop Equipment													
Furniture and equipment - 25 years If fully depreciated prior to CY 2021; no changes will be made.													
89	Shop equipment for 2014	12/31/2014 M / HY	5,000	6,767	100,000	6,767	-	6,767	-	-	-	-	-
264	SAW AND BLADES	8/1/1992 M / HY	5,000	778	100,000	778	-	778	-	-	-	-	-
265	12" BACKHOE BUCKET	7/31/1995 M / HY	5,000	375	100,000	375	-	375	-	-	-	-	-
266	AIR COMPRESSOR	1/26/2001 SL / N/A	10,000	1,883	100,000	1,883	-	1,883	-	-	-	-	-
267	TOOLS	7/1/2001 SL / N/A	10,000	1,707	100,000	1,707	-	1,707	-	-	-	-	-
269	AIR COMPRESSOR	10/1/2001 SL / N/A	10,000	4,100	100,000	4,100	-	4,100	-	-	-	-	-
270	BORE MACHINE	10/18/2001 SL / N/A	10,000	3,240	100,000	3,240	-	3,240	-	-	-	-	-
271	SAW	4/30/2003 M / HY	5,000	471	100,000	471	-	471	-	-	-	-	-
272	POWER WASHER	5/31/2003 M / HY	5,000	664	100,000	664	-	664	-	-	-	-	-
273	TRACTOR	11/30/2003 M / HY	5,000	16,543	100,000	16,543	-	16,543	-	-	-	-	-
274	ROTATING SAW	11/15/2004 M / HY	7,000	490	100,000	490	-	490	-	-	-	-	-
275	GPS LOCATOR	2/28/2005 M / HY	5,000	521	100,000	521	-	521	-	-	-	-	-
276	MOBILE WATER PUMP	3/24/2005 SL / N/A	7,000	1,302	100,000	1,302	-	1,302	-	-	-	-	-
277	MAG LIGHT	4/22/2005 SL / N/A	7,000	167	100,000	167	-	167	-	-	-	-	-
278	METROTECH	10/27/2005 SL / N/A	7,000	3,365	100,000	3,365	-	3,365	-	-	-	-	-
279	LEAK DETECTOR	12/1/2005 SL / N/A	7,000	1,567	100,000	1,567	-	1,567	-	-	-	-	-
280	CENSUS AUTO GUN	4/13/2006 SL / N/A	7,000	1,006	100,000	1,006	-	1,006	-	-	-	-	-
282	WAGNER POWER SPRAYER	9/6/2006 SL / N/A	7,000	211	100,000	211	-	211	-	-	-	-	-
283	AQUA TAP MACHINE READER	11/2/2006 SL / N/A	7,000	2,195	100,000	2,195	-	2,195	-	-	-	-	-
284	COMPUTER	1/31/2007 SL / N/A	7,000	802	100,000	802	-	802	-	-	-	-	-
285	GENERATOR	8/1/2007 SL / N/A	7,000	1,200	100,000	1,200	-	1,200	-	-	-	-	-
286	LINE LOCATOR	11/1/2007 SL / N/A	7,000	1,967	100,000	1,967	-	1,967	-	-	-	-	-
287	METER READING EQUIPMENT	11/15/2008 SL / N/A	10,000	12,260	100,000	12,260	-	12,260	-	-	-	-	-
288	HAMMER DRILL	2/7/2008 SL / N/A	10,000	299	100,000	299	-	299	-	-	-	-	-
289	CUTQUICK	8/31/2008 SL / N/A	10,000	771	100,000	771	-	771	-	-	-	-	-
291	USA BLUE BOOK	2/16/2011 SL / N/A	7,000	3,901	100,000	3,901	-	3,901	-	-	-	-	-
292	GRAINGER	11/30/2011 SL / N/A	7,000	630	100,000	630	-	630	-	-	-	-	-
302	Equipment - Water pump	6/30/2012 SYD / N/A	7,000	4,900	100,000	4,900	-	4,900	-	-	-	-	-
308	Lawn mover +addition	2/28/2013 MSL / HY	5,000	4,622	100,000	4,622	-	4,622	-	-	-	-	-

309	Tools	9/30/2013 M / HY	5,000	540	100,000	540		540	-				
321	Fisher Locator	12/31/2015 M / HY	5,000	2,020	100,000	2,020		2,020	-				
329	Power Rake	8/3/2016 SL / N/A	25,000	7,750	100,000	6,846	45	6,891	859	5,000	5,000	20,000	904.00
331	Tranceiver	8/7/2017 SL / N/A	25,000	11,000	100,000	1,564	449	2,013	8,987	30,000	4,000	21,000	9,436.00
6	Cameras	2/1/2019 SL / N/A	25,000	2,440	100,000	377	90	467	1,973	7,000	2,000	23,000	2,063.00
7	Shop shelving	2/1/2019 SL / N/A	25,000	2,000	100,000	308	74	382	1,618	7,000	2,000	23,000	1,692.00
8	Pressure Logger	9/1/2019 SL / N/A	7,000	2,171	100,000	2,481	(310)	2,171	-				
Subtotal: Shop Equipment				106,625		92,840	348	93,188	13,437				
Less dispositions and exchanges:				0		0	0	0	-				
Net for: Shop Equipment				106,625		92,840	348	93,188	13,437				

Standpipes													
#7, #9 - transmiions 75 years; rest improvements 40 years													
7	DIST RESERV & STANDPIPES	6/1/1980 SL / N/A	75,000	802,405	100,000	556,667	7,228	563,895	238,510	50,000	41,000	34,000	245,738.00
8	PAINT FAIRVIEW TANK	12/31/1993 MSL / HY	5,000	46,555	100,000	46,555	-	46,555	-	5,000	n/a	34,000	-
9	STANDPIPES - I64	6/21/2001 SL / N/A	75,000	958,803	100,000	189,585	13,986	203,571	755,232	99,000	20,000	55,000	769,218.00
10	FENCE	9/3/2004 SL / N/A	15,000	3,720	100,000	3,720	-	3,720	-	15,000	n/a	34,000	-
11	BEKERT TANK PAINTING	8/31/2008 SL / N/A	40,000	272,975	100,000	225,959	1,741	227,700	45,275	15,000	13,000	27,000	47,016.00
12	STANDPIPE - BUCK CREEK PAINTING	6/22/2010 SL / N/A	40,000	37,600	100,000	26,532	382	26,914	10,686	15,000	11,000	29,000	11,068.00
13	STANDPIPE	11/10/2010 SL / N/A	40,000	89,000	100,000	60,319	989	61,308	27,692	15,000	11,000	29,000	28,681.00
296	Tank Lights	5/31/2012 SL / N/A	40,000	13,147	100,000	7,519	182	7,701	5,446	15,000	9,000	31,000	5,628.00
324	Tank painting & engineering costs	12/31/2016 SL / N/A	40,000	391,999	100,000	104,532	8,213	112,745	279,254	15,000	5,000	35,000	287,467.00
Subtotal: Standpipes				2,616,204		1,221,388	32,720	1,254,108	1,362,096				
Less dispositions and exchanges:				0		0	0	0	-				
Net for: Standpipes				2,616,204		1,221,388	32,720	1,254,108	1,362,096				

Transporation Equipment													
No change; transporation equipment - 7 years.													
248	TRANSPORATIONA EQUIP	6/30/1987 M / HY	5,000	7,764	100,000	7,764	-	7,764	-				
254	STROBE LIGHT	7/13/1992 M / HY	5,000	2,322	100,000	2,322	-	2,322	-				
256	CRANE	7/17/1998 M / HY	5,000	400	100,000	400	-	400	-				
257	SKID LOADER	5/2/1999 M / HY	5,000	21,764	100,000	21,764	-	21,764	-				
259	BACKHOE	5/26/2006 SL / N/A	7,000	60,132	100,000	60,132	-	60,132	-				
260	TRAILER	8/31/2008 SL / N/A	10,000	3,850	100,000	3,850	-	3,850	-				
261	FORD F250	12/31/2009 SL / N/A	7,000	21,137	100,000	21,137	-	21,137	-				
295	2012 Ford 150	5/1/2012 M / HY	5,000	19,446	100,000	19,446	-	19,446	-				
307	Steve Truck 7671	12/20/2013 SL / N/A	7,000	13,976	100,000	13,975	1	13,976	-				
323	2017 Ford Truck 250	10/11/2016 SL / N/A	7,000	25,168	100,000	15,279	3,595	18,874	6,294				
Subtotal: Transporation Equipment				175,959		166,069	3,596	169,665	6,294				
Less dispositions and exchanges:				0		0	0	0	-				
Net for: Transporation Equipment				175,959		166,069	3,596	169,665	6,294				

Water Distribution Mains													
Transmission and Distribution Mains 75 years													
15	TRANS & DIS MAIN	6/1/1980 SL / N/A	75,000	833,266	100,000	632,990	5,890	638,880	194,386	50,000	41,000	34,000	200,276.00
16	POUNDS LANE	6/30/1990 SL / N/A	75,000	35,372	100,000	21,632	312	21,944	13,428	50,000	31,000	44,000	13,740.00
17	TAYLOR WOODS	6/30/1990 SL / N/A	75,000	249,618	100,000	152,679	2,203	154,882	94,736	50,000	31,000	44,000	96,939.00
18	WILLIAMS	11/30/1991 SL / N/A	75,000	243	100,000	145	2	147	96	50,000	30,000	45,000	98.00
19	DISTRIBUTION MAINS - FIELDS LANE	12/31/1991 SL / N/A	75,000	10,958	100,000	6,372	102	6,474	4,484	50,000	30,000	45,000	4,586.00
20	VEECHDALE/CLARK STATION	1/1/1992 SL / N/A	75,000	288	100,000	174	2	176	112	50,000	29,000	46,000	114.00
21	TAYLOR WOODS	4/1/1992 SL / N/A	75,000	2,483	100,000	1,438	23	1,461	1,022	50,000	29,000	46,000	1,045.00
22	WILLIAMS PROPERTY	4/21/1992 SL / N/A	75,000	679	100,000	398	6	404	275	50,000	29,000	46,000	281.00
23	KY 1848 ROLLING RIDGE	6/1/1992 SL / N/A	75,000	12,057	100,000	6,889	112	7,001	5,056	50,000	29,000	46,000	5,168.00
24	DEVONSHIRE SUBDIVISION	6/1/1992 SL / N/A	75,000	30,810	100,000	17,607	287	17,894	12,916	50,000	29,000	46,000	13,203.00
25	VARIOUS MAINS	6/1/1993 SL / N/A	75,000	261,701	100,000	144,371	2,496	146,867	114,834	50,000	28,000	47,000	117,330.00
26	VARIOUS MAINS	7/1/1994 SL / N/A	75,000	184,240	100,000	97,653	1,804	99,457	84,783	50,000	27,000	48,000	86,577.00
27	MAJESTIC OAKS	4/21/1995 SL / N/A	75,000	57,265	100,000	29,488	567	30,055	27,210	50,000	26,000	49,000	27,777.00
28	TODDS POINT	9/11/1995 SL / N/A	75,000	6,872	100,000	3,471	69	3,540	3,332	50,000	26,000	49,000	3,401.00
29	SANDERLIN FARM	10/24/1995 SL / N/A	75,000	19,100	100,000	9,646	193	9,839	9,261	50,000	26,000	49,000	9,454.00
30	FIELDS LANE	11/9/1995 SL / N/A	75,000	42,809	100,000	21,543	434	21,977	20,832	50,000	26,000	49,000	21,266.00
31	760 FT	12/8/1995 SL / N/A	75,000	28,321	100,000	14,197	288	14,485	13,836	50,000	26,000	49,000	14,124.00
32	COPPER COIN	2/1/1997 SL / N/A	75,000	12,577	100,000	6,027	128	6,155	6,422	50,000	24,000	51,000	6,550.00
33	OM JOHNSON	4/30/1997 SL / N/A	75,000	2,400	100,000	1,136	25	1,161	1,239	50,000	24,000	51,000	1,264.00
34	WALMART	4/30/1997 SL / N/A	75,000	109,294	100,000	51,916	1,125	53,041	56,253	50,000	24,000	51,000	57,378.00
35	PINE MEADOW	5/1/1997 SL / N/A	75,000	55,343	100,000	26,199	571	26,770	28,573	50,000	24,000	51,000	29,144.00
36	EAST BOUND REST AREA	7/1/1997 SL / N/A	75,000	326,875	100,000	153,643	3,397	157,040	169,835	50,000	24,000	51,000	173,232.00
37	NORFOLK SOUTHERN	7/1/1997 SL / N/A	75,000	245,695	100,000	115,479	2,553	118,032	127,663	50,000	24,000	51,000	130,216.00
38	TODD'S POINT	7/31/1997 SL / N/A	75,000	2,056	100,000	965	21	986	1,070	50,000	24,000	51,000	1,091.00
39	OVERBROOK BEND	9/1/1997 SL / N/A	75,000	35,884	100,000	16,753	375	17,128	18,756	50,000	24,000	51,000	19,131.00
40	LANDSPUR HILL	9/1/1997 SL / N/A	75,000	30,084	100,000	14,047	314	14,361	15,723	50,000	24,000	51,000	16,037.00
41	HUNTER'S POINT LOOP	11/30/1997 SL / N/A	75,000	5,517	100,000	2,553	58	2,611	2,906	50,000	24,000	51,000	2,964.00
42	VARIOUS MAINS	4/8/1998 SL / N/A	75,000	358,637	100,000	163,186	3,759	166,945	191,692	50,000	23,000	52,000	195,451.00
43	HWY 148	6/1/1998 SL / N/A	75,000	111,777	100,000	50,496	1,178	51,674	60,103	50,000	23,000	52,000	61,281.00
44	TODD'S POINT	6/1/1998 SL / N/A	75,000	9,400	100,000	4,246	99	4,345	5,055	50,000	23,000	52,000	5,154.00
45	HUNTER'S POINT LOOP	10/11/1998 SL / N/A	75,000	1,663	100,000	734	18	752	911	50,000	23,000	52,000	929.00

46	VARIOUS MAINS	7/1/1999 SL / N/A	75,000	679,406	100,000	292,142	7,307	299,449	379,957	50,000	22,000	53,000	387,264.00
47	VARIOUS MAINS	7/1/2000 SL / N/A	75,000	137,149	100,000	56,232	1,498	57,730	79,419	50,000	21,000	54,000	80,917.00
48	164	6/21/2001 SL / N/A	75,000	445,091	100,000	173,958	4,930	178,888	266,203	50,000	20,000	55,000	271,133.00
49	HUNTER'S POINT	7/1/2001 SL / N/A	75,000	2,929	100,000	1,144	32	1,176	1,753	50,000	20,000	55,000	1,785.00
50	BIREITENSTEN	7/31/2001 SL / N/A	75,000	52,785	100,000	20,545	586	21,131	31,654	50,000	20,000	55,000	32,240.00
51	METER APPLICATION	10/1/2001 No Calc / N/A	75,000	10,000	100,000	0	182	182	9,818	50,000	20,000	55,000	10,000.00
52	HICKORY HILLS	10/31/2001 SL / N/A	75,000	387,634	100,000	148,919	4,340	153,259	234,375	50,000	20,000	55,000	238,715.00
53	LOUISVILLE METER	11/26/2001 SL / N/A	75,000	128,483	100,000	49,148	1,442	50,590	77,893	50,000	20,000	55,000	79,335.00
54	VARIOUS MAINS	7/1/2002 SL / N/A	75,000	340,858	100,000	126,115	3,835	129,950	210,908	50,000	19,000	56,000	214,743.00
55	US 60	8/9/2002 SL / N/A	75,000	7,990	100,000	2,947	90	3,037	4,953	50,000	19,000	56,000	5,043.00
56	STATION POINT	4/30/2003 SL / N/A	75,000	127,313	100,000	45,193	1,441	46,634	80,679	50,000	18,000	57,000	82,120.00
57	LEMASTER LANE	5/16/2003 SL / N/A	75,000	47,073	100,000	16,624	534	17,158	29,915	50,000	18,000	57,000	30,449.00
58	HELSON	7/1/2003 SL / N/A	75,000	1,500	100,000	525	17	542	958	50,000	18,000	57,000	975.00
59	TODD STATION	12/17/2003 SL / N/A	75,000	102,239	100,000	35,108	1,178	36,286	65,953	50,000	18,000	57,000	67,131.00
60	VARIOUS MAINS	7/1/2004 SL / N/A	75,000	62,707	100,000	20,691	724	21,415	41,292	50,000	17,000	58,000	42,016.00
61	WINDHURST	5/20/2005 SL / N/A	75,000	34,269	100,000	10,982	395	11,377	22,892	50,000	16,000	59,000	23,287.00
62	LOWE'S	10/1/2005 SL / N/A	75,000	172,454	100,000	52,592	2,032	54,624	117,830	50,000	16,000	59,000	119,862.00
63	LINKS	10/3/2005 SL / N/A	75,000	19,110	100,000	5,992	222	6,214	12,896	50,000	16,000	59,000	13,118.00
64	HILL AND DALE	10/19/2005 SL / N/A	75,000	13,251	100,000	4,036	156	4,192	9,059	50,000	16,000	59,000	9,215.00
65	TODD'S POINT	12/8/2005 SL / N/A	75,000	47,884	100,000	14,625	564	15,189	32,695	50,000	16,000	59,000	33,259.00
66	ROBERT ELLIS	2/28/2006 SL / N/A	75,000	3,388	100,000	1,013	40	1,053	2,335	50,000	15,000	60,000	2,375.00
67	SIMPSONVILLE	5/18/2006 SL / N/A	75,000	52,915	100,000	15,839	618	16,457	36,458	50,000	15,000	60,000	37,076.00
68	KINGBROOK	7/20/2007 SL / N/A	75,000	158,274	100,000	42,738	1,894	44,632	113,642	50,000	14,000	61,000	115,536.00
69	CARDINAL OAKS	10/4/2007 SL / N/A	75,000	41,995	100,000	11,130	506	11,636	30,359	50,000	14,000	61,000	30,865.00
70	SHELBY COUNTY SCHOOLS	1/1/2009 SL / N/A	75,000	113,174	100,000	27,156	1,365	28,521	84,653	50,000	12,000	63,000	86,018.00
71	SHELBY CO. SCHOOL	7/15/2009 SL / N/A	75,000	130,735	100,000	30,073	1,598	31,671	99,064	50,000	12,000	63,000	100,662.00
72	MONTCLAIR	10/26/2010 SL / FM	75,000	232,400	100,000	47,642	2,887	50,529	181,871	50,000	11,000	64,000	184,758.00
73	DISTRIBUTION MAIN US 60	11/30/2010 SL / FM	75,000	765,385	100,000	155,631	9,527	165,158	600,227	50,000	11,000	64,000	609,754.00
293	WATER LINE PROJECT COMPLETE - US 60	12/31/2011 SL / N/A	75,000	69,232	100,000	12,465	873	13,338	55,894	50,000	10,000	65,000	56,767.00
301	Notting Hills Pump Station	12/31/2012 SYD / N/A	75,000	501,634	100,000	147,540	5,365	152,905	348,729	50,000	9,000	66,000	354,094.00
330	Water Distribution Mains Adjustment 2016	12/31/2016 SL / N/A	75,000	185,800	100,000	14,864	2,442	17,306	168,494	50,000	5,000	70,000	170,936.00
333	Hampton Inn Water Main Extension	11/30/2017 SL / N/A	75,000	18,918	100,000	1,166	250	1,416	17,502	50,000	4,000	71,000	17,752.00
334	Windhurst Estates Water Main Extension	8/31/2017 SL / N/A	75,000	66,201	100,000	4,413	870	5,283	60,918	50,000	4,000	71,000	61,788.00
338	US 60 Waterline Relocation	10/25/2018 SL / N/A	75,000	232,624	100,000	2,325	3,199	5,524	227,100	50,000	3,000	72,000	230,299.00
339	Catalpa Green Extension Project	11/30/2018 SL / N/A	75,000	66,350	100,000	2,765	883	3,648	62,702	50,000	3,000	72,000	63,585.00
9	Main & Third Project	12/31/2019 SL / N/A	75,000	100,566	100,000	2,011	1,350	3,361	97,205	50,000	2,000	73,000	98,555.00
10	Fairway Project	12/31/2019 SL / N/A	75,000	51,383	100,000	1,028	690	1,718	49,665	50,000	2,000	73,000	50,355.00
11	Varios Mains	12/31/2019 SL / N/A	75,000	8,272	100,000	165	111	276	7,996	50,000	2,000	73,000	8,107.00
12	Villas Project	12/31/2019 SL / N/A	75,000	152,480	100,000	3,050	2,047	5,097	147,383	50,000	2,000	73,000	149,430.00
13	Arm Crossing Proect	12/31/2020 SL / N/A	75,000	200,000	100,000		2,667		200,000	50,000	0,000	75,000	200,000.00

Subtotal: Water Distribution Mains	9,055,135	3,368,605	99,103	3,465,041	-
Less dispositions and exchanges:	0	0	0	0	-
Net for: Water Distribution Mains	9,055,135	3,368,605	99,103	3,465,041	5,590,094

Water Treatment Equipment

No changes; equipment - 25 years

14	WATER TREATMENT EQUIPMENT	6/1/1980 SL / N/A	25,000	7,548	100,000	7,548	-	7,548	-	-	-	-	-
Subtotal: Water Treatment Equipment	7,548	7,548	0	7,548	-								
Less dispositions and exchanges:	0	0	0	0	-								
Net for: Water Treatment Equipment	7,548	7,548	0	7,548	-								

Subtotal:	16,568,504	7,068,275	210,079	7,275,687	9,292,817
Less dispositions and exchanges:	0	0	0	0	-
Grand Totals:	16,568,504	7,068,275	210,079	7,275,687	9,292,817

Total below to summaries above: Total cost above: Beg. Acc. Dep Dep. Expense Ending Acc Dep. End Book Value

Transmission and Distribution Plant

LAND AND LAND RIGHTS	227,248				227,248	(227,248)	
STANDPIPES	2,616,204	1,221,388	32,720	1,254,108	1,362,096	(140,708)	
WATER TREATMENT EQUIPMENT	7,548	7,548	-	7,548	0	7,548	
WATER DISTRIBUTION MAINS	9,055,135	3,368,605	99,103	3,465,041	5,590,094	(2,221,489)	
SERVICES	204,722	140,938	1,523	142,461	62,261	78,677	
METERS AND INSTALLATION	737,732	195,558	12,856	208,414	529,318	(333,760)	
HYDRANTS - NEW	353,421	171,034	4,809	175,843	177,578	(6,544)	
PUMPING STATION EQUIPMENT	1,951,740	1,504,589	30,132	1,534,721	417,019	1,087,570	
OTHER PLANT EQUIPMENT	19,887	19,060	827	19,887	0	19,060	
Total Transmission and Disbuution Plant:	15,173,637	6,628,720	181,970	-	6,808,023	8,365,614	(1,736,894)

General Plant

LAND AND BUILDINGS	953,069	56,451	22,688	79,139	873,930	(817,479)
COMMUNICATION EQUIPMENT	16,806	10,494	280	10,774	6,032	4,462
OFFICE FURNITURE & EQUIPMENT	142,035	113,328	1,196	114,524	27,511	85,817

TRANSPORTATION EQUIPMENT	175,959	166,070	3,596	169,665	6,294	159,776
SHOP EQUIPMENT	106,625	92,840	348	93,188	13,437	79,403
LABORATORY EQUIPMENT	373	373	-	373	-	373
Total General Plant	<u>1,394,867</u>	<u>439,556</u>	<u>28,109</u>	<u>467,664</u>	<u>927,203</u>	<u>(487,647)</u>
Total Fixed Assets:	16,568,504	-	7,068,276	210,079	-	7,275,687
Traced to above.					-	9,292,817
						(2,224,541)

Monthly Entry June - December 2021			
To record depreciation.			
8520	DEPRECIATION-TRANS & DIST	\$	15,165
8540	DEPRECIATION-GENERAL PLANT	\$	2,343
1590	ACCUMULATED DEPRECIATION	\$	2,343
1400	ACCUMULATED DEPRECIATION	\$	15,165
Total		\$	17,508
			\$ 17,508

To correctly record depreciation thru May 31`			
8520	DEPRECIATION-TRANS & DIST	\$	- \$ 139,080
8540	DEPRECIATION-GENERAL PLANT	\$	92
1590	ACCUMULATED DEPRECIATION	\$	92
1400	ACCUMULATED DEPRECIATION	\$	139,080
Total		\$	139,172
			\$ 139,172

ATTACHMENT 8A

TRANSCRIPT OF PROCEEDINGS

**WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS,
SERIES 2000**

DATED JANUARY 11, 2001

IN THE AMOUNT OF \$835,000

TRANSCRIPT OF PROCEEDINGS INDEX

**WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS,
SERIES 2000,**

**DATED JANUARY 11, 2001
IN THE AMOUNT OF \$835,000**

PRE-FINANCING PROCEEDINGS

A. Creation of West Shelby Water District

1. Order Creating West Shelby Water District.
2. Opinion on Due Incorporation and Continued Existence of District.

B. Employment Agreements

3. Engineering employment requirements:
 - (a) Agreement for Engineering Services.
 - (b) Opinion as to Legal Sufficiency of Engineers' Contract.
4. Attorneys' employment requirements:
 - (a) Legal Services Agreement of Bond Counsel.
 - (b) Legal Services Agreement of Local Counsel.
 - (c) Minutes and Order of the District approving Legal Services Agreements.

C. Rural Development Conditions and Interim Financing

5. RD Letter of Conditions.
6. Letter of Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, as to Commitment for Interim Financing.

D. Construction Documentation

7. Final Engineering Report.
8. Letters of Engineers and/or Department for Natural Resources and Environmental Protection as to the following:
 - (a) Approving plans and specifications.
 - (b) That the waterworks system will not excessively pollute the water of the State.
9. Construction Bids and Awards:
 - (a) Affidavit of Publication of Advertisement.
 - (b) Opinion of Counsel Relative to Advertising for Construction Bids, Award of Contracts and Execution Thereof.

E. Public Service Commission Documentation

10. Public Service Commission:
 - (a) Application for Approval.
 - (b) Order granting Certificate of Public Convenience and Necessity.

F. Outstanding Bonds

11. Proceedings authorizing previous bonds and legal opinion as to same, where applicable.

PROCEEDINGS AUTHORIZING BONDS

12. Minutes of Meetings of the Board of Commissioners of the West Shelby Water District, held on December 8, 1999 and January 5, 2000, authorizing the Bonds.
13. Bond Resolution.
14. Rules and Regulations.
15. Rate Tariff.
16. Notice of Bond Sale.
17. Official Notice of Sale of Bonds.

18. Bid Form.
19. Affidavits of Publication of Notice of Bond Sale.
20. Bid of RD.
21. Resolution accepting successful bid of the RD for the purchase of the Bonds.
22. Letter of State Local Debt Officer of Kentucky as to compliance with KRS 66.045.
23. Operation and Maintenance Plan.

PRE-CLOSING PROCEEDINGS

A. District Certifications

24. Certificate of Secretary as to Distribution System Operator.
25. Certificate as to Number of Users.
26. Certificate as to Official Seal, Incumbency and Signature Identification.
27. Certificate of No Litigation and of Outstanding Bond Issues.

B. Engineer Certifications

28. Certificate of Engineers (For Purpose of Pre-Closing).

C. Rural Development Certifications and Forms

29. Certificate of Bondowner as to Issuance of the West Shelby Water District Waterworks Revenue Bonds, Series 2000 Ranking on a Parity with Other Bonds of the District.
30. Certificate of Rural Development Manager.
31. Certificate of RD as to Insurance and Bonding.
32. RD Forms as follows:
 - (a) 400-1, Equal Opportunity Agreement.
 - (b) 400-3, Notice to Contractors and Applicant.
 - (c) 400-4, Assurance Agreement.

- (d) 400-8, Compliance Review.
- (e) 427-9, Preliminary Title Opinion.
- (f) 442-7, Operating Budget.
- (g) 442-21, Right of Way Certificate.
- (h) 442-22, Opinion of Counsel Relative to Rights of Way.
- (i) 1910-11, Applicant Certification Federal Collection Policies for Consumer or Commercial Debts.
- (j) 1940-1, Request for Obligation of Funds.
- (k) 1942-47, Loan Resolution.
- (l) AD-1047, Certification Regarding Debarment, Suspension and other Responsibility Matters - Primary Covered Transaction.

D. Miscellaneous Documentation

- 33. Evidence of the following:
 - (a) Execution of Fidelity Bonds of Treasurer.
 - (b) Signing of color-coded map.

E. Interim Financing

- 34. Loan Agreement by and between the Kentucky Rural Water Finance Corporation and District.
- 35. Resolution of District Approving Loan Agreement.
- 36. Bond Anticipation Note Specimen.
- 37. Opinion of Local Counsel.
- 38. Opinion of Bond Counsel.
- 39. Letter of RD as to Commitment to Purchase Bonds.

F. Pre-Closing Documentation

- 40. Memo as to Pre-Closing.
- 41. Title Opinion as of Pre-Closing.
- 42. List of Signatures of Persons Attending Pre-Closing.

CLOSING

A. District Certifications

43. Certificate as to Official Seal, Incumbency and Signature Identification.
44. Certificate of Execution, No Litigation and Outstanding Bond Issues.
45. Arbitrage Certificate.
46. Certificate of Receipt of Bond Proceeds and Bond Delivery.
47. Certificate of Chairman as to Receipt of Grant Proceeds and as to Balance Available.

B. Engineer Certifications

48. Certificate of Engineers.

C. Miscellaneous Documentation

49. Certificate of RD as to Insurance and Bonding.
50. Letters of Attorneys, Engineers and Contractors as to payments being made to date according to contracts and amounts stipulated.
51. Letter of Kirkpatrick Pettis, Lexington, Kentucky as to amount owed at time of closing, with receipt for amount paid at time of closing.

D. Opinions

52. Final Title Opinion.
53. Legal Opinion of Bond Counsel.

E. Closing Documentation and Bond Specimen

54. Bond Specimen and Certificate as to printing of Bond in accordance with RD requirements.
55. Compliance with and Signing of RD closing instructions.
56. Memo as to Closing.

57. Internal Revenue Service Form 8038-G.
58. List of Signatures of Persons Attending Closing.

CLOSING - JANUARY 11, 2000

RE: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000

SIGNATURE

FIRM/COMPANY

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

W. Donald Jones

Ralph Lamm Chairman WSWD

John Frazer, Secy. WSWD

Bob McDowell Treasurer WSWD

Walter A. Brongersma Brongersma & Assoc.

Steve Eden WSWD

Wanda H. Lane W.S.W.D.

Beth Lytle Rural Development

Tom J. Jnr Rural Development

D. D. Prater Local attorney, WSWD

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: Use Form 8038-GC if the issue price is under \$100,000.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name West Shelby Water District	2 Issuer's employer identification number 61 1049136		
3 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 26	Room/suite	4 Report number G 2001- 1	
5 City, town, or post office, State, and ZIP code Simpsonville, Kentucky 40067		6 Date of issue January 11, 2001	
7 Name of issue West Shelby Water District Waterworks Revenue Bonds, Series 2000		8 CUSIP number None	
9 Name and title of officer or legal representative whom the IRS may call for more information Ms. Wanda Land, Manager		10 Telephone number of officer or legal representative (502) 722-8944	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input checked="" type="checkbox"/> Utilities	17 835,000
18 <input type="checkbox"/> Other. Describe ►	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III 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 January 1, 2039	\$ 835,000	\$ 835,000	24.37 years	5.00 %

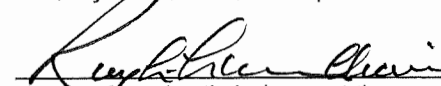
Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22 Proceeds used for accrued interest	22			
23 Issue price of entire issue (enter amount from line 21, column (b))	23		835,000	
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	13,000		
25 Proceeds used for credit enhancement	25			
26 Proceeds allocated to reasonably required reserve or replacement fund	26			
27 Proceeds used to currently refund prior issues	27			
28 Proceeds used to advance refund prior issues	28			
29 Total (add lines 24 through 28)	29		13,000	
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30		822,000	

Part V 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	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called	_____
34 Enter the date(s) the refunded bonds were issued	_____

Part VI Miscellaneous	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a
b Enter the final maturity date of the guaranteed investment contract	_____
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer _____ and the date of the issue _____	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

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

 **January 11, 2001** **Ray Larmee, Chairman**
 Signature of issuer's authorized representative Date Type or print name and title



MEMO AS TO CLOSING

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

1. The closing took place on January 11, 2001, at 10:30 A.M., E.S.T., at the District's office in Simpsonville, Kentucky, and each person present signed the List of Signatures.

2. Bond Counsel and the Rural Development (the "RD") District Director satisfied themselves that all of the requirements of the RD Letter of Conditions, dated February 23, 1999, had previously been met or were being met at the time of the closing.

3. The letter of closing instructions of the Regional Attorney, dated October 14, 1999, was checked, signed on page 3 by Local Counsel, Bond Counsel and the RD representative, and placed in the Transcript.

4. All matters relating to the necessary easements and Deeds had been resolved, and all such easements and Deeds had been obtained.

5. All necessary approvals of State agencies had been obtained and had been placed in the Transcript.

6. A letter had been obtained from the Engineers to the effect that no railroad easements or stream crossings were necessary in the construction of the project and such letter had been placed in the Transcript.

7. County road easements and all other necessary Highway Easements and Permits had been obtained, and evidence thereof was placed in the Transcript.

8. An Operating and Management Plan had been approved by the RD and executed by the District officials, and a copy had been obtained and placed in the Transcript.

9. The RD Manager had executed a Certificate at the pre-closing, verifying the number of existing waterworks users, the number of new users, and the deposit of connection fees paid by such new users, into certain funds of the District, and the Certificate had been placed in the Transcript.

10. Signed copies of certain RD Forms, as follows, had been obtained at the pre-closing and placed in the Transcript:

- (a) 400-1, Equal Opportunity Agreement.
- (b) 400-3, Notice to Contractors and Applicants.
- (c) 400-4, Assurance Agreement.
- (d) 400-8, Compliance Review.
- (e) 427-9, Preliminary Title Opinion as to each site.
- (f) 442-7, Operating Budget.
- (g) 442-21, Right-of-Way Certificate.
- (h) 442-22, Opinion of Counsel Relative to Rights-of-Way.
- (i) 1940-1, Request for Obligation of Funds.
- (j) 1942-31, Grant Agreement.
- (k) 1942-47, Loan Resolution.

To the extent that any of such RD Forms had been brought up to date, copies were obtained and placed in the Transcript.

11. The color-coded map had been signed by the Chairman, the Engineer and Local Counsel, and a copy of the relevant portion had been obtained and placed in the Transcript.

12. The fidelity bond of the Treasurer in the amount of \$135,000 had been obtained as required by the RD Letter of Conditions and by the Bond Resolution, a copy had been examined, and evidence thereof was placed in the Transcript.

13. All necessary renewal insurance on the Project, including real property insurance on above-ground structures, liability and Worker's Compensation had been obtained, and such policies were examined, and evidence thereof was placed in the Transcript.

14. Bond Counsel's list of closing requirements, the Transcript Index, was checked, and it was found that all such requirements had been or were being complied with.

15. The Bond had been dated January 11, 2001, on the front, in the panel and opposite the registration form, and was signed by the Chairman of the District and by the Secretary, who affixed the District Seal to the Bond and also signed the registration form, after which the Legal Opinion on the Bond was signed by Bond Counsel.

16. The Bond was delivered to the RD in exchange for payment.

17. A statement was obtained from the Engineers showing the final total cost of the project, the funds available from the proceeds of the Bonds, the amount expended to date, the amounts due and owing to the Engineers, Attorneys, Contractors and others, as of the closing date, and other information necessary to show the adequacy of the available funds to pay all of the necessary costs of the Project, and said statement was placed in the Transcript.

18. The following closing papers, prepared by Bond Counsel and dated January 11, 2001, were properly executed and placed in the Transcript:

- (a) Certificate as to Official Seal, Incumbency and Signature Identification.
- (b) Certificate of Execution, No Litigation and Outstanding Bond Issues.
- (c) Arbitrage Certificate.
- (d) Certificate of Receipt of Bond Proceeds and Bond Delivery.
- (e) Certificate of Chairman as to Receipt of Grant Proceeds and as to Balance Available.
- (f) Certificate of Engineers.
- (g) Certificate of RD as to Insurance and Bonding.
- (h) Letters of Contractors, Engineers, Local Counsel and Bond Counsel as to payments being made to date according to Contracts and amounts stipulated.
- (i) Letter of Kirkpatrick Pettis, Lexington, Kentucky, acknowledging payment in full of all interim financing, including interest.
- (j) Final Title Opinion.
- (k) Legal Opinion of Bond Counsel.
- (l) Letter of RD Regional Attorney, signed by all parties.
- (m) Signature Sheet.

19. The closing was considered completed.



United States
Department of
Agriculture

Office of
General
Counsel

Suite 57
1718 Peachtree Road
Atlanta, Georgia 30309
(404) 347-1060: FAX 347-1065

October 14, 1999

Thomas G. Fern
State Director
Rural Development
Lexington, Kentucky

Dear Mr. Fern:

SUBJECT: West Shelby Water District
Shelby County, Kentucky
RUS Loan - \$835,000.00

These closing instructions are issued in response to your transmittal memorandum of October 4, 1999.

The purpose of this project is for the construction of a 750,000 gallon storage tank and the renovation of an existing booster pump station to benefit the existing customers and one new industrial user. The project will also include the construction of approximately 15,500 L.F. of 12" and 16" transmission lines to increase the water supply throughout the entire system.

The submitted docket contains a certification for the West Shelby Water District's (hereinafter District) attorney stating that the District is a legal entity which has maintained continued existence. As reflected in the proposed Bond Transcript of Proceedings Index, a copy of the order creating the District will be included in the Bond Transcript.

The loan indebtedness is to be evidenced by West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000 which are secured by and are payable from a pledge of a fixed portion of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal of the Prior Bonds and the Current Bonds as the same become due.

The District has retained local counsel Donald Prather of Shelbyville, Kentucky and bond counsel W. Randall Jones of Rubin and Hays in Louisville, Kentucky, to provide all legal assistance in the issuance of the above referenced bonds. Unless agreed to

the contrary by said legal counsel, the responsibility for preparation of the bond transcript will be that of bond counsel and all other documentation and requirements of these instructions will be that of local counsel.

The submitted proposed bond ordinance, as prepared by bond counsel, is of standard form and reflects the conditions set out above. The terms and amounts within the bond ordinance are to be administratively approved. Upon such approval, bond counsel may proceed with adoption of the ordinance as he deems appropriate.

The bond transcript is to be prepared in accordance with the requirements of FmHA Instructions 1942.19, and in conjunction therewith, contain the applicable items of the suggested index as prepared by bond counsel.

The following points are noted:

A. The interest rate of 5.00% in accordance with 7 U.S.C. §§ 1927 and 1927a, as amended.

B. The loan is to be issued in accordance with FmHA Instruction 1942-A and, in particular, § 1942.19.

C. The submitted Loan Resolution, Form FmHA 1942-47, dated March 10, 1999, providing for a \$835,000.00 loan, has been properly prepared and executed.

D. The submitted Equal Opportunity Agreement, Form FmHA 400-1, and Assurance Agreement, Form FmHA 400-4, both dated March 10, 1999, have been properly prepared and executed.

E. Pending the issuance of the incumbency certificate at closing, the docket is to contain a certified list of the commissioners of the District showing their respective offices and terms.

F. The submitted Water Purchase Contract was entered into by the Louisville Water Company and the West Shelby Water District on February 16, 1998. The contract was amended on July 28, 1998. The agency must verify that the contract will extend for the period of the loan.

A second water purchase contract was submitted between Shelbyville Municipal Water and Sewer Commission and West Shelby Water District which was entered into on January 31, 1966 and amended on January 13, 1976, July 12, 1977, and October 13, 1987. Presently, the amended water purchase contract is scheduled to run until January 1, 2017. The agency should address the short term nature of this contract. If the water supply is still required to supply the District's area, then the contract should be extended to run for a period of time equivalent to the life of the loan.

G. The docket and transcript are to contain copies of the certificate of convenience and necessity from the Public Service Commission in accordance with the provisions of KRS 278.020.

H. The docket and transcript are to contain copies of the resolution and, if applicable, amendments thereto establishing the rates, rules and regulations of the system which have been approved administratively. Said rates are to be in accord with statutory requirements of the Public Service Commission as set out at KRS 278.030 and KRS 278.160 through KRS 278.190. The rates are to be published pursuant to KRS 424.270.

I. Title evidence has been submitted in the form of two preliminary title opinions describing property vested in the District.

1) Should any additional real property be acquired, the docket is to contain title evidence thereon.

2) The docket and bond transcript are to contain a final title opinion inclusive of the date of closing as any property subsequently obtained. As bonds are being issued, such opinion is not to be prepared on Form FmHA 427-10, Final Title Opinion, as it is inappropriate.

J. The submitted Right-of-Way Certificate, Form FmHA 442-21, and Opinion of Counsel Relative to Rights-of-Way, Form FmHA 442-22, are to be discarded, and new

forms are to be executed as of the date of closing.

All forms and documents to be executed on behalf of the District are to be signed by the chairman and attested by the secretary with the District seal affixed thereto. Please have each officer indicate his respective office under his signature.

All applicable requirements of FmHA Instructions 1942-A, the requirements of the national office and any other conditions must be complied with prior to or at the time of closing the loan.

The certificate below must be executed by the USDA closing officer and the attorney for the District after all requirements herein have been met.

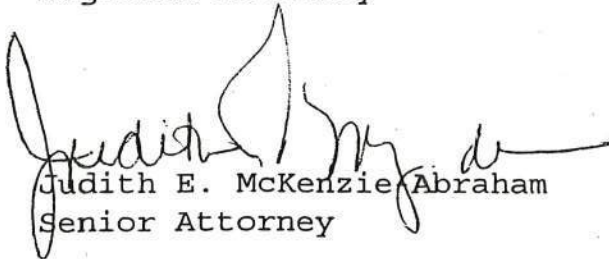
For final approval, there are to be submitted to this office, after having been reviewed by the state office, the following:

1. Certified copies of resolution and any amendments as to rates, rules and regulations.
2. Preliminary and final title opinions, as appropriate.
3. Right-of-Way Certificate and Opinion of Counsel Relative to Rights-of-Way, Forms FmHA 442-21 and 442-22.
4. Bond transcript.
5. Copy of the Water Purchase Contract and any Amendments thereto.

6. Certified closing instructions.

Sincerely yours,

DONALD R. KRONENBERGER, JR.
Regional Attorney



Judith E. McKenzie Abraham
Senior Attorney

Enclosures

cc: W. Randall Jones, Esq.

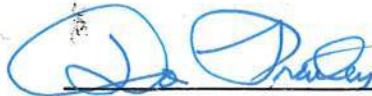
JEMA/

CERTIFICATE

We certify that all requirements of these instructions have been met.

Date:

1/11/01



Attorney for the District

Date:

1/11/2001



USDA

Date:

1-11-2001



Bond Attorney for the District

SAM A. BLYTHE, PRESIDENT
DAVID R. BLYTHE, VICE PRESIDENT

TELEPHONE
502-585-4616

FAX
502-585-1236

WESTERFIELD-BONTE CO.
INCORPORATED

Specialty Printers for the Legal Profession

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COMMERCIAL PRINTING
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MAILING ADDRESS
P. O. Box 3251
LOUISVILLE, KY. 40201

January 9, 2001

U.S. Department of Agriculture
Rural Development Administration
771 Corporate Drive, Suite 200
Lexington, KY 40503

CERTIFICATE OF PRINTING

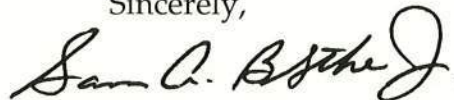
**RE: West Shelby Water District Waterworks Revenue Bonds, Series 2000,
in the amount of \$835,000. Nine (9) Bonds, all numbered R-1 and
printed on green borders.**

This certifies that the above mentioned Bonds have been prepared and printed by Westerfield-Bonte Co., and that all work on these Bonds has been executed entirely on the premises of Westerfield-Bonte Co.

This issue was printed in full compliance with requirements of the U.S. Department of Agriculture.

This also certifies that only the amount of Bonds shown above has been printed and delivered as instructed.

Sincerely,



Sam A. Blythe, Jr.
President
Westerfield-Bonte Co.

Job #80179
January 9, 2001
SAB/rg

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF SHELBY

REGISTERED

**NUMBER
R-1**

**WEST SHELBY WATER DISTRICT
WATERWORKS REVENUE BOND, SERIES 2000
INTEREST RATE: 5.00%**

KNOW ALL MEN BY THESE PRESENTS: That the West Shelby Water District (the "District"), acting by and through its Board of Commissioners (the "Commissioners"), has received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, registered assigns, solely from the fund hereinafter identified, the sum of

EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$835,000)

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

Payment Due January 1,	Principal Payment	Payment Due January 1,	Principal Payment	Payment Due January 1,	Principal Payment
2002	\$ 8,000	2015	\$15,000	2028	\$28,000
2003	8,000	2016	15,000	2029	29,000
2004	9,000	2017	16,000	2030	30,000
2005	9,000	2018	17,000	2031	32,000
2006	9,000	2019	18,000	2032	33,000
2007	10,000	2020	19,000	2033	35,000
2008	10,000	2021	19,000	2034	37,000
2009	11,000	2022	21,000	2035	39,000
2010	11,000	2023	21,000	2036	41,000
2011	12,000	2024	23,000	2037	43,000
2012	13,000	2025	24,000	2038	45,000
2013	13,000	2026	25,000	2039	47,000
2014	14,000	2027	26,000		

and interest being payable, without deduction, to the United States of America, at the address of the Registrar.

This Bond is issued by the District under the authority of the Commonwealth of Kentucky, including Chapter 100, Act of 1992 (the "Act"), and pursuant to a duly adopted Board Resolution (the "Resolution"), to which Current Board Resolution No. 2000-01, in the extent of the security thereby created, the rights, obligations and duties of the District (said existing waterworks system and the rights, obligations and duties of the District, does not extend to the construction of extensions, hereinafter referred to as the "System").

[FURTHER PROVISIONS OF THIS BOND]

It is hereby certified, recited and declared that the provisions of this Bond be performed precedent to and in the issuance of this Bond, in due time, form and manner as required by the provisions of the District, does not extend to the obligations of the District, does not extend to the Commonwealth of Kentucky.

IN WITNESS WHEREOF said West Shelby Water District has caused this Bond to be executed by its Chairman and Secretary, on the date of this Bond, which is

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal

WEST SH
Shelby Co

Attest: _____
Secretary

By: _____



Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

PARALEGAL
MARY M. EMBRY

January 11, 2000

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000

We have acted as Bond Counsel in connection with the issuance by the West Shelby Water District of Shelby County, Kentucky (the "District") of \$835,000 of its West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts falling due on January 1 in each of the respective years, 2002 through 2039, inclusive.

Said Current Bonds are issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the executed single, fully registered bond, numbered R-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and rank on a parity as to security and source of payment with the outstanding (i) West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Series 1967 Bonds"), authorized by a Resolution adopted by the District on September 1, 1966 (the "1967 Bond Resolution"); (ii) West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Series 1978 Bonds"), authorized by a Resolution adopted by the District on October 17, 1977 (the "1978 Bond Resolution"); and (iii) West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Series 1989 Bonds"), authorized by a Resolution adopted by the District on January 8, 1990 (the "1989 Bond Resolution"); [hereinafter the Series 1967 Bonds, the Series 1978 Bonds and the Series 1989 Bonds shall be collectively referred to as the "Prior Bonds" and the 1967 Bond Resolution, the 1978 Bond Resolution and the 1989 Bond Resolution shall be collectively

or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
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PARALEGAL
MARY M. EMBRY

January 11, 2000

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000

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Said Current Bonds are issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the executed single, fully registered bond, numbered R-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

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referred to as the "Prior Bond Resolution"] and that the Current Bonds and the Prior Bonds are secured by and are payable from a pledge of a fixed portion of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal of the Prior Bonds and the Current Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Prior Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the Prior Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986 (the "Code"), including a covenant to comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 103 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individuals or corporations) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10) the principal of the Current Bonds is exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore

or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

FINAL TITLE OPINION
AS TO WATERWORKS PROJECT

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

We, MATHIS, RIGGS & PRATHER, P.S.C., Attorneys at Law, Shelbyville, Kentucky, representing the West Shelby Water District of Shelby County, Kentucky (the "District"), certify:

1. That we have investigated and ascertained the location of the various sites of major structures and installations to be constructed in connection with certain proposed extensions, additions and improvements (the "Project") to the existing waterworks system of the District (the "System"), together with all rights-of-way and easements necessary in connection with the construction of the Project and in connection with the continued ownership and operation of the System.

2. That we have examined the records of the ownership of said sites and we are of the opinion that said District now owns fee simple title to all of said sites and that said title is free and clear of all liens and encumbrances which might adversely affect the right of the District to the use of the same in operation of the System, subject to the encumbrances referred to in Paragraph 12 hereof.

3. That we have further examined the right-of-way instruments, permits and/or licenses obtained from landowners, public bodies and public utilities.

4. That we have taken cognizance of the fact that the District possesses the power of eminent domain which would enable it to perfect title to any pertinent easements and/or rights-of-way as to which its title might be defective, and that the cost of perfecting any such title is considered to be negligible in view of the fact that in virtually every instance the easement or right-of-way improves, rather than damages, the value of the property, by reason of bringing the System to such property; and accordingly, if and to any possible extent that the District does not have adequate title to such easements and/or rights-of-way for the purpose desired, the District can, in our opinion, obtain such easements and/or rights-of-way, either through negotiation or through the exercise of the power of eminent domain, without exceeding the funds available.

5. That we have examined the instruments creating the aforesaid easements and/or rights-of-way and that it is our opinion that said instruments are valid as to form and substance for the purpose intended, although we have not examined the title records as to each of such easements and/or rights-of-way and express only a limited opinion as to the title thereto, based on such limited examination as set out herein.

6. That based on and subject to the foregoing, we are of the opinion that the District now owns the necessary permanent rights-of-way and easements for ingress to and egress from the aforesaid sites and the necessary permanent rights-of-way and/or easements for water lines to and

from said sites, connecting with the water mains and lines extending throughout the System, and that the District has sufficient legal title and interest in said sites, rights-of-way and easements to permit the construction of the necessary waterworks facilities thereon as heretofore completed and/or as now contemplated and to permit the operation and maintenance of such facilities thereon during the estimated life of such facility or facilities by the District after the completion of construction.

7. That the District has acquired the necessary permits, franchises and authorizations or other instruments by whatsoever name designated, from public utilities and public bodies, commissions or agencies, authorizing the construction, operation and maintenance of the facilities upon or across streets, roads, highways, railroads and public utilities, whenever and wherever the same are affected.

8. That a right-of-way map, as furnished by the District, shows the location and distribution of all land and rights-of-way acquired by the District and/or necessary to be acquired by the District in connection with the Project. Attention is called to certified copies of all deeds for said rights-of-way and easements over adjacent properties, for the purpose of ingress to and egress from said site locations; also the necessary permits from the Department of Highways of the Commonwealth of Kentucky and from Shelby County, Kentucky, insofar as the same affect the roads, streets, highways and other properties belonging to them. These exhibits were furnished with a preliminary certificate and opinion (RD Form 442-22) in connection with the financing of the Project.

9. That in that connection, we have conferred with Warner A. Broughman III and Associates, the Engineers employed by the District in connection with the Project, concerning the lines set out in said map and concerning the sites necessary, according to said Engineers, for the construction of the Project; that we have satisfied ourselves that we are thoroughly familiar with the lines and sites required by said map and by the Engineers for the construction of said Project, and that subject to possible exceptions as to title, referred to in Paragraph 2 hereof, we are satisfied that the District has obtained deeds of easements and/or rights-of-way and/or sites required by the District, as set out in said map, and according to information furnished to us by the Engineers, as being necessary for the construction of said Project. We have also discussed with the Engineers the need for being furnished prompt and accurate information as to the legal descriptions of any and all easements, rights-of-way and/or sites, as may be required in connection with any approved change-orders with reference to the Project which may be issued during the course of construction.

10. That the estate and interest of the District in such sites, easements and rights-of-way are legal and valid, and that all deeds, conveyances and documents pertaining to or evidencing ownership or other rights in any interests in land which will or may be utilized by or for the Project or which may be required in connection therewith have been duly recorded as required by law in the office of the Shelby County Clerk in Shelbyville, Kentucky.

11. That we have examined the various records of Shelby County, and other pertinent proceedings, documents and showings and have consulted with officials of the District concerning the title of the District to its existing waterworks System; and that it is a matter of common

knowledge and in no way controverted by such records that the District is the owner of its existing waterworks System.

12. That the title of the District to all of the sites, rights-of-way and/or easements referred to herein and to the existing System is encumbered by a lien on and an exclusive pledge of the revenues of the System, for the benefit of the owners of the outstanding bonds of an authorized issue of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Current Bonds"), which lien and pledge were created or made by the District as security for the issuance of said Current Bonds. Said Current Bonds rank on a parity as to security and source of payment with certain outstanding Bonds of the District, as follows:

- (a) West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Series 1967 Bonds");
- (b) West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Series 1978 Bonds");
- (c) West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Series 1989 Bonds");

and said title of the District is subject to no other encumbrances of record.


13. That there are no taxes or assessments now delinquent or becoming delinquent relative to or affecting any sites, easements and/or rights-of-way pertaining to the System.

14. That the Project has been and is being constructed in a manner which is consistent with the comprehensive area water and sewer plan, is in compliance with all applicable zoning laws, and is not inconsistent with any development plans of the Commonwealth of Kentucky, Shelby County, or any multi-jurisdictional area in which the District is located.

15. That no controversy or litigation is pending, prayed or threatened, involving the creation, organization, existence or boundaries of the District, or the title of any of its officers to their respective positions, or the validity of the Current Bonds, as issued, or the power and authority of the District to construct the Project, to own and operate the System as a revenue-producing undertaking, and to provide and apply adequate revenues therefrom for the full and prompt payment of the principal of and interest on the Series 1967 Bonds, the Series 1978 Bonds, the Series 1989 Bonds and the Current Bonds and that none of the proceedings or authority for the issuance of the Current Bonds has been repealed, revoked, rescinded, modified, changed or altered in any manner.

IN TESTIMONY WHEREOF, witness our signatures this January 11, 2001.

MATHIS, RIGGS & PRATHER, P.S.C.
Attorneys at Law
Shelbyville, Kentucky

By  _____



KIRKPATRICK PETTIS

A Mutual of Omaha Company

Investments Since 1925

January 3, 2001

Mr. Terry Loper
USDA - Rural Development
1900 Midland Trail
Shelbyville, Kentucky 40065-9113

RE: West Shelby Water District, Kentucky Rural Water Finance Corporation Loan

Dear Mr. Loper:

This letter is regarding the loan payoff for the above referenced borrower. Based on a payoff date of January 11, 2001, the amount due to the Kentucky Rural Water Finance Corporation is \$467,179.49.

	<u>Loan Payoff</u>
Principal	\$460,167.89
Accrued Interest (1)	<u>7,011.60</u>
Total	<u>\$467,179.49</u>

(1) Accrued Interest is calculated from September 1, 2000 through January 11, 2001.

When USDA-RD Automatic Clearing House funds have been received by the District's Bank, the payoff amount should be wired to Fifth Third Bank at the following address no later than the established closing date:

Wire Payoff:
Fifth-Third Bank
ABA # 042000314
Attn: Tammie Caudill, Ext. 4161
Re: Kentucky Rural Water Finance

Should you have any questions, please give me a call at (859) 224-2206. Thank you.

Sincerely,

Nick Roederer

Enclosure

Nick/ruralwater/ky-00/payoff letters/west shelby2

cc: Mr. Randy Jones – Rubin & Hays
Ms. Wanda Clark – West Shelby Water District
Mr. Gary Larimore – KRWFC

West Shelby Water District		1999 Note Issue		
Loan #114				
Start Date				05/17/00
End Date				09/01/00
Total Loan Amount				835,000.00
Month	Draws	Interest	Transfer +/-	Balance
				835,000.00
05/17/00	92,643.52	0.00		742,356.48
06/23/00	82,257.43	460.44		659,638.61
07/13/00	35,314.65	482.92		623,841.04
08/04/00	16,600.50	609.45		606,631.09
08/17/00	28,269.41	407.07		577,954.61
09/01/00	0.00	493.02	0.00	577,461.59
	255,085.51	2,452.90		
Original Rate	4.97%		Loan Payoff	257,538.41

Loan Payoff 257,538.41

West Shelby Water District		2000 Note Issue		
Loan #114				
Start Date				09/01/00
End Date				01/11/01
Total Loan Amount				835,000.00
Month	Draws	Interest	Transfer +/-	Balance
				835,000.00
09/01/00	257,538.41	0.00		577,461.59
09/06/00	48,809.60	187.79		528,464.20
09/15/00	26,770.37	402.08		501,291.75
10/16/00	15,795.01	1,505.97		483,990.77
11/30/00	85,704.25	2,238.86		396,047.66
12/20/00	25,550.25	1,267.63		369,229.77
01/01/01	0.00	738.19		368,491.59
01/11/01	0.00	671.08	0.00	367,820.51
	460,167.89	7,011.60		
Original Rate	5.25%		Loan Payoff	467,179.49

Loan Payoff 467,179.49

MATHIS, RIGGS & PRATHER, P.S.C.

ATTORNEYS AT LAW

500 MAIN STREET · P.O. BOX 1059
SHELBYVILLE, KENTUCKY 40066-1059 ·

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD T. PRATHER

HAROLD Y. SAUNDERS
OF COUNSEL

TELEPHONE: (502) 633-5220
FAX: (502) 633-0867

January 11, 2001


West Shelby Water District
P.O. Box 26
Simpsonville, Kentucky 40067

Re: West Shelby Water District Waterworks Revenue Bonds
Series 2000, in the Amount of \$835,000.00

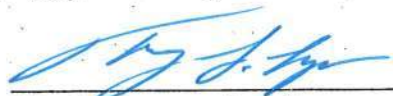
	<u>Fee:</u>	<u>Amt Due:</u>
Basic Fee per Legal Services Agreement	\$4,923.75	
Plus Additional Legal Fee - 15 Easements @ \$8.00 per Easement	<u>\$ 120.00</u>	
Total Fee:	\$5,043.75	
Minus 50% Paid at Pre-Closing	<u>\$2,521.88</u>	
Total Unpaid Fee:	\$2,521.87	
30% Due at Formal Closing		\$1,513.12

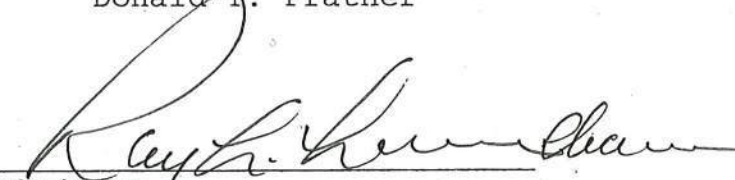
This firm has been paid to date in accordance with our contract.
\$1,008.75 will be due upon project completion.

Mathis, Riggs & Prather, P.S.C.

By: 
Donald T. Prather

Approved by:


RD Representative


Chairman
West Shelby Water District

**Landmark Structures, Inc.
1665 Harmon Road
Fort Worth, Texas 76177**

January 11, 2001

Mr. Terry Loper
Rural Development
1900 Midland Trail
Shelbyville, Kentucky 40065

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

Dear Mr. Loper:

The undersigned certifies that we have this date been paid by the West Shelby Water District (the "District"), for all work performed by us in connection with a project (the "Project") consisting of extensions, additions and improvements to the existing waterworks system of the District, in accordance with our Contract with the District and in accordance with statements submitted by us to the District.

We further certify that all suppliers and subcontractors to whom payment was due from us in connection with such Project have been paid to date in full, in accordance with our contracts with them and in accordance with statements submitted to us by them.

Dated this January 11, 2001.

LANDMARK STRUCTURES, INC.

By Joseph W. Swiman
Project Manager
Title

**Perkins Excavating, Inc.
205 Sour Springs Road
Olympia, Kentucky 40358**

January 11, 2001

Mr. Terry Loper
Rural Development
1900 Midland Trail
Shelbyville, Kentucky 40065

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

Dear Mr. Loper:

The undersigned certifies that we have this date been paid by the West Shelby Water District (the "District"), for all work performed by us in connection with a project (the "Project") consisting of extensions, additions and improvements to the existing waterworks system of the District, in accordance with our Contract with the District and in accordance with statements submitted by us to the District.

We further certify that all suppliers and subcontractors to whom payment was due from us in connection with such Project have been paid to date in full, in accordance with our contracts with them and in accordance with statements submitted to us by them.

Dated this January 11, 2001.

PERKINS EXCAVATING, INC.

By Wayne A. Perkins
President
Title

WARNER A. BROUGHMAN III AND ASSOCIATES
3161 Custer Drive
Lexington, Kentucky 40517

Mr. Terry Loper
Rural Development
1900 Midland Trail
Shelbyville, Kentucky 40065

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

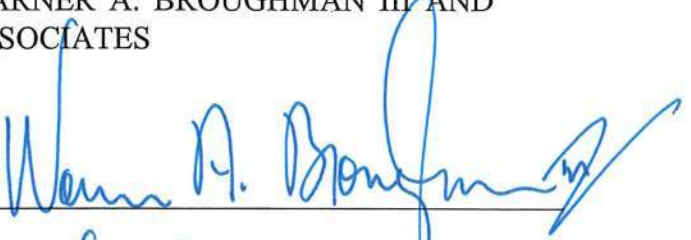
Dear Mr. Loper:

This is to certify that as of this date, we have been paid by the West Shelby Water District (the "District"), the sum of \$ 158,159.90, which represents payment to us of all sums to which we are entitled for services rendered by us to date in connection with the construction of a project consisting of extensions, additions and improvements to the existing waterworks system of the District, according to our Agreement for Engineering Services with the District.

Dated this January 11, 2001.

WARNER A. BROUGHMAN III AND
ASSOCIATES

By



professional engineer

Title

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

PARALEGAL
MARY M. EMBRY

January 11, 2001

Mr. Terry Loper
Rural Development
1900 Midland Trail
Shelbyville, Kentucky 40065

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount
of \$835,000.

Dear Mr. Loper:

We have this date been paid by the West Shelby Water District (the "District") the sum of \$5,042.45, which, when added to the \$5,161.40 paid to us on January 5, 2000, represents payment to us of all sums to which we are entitled for legal services rendered by us in connection with the financing and construction of extensions, additions and improvements to the existing waterworks system of the District, in accordance with our Legal Services Agreement with the District, and according to the amounts stipulated therein.

Sincerely,

Rubin & Hays

By
W. Randall Jones

WRJ:jkm

CERTIFICATE OF RD AS TO INSURANCE AND BONDING

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

I hereby certify that I have examined the various insurance policies of the West Shelby Water District (the "District") with reference to its waterworks system (the "System") and the fidelity bonds with respect to funds maintained by the District in connection with such System, and I further certify that the District is in compliance with the Letter of Conditions of the Rural Development (the "RD"), dated February 23, 1999, as to liability and property damage insurance, worker's compensation, real property insurance and the respective fidelity bonds required by said Letter of Conditions.

Dated this January 11, 2001.

RURAL DEVELOPMENT

By



RD Representative

CERTIFICATE OF ENGINEERS

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

We, Warner A. Broughman III and Associates, Lexington, Kentucky, hereby state that we are Engineers experienced in the field of waterworks engineering and of recognized reputation in said field, and that we have been duly employed by the West Shelby Water District of Shelby County, Kentucky (the "District"), in connection with the preparation of plans, designs and specifications for the construction of extensions, additions and improvements (the "Project") to the existing waterworks system (the "System") of the District, which Project is being financed by the issuance of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Current Bonds"), supplemented by (a) a Kingsbrook Commerce Park Contribution in the approximate amount of \$100,000; (b) an approved Department of Housing and Urban Development (the "DHUD") grant in the approximate amount of \$504,000; and (c) by the proceeds of waterworks connection charges in the amount of at least \$100,000.

We state that we have consulted with Mathis, Riggs & Prather, P.S.C., Shelbyville, Kentucky (the "Local Counsel"), who has been employed by the District in connection with the Project, that we have examined (a) the attached "Final Title Opinion for waterworks Project" (the "Title Opinion"), signed by said Local Counsel, and the attached printed "Preliminary Title Opinion" (RD Form 1927-9), signed by said Local Counsel; (b) the separate "Opinion of Counsel Relative to Rights-of-way" (RD Form 442-22), signed by said Local Counsel; (c) the descriptions of the sites and easements referred to in said Title Opinion and in said RD Forms and (d) the right-of-way map specifically referred to in said Title Opinion, and we state further as follows:

1. That all of the sites of major structures and installations of the Project lie or will lie within the boundaries of the properties as to which the title of the District is certified in said Title Opinion and in said RD Forms, copies of which have been forwarded to us, and/or on the public rights-of-way for which a permit from the appropriate agency has been obtained.

2. That all of the remaining parts of the Project, including the proposed new water distribution lines and all other appurtenant facilities incident to the Project, have been, can and/or will be constructed, to the extent that such construction requires our approval (a) within the boundaries of the easements and rights-of-way established in said right-of-way map and/or (b) within the boundaries of the easements and rights-of-way which, according to the documents referred to above, have heretofore been obtained or contracted for by the District or can be obtained by the District by purchase or condemnation; or in the beds of highways, streets and alleys, or in other public ways duly dedicated to public use, and with respect to which the District has obtained the necessary permits and/or has the power and right to order said construction therein.

3. That the District has entered into contracts for the construction of the Project; that construction of the Project was initiated in the month of January, 2000; that construction of the Project has proceeded with due diligence, and will continue to proceed hereafter to completion with

due diligence; that construction of the Project will be completed within less than three years from said date of commencement of construction; and that it is reasonably anticipated that at least 95% of the funds available, i.e., spendable proceeds of the Current Bonds, together with proceeds of the aforesaid grants and the aforesaid connection charges, will be expended on the costs of construction of the Project within less than three years from the date of delivery of the Current Bonds.

4. That we have conferred with said Local Counsel concerning the lines set out in said map and concerning the sites necessary for the Project and have satisfied ourselves that said Local Counsel has been informed by us and is aware of the need for obtaining (a) deeds of easement and/or rights-of-way as to all such easements and/or rights-of-way; and (b) deeds as to any and all sites deemed by us to be necessary in order to assure completion of the Project, as planned.

5. That we have also discussed with said Local Counsel our awareness of the need, if authorized by the District, to furnish said Local Counsel prompt and accurate information as to the legal descriptions of any and all easements, rights-of-way and/or sites, as may be necessary or required in connection with approved change-orders or other relocations which may be issued during the course of construction. We state that we will not knowingly approve construction of facilities of the Project on sites or in rights-of-way without first being assured by said Local Counsel that the appropriate legal title and/or legal right-of-way has been obtained.

6. That to the best of our knowledge, the Project has been and/or can be completed in accordance with the plans and specifications prepared and approved by us within the boundaries of the aforesaid sites, easements and/or rights-of-way, and, to the best of our knowledge, has been and/or can be completed in accordance with the construction contracts duly awarded by the District, at a cost which is within the funds made available to the District and by the District as set out above, based on the information available at this time and the projected final costs for the Project.

7. That we have examined (a) a copy of the Amended Water Rate Resolution adopted by the Board of Commissioners (the "Commission") of the District; (b) a schedule of the principal and interest requirements of the aforesaid Current Bonds; (c) a schedule of the principal and interest requirements of the outstanding West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Series 1967 Bonds"); (d) a schedule of the principal and interest requirements of the outstanding West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Series 1978 Bonds"); and (e) a schedule of the principal and interest requirements of the outstanding West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Series 1989 Bonds").

8. That in our opinion, based on current cost factors and other existing conditions, the rates established by the aforesaid Amended Water Rate Resolution, will generate sufficient revenues to the District to enable the District to meet (1) all principal and interest requirements falling due on the respective bond issues and on the respective dates, as follows:

- (a) The outstanding Series 1967 Bonds, falling due on January 1 in each of the respective years, 2002 through 2006;
- (b) The outstanding Series 1978 Bonds, falling due on January 1 in each of the respective years, 2002 through 2017;
- (c) The outstanding Series 1989 Bonds, falling due on January 1 in each of the respective years, 2002 through 2029;
- (d) The Current Bonds, falling due on January 1, in each of the respective years, 2002 through 2039, plus all interest requirements falling due prior to January 1, 2002, other than such interest requirements as will be capitalized out of the proceeds of said Current Bonds; plus

(2) all of the estimated operating and maintenance expenses of the System, plus (3) reasonable amounts for a reserve for depreciation and sinking fund purposes.

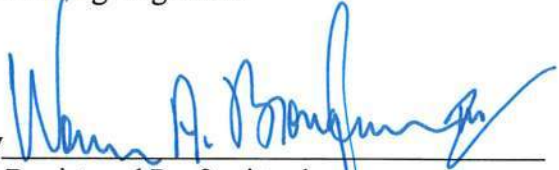
9. We certify that the prime Contractors from whom the District should obtain statements as to all work performed by such Contractors being paid for in full according to their respective contracts, at the time of delivery of the Current Bonds issued to finance the cost (not otherwise provided) of such Construction Project, are as follows:

- (a) Perkins Excavating, Inc.
205 Sour Springs Road
Olympia, Kentucky 40358
- (b) Landmark Structures, Inc.
1665 Harmon Road
Fort Worth, Texas 76177

10. That in our opinion there are no structures in the one hundred (100) year flood plain in the Project.

IN TESTIMONY WHEREOF, witness our signature to the foregoing this January 11, 2001.

WARNER A. BROUGHMAN III AND
ASSOCIATES
Consulting Engineers

By 

Registered Professional
Engineer, State of Kentucky

No. 8231

CERTIFICATE OF CHAIRMAN
AS TO RECEIPT OF GRANT PROCEEDS
AND AS TO BALANCE AVAILABLE

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

I, Ray Larmee, hereby certify that I am the duly qualified and acting Chairman of the Commission of the West Shelby Water District (the "District"), of Shelby County, Kentucky, and I further certify as follows:

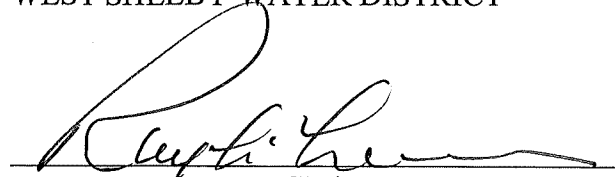
1. That the status of the grant proceeds for the funding of a construction project consisting of extensions, additions and improvements to the existing waterworks system of the District, as of the present time, is as follows:

<u>Name of Agency</u>	<u>Approved</u>	<u>Received</u>	<u>Balance to be Received</u>
Kingsbrook Commerce Park Contribution	\$100,000	\$100,000	\$0
CDBG Grant	<u>559,426</u>	<u>557,676</u>	<u>1,750</u>
Totals	\$659,426	\$657,676	\$1,750

2. That each of the Grants referred to above has been approved by the appropriate governmental agency, that the amounts listed under the column headed "Received" have actually been received by the District and have been and/or will be applied to the cost of said construction project, and that the amounts listed under the column headed "Balance to be Received" are the remaining amounts which the District is entitled to receive under the existing commitments of the appropriate governmental agencies.

IN TESTIMONY WHEREOF, witness my signature this January 11, 2001.

WEST SHELBY WATER DISTRICT


Chairman

CERTIFICATE OF RECEIPT OF BOND PROCEEDS
AND BOND DELIVERY

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

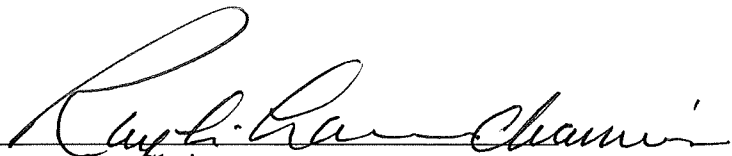
The undersigned Chairman and Secretary of the West Shelby Water District (the "District") of Shelby County, Kentucky, for and on behalf of said District, do hereby acknowledge receipt of a wire transfer from the Rural Development of the Department of Agriculture of the United States of America (the "RD"), in payment for the purchase and delivery of a certain single, fully registered Bond of said District, entitled "West Shelby Water District Waterworks Revenue Bonds, Series 2000" (the "Current Bonds"), in the face amount of \$835,000, numbered R-1, dated the same date as the date of this Certificate.

We certify that the proceeds of said wire transfer have been or will be applied to the extent necessary to liquidate interim financing borrowed in anticipation of the issuance of the Current Bonds, to pay the costs of a construction project consisting of extensions, additions and improvements to the existing waterworks system (the "System") of the District and to pay expenses and charges incident to the issuance and sale of the Current Bonds, and that the balance has been or will be deposited in the West Shelby Water District Waterworks Construction Account at the Citizen Union Bank, Shelbyville, Kentucky.

We further certify that the Current Bonds have been lawfully issued and sold by the District and delivered to the purchaser on the date hereof.

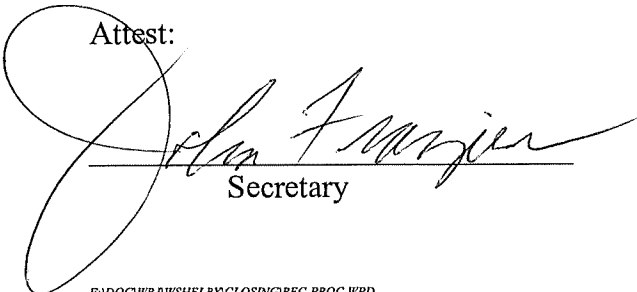
IN TESTIMONY WHEREOF, witness our official signatures and the corporate seal of said District on this January 11, 2001.

WEST SHELBY WATER DISTRICT

By 
Chairman

(Seal of District)

Attest:


Secretary

ARBITRAGE CERTIFICATE

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

1. General. (a) The undersigned is the Chairman of the West Shelby Water District (the "Issuer") of Shelby County, Kentucky.

(b) This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Bonds") in the aggregate principal amount of \$835,000 authorized pursuant to a Resolution (the "Bond Resolution") adopted by the Board of Commissioners of the Issuer on December 8, 1999, in order that the Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

(c) The Issuer has not been notified of any listing or proposed listing of the Issuer by the Internal Revenue Service as an issuer that may not certify its bonds.

(d) The undersigned is one of the officers of the Issuer delegated with the responsibility of issuing and delivering the Bonds.

(e) To the best of the knowledge, information and belief of the undersigned, the expectations contained in this Certificate are reasonable.

(f) The facts and estimates in this Certificate are based on representations made by Warner A. Broughman III and Associates (the "Engineers") employed by the Issuer to prepare the plans and specifications and to supervise the construction of the Project defined in Section 2 hereof. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Engineers.

2. Purpose of the Bonds. (a) The Bonds are being issued for the purpose of providing funds (not otherwise provided) (i) for the permanent financing of the costs of extensions, additions and improvements (the "Project") to the existing waterworks system (the "System") of the Issuer, and (ii) for the costs of issuance of the Bonds.

(b) Upon the completion of the acquisition, renovation, construction and equipping of the Project, the Project will be owned and operated by the Issuer.

3. Sources and Disbursement of Funds. (a) The Bonds have been sold to the Rural Development (the "RD") at par (\$835,000). The Bonds will be delivered to the RD on the date of this Certificate upon payment by the RD of such purchase price with no accrued interest. Accordingly, the net amount received by the Issuer from the sale of the Bonds will be \$835,000 (the "Net Proceeds").

(b) The total funds available for the Project are derived from the following sources:

Bond Proceeds	\$835,000
Kingsbrook Commerce Park Contribution	100,000
CDBG Grant	504,000
Connection Charges	<u>100,000</u>
Total	\$1,539,000

(c) The Net Proceeds of the Bonds along with the other available moneys described above for the Project will be expended on the acquisition, construction, renovation, improvement and equipping of the Project and said moneys will be deposited in the Construction Fund (as defined in the Bond Resolution) for construction of the Project and for the payment of the costs of issuance of the Bonds.

(d) The Issuer has entered into a contract with a third party for the construction, renovation, improvements and equipping of the Project obligating an expenditure equal to or in excess of \$100,000.

(e) Such construction, renovation, improvement and equipping of the Project will proceed with due diligence to completion, presently expected to be December 31, 2001 and all of the approximately \$1,539,000 referred to above is expected to be expended prior to December 31, 2001.

4. The Bonds. The receipts and disbursements with respect to the Bonds, including issuance costs and accrued interest, are or will be detailed in Requisition Certificates signed by the Issuer and the Engineers.

5. Construction Fund. Amounts deposited in the Construction Fund and earnings with respect to such amounts will be expended for the payment of the balance of costs of the Project prior to the date of completion of the Project. Pending such expenditure, such monies will be invested without restriction as to yield.

6. Sinking Fund. Money deposited in the Sinking Fund will be used to pay the principal of and interest on the Bonds, and the Issuer reasonably expects that there will be no other funds that will be so used. The Sinking Fund is a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Money deposited in the Sinking Fund will be used within thirteen (13) months from the date of deposit for the payment of debt service on the outstanding Bonds and, except for an amount equal to not more than the greater of (a) one-twelfth (1/12) of debt service requirements of the Bonds for the then ensuing year; or (b) one year's earnings on the Sinking Fund, the Sinking Fund will be depleted annually through such application for current debt service requirements of the Bonds. Amounts held in the Sinking Fund will be invested without being limited as to the maximum permissible rate of investment return.

7. Operation and Maintenance Fund. The Bond Resolution ratifies and confirms the creation of an Operation and Maintenance Fund. The moneys in the Operation and Maintenance Fund may be used to pay certain expenses related to the operation and maintenance of the System. Amounts deposited in the Operation and Maintenance Fund will not be reasonably expected to pay the principal of and interest on the Bonds. Amounts held in the Operation and Maintenance Fund will be invested without being limited as to the maximum permissible rate of investment return.

8. Depreciation Fund. (a) The Bond Resolution ratifies and confirms the creation of a Depreciation Fund. The moneys in the Depreciation Fund may be used to pay the costs of unusual or extraordinary maintenance, repairs, renewals and replacements to the System or of paying the cost of constructing future extensions, additions and/or improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service.

(b) Moneys on deposit in the Depreciation Fund may be used, when necessary, for the purpose of making payments of principal and interest on the Bonds, but such amounts will not be reasonably expected to pay the principal and interest on the Bonds. There will be no assurance that such amounts will be available to meet debt service on the Bonds if the Issuer encounters financial difficulty. Amounts held in the Depreciation Fund will be invested without being limited as to the maximum permissible rate of investment return.

9. No Replacement. No portion of the amounts received from the sale of the Bonds will be used as a substitute for other funds which were otherwise to be used to finance the Project, and which have been or will be used to acquire, directly or indirectly, obligations producing a yield in excess of the yield on the Bonds.

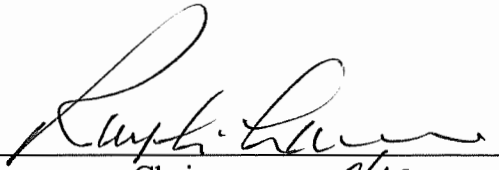
10. No Overissuance. Taking into account other available funds, the amount necessary to provide, or reimburse the Issuer, for payment of expenses of issuing and carrying the Bonds and financing the Project, equals or exceeds the Net Proceeds of the Bonds and income thereon.

11. No Other Obligations. No other governmental obligations have been or will be issued by the Issuer or any other entity (a) at substantially the same time as the Bonds (b) pursuant to a plan of financing common with that of the Bonds and (c) which either will be paid from substantially the same source of funds as the Bonds or will have substantially the same claim to be paid from substantially the same source of funds as the Bonds.

To the best of my knowledge and belief, there are no facts, estimates or circumstances other than those expressed herein that would materially affect the expectations herein expressed, and, to the best of my knowledge and belief, the Issuer's expectations are reasonable.

Dated January 11, 2001.

WEST SHELBY WATER DISTRICT

By 
Chairman *Chairman*

CERTIFICATE OF EXECUTION, NO LITIGATION
AND OF OUTSTANDING BOND ISSUES

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

We, Ray Larmee, Chairman, and John Frazier, Secretary, do hereby certify that we are the officers of the Board of Commissioners (the "Commission") of the West Shelby Water District (the "District"), constituting the governing body of said District, in Shelby County, Kentucky.

1. That pursuant to all legal requirements, including the Bond Resolution duly adopted by said Commission on December 8, 1999, there have been heretofore lawfully authorized the negotiable "West Shelby Water District Waterworks Revenue Bonds, Series 2000" (the "Current Bonds"), in the aggregate principal amount of \$835,000, in the form of fully registered bonds, as such purchaser(s) may determine, bearing interest from the date thereof, which is the same date as the date of this Certificate.

2. That pursuant to the provisions of said Bond Resolution, the purchaser thereof, the Rural Development of the Department of Agriculture of the United States of America (the "RD"), duly elected to take delivery of said Current Bonds in the form of a single fully registered bond, representing the total authorized issue of Current Bonds, in the principal amount of \$835,000, dated as of the date of this Certificate, which is the date of delivery of and payment for said Current Bonds, payable to the registered owner (initially the RD), numbered R-1, bearing interest at the rate of 5.00% per annum. Interest on the Current Bonds is payable semiannually on January 1 and July 1, with principal installments being payable on January 1 in each of the respective years, 2002 through 2039, inclusive, as set out in the maturity schedule contained in said Bond Resolution.

3. That said Current Bond has been executed with the genuine signatures of the undersigned Chairman and Secretary, with the corporate seal (the "Seal") of the District duly affixed to said Current Bond by one of us who was then and is now duly authorized to affix said Seal to said Current Bond, and that at that time, a true impression of said Seal was duly affixed to this Certificate at the place indicated below.

4. That on the date of execution of this Certificate we were, and now are, the duly appointed, qualified and acting officials indicated in this Certificate, and that we were and now are duly authorized to execute the same.

5. That said Current Bonds rank on a parity with certain outstanding bonds of the District listed as follows:

- (a) West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Series 1967 Bonds");

- (b) West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Series 1978 Bonds");
- (c) West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Series 1989 Bonds");

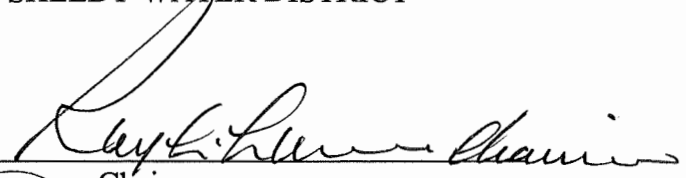
and the Series 1967 Bonds, the Series 1978 Bonds, the Series 1989 Bonds and the Current Bonds represent the only issues of bonds (the "Outstanding Bonds") or obligations of said District outstanding which by their terms are in any manner secured by or payable from the revenues of the District's waterworks system (the "System") as of the date hereof.

6. That no controversy or litigation is pending, prayed or threatened involving the creation, organization, existence or boundaries of said District, or the title of any of its officers to their respective positions, or the validity of the Current Bonds, or the power and authority of the District (1) to construct extensions, additions and improvements to its existing System; (2) to own and operate the System, including said extensions, additions and improvements as a revenue-producing undertaking; and (3) to provide and apply adequate revenues from the System for the full and prompt payment of the principal of and interest on the aforesaid Outstanding Bonds, on a parity, and for the cost of operation and maintenance of the System, and that none of the proceedings or authority for the issuance of said Current Bonds has been repealed, revoked, rescinded, modified, changed or altered in any manner.

IN TESTIMONY WHEREOF, we have hereunto affixed our respective official signatures and the Seal of said District, this January 11, 2001.

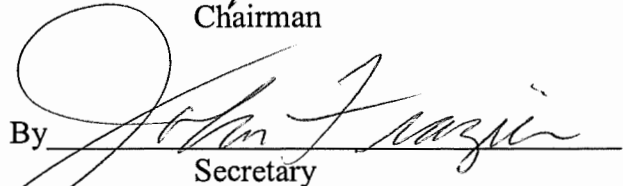
WEST SHELBY WATER DISTRICT

By



Chairman

By



Secretary

(Seal of District)

CERTIFICATION OF ATTORNEY FOR DISTRICT

We, Mathis, Riggs & Prather, P.S.C., hereby certify that we are Local Counsel for the West Shelby Water District, that we have read the foregoing Certificate of Execution, No Litigation and of Outstanding Bond Issues, and that all of the facts stated therein are true to the best of our knowledge and belief.

Dated this January 11, 2001.

MATHIS, RIGGS & PRATHER, P.S.C.
Shelbyville, Kentucky

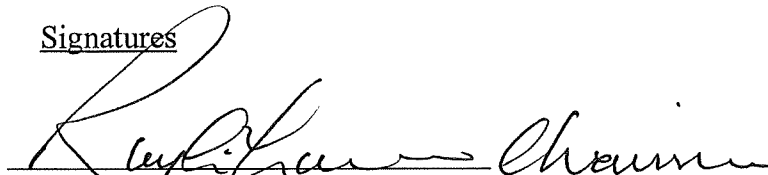
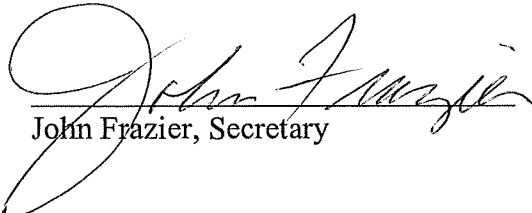
By  _____

CERTIFICATE AS TO OFFICIAL SEAL, INCUMBENCY
AND SIGNATURE IDENTIFICATION

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

We, the undersigned Chairman and Secretary of the West Shelby Water District (the "District") of Shelby County, Kentucky, do hereby certify that the Seal affixed below is the Official Seal of said District.

We further certify that we are the duly elected, qualified and acting officers of said District, as indicated by our signatures set out below; that the following signatures are our true and genuine signatures; and that our terms of office are as hereinafter set out:

<u>Signatures</u>	<u>Beginning of Term Date</u>	<u>Expiration of Term Date</u>
 Ray Larnee, Chairman	3-10-2000	3-10-2004
 John Frazier, Secretary	3-10-1997	3-10-2001

We further certify that the other members of the Commission and their terms are as follows:

<u>Commissioner</u>	<u>Beginning of Term Date</u>	<u>Expiration of Term Date</u>
Bob McDowell	3-10-2000	3-10-2004

(Seal of District)

PRE-CLOSING - JANUARY 5, 2000

RE: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

SIGNATURE

FIRM/COMPANY

RUBIN & HAYS
First Trust Centre
200 South Fifth Street
Louisville, Kentucky 40202

W. Bradford Jones

John J. Jones

Rural Development

Bryan Kirby

CEDA / City

Betty Latta

Rural Development

Wanda H. Lane

West Shelby Water

John O'Grady

West Shelby Water District

John F. Frasier

West Shelby Dist.

Walter A. Brangman

Brangman & Associates

Bob McDaniel

West Shelby Water

Ralph H. Chamis

West Shelby Water Dist

Hobie Henninger

Magistrate Dist 2 Shelby Co. Fiscal Ct

Steve Edon

West Shelby Water

MATHIS, RIGGS & PRATHER, P.S.C.

ATTORNEYS AT LAW

500 MAIN STREET · P.O. BOX 1059

SHELBYVILLE, KENTUCKY 40066-1059

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD T. PRATHER

TITLE OPINION
AS TO WATERWORKS PROJECT

HAROLD Y. SAUNDERS
OF COUNSEL

TELEPHONE: (502) 633-5220
FAX: (502) 633-0667

(For Purpose of Pre-Closing)

We, MATHIS, RIGGS & PRATHER, P.S.C., Attorneys at Law, Shelbyville, Kentucky, representing the West Shelby Water District of Shelby County, Kentucky (the "District"), certify:

1. That we have investigated and ascertained the location of the various sites of major structures and installations to be constructed in connection with certain proposed extensions, additions and improvements (the "Project") to the existing waterworks system of the District (the "System"), together with all rights-of-way and easements necessary in connection with the construction of the Project and in connection with the continued ownership and operation of the System.

2. That we have examined the records of the ownership of said sites and we are of the opinion that said District now owns fee simple title to all of said sites and that said title is free and clear of all liens and encumbrances which might adversely affect the right of the District to the use of the same in operation of the System, subject to the encumbrances referred to in Paragraph 12 hereof.

3. That we have further examined the right-of-way instruments, permits and/or licenses obtained from landowners, public bodies and public utilities.

4. That we have taken cognizance of the fact that the District possesses the power of eminent domain which would enable it to perfect title to any pertinent easements and/or rights-of-way as to which its title might be defective, and that the cost of perfecting any such title is considered to be negligible in view of the fact that in virtually every instance the easement or right-of-way improves, rather than damages, the value of the property, by reason of bringing the System to such property; and accordingly, if and to any possible extent that the District does not have adequate title to such easements and/or rights-of-way for the purpose desired, the District can, in our opinion, obtain such easements and/or rights-of-way, either through negotiation or through the exercise of the power of eminent domain, without exceeding the funds available.

5. That we have examined the instruments creating the aforesaid easements and/or rights-of-way and that it is our opinion that said instruments are valid as to form and substance for the purpose intended, although we have not examined the title records as to each of such easements and/or rights-of-way and express only a limited opinion as to the title thereto, based on such limited examination as set out herein.

6. That based on and subject to the foregoing, we are of the opinion that the District now owns the necessary permanent rights-of-way and easements for ingress to and egress from the aforesaid sites and the necessary permanent rights-of-way and/or easements for water lines to and from said sites, connecting with the water mains and lines extending throughout the System, and that

the District has sufficient legal title and interest in said sites, rights-of-way and easements to permit the construction of the necessary waterworks facilities thereon as contemplated and to permit the operation and maintenance of such facilities thereon during the estimated life of such facility or facilities by the District after the completion of construction.

7. That the District has acquired the necessary permits, franchises and authorizations or other instruments by whatsoever name designated, from public utilities and public bodies, commissions or agencies, authorizing the construction, operation and maintenance of the facilities upon or across streets, roads, highways, railroads and public utilities, whenever and wherever the same are affected.

8. That a right-of-way map, as furnished by the District, shows the location and distribution of all land and rights-of-way acquired by the District and/or necessary to be acquired by the District in connection with the Project. Attention is called to certified copies of all deeds for said rights-of-way and easements over adjacent properties, for the purpose of ingress to and egress from said site locations; also the necessary permits from the Department of Highways of the Commonwealth of Kentucky and from Shelby County, Kentucky, insofar as the same affect the roads, streets, highways, and other properties belonging to them. These exhibits were furnished with a preliminary certificate and opinion (RD Form 442-22) in connection with the financing of the Project.

9. That in that connection, we have conferred with Warner A. Broughman III and Associates, the Engineers employed by the District in connection with the Project, concerning the lines set out in said map and concerning the sites necessary, according to said Engineers, for the construction of the Project; that we have satisfied ourselves that we are thoroughly familiar with the lines and sites required by said map and by the Engineers for the construction of said Project, and that subject to possible exceptions as to title, referred to in Paragraph 4 hereof, we are satisfied that the District has obtained deeds of easements and/or rights-of-way and/or sites required by the District, as set out in said map, and according to information furnished to us by the Engineers, as being necessary for the construction of said Project. We have also discussed with the Engineers the need for being furnished prompt and accurate information as to the legal descriptions of any and all easements, rights-of-way and/or sites, as may be required in connection with any approved change-orders with reference to the Project which may be issued during the course of construction.

10. That the estate and interest of the District in such sites, easements and rights-of-way are legal and valid, and that all Deeds, conveyances and documents pertaining to or evidencing ownership or other rights in any interests in land which will or may be utilized by or for the Project or which may be required in connection therewith have been duly recorded as required by law in the office of the Shelby County Clerk in Shelbyville, Kentucky.

11. That we have examined the various records of Shelby County, and other pertinent proceedings, documents and showings and have consulted with officials of the District concerning the title of the District to its existing waterworks System; and that it is a matter of common

knowledge and in no way controverted by such records that the District is the owner of its existing waterworks System.

12. That the title of the District to all of the sites, rights-of-way and/or easements referred to herein and to the existing System is encumbered by a lien on and an exclusive pledge of the revenues of the System, for the benefit of the owners of the outstanding bonds of an authorized issue of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Current Bonds"), which lien and pledge were created or made by the District as security for the issuance of said Current Bonds. Said Current Bonds rank on a parity as to security and source of payment with certain outstanding Bonds of the District, as follows:

- (a) West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Bonds of 1967");
- (b) West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Bonds of 1978"); and
- (c) West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Bonds of 1989");

and said title of the District is subject to no other encumbrances of record.


13. That there are no taxes or assessments now delinquent or becoming delinquent relative to or affecting any sites, easements and/or rights-of-way pertaining to the System.

14. That the Project shall be constructed in a manner which is consistent with the comprehensive area water and sewer plan, is in compliance with all applicable zoning laws, and is not inconsistent with any development plans of the Commonwealth of Kentucky, Shelby County, or any multi-jurisdictional area in which the District is located.

15. That no controversy or litigation is pending, prayed or threatened, involving the creation, organization, existence or boundaries of the District, or the title of any of its officers to their respective positions, or the validity of the Current Bonds, as and when issued, or the power and authority of the District to construct the Project, to own and operate the System as a revenue-producing undertaking, and to provide and apply adequate revenues therefrom for the full and prompt payment of the principal of and interest on the aforesaid Bonds of 1967, Bonds of 1978 Bonds of 1989 and the Current Bonds, as and when issued, and that none of the proceedings or authority for the issuance of the Current Bonds has been repealed, revoked, rescinded, modified, changed or altered in any manner.

IN TESTIMONY WHEREOF, witness our signatures this January 5, 2000.

MATHIS, RIGGS & PRATHER, P.S.C.

By  _____
Shelbyville, Kentucky

MEMO AS TO PRE-CLOSING

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

1. The pre-closing conference took place on January 5, 2000, at 9:00 A.M., E.S.T., at the District's office in Simpsonville, Kentucky, and each person present signed the List of Signatures.
2. The requirements of the Rural Development (the "RD") Letter of Conditions, dated February 23, 1999, and the Closing Instructions, dated October 14, 1999, were discussed.
3. Matters pertaining to railroad crossings, County road easements, U.S. Highway easements and Kentucky Department of Transportation Utility Access Permits were resolved.
4. The procedure for the payment of funds out of interim financing proceeds was double-checked with the West Shelby Water District (the "District") and the RD, and it was ascertained that the District had established the "West Shelby Water District Waterworks Construction Account" (the "Construction Account"), at Citizen Union Bank, Shelbyville, Kentucky (the "Depository Bank"), pursuant to Section 301 of the Bond Resolution.

Written approval of the Engineers will not be required for payment of items not under the jurisdiction of the Engineers, consisting of administrative costs such as legal fees, land acquisition and related items, in which instances such amounts shall be disbursed upon the issuance of a Requisition Certificate signed by the Chairman with written approval of the RD.

To the extent that such amounts on deposit in the Construction Account exceed \$100,000 at any time, such Construction Account will be collateralized by a valid pledge of U.S. obligations.

The approving legal opinion of Bond Counsel as to interim financing was handed to the RD and Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky (the "Interim Financing Bank"), and a copy of same was placed in the Transcript.

5. An Operating and Management Plan had been prepared and approved by the District and approved by the RD, and a copy was obtained to be placed in the Transcript.
6. Evidence of the following had been or was obtained and placed in the Transcript:
 - (a) Execution of Fidelity Bond of Treasurer (\$135,000).
 - (b) Insurance, including real property insurance on above-ground structures, liability insurance, builders' risk insurance and Worker's Compensation.
 - (c) Signing of color-coded map.

- (d) Costs and expenses of the project to date, including amounts owed to Local Counsel, Bond Counsel, Contractors, Engineers and any other persons (if any) entitled to such payments, plus reimbursement to the District for publication and other necessary costs (established in Statement prepared by the Engineers).

7. RD Forms were obtained and placed in the Transcript, as follows:

- (a) 400-1, Equal Opportunity Agreement.
- (b) 400-3, Notice to Contractors and Applicants.
- (c) 400-4, Assurance Agreement.
- (d) 400-8, Compliance Review.
- (e) 427-9, Preliminary Title Opinion as to each site.
- (f) 442-7, Operating Budget.
- (g) 442-21, Right of Way Certificate.
- (h) 442-22, Opinion of Counsel Relative to Rights-of-Way.
- (i) 1910-11, Applicant Certification Federal Collection Policies or Commercial Debts.
- (j) 1940-1, Request for Obligation of Funds.
- (k) 1942-47, Loan Resolution.
- (l) AD-1047, Certification Regarding Debarment, Suspension and Other Responsibility Matters.

8. The following pre-closing documents and certificates, prepared by Bond Counsel, were properly executed and placed in the Transcript:

- (a) Opinion as to Due Incorporation and Continued Existence of Water District.
- (b) Opinion as to Legal Sufficiency of Engineers' Contract.
- (c) Opinion of Counsel Relative to Advertisement for Construction Bids, Award of Contracts and the Execution Thereof.
- (d) Certificate as to Distribution System Operator.
- (e) Certificate as to Number of waterworks Users.
- (f) Certificate as to Official Seal, Incumbency and Signature Identification.
- (g) Certificate as to No Litigation and Outstanding Bond Issues.
- (h) Certificate of Engineers (For Purpose of Pre-Closing).
- (i) Certificate of Rural Development Manager.
- (j) Certificate of RD as to Insurance and Bonding.
- (k) Title Opinion as to waterworks Project (For Purpose of Pre-Closing).
- (l) Form of Bond Anticipation Note to Kentucky Rural Water Finance Corporation.
- (m) Signature Sheet.

9. It was determined that construction should proceed, and checks were issued in payment of all items of expense contained in the Statement prepared by the Engineers.

United States
Department of
Agriculture

Rural
Development

1900 Midland Trail
Shelbyville, KY 40065
502/633-0891
606/224-7422 TTY
502/633-0552 FAX

January 5, 2000

Gary Larimore, Treasurer
Kentucky Rural Water Finance Corporation
3251 Spring Hollow Avenue
Bowling Green, Kentucky 42102-1424

Dear Mr. Larimore:

Reference is made to a request from the West Shelby Water District through Mr. Ray Larmee, its Chairman, for interim financing from your corporation to construct a water tank & water line distribution system at the interest rate and terms and conditions agreed upon, as reflected in the attached copy of your letter.

This letter is to confirm certain understandings on behalf of the United States of America, acting through the U.S. Department of Agriculture.

Final plans and specifications have been prepared and approved, bids have been taken, and the District is prepared to award the construction contract to the qualified low bid. It has been determined by the applicant and the United States of America, acting through the U.S. Department of Agriculture that the conditions of loan closing can be met.

Funds have been obligated for the project, as evidenced by the attached copy of Form FmHA 1940-1, "Request for Obligation of Funds".

It is proposed by the District with the approval of the United States of America, acting through the U.S. Department of Agriculture that the bank advance funds, in accordance with the agreed terms and conditions stated in the attached letter, as needed to pay for construction and other authorized and legally eligible expenses incurred by the company, upon presentation of proper statements or work estimates approved by the District's authorized representative and the authorized official of the United States of America, acting through the U.S. Department of Agriculture.

**Rural Development is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250**

We have scheduled the United States of America, acting through the U.S. Department of Agriculture's loan to be closed when construction to be financed with loan funds is substantially complete, so that funds will be available to pay off the total amount of advances your bank has made for authorized approved purposes, including accrued interest to the date of the closing.

Before the RD loan is closed, the District will be required to provide RD with statements from the Contractor, Engineer, and Attorney that they have been paid to date in accordance with their contract or other agreements and , in the case of the contractor, that any suppliers and subcontractors have been paid.

We appreciate your assistance to the community and look forward to working with you on this project.

Sincerely,



Louis F. Elliott
Rural Development Manager

REQUEST FOR OBLIGATION OF FUNDS

214

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED			
Complete Items 1 through 30 and applicable Items 31 through 43. See FMI.			
1. CASE NUMBER ST CO BORROWER ID 21 06 0611049136		LOAN NUMBER	FISCAL YEAR
2. BORROWER NAME W E S T S H E L B Y W A T E R D I S T R I C T		3. NUMBER NAME FIELDS 2 (1, 2, or 3 from Item 2)	
		4. STATE NAME K Y	
		5. COUNTY NAME S H E L B Y	
GENERAL BORROWER/LOAN INFORMATION			
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 4 - HISPANIC 2 - BLACK 5 - A/PI 3 - AI/AN	7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHI 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARM WORKERS 7 - OTHER	8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL - SECURED BY 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ON SECURED 5 - LIVESTOCK ON SECURED 6 - CROPS ONLY 7 - SECURED BY BONDS	9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
10. SEX CODE 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN. FEMALE OWNED 6 - PUBLIC BODY	11. MARITAL STATUS 1 - MARRIED 2 - SEPARATE 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 1 - YES 2 - NO	13. CREDIT REPORT 1 - YES 2 - NO
14. DIRECT PAYMENT 3 (See FMI)	15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION 1 - YES 2 - NO	17. INTEREST CREDIT 1 - YES (FRO SFH ONLY) 2 - NO
18. COMMUNITY SIZE 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		19. DWELLING TYPE/USE OF FUNDS CODE (See FMI)	
COMPLETE FOR OBLIGATION OF FUNDS			
20. TYPE OF ASSISTANCE 061 (See FMI)	21. PURPOSE CODE	22. SOURCE OF FUNDS 2	23. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
24. TYPE OF SUBMISSION 2 1 - INITIAL 2 - SUBSEQUENT	25. AMOUNT OF LOAN \$ 835,000.00	26. AMOUNT OF GRANT \$ 0.00	
27. AMOUNT OF IMMEDIATE ADVANCE	28. DATE OF APPROVAL MO DA YR 03 - 11 - 1979	29. INTEREST RATE 5.0000%	30. REPAYMENT TERMS 40
COMPLETE FOR SINGLE FAMILY HOUSING ONLY			
31. INCOME CATEGORY CODES 1 - VERY LOW 3 - MODERATE 2 - LOW 4 - ABOVE MODERATE		32. LOW INCOME LIMIT-MAX.	33. ADJUSTED FAMILY INCOME
34. R.E. INSURANCE	35. R.E. TAXES 1st year	36. R.E. TAXES 2nd year	37. NOTE INSTALLMENT INELIGIBLE
38. TYPE OF UNIT 1 - FARM TRACT 2 - NON-FARM TRACT			
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS			
39. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
COMPLETE FOR EM LOANS ONLY		COMPLETE FOR CREDIT SALE-ASSUMPTION	
40. DISASTER DESIGNATION NUMBER (See FMI)		41. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUB LOA 4 - ASSUMPTION WIT SUBSEQUENT LOAN	
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY	
42. OBLIGATION DATE MO DA YR		43. BEGINNING FARMER/RANCHER (See FMI)	

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

CERTIFICATION APPROVAL

For All Farmer Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representatives completing title work and completing loan closing.

44. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Approval of financial assistance is subject to the requirements of the Letter of Conditions dated 2-23-99 and any amendments thereto.

*3-12-99 Obligation entered over terminal @ 2:13pm.
Ann J. Rankin*

45. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and requested payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For SFH & FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 29 of this form.

YES NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more five years, or both."

Date _____, 19 _____

West Shelby Water District

Date Mar 10, 19 99

By: *Ray Larnee*
Mr. Ray Larnee, Chairman

46. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

Thomas G. Fern
(Signature of Approving Official)

Date Approved: 3-12-99 Title THOMAS G. FERN, State Director

47. TO THE APPLICANT: As of this date 3-22-99, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the County Supervisor or District Director.

First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202-3236
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

OF COUNSEL
WM. CARL FUST

PARALEGAL
MARY M. EMBRY

OPINION OF BOND COUNSEL

January 5, 2000

Loan Agreement by and between Kentucky Rural Water Finance Corporation
and West Shelby Water District dated as of January 5, 2000

We hereby certify that we have reviewed and are familiar with the proceedings of Board of Commissioners (the "Governing Authority") of the West Shelby Water District (the "Governmental Agency"), in connection with the authorization, execution and delivery of a Loan Agreement between the Kentucky Rural Water Finance Corporation, (the "Corporation") and the Governmental Agency, dated January 5, 2000 (the "Loan Agreement") and the form of the Loan Notes from the Governmental Agency to the Corporation (the "Loan Note") evidencing the loan in the amount not to exceed \$835,000 being issued by the Corporation to the Governmental Agency pursuant to the Loan Agreement and the Loan Note to provide interim financing (the "Loan") for the construction of a project (the "Project") consisting of improvements to the water system of the Governmental Agency (the "System"); and the proposed issuance of bonds by the Governmental Agency in the amount of \$835,000, to be dated the date of the issuance thereof (the "Bonds") to repay the Loan and provide permanent financing for the Project.

Our examination of such proceedings included (a) the proceedings of the Governing Authority held on December 8, 1999, adopting a resolution authorizing the Loan Agreement (the "Resolution") (b) the proceedings of the Governing Authority held on December 8, 1999, adopting legislation authorizing the Bonds (the "Bond Legislation"); and (c) the proceedings of the Governing Authority held on January 5, 2000, accepting the successful bid of the United States Department of Agriculture, Rural Development (the "RD") for the purchase of the Bond.

Based upon our examination of the aforesaid proceedings, we are of the opinion that the Governmental Agency has a valid contract with the RD, in which the Governmental Agency has agreed to sell and RD has agreed to purchase Bonds at par, and that the Bonds, when issued in accordance with the aforesaid proceedings, will be valid and legally binding upon the Governmental Agency and will be secured by and payable from a pledge of the gross revenues of the System.

Based upon our review of such proceedings and applicable laws, it is our opinion that the Loan Agreement has been validly authorized, executed and delivered by and on behalf of the Governmental Agency.

The rights and remedies of the Corporation under the Loan Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, or similar laws, or judicial decisions affecting the rights of creditors generally, and by the application of equitable principles where equitable remedies are sought.

This opinion letter is issued to, and solely for the benefit and reliance of, the Corporation and may not be relied upon by any persons other than the Corporation.

Respectfully Submitted,

MATHIS, RIGGS & PRATHER, P.S.C.

ATTORNEYS AT LAW

500 MAIN STREET · P.O. BOX 1059
SHELBYVILLE, KENTUCKY 40066-1059

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD T. PRATHER

HAROLD Y. SAUNDERS
OF COUNSEL

TELEPHONE: (502) 633-5220
FAX: (502) 633-0667

January 5, 2000

OPINION OF COUNSEL

Kentucky Rural Water Finance Corporation
Bowling Green, Kentucky

Fifth Third Bank
Cincinnati, Ohio

Re: Loan Agreement by and Between Kentucky Rural Water
Finance Corporation and West Shelby Water District dated
as of January 5, 2000.

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to West Shelby Water District (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the project (the "Project") with respect to which the Loan Agreement (the "Loan Agreement") by and between the Kentucky Rural Water Finance Corporation ("Corporation") and the Governmental Agency is being authorized, executed and delivered and the Loan Note (the "Loan Note") from the Governmental Agency to the Corporation is being authorized, and which may be executed and delivered.

I have reviewed the form of Loan Agreement, the Loan Note, the resolution or ordinance of the Governmental Agency authorizing the execution and delivery of said Loan Agreement and Loan Note and the plans, designs and specifications prepared by the Engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

(1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and Statutes of the Commonwealth of Kentucky.

(2) The Loan Agreement and the Loan Note have been duly executed and delivered by the Governmental Agency and are valid and binding obligations of the Governmental Agency enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors rights or remedies generally.

(3) The Governmental Agency has all necessary power and authority to enter into, perform and consummate all transactions contemplated by the Loan Agreement and the Loan Note, and to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

(4) The execution and delivery of the Loan Agreement and the Loan Note and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Loan Agreement and the Loan Note.

(5) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Loan Agreement, the Loan Note or the application of any monies or security therefore, (iv) the construction of the Project, or (v) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Loan Agreement or the Loan Note.

(6) None of the proceedings taken by the Governmental Agency for the authorization, execution or delivery of the Loan

Opinion of Counsel Letter
January 5, 2000
Page 3 of 3

Agreement or the Loan Note has or have been repealed, rescinded, or revoked.

(7) All proceedings and actions of the Governmental Agency with respect to which the Loan Agreement or the Loan Note is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Yours truly,

MATHIS, RIGGS & PRATHER, P.S.C.

BY: 
Donald T. Prather

DTP/kr
2wtr\ws\opinion.ltr

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
WEST SHELBY WATER DISTRICT
REVENUE BOND ANTICIPATION NOTE

Dated: January 5, 2000

\$835,000

For value received, the West Shelby Water District (the "Issuer"), acting by and through its Board of Commissioners (the "Governing Body"), hereby acknowledges itself indebted to and promises to pay to the order of:

KENTUCKY RURAL WATER FINANCE CORPORATION

the principal sum of

Eight Hundred Thirty-Five Thousand Dollars (\$835,000)

on or before September 1, 2000, with interest thereon payable on the date of maturity (or prior prepayment) from the date of any respective disbursements hereunder at the rate of four and ninety-sevenths percent (4.97%) per annum.

This Note represents the authorized aggregate principal amount of \$835,000, authorized to be issued by the Issuer for the purpose of obtaining funds to finance on an interim basis the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing water system (the "System") of the Issuer, pending the issuance and delivery of \$835,000 of Waterworks Revenue Bonds, (the "Bonds"), authorized by the Bond Resolution of the Governing Body of the Issuer, adopted on December 8, 1999 (the "Bond Legislation"), the proceeds of which Bonds will be supplemented by (a) certain federal grants (the "Grants") as set forth and accepted in the Bond Legislation and (b) certain connection charges. The United States of America, acting through its Rural Development (the "RD"), has agreed to purchase said Bonds.

Disbursements of the proceeds of this Note shall be made in accordance with the Loan Agreement by and between the Issuer and the Kentucky Rural Water Finance Corporation dated the date hereof and by the execution by the Issuer of one or more Disbursement Notes in the form attached hereto as Exhibit A. Interest shall accrue on the amount of the disbursed proceeds from the date of said disbursement until the date of maturity of this Note.

This Note is a special obligation of the Issuer, payable solely from the proceeds of the sale of the Bonds, the proceeds of said Grants, and, from the income and revenues to be derived from the operation of said System, which Current Bond proceeds, Grants and revenues are hereby irrevocably pledged to the payment of this Note, as authorized by said Bond Legislation.

This Note is issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act") and in anticipation of the issuance of the aforesaid Bonds and the receipt of the aforesaid

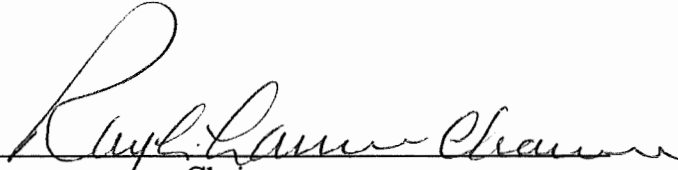
Grants and revenues, and neither this Note, nor the interest hereon, constitutes or evidences an indebtedness of the Issuer.

It is hereby certified that the proceeds of this Note will be disbursed in accordance with the Bond Legislation, authorizing the issuance of Bond Anticipation Notes, and that the proceeds of this Note will be subject to all of the conditions of said Bond Legislation.

It is further certified that the undersigned is the Chairman of said Issuer, that he is duly authorized to execute this Note and all Disbursement Notes on behalf of said Issuer, and that this Note represents a liability of said Issuer only, payable out of the first proceeds of said sources, herein above mentioned, and that the undersigned, by executing this Note or any Disbursement Note, does not become personally and/or individually liable hereon as his personal or individual debt.

IN WITNESS WHEREOF, said West Shelby Water District, in the Commonwealth of Kentucky, by its Governing Body, has caused this Note to be executed by the Chairman of said Issuer and its Corporate Seal to be hereunto affixed, on the date of this Note, which is January 5, 2000.

WEST SHELBY WATER DISTRICT

By  Chairman

(Seal of Issuer)

Exhibit A to Master Note

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
WEST SHELBY WATER DISTRICT
REVENUE BOND ANTICIPATION NOTE

DISBURSEMENT NOTE

No. _____

\$ _____

For value received, the West Shelby Water District (the "Issuer"), acting by and through its Board of Commissioners (the "Governing Body"), and pursuant to the Issuer's Waterworks Revenue Bond Anticipation Note, dated January 5, 2000, in the aggregate principal amount of \$835,000 (the "Master Note"), requests the disbursement of \$ _____, which when added to the previous disbursements made pursuant to the Master Note represents a total disbursement made as of the date of this Disbursement Note in the sum of \$ _____.

The Issuer hereby acknowledges itself indebted to and promises to pay to the order of Kentucky Rural Water Finance Corporation the amount disbursed hereunder and any other amounts disbursed under the Master Note, on or before the date of maturity of the Master Note, with interest payable on the amount disbursed hereunder from the date of this Disbursement Note at the rate set forth in the Master Note.

This Disbursement Note shall be subject to the terms and provisions of the Master Note.

IN WITNESS WHEREOF, said Issuer, by its Governing Body, has caused this Note to be executed by the Issuer and its Corporate Seal to be hereunto affixed, on the date of this Disbursement Note, which is _____.

WEST SHELBY WATER DISTRICT

By _____
Chairman

RESOLUTION

RESOLUTION OF THE WEST SHELBY WATER DISTRICT APPROVING AND AUTHORIZING A LOAN AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION

WHEREAS, the Board of Commissioners ("Governing Authority") of West Shelby Water District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's waterworks System (the "Project"); and

WHEREAS, the Governmental Agency desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to construct the Project and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into a Loan Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of West Shelby Water District, as follows:

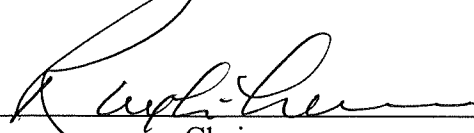
SECTION 1. That the Governing Authority hereby requests to the Corporation to act as its agency and instrumentality in obtaining interim financing and hereby approves and authorizes the Loan Agreement between the Governmental Agency and the Corporation substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project and the Loan Note from the Governmental Agency to the Corporation in the amount not to exceed \$835,000.

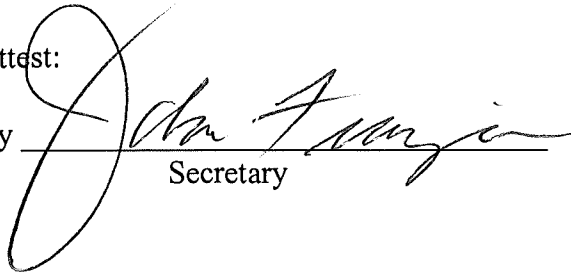
SECTION 2. That any officer of the Governmental Agency be and hereby is authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

Adopted on December 8, 1999.

WEST SHELBY WATER DISTRICT

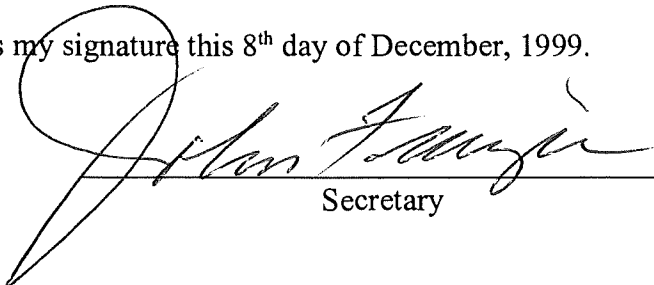
By 
Chairman

Attest:
By 
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of West Shelby Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of said District at a meeting duly held on December 8, 1999; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 8th day of December, 1999.


Secretary

LOAN AGREEMENT

By and Between

KENTUCKY RURAL WATER FINANCE CORPORATION

and

WEST SHELBY WATER DISTRICT

dated January 5, 2000

LOAN AGREEMENT

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LOAN AGREEMENT

This Loan Agreement made and entered into as of the 5th day of January, 2000 (the "Loan Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation instrumentality of the various entities of the Commonwealth of Kentucky (the "Corporation") and the West Shelby Water District (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Corporation has established its Public Projects Construction Financing Program (the "Program") designed to provide financing of construction to governmental entities under which the Corporation has determined to issue under its Public Projects Construction Notes, Series 1999, dated April 15, 1999 (the "Notes") pursuant to a Trust Indenture dated as of April 15, 1999 (the Indenture") between the Corporation and The Fifth Third Bank, trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making Loans, pursuant to Loan Agreements for Construction of their Projects, in order to provide a centralized source of interim construction financing and to reduce interest costs financing expenses of such governmental entities; and

WHEREAS, the Governmental Agency has obtained a commitment for Permanent Financing for its Project as hereinafter defined, from RD; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to acquire, construct, and finance the Project, and the Corporation has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Corporation; and

WHEREAS RD has or will appropriate funds in amounts sufficient to enable it to honor said commitments for Permanent Financing of such Projects; and

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

WHEREAS, pursuant to this Loan Agreement the Governmental Agency will proceed with the construction of the Project; and

WHEREAS, pursuant to this Loan Agreement the Governmental Agency will irrevocably assign to the Trustee, for the benefit of the Corporation, all right, title and interest in and to monies to be received pursuant to the Permanent Financing, which monies will be used by the Trustee to pay principal of and interest on the Notes; and

WHEREAS, the Corporation is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon

the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All of the terms utilized in this Loan Agreement will have the same definitions and meaning as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Loan Agreement by reference, the same as if set forth hereby verbatim provided, however, that those definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Governmental Agency and its Project.

"*Act*" shall mean Chapter 58 of the Kentucky Revised Statutes, as amended.

"*Application*" means those specific details of the Project identified in Exhibit A hereto, all of which are incorporated by reference in this Loan Agreement.

"*Authorized Officer*" shall mean the President, Vice-President, Treasurer or Secretary of the Corporation, and any other of its members, officers, agents, or employees duly authorized by resolution of the Corporation to perform the act or sign the document in question.

"*Business Day*" shall mean any day other than a Saturday, Sunday or other legal holiday on which the main corporate trust office of the Trustee is closed.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"*Commitment Letter*" means the RD Commitment Letter evidencing the approval by RD of Permanent Financing for the Project.

"*Commonwealth*" or "*State*" shall mean the Commonwealth of Kentucky.

"*Corporation*" shall mean the Kentucky Rural Water Finance Corporation, a non-profit corporation and an instrumentality of the Governmental Agency and other governmental entities.

"*Costs*" or "*Project Costs*" shall mean the costs of the Project as approved by RD including interest during the construction of the Project.

"*Engineers*" means the firm of consulting engineers employed by the Governmental Agency in connection with the Project identified in the Application.

"*Governmental Agency*" shall mean any agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate a Project, including specifically but not by way of limitation, incorporated

cities, counties, sanitation districts, water districts, public authorities, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Loan Agreement shall mean the Governmental Agency identified in the Application.

"*Governmental Agency's Account*" shall mean the separate accounts within the Program Fund under the Indenture, established for each particular Project.

"*Indenture*" shall mean the Trust Indenture dated as of April 15, 1999, between the Corporation and the Trustee, outstanding to which the Notes have been issued and are secured.

"*Investment Earnings*" shall mean interest earned on amounts on deposit in the Governmental Agency's Account established for the Governmental Agency.

"*Loan*" shall mean the loan effected, pursuant to one or more draws, under this Loan Agreement from the Corporation to the Governmental Agency in the principal amount set forth in the Application, for the purpose of defraying the costs incidental to the Construction of the Project.

"*Loan Agreement*" shall mean this agreement made and entered into by and between a Governmental Agency and the Corporation, providing for a Loan to the Governmental Agency by the Corporation, and for the repayment thereof to the Corporation by the Governmental Agency.

"*Loan Note*" shall mean the notes of the Governmental Agency to the Corporation dated as of their respective dates assigned to the Trustee representing the loan obligations of the Governmental Agency set forth in this Loan Agreement.

"*Loan Payment Date*" shall mean the Business Day agreed to by the Trustee which day shall be no more than three (3) Business Days after receipt by the Governmental Agency of the proceeds of the Permanent Financing.

"*Loan Payments*" shall mean all payments to the Corporation by the Governmental Agency under this Loan Agreement.

"*Maturity Date*" shall mean the Maturity Date for the Loan.

"*Note*" or *Notes*" shall mean any of the Corporation's \$35,000,000 Public Projects Construction Notes, Series 1999, dated April 15, 1999.

"*Permanent Financing*" shall mean bonds issued by the Governmental Agency and delivered to RD as purchaser.

"*Person*" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"*Program*" shall mean the Public Projects Construction Financing Program of the Corporation as distinguished from any other programs of the Corporation.

"*Project*" shall mean, when used generally, an infrastructure project as defined in the Act, and when used in specific reference to the Governmental Agency, the Project described in the Application.

"*RD*" means the Rural Development of the United States Department of Agriculture or its successors or assigns.

"*Requisition for Funds*" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Corporation as construction of the Project progresses.

"*System*" shall mean the utility system owned and operated by the Governmental Agency of which the Project shall become a part.

"*Trustee*" shall mean The Fifth Third Bank, Cincinnati Ohio, and its successor or successors, and any other corporation acting at any time as Trustee under the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Corporation. The Corporation represents and warrants for the benefit of the Governmental Agency as follows:

(A) The Corporation is a non-profit corporation and an instrumentality of the Governmental Agency and other governmental entities, has all necessary power and authority to enter into, and perform its obligations under, this Loan Agreement, and has duly authorized the execution and delivery of this Loan Agreement.

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

(C) To the knowledge of the Corporation, there is no litigation or proceeding pending or threatened against the Corporation or any other person affecting the right of the Corporation to execute or deliver this Loan Agreement or to comply with its obligations under this Loan Agreement. Neither the execution and delivery of this Loan Agreement by the Corporation, nor compliance by the Corporation with its obligations under this Loan Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(D) The authorization, execution and delivery of this Loan Agreement and all actions of the Corporation with respect thereto, are in compliance with the Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Corporation as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Loan Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Loan Agreement and the consummation of the transactions contemplated hereby have all been duly authorized by requisite action of the governing body of the Governmental Agency.

(C) This Loan Agreement and the Loan Note has been duly executed and delivered by the Governmental Agency and are valid and binding obligations of the Governmental Agency enforceable in accordance with their terms, except to the extent that the enforceability thereof may

be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) There is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Loan Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Loan Agreement or the construction of the Project, or in any way contesting or affecting the validity of this Loan Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Loan Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Loan Agreement.

(E) The authorization and delivery of this Loan Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Loan Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

(G) All actions taken by the Governmental Agency in connection with this Loan Agreement, the Loan Note and the Loan described herein and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including, but not limited to, all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, and to enter into this Loan Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Loan Agreement.

(I) Legal counsel to the Governmental Agency has duly executed and delivered the opinion of legal counsel substantially in the form set forth in Exhibit E hereto.

Section 2.3. Representations and Warranties of the Governmental Agency Concerning the Commitment Letter. The Governmental Agency additionally represents and warrants that the Governmental Agency has (i) received all approvals of RD required in connection with the Construction of the Project, (ii) received a commitment for Permanent Financing of its Project with presently obligated funds on or before the Maturity Date and (iii) if the Permanent Financing is to be provided by RD, sold its obligations representing the Permanent Financing to RD, as evidenced by an opinion of bond counsel.

Section 2.4. Representations Concerning the Permanent Financing. The Governmental Agency acknowledges and agrees that the Corporation has relied upon the establishment of the Permanent Financing by the Governmental Agency and RD, and that the Corporation and its officers, agents and employees have made an independent investigation thereof or otherwise attempted to verify the circumstances regarding the Permanent Financing. The Governmental Agency further represents to the Corporation that such Permanent Financing has been established by the Governmental Agency and RD with all due regard for the character and nature of the Project, including the potential impact of foreseeable occurrences that reasonably might be expected to delay the scheduled completion of the Project.

Section 2.5. Representations, Warranties and Covenants Concerning RD. If the Permanent Financing is to be provided by RD, the Governmental Agency further represents, warrants and covenants, as follows:

(A) The Governmental Agency is not in breach of or in default under any of the provisions of the loan documents or any instruments, proceedings or other documentation authorizing the issuance of or securing the payment of the Permanent Financing.

(B) The execution and delivery of the RD loan documents and the compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the Governmental Agency a breach of or default under any contract, agreement, instrument, indenture or proceedings or any law, regulation, court order or consent decree to which the Governmental Agency is now subject.

(C) The RD loan documents have been duly authorized, executed and delivered by the Governmental Agency and are valid and binding obligations of the Governmental Agency.

(D) The Permanent Financing has been duly authorized and sold to RD pursuant to law and shall constitute a valid and binding obligation of the Governmental Agency upon delivery to RD and the payment therefor in accordance with the terms of sale.

(E) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to be pending or threatened against the Governmental Agency in any way contesting or affecting any authority for the issuance of or the validity of the Permanent Financing or the RD loan documents or in any way adversely affecting the transactions contemplated thereby.

(F) The Governmental Agency will comply in all respects with the terms and provisions of the RD loan documents.

(G) The Governmental Agency will promptly remit, in accordance with the provisions of the RD loan documents, each disbursement from its Governmental Agency's Account to the person or persons to whom payment is then due and owing.

(H) The Governmental Agency will not unilaterally terminate, or enter into any agreement to terminate, any of the RD loan documents and will give to the Corporation and the Trustee prompt written notice, appropriately documented, of any amendment to or modification of any of the RD loan documents.

ARTICLE III

CORPORATION'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Corporation has determined that the Governmental Agency's Project is a project under the Act and the Governmental Agency is entitled to financial assistance from the Corporation in connection with financing the Construction of the Project.

Section 3.2. Principal Amount Of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be \$835,000 (the "Loan Amount"). Principal shall be paid in full on or before September 1, 2000 (the "Maturity Date"). The Loan shall bear interest at a per annum rate equal to four and ninety-sevenths percent (4.97%), and shall accrue on the outstanding principal amount of the Loan disbursed pursuant to one or more Loan Notes from the respective dates of disbursement and shall be payable on the Loan Payment Date. The Loan shall be evidenced by the execution by the Governmental Agency of the Loan Note and delivery and assignment thereof to the Trustee.

The proceeds of the Loan shall be deposited in a Governmental Agency's Account established for the Governmental Agency. The Corporation shall disburse amounts from such Governmental Agency's Account as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto.

Payment of principal of the Loan shall be made at the principal corporate trust office of the Trustee on the Loan Payment Date, which date shall not be after the Maturity Date. In addition to the payment of principal of and interest on the Loan, the Governmental Agency shall pay to the Corporation all of the expenses and fees, including any share of investment earnings required to be rebated to the United States of America pursuant to the Code, arising from the making of the Loan by the Corporation to the Governmental Agency. The Governmental Agency shall receive a credit against its payment of principal hereunder in an amount equal to (i) amounts remaining in its Governmental Agency's Account on the date the Loan is paid in full and (ii) Investment Earnings.

Section 3.3. Rebate to Governmental Agency. Within ninety (90) days following the payment in full of the Notes of the Corporation issued under the Indenture, the Corporation shall rebate or cause to be rebated to the Governmental Agency a portion of the monies remaining in the accounts held by the Trustee under the Indenture after repayment of or provision for repayment of all necessary fees, costs and expenses of the Trustee and the Administrative Costs of the Program (the "Rebate Amount"), on the following basis:

- (A) All interest paid on the Loans provided that if the remaining Rebate Amount is not sufficient to rebate all interest paid on all Loans, the rebate will be equal to the remaining Rebate Amount multiplied by a ratio whose numerator is the

Governmental Agency's Loan amount and whose denominator is the total Loan amounts on all Governmental Agency's Accounts.

Section 3.4. Covenant Regarding Permanent Financing. The Governmental Agency does hereby separately covenant that if for any reason RD fails to provide the Permanent Financing by accepting delivery thereof on or before the Maturity Date, the Governmental Agency shall continue to pay interest on the Loan at the rate set forth in Section 3.2 from amounts in its Governmental Agency's Account or its own funds, as determined by the Corporation, and if RD has not purchased the Permanent Financing by September 1, 2000 retire the Loan on such date. Such retirement shall be effected from the proceeds of other temporary or Permanent Financing or other borrowing of whatever nature or from any other legally available funds of the Governmental Agency.

The Governmental Agency will give to the Corporation and the Trustee prompt written notice, appropriately documented, of any modification, suspension, termination, annulment or other change in status of the RD commitment for Permanent Financing. In such event the Corporation shall provide express written instructions to the Trustee specifically detailing to the Trustee the manner in which the duties of the Trustee under the Indenture will change as a result of such modification, suspension, annulment or other change.

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Loan Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Corporation, if requested, appropriate documentation, satisfactory to the Corporation, in its sole discretion, indicating the following:

(A) That the Corporation and any appropriate regulatory agency of the Commonwealth as may be designated by the Corporation, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to enter upon the Project and to examine and inspect same.

(B) All real estate and interest in real estate and all personal property constituting the Project and the Project sites heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency and constitute a part of the System.

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Corporation (as described in the Application) the Corporation shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of construction of the Project over and above the Loan, prior to the disbursement by the Corporation of any portion of the Loan.

(D) The Governmental Agency shall do all things necessary to acquire all proposed and necessary sites, easements and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design and specifications prepared for the Governmental Agency by its Engineers.

(E) Actual construction and installation incident to the Project shall be performed by either the lump-sum (fixed price) or unit price contract method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.

(F) Unless construction of the Project has already been initiated as of the date of this Loan Agreement, pursuant to due compliance with state law and applicable regulations, the Project will not be advertised or placed on the market for construction bidding by the Governmental Agency until the final plans, designs and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Governmental Agency and furnished to the Corporation.

(G) Duly authorized representatives of the Corporation and such other agencies of the Commonwealth as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

(H) The construction contract or contracts shall require the contractor to comply with all provisions of federal and state law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Loan Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project, and same shall be maintained monthly thereafter to indicate the actual construction progress of the Project.

(J) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(K) The construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(L) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers to the Governmental Agency and approved by state and federal agencies, but only to the extent such approvals may be required.

(M) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Corporation noting the participation of the Corporation in the financing of the Project.

(N) Except as otherwise provided in this Loan Agreement, the Governmental Agency shall have the sole and exclusive charge of all details of the Construction.

(O) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Corporation, acting by and through its duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records

relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Corporation such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state grants.

(P) The Governmental Agency shall require that any bid for any portion of the Construction of the Project be accompanied by a bid bond, certified check or other negotiable instrument payable to the Governmental Agency, as assurance that the bidder will, upon acceptance of such bid, execute the necessary contractual documents within the required time.

(Q) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and payment bond in an amount at least equal to one hundred percent (100%) of the contract price or the portion of the project covered by the particular contract as security for the faithful performance of such contract.

(R) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Corporation. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor, shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Corporation, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

(S) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Corporation, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

Section 4.2. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Trustee a Loan Note and a Requisition for Funds during the first five days of each month (or such other designated period as is acceptable to the Trustee). The Loan Note shall be in substantially the same form as that attached to this Loan Agreement as Exhibit C and made a part hereof and the Requisition of Funds shall be in substantially the same form as that attached to this Loan Agreement as Exhibit B and made a part hereof.

Upon the Corporation's receipt of the Loan Note and the Requisition for Funds, and such additional documentation as it may require, the Corporation may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

ARTICLE V

ASSIGNMENT AND GENERAL COVENANTS OF THE GOVERNMENTAL AGENCY

Section 5.1. Pledge and Assignment. The Governmental Agency does hereby irrevocably assign and pledge to the Corporation and its successors or assigns, for the benefit of the owners of all Notes issued under the Indenture, all right, title and interest of the Governmental Agency in and to the proceeds of the Permanent Financing and all monies to be received from RD, as applicable, pursuant to RD's expressed intention to provide Permanent Financing for the Project. The Governmental Agency acknowledges and agrees that the Corporation pursuant to the Indenture has assigned and pledged to the Trustee for the benefit and security of the owners of the Notes all of its rights under the provisions of this Loan Agreement and the Loan Note. Accordingly, this Loan Agreement shall not be terminated, modified or changed by the Corporation or the Governmental Agency except with the consent of the Trustee in the manner and subject to the conditions permitted by the terms and provisions of the Indenture.

Section 5.2. Further Assurance. At any time and all times the Governmental Agency shall, so far as it maybe authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 5.3. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency so that the Permanent Financing can be delivered on or prior to the Maturity Date.

Section 5.4. Tax Covenant. The Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Corporation in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Corporation. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 5.5 Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Project, which shall at all reasonable times be subject to the inspection of the Corporation.

Section 5.6. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of any agreements regarding the Permanent Financing and under any provisions of the Act and this Loan Agreement in accordance with the terms of such provisions.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default Defined. The following will be "Events of Default" under this Loan Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any Loan payments at the times specified herein including the principal and interest due on the Loan Note.

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Corporation unless the Corporation agrees in writing to an extension of such time prior to its expiration provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

Section 6.2. Remedies on Default. Whenever any Event of Default referred to in Section 6.1 has occurred and is continuing, the Corporation may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments to be immediately due and payable.

(B) Exercise all the rights and remedies of the Corporation set forth in the Act.

(C) Take whatever action at law or in equity appear necessary or desirable to enforce its rights under this Loan Agreement.

Section 6.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of Judicial proceedings to enforce the rights of the Corporation under this Loan Agreement, the Corporation shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Corporation may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 6.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 6.5. Consent to Powers of Corporation Under Act and this Loan Agreement. The Governmental Agency hereby acknowledges to the Corporation its understanding of the provisions of the Act and this Loan Agreement, vesting in the Corporation certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Corporation should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Corporation in the due and prompt implementation of this Loan Agreement.

Section 6.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 6.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto is in default under any of the provisions hereof and the nondefaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1. Approval not to be Unreasonably Withheld. Any approval of the Corporation required by this Loan Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Corporation, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Loan Agreement requiring the approval of the Corporation or the satisfaction or the evidence of satisfaction of the Corporation shall be interpreted as requiring action by an authorized officer of the Corporation granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 7.2. Effective Date. This Loan Agreement shall become effective as of the date first set forth herein above and shall continue to full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Loan Agreement have been fully satisfied.

Section 7.3. Binding Effect. This Loan Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Loan Agreement shall not be revocable by either of the parties, nor assignable by either parties without the written consent of the other party.

Section 7.4. Severability. In the event that any provision of this Loan Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 7.5. Execution in Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 7.6. Applicable Law. This Loan Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 7.7. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the day and year above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____

Title _____

WEST SHELBY WATER DISTRICT

By *Ralph Lamm*

Title *Chairman*

EXHIBIT A

**KENTUCKY RURAL WATER FINANCE CORPORATION
PUBLIC PROJECTS INTERIM CONSTRUCTION FINANCING**

APPLICATION FOR INTERIM FINANCING FOR RD LOANS

Governmental Entity:

Name: _____

Address: _____

Contact Person: _____

Telephone Number: _____ Fax Number: _____

Project Engineer:

Name: _____

Address: _____

Contact Person: _____

Telephone Number: _____ Fax Number: _____

RD District Loan Officer:

Name: _____

Address: _____

Telephone Number: _____ Fax Number: _____

Bond Counsel:

Name: _____

Address: _____

Contact Person: _____

Telephone Number: _____ Fax Number: _____

Brief Description of Project: _____

Date of RD Letter of Conditions: _____

Amount of Interim Financing Requested: _____

Estimated Date of Construction Commencement (RD Pre-Closing): _____

Estimated Date of Construction Completion: _____

Estimated Date of RD Final Closing: _____

Depository Bank for Construction Account:

Name: _____

Address: _____

Contact Person: _____

Telephone Number: _____ Fax Number: _____

Wire Instructions (if known): _____

Please return application and RD Letter of Conditions to:
Kentucky Rural Water Finance Corporation
3251 Spring Hollow Avenue
Bowling Green, Kentucky 42102-1424

EXHIBIT B

**REQUEST FOR PAYMENT WITH RESPECT TO
KENTUCKY RURAL WATER FINANCE CORPORATION
(PUBLIC PROJECTS CONSTRUCTION FINANCING PROGRAM)**

Request No. _____

Dated _____

To: Fifth Third Bank
Corporate Trust Administration
Mail Drop 1090D2
38 Fountain Square Plaza
Cincinnati, Ohio 45263
Fax Number: (513) 744-6785

From: _____ ("Governmental Agency")

Contact Person: _____

Address: _____

Ladies and Gentlemen:

The above identified Governmental Agency has entered into a Loan Agreement with the Kentucky Rural Water Finance Corporation (the "Corporation") for the acquisition and construction of facilities described in the Loan Agreement as the "Project."

Pursuant to the Loan Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Corporation's funding share of these expenses is in the amount so denoted in this request totaling \$ _____ and is set forth in Exhibit A attached hereto.

Respectfully submitted,

Governmental Agency

By _____

Title _____

Certificate of Consulting Engineers as to
Payment Request

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request and that all expenses represented in this request were duly incurred for the Construction of the "Project," and that such expenses have not been the subject of any request for disbursement previously submitted.

Engineer/Consultant

Firm Name _____

By _____

Title _____

APPROVED:

Rural Development

By _____

Title _____

EXHIBIT C

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY

REVENUE BOND ANTICIPATION NOTE

Dated: _____ \$ _____

For value received, the _____ (the "Issuer"), acting by and through its _____ (the "Governing Body"), hereby acknowledges itself indebted to and promises to pay to the order of:

KENTUCKY RURAL WATER FINANCE CORPORATION

the principal sum of

_____ (\$ _____)

on or before September 1, 2000, with interest thereon payable on the date of maturity (or prior prepayment) from the date of any respective disbursements hereunder at the rate of four and ninety-sevenths percent (4.97%) per annum.

This Note represents the authorized aggregate principal amount of \$ _____, authorized to be issued by the Issuer for the purpose of obtaining funds to finance on an interim basis the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing _____ system (the "System") of the Issuer, pending the issuance and delivery of \$ _____ of _____ Revenue Bonds, (the "Bonds"), authorized by the Bond _____ of the Governing Body of the Issuer, adopted on _____, 19__ (the "Bond Legislation"), the proceeds of which Bonds will be supplemented by (a) certain federal grants (the "Grants") as set forth and accepted in the Bond Legislation and (b) certain connection charges. The United States of America, acting through its Rural Development (the "RD"), has agreed to purchase said Bonds.

Disbursements of the proceeds of this Note shall be made in accordance with the Loan Agreement by and between the Issuer and the Kentucky Rural Water Finance Corporation dated the date hereof and by the execution by the Issuer of one or more Disbursement Notes in the form attached hereto as Exhibit A. Interest shall accrue on the amount of the disbursed proceeds from the date of said disbursement until the date of maturity of this Note.

This Note is a special obligation of the Issuer, payable solely from the proceeds of the sale of the Bonds, the proceeds of said Grants, and, from the income and revenues to be derived from the operation of said System, which Current Bond proceeds, Grants and revenues are hereby irrevocably pledged to the payment of this Note, as authorized by said Bond Legislation.

This Note is issued pursuant to Chapters 58 and _____ of the Kentucky Revised Statutes (the "Act") and in anticipation of the issuance of the aforesaid Bonds and the receipt of the aforesaid Grants and revenues, and neither this Note, nor the interest hereon, constitutes or evidences an indebtedness of the Issuer.

It is hereby certified that the proceeds of this Note will be disbursed in accordance with the Bond Legislation, authorizing the issuance of Bond Anticipation Notes, and that the proceeds of this Note will be subject to all of the conditions of said Bond Legislation.

It is further certified that the undersigned is the _____ of said Issuer, that he is duly authorized to execute this Note and all Disbursement Notes on behalf of said Issuer, and that this Note represents a liability of said Issuer only, payable out of the first proceeds of said sources, herein above mentioned, and that the undersigned, by executing this Note or any Disbursement Note, does not become personally and/or individually liable hereon as his personal or individual debt.

IN WITNESS WHEREOF, said _____, in the Commonwealth of Kentucky, by its Governing Body, has caused this Note to be executed by the _____ of said Issuer and its Corporate Seal to be hereunto affixed, on the date of this Note, which is _____, 19____.

By _____

Title _____

(Seal of Issuer)

Exhibit A to Master Note

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY

REVENUE BOND ANTICIPATION NOTE

DISBURSEMENT NOTE

No. _____ \$ _____

For value received, the _____ (the "Issuer"), acting by and through its _____ (the "Governing Body"), and pursuant to the Issuer's _____ Revenue Bond Anticipation Note, dated _____, _____, in the aggregate principal amount of \$ _____ (the "Master Note"), requests the disbursement of \$ _____, which when added to the previous disbursements made pursuant to the Master Note represents a total disbursement made as of the date of this Disbursement Note in the sum of \$ _____.

The Issuer hereby acknowledges itself indebted to and promises to pay to the order of Kentucky Rural Water Finance Corporation the amount disbursed hereunder and any other amounts disbursed under the Master Note, on or before the date of maturity of the Master Note, with interest payable on the amount disbursed hereunder from the date of this Disbursement Note at the rate set forth in the Master Note.

This Disbursement Note shall be subject to the terms and provisions of the Master Note.

IN WITNESS WHEREOF, said Issuer, by its Governing Body, has caused this Note to be executed by the Issuer and its Corporate Seal to be hereunto affixed, on the date of this Disbursement Note, which is _____.

By _____

Title _____

EXHIBIT D

RESOLUTION _____

RESOLUTION OF THE _____ APPROVING AND
AUTHORIZING A LOAN AGREEMENT WITH THE KENTUCKY RURAL
WATER FINANCE CORPORATION

WHEREAS, the _____ ("Governing Authority") of
_____, ("Governmental Agency") has previously determined that it is in the
public interest to acquire and construct certain facilities and improvements to the Governmental
Agency's _____ System (the "Project"); and

WHEREAS, the Governmental Agency desires the Kentucky Rural Water Finance
Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing
monies to construct the Project and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter
into a Loan Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of
_____, as follows:

SECTION 1. That the Governing Authority hereby requests to the Corporation to act as its
agency and instrumentality in obtaining interim financing and hereby approves and authorizes the
Loan Agreement between the Governmental Agency and the Corporation substantially in the form
on file with the Governmental Agency for the purpose of providing the necessary financing to the
Governmental Agency for the Project and the Loan Note from the Governmental Agency to the
Corporation in the amount not to exceed \$ _____.

SECTION 2. That any officer of the Governmental Agency be and hereby is authorized,
directed and empowered to execute necessary documents or agreements, and to otherwise act on
behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

Adopted on _____.

By _____

Title _____

Attest:

By _____

Title _____

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting _____ of _____; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of _____ at a meeting duly held on _____, 199_ ; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this ____ day of _____, 199_.

Title _____

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

Kentucky Rural Water Finance Corporation
Bowling Green, Kentucky

Fifth Third Bank
Cincinnati, Ohio

Loan Agreement by and between Kentucky Rural Water Finance Corporation
and _____ dated as of _____

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to _____ (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the project (the "Project") with respect to which the Loan Agreement (the "Loan Agreement") by and between the Kentucky Rural Water Finance Corporation ("Corporation") and the Governmental Agency is being authorized, executed and delivered and the Loan Notes (the "Loan Note") from the Governmental Agency to the Corporation is being authorized, and which may be executed and delivered.

I have reviewed the form of Loan Agreement, the Loan Note, the resolution or ordinance of the Governmental Agency authorizing the execution and delivery of said Loan Agreement and Loan Note and the plans, designs and specifications prepared by the Engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

(1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

(2) The Loan Agreement and the Loan Note have been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors rights or remedies generally.

(3) The Governmental Agency has all necessary power and authority to enter into, perform and consummate all transactions contemplated by the Loan Agreement and the Loan Note, and to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

(4) The execution and delivery of the Loan Agreement and the Loan Note and the performance by the Governmental Agency of their obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Loan Agreement and the Loan Note.

(5) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Loan Agreement, the Loan Note or the application of any monies or security therefor, (iv) the construction of the Project, or (v) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Loan Agreement or the Loan Note.

(6) None of the proceedings taken by the Governmental Agency for the authorization, execution or delivery of the Loan Agreement or the Loan Note has or have been repealed, rescinded, or revoked.

(7) All proceedings and actions of the Governmental Agency with respect to which the Loan Agreement or the Loan Note is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

EXHIBIT F

OPINION OF BOND COUNSEL

[Letterhead of Bond Counsel to Governmental Agency]

[Date]

Loan Agreement by and between Kentucky Rural Water Finance Corporation
and _____ dated as of _____

We hereby certify that we have reviewed and are familiar with the proceedings of _____ (the "Governing Authority") of the _____ (the "Governmental Agency"), in connection with the authorization, execution and delivery of a Loan Agreement between the Kentucky Rural Water Finance Corporation, (the "Corporation") and the Governmental Agency, dated _____, 19____ (the "Loan Agreement") and the form of the Loan Notes from the Governmental Agency to the Corporation (the "Loan Note") evidencing the loan in the amount not to exceed \$_____ being issued by the Corporation to the Governmental Agency pursuant to the Loan Agreement and the Loan Note to provide interim financing (the "Loan") for the construction of a project (the "Project") consisting of improvements to the _____ system of the Governmental Agency (the "System"); and the proposed issuance of bonds by the Governmental Agency in the amount of \$_____, to be dated the date of the issuance thereof (the "Bonds") to repay the Loan and provide permanent financing for the Project.

Our examination of such proceedings included (a) the proceedings of the Governing Authority held on _____, 19____, adopting a resolution authorizing the Loan Agreement (the "Resolution") (b) the proceedings of the Governing Authority held on _____ 19____, adopting legislation authorizing the Bonds (the "Bond Legislation"); and (c) the proceedings of the Governing Authority held on _____, 19____, accepting the successful bid of the United States Department of Agriculture, Rural Development (the "RD") for the purchase of the Bond.

Based upon our examination of the aforesaid proceedings, we are of the opinion that the Governmental Agency has a valid contract with the RD, in which the Governmental Agency has agreed to sell and RD has agreed to purchase Bonds at par, and that the Bonds, when issued in accordance with the aforesaid proceedings, will be valid and legally binding upon the Governmental Agency and will be secured by and payable from a pledge of the gross revenues of the System.

Based upon our review of such proceedings and applicable laws, it is our opinion that the Loan Agreement has been validly authorized, executed and delivered by and on behalf of the Governmental Agency.

The rights and remedies of the Corporation under the Loan Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, or similar laws, or judicial decisions affecting the rights of creditors generally, and by the application of equitable principles where equitable remedies are sought.

This opinion letter is issued to, and solely for the benefit and reliance of, the Corporation and may not be relied upon by any persons other than the Corporation.









Respectfully Submitted,

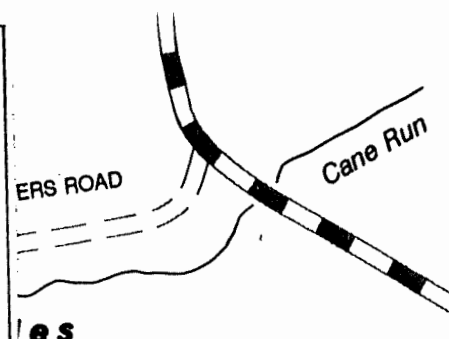
EXHIBIT G

RD COMMITMENT LETTER

CERTIFIED RIGHT-OF-WAY MAP

WE, THE UNDERSIGNED, CERTIFY THAT THE COLOR-CODED TITLE, RIGHTS-OF-WAY, EASEMENTS AND OTHER AUTHDRIZATIONS HEREIN SHOW, HAVE BEEN OBTAINED IN LEGALLY ACCEPTABLE FORM AND ARE AVAILABLE FOR CONSTRUCTION AND PERPETUAL MAINTENANCE OF THE PROPOSED FACILITY IN ACCORDANCE WITH THE INTENT OF THE APPROVED PROJECT PLANS. WE ALSO CERTIFY THAT THE PROPOSED CONSTRUCTION AND IMPROVEMENTS ARE WITHIN THE OWNER'S LEGALLY ESTABLISHED BOUNDARIES AND/OR THE OWNER HAS THE LEGAL AUTHORITY TO SERVE THE AREA.

- PRIVATE PROPERTY RIGHT-OF-WAY EASEMENT 
- COUNTY HIGHWAY EASEMENT 
- STATE HIGHWAY ENCROACHMENT PERMIT 
- RAILROAD EASEMENT/CONTRACT 
- CITY STREETS/PROPERTY 
- PROPERTY OWNED IN FEE SIMPLE TITLE 
- EASEMENT ON WHICH STRUCTURE(S) WILL BE CONSTRUCTED 
- DISTRICT BOUNDARY 



es

DISTRICT BOUNDARY

[Signature]

 OWNER (Appropriate Official of Governing Body)

7-14-99

 DATE

[Signature]

 CONSULTING ENGINEER

7-14-99

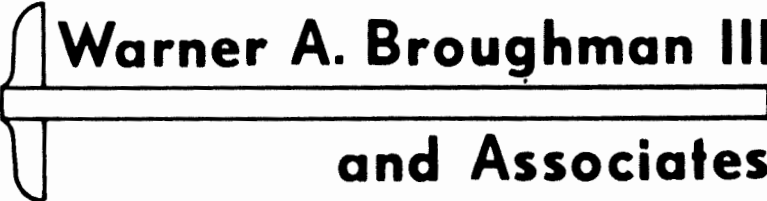
 DATE

[Signature]

 OWNER'S LOCAL COUNSEL

7/14/99

 DATE

Warner A. Broughman III

and Associates
 LEXINGTON KENTUCKY

We

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date January 11, 2001

Dear Sir:

I have reviewed the action taken by West Shelby Water District (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way Certificate," executed by the Corporation on August 24, 19 99. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate."

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.
- C. Exceptions: NONE

Very truly yours,



Donald Prather

Attorney for West Shelby Water District

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Office, STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

RIGHT-OF-WAY CERTIFICATE

The undersigned, West Shelby Water District
hereby certifies except as noted in item 4 below:

1. That the undersigned has acquired and presently holds continuous and adequate ~~rights-of-way~~ on private lands needed for the construction, operation, and maintenance of the facilities to be installed, repaired, or ~~enlarged~~ with the proceeds of a loan made or insured by, and/or a grant from, United States Department of Agriculture and such ~~omissions, defects, or restrictions~~ as may exist will in no substantial way or manner endanger the value or the operation of the facilities.
2. That the undersigned has acquired the necessary permits, franchises, and authorizations ~~or other instruments~~ by whatsoever name designated, from public utilities and public bodies, commissions, or agencies authorizing the construction, operation, and maintenance of the facilities upon, along or across streets, roads, highways, and public utilities.
3. That the attached "Right-of-way Map" shows the location and description of all land ~~and rights-of-way~~ acquired by right of use or adverse possession and by legal conveyances such as right-of-way or easement deeds, ~~permits,~~ or other instruments.
4. Exceptions: NONE

WITNESS WHEREOF, applicant hereunto affixes its name and corporate seal this 11th day of January, XI 2001.

WEST SHELBY WATER DISTRICT

By [Signature]
Ray Larmee

Title Chairman

Attest:

[Signature]
(Secretary)

(Affix Corporate Seal Here)



Public reporting for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, D.C. 20250. Please DO NOT RETURN this form to either of this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the West Shelby Water District

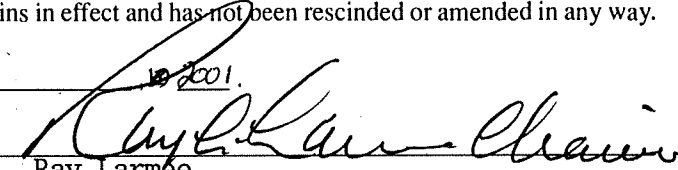
hereby certify that the Board of Commissioners of such Association is composed of

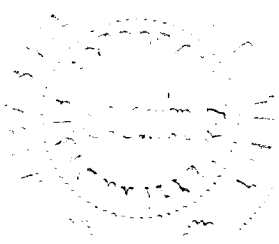
3 members, of whom 3, constituting a quorum, were present at a meeting thereof duly called and

held on the 10th day of March, 1999; and that the foregoing resolution was adopted at such meeting

by the vote shown above. I further certify that as of January 11, 2001, the date of closing of the loan from the Government, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 11th day of January, 2001.


Ray Larmée
Title Chairman



6/7

UNITED STATES DEPARTMENT OF AGRICULTURE

Form FmHA 400-1
(Rev. 7-19-83)

FARMERS HOME ADMINISTRATION

EQUAL OPPORTUNITY AGREEMENT

This agreement, dated March 10, 99 between

West Shelby Water District

(herein called "Recipient" whether one or more) and the Farmers Home Administration, United States Department of Agriculture, pursuant to the rules and regulations of the Secretary of Labor (herein called the "Secretary") issued under the authority of Executive Order 11246, as amended, witnesseth:

In consideration of financial assistance (whether by a loan, grant, loan guaranty, or other form of financial assistance) made or to be made by the Farmers Home Administration to Recipient, Recipient hereby agrees, if the cash cost of construction work performed by Recipient or a construction contract financed with such financial assistance exceeds \$10,000--unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965.

1. To incorporate or cause to be incorporated into any contract for construction work, or modification thereof, subject to the relevant rules, regulations, and orders of the Secretary or of any prior authority that remain in effect, which is paid for in whole or in part with the aid of such financial assistance, the following "Equal Opportunity Clause":

During the performance of this contract, the contractor agrees as follows:

- (a) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited, to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Farmers Home Administration setting forth the provisions of this nondiscrimination clause.
- (b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Farmers Home Administration, advising the said labor union or workers' representative of the contractor's commitments under this agreement as required pursuant to section 202(3) of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (d) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of all rules, regulations and relevant orders of the Secretary of Labor and of any prior authority which remain in effect.
- (e) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, rules, regulations, and orders, or pursuant thereto, and will permit access to his books, records, and accounts by the Farmers Home Administration, Office of Equal Opportunity, U. S. Department of Agriculture, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (f) In the event of the contractor's noncompliance with the Equal Opportunity (Federally Assisted Construction) clause or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government Contracts or Federally Assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as provided by Law.
- (g) The contractor will include the provisions of this Equal Opportunity (Federally Assisted Construction) clause in every subcontract or purchase order, unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each such subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the Farmers Home Administration may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor, as a result of such direction by the Farmers Home Administration, the contractor may request the United States to enter into such litigation to protect the interest of the United States.

2. To be bound by the provisions of the Equal Opportunity Clause in construction work performed by Recipient and paid for in whole or in part with the aid of such financial assistance.

3. To notify all prospective contractors to file the required 'Compliance Statement', Form FHA 400-6, with their bids.

4. Form AD-425, Instructions to Contractors, will accompany the notice of award of the contract.

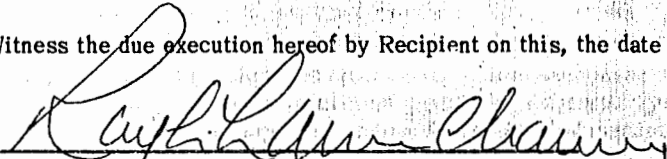
Bid conditions for all nonexempt Federal and Federally assisted construction contracts require inclusion of the appropriate "Hometown" or "Imposed" plan affirmative action and equal employment opportunity requirements. All bidders must comply with the bid conditions contained in the invitation to be considered responsible bidders and hence eligible for the award.

5. To assist and cooperate actively with the Farmers Home Administration and the Secretary in obtaining the compliance of contractors and subcontractors with the provisions of the Equal Opportunity Clause and the said rules, regulations, and orders, to obtain and furnish to the Farmers Home Administration and the Secretary, Form AD-560, Certification of Nonsegregated Facilities, to submit the Monthly Employment Utilization Report, Form CC-257, as required and such other information as they may require the supervision of such compliance, and to otherwise assist the Farmers Home Administration in the discharge of its primary responsibility for securing compliance.

6. To refrain from entering into any contract, or extension or other modification of a contract, subject to such Executive Order with a contractor debarred from Government contracts or federally assisted construction contracts pursuant to Part II, Subpart D, of such Executive Order or to prior authority; and to carry out such sanctions and penalties for violation of the provisions of the Equal Opportunity Clause as may be imposed upon contractors and subcontractors by the Farmers Home Administration or the Secretary pursuant to such Subpart D.

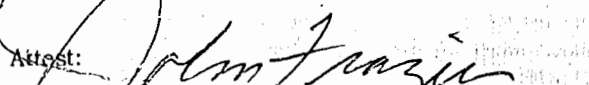
7. That if Recipient fails or refuses to comply with these undertakings, the Farmers Home Administration may take any or all of the following actions: (a) cancel, terminate, or suspend said financial assistance in whole or in part; (b) refrain from extending any further assistance under the program involved until satisfactory assurance of future compliance has been received from Recipient; and (c) refer the case to the Office of Equal Opportunity, U. S. Department of Agriculture for appropriate action.

Witness the due execution hereof by Recipient on this, the date first above written.


Ray Larmée, Chairman Recipient

Recipient

(CORPORATE SEAL)

Attest: 
John Frazier Secretary

Name of Corporate Recipient

By _____
President

5111

USDA
Form RD 400-4
(Rev. 3-97)

ASSURANCE AGREEMENT
(Under Title VI, Civil Rights Act of 1964)

FORM APPROVED
OMB No. 0575-0018

The West Shelby Water District
(name of recipient)
7101 Shelbyville Road Simpsonville, KY 40026
(address)

("Recipient" herein) hereby assures the U. S. Department of Agriculture that Recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et. seq.), 7 CFR Part 15, and Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, or the Farm Service Agency, (hereafter known as the "Agency") regulations promulgated thereunder, 7 C.F.R. §1901.202. In accordance with that Act and the regulations referred to above, Recipient agrees that in connection with any program or activity for which Recipient receives Federal financial assistance (as such term is defined in 7 C.F.R. §14.2) no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

1. Recipient agrees that any transfer of any aided facility, other than personal property, by sale, lease or other conveyance of contract, shall be, and shall be made expressly, subject to the obligations of this agreement and transferee's assumption thereof.
2. Recipient shall:
 - (a) Keep such records and submit to the Government such timely, complete, and accurate information as the Government may determine to be necessary to ascertain our/my compliance with this agreement and the regulations.
 - (b) Permit access by authorized employees of the Agency or the U.S. Department of Agriculture during normal business hours to such books, records, accounts and other sources of information and its facilities as may be pertinent to ascertaining such compliance.
 - (c) Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Agency or the U.S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
3. The obligations of this agreement shall continue:
 - (a) As to any real property, including any structure, acquired or improved with the aid of the Federal financial assistance, so long as such real property is used for the purpose for which the Federal financial assistance is made or for another purpose which affords similar services or benefits, or for as long as the Recipient retains ownership or possession of the property, whichever is longer.
 - (b) As to any personal property acquired or improved with the aid of the Federal financial assistance, so long as Recipient retains ownership or possession of the property.
 - (c) As to any other aided facility or activity, until the last advance of funds under the loan or grant has been made.
4. Upon any breach or violation this agreement the Government may, at its option:
 - (a) Terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity.
 - (b) Enforce this agreement by suit for specific performance or by any other available remedy under the laws of the United States or the State in which the breach or violation occurs.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, West Shelby Water District on this _____
(name of recipient)

date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

Ray Larmee Recipient
March 20, 99 Date
Chairman Title

(SEAL)
John Frazier
 Attest: John Frazier, Secretary Title

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0018. The time required to complete this information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Position 3
OPERATING BUDGET
"Water Budget"

Schedule 1

Name West Shelby Water District		Address P. O. Box 26 , Simpsonville	
Applicant Fiscal Year From January 1 To December 31		County Shelby	State (Including ZIP Code) KY 40026

			1999 (3)	2000 (4)	First Full Year (5)
<u>OPERATING INCOME</u>	(1)	(2)			
1. Water Revenue			700,000	704,000	709,782
2. _____					
3. _____					
4. _____					
5. Miscellaneous					
6. Less: Allowances and Deductions	()	()	()	()	()
7. Total Operating Income (Add Lines 1 through 6)			\$700,000	\$704,000	\$709,782
<u>OPERATING EXPENSES</u>					
8. Source of Supply Exp.			248,000	250,000	252,000
9. Pumping Expense			6,240	6,300	6,400
10. Trans & Dist Expense			66,215	66,700	67,200
11. Adm & Gen Expense			84,280	84,900	85,500
12. _____					
13. Interest (Int. Fin.)			10,000	25,300	
14. Interest (Other)			9,682	9,415	9,133
15. Interest (USDA)			58,990	57,710	98,180
16. Depreciation			107,000	117,000	165,475
17. Total Operating Expense (Add Lines 8 through 16)			590,407	617,325	683,888
18. NET OPERATING INCOME (LOSS) (Line 7 less 17)			109,593	86,675	25,894
<u>NONOPERATING INCOME</u>					
19. _____					
20. _____					
21. Total Nonoperating Income (Add 19 and 20)					
22. NET INCOME (LOSS) (Add Lines 18 and 21) (transfer to line A Schedule 2)			109,593	86,675	25,894

Budget and Projected Cash Flow Approved by Governing Body

Attest:

John T. ... Secretary
Bob McDowell Appropriate Official

3-10-99 Date
3-10-99 Date

RIGHT-OF-WAY CERTIFICATE

The undersigned, West Shelby Water District,
hereby certifies except as noted in item 4 below:

1. That the undersigned has acquired and presently holds continuous and adequate rights-of-way on private lands needed for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from, United States Department of Agriculture and such omissions, defects, or restrictions as may exist will in no substantial way or manner endanger the value or the operation of the facilities.
2. That the undersigned has acquired the necessary permits, franchises, and authorizations or other instruments by whatsoever name designated, from public utilities and public bodies, commissions, or agencies authorizing the construction, operation, and maintenance of the facilities upon, along or across streets, roads, highways, and public utilities.
3. That the attached "Right-of-way Map" shows the location and description of all land and rights-of way acquired by right of use or adverse possession and by legal conveyances such as right-of-way or easement deeds, permits, or other instruments.
4. Exceptions: None

WITNESS WHEREOF, applicant hereunto affixes its name and corporate seal this 5th day of
January, 19- 2000.

West Shelby Water District

By Ray Larmee
Ray Larmee

Title _____
Chairman

Attest: John Frazier
John Frazier (Secretary)

(Affix Corporate Seal Here)

Public reporting for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, D.C. 20250. Please DO NOT RETURN this form to either of this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date January 5, 2000

Dear Sir:

I have reviewed the action taken by West Shelby Water District (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way Certificate," executed by the Corporation on August 24, 19 99. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate."

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.
- C. Exceptions: None

Very truly yours,



Donald Prather

Attorney for West Shelby Water District

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR CONSUMER OR COMMERCIAL DEBTS

1/2

The Federal Government is authorized by law to take any or all of the following actions in the event your loan payments become delinquent or you default on your loan:

- Report your name and account information to a credit reporting agency.
- Assess interest and penalty charges for the period of time that payment is not made.
- Assess charges to cover additional administrative costs incurred by the government to service your account.
- Offset amounts to be paid to you under other Federal Programs.
- Refer your account to a private collection agency to collect the amount due.
- Foreclosure on any security you have given for the loan.
- Pursue legal action to collect through the courts.
- Report any written off debt to the Internal Revenue Service as taxable income.
- If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits.
- Debar or suspend you from doing business with the Federal Government either as a participant or principal throughout the executive branch of the Federal Government for the period of debarment or suspension.

Any or all of these actions may be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

CERTIFICATION: I/we have read and I/we understand the actions the Federal Government may take in the event that I/we fail to meet my/our scheduled payments in accordance with the terms and conditions of my/our agreement. I/we understand that the above list is not all inclusive and that the Federal Government may deem additional actions necessary to collect should I/we become delinquent.

_____	_____	_____	Mar, 10, 90
(Signature- Individual(s))	(Date)	(Signature- Individual(s))	(Date)

(SEAL)

West Shelby Water District
(Name of Applicant)

Ray L. Larmee
(Signature of Authorized Entity Official)

Ray Larmee
Chairman

(Title of Authorized Entity Official)

7101 Shelbyville Road

(Address)

Simpsonville, KY 40026

(City, State, and Zip Code)

ATTEST:

John Frazier

(Signature of Attesting Official)
John Frazier
Secretary

(Title of Attesting Official)

REQUEST FOR OBLIGATION OF FUNDS

2/4

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED

Complete Items 1 through 30 and applicable Items 31 through 43. See FMI.

1. CASE NUMBER ST CO BORROWER ID 21 06 0611049136		LOAN NUMBER		FISCAL YEAR	
2. BORROWER NAME WEST SHELBY WATER			3. NUMBER NAME FIELDS 2 (1, 2, or 3 from Item 2)		
DISTRICT			4. STATE NAME KY		
			5. COUNTY NAME SHELBY		
GENERAL BORROWER/LOAN INFORMATION					
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 4 - HISPANIC 2 - BLACK 5 - A/P 3 - A/AN		7. TYPE OF APPLICANT 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARM WORKERS 7 - OTHER 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION		8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL SECURED BY 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ON SECURED 5 - LIVESTOCK ON SECURED 6 - CROPS ONLY 7 - SECURED BY BONDS	
		9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.			
10. SEX CODE 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN. FEMALE OWNED 6 - PUBLIC BODY		11. MARITAL STATUS 1 - MARRIED 2 - SEPARATE 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)		12. VETERAN CODE 1 - YES 2 - NO	
6				13. CREDIT REPORT 1 - YES 2 - NO	
14. DIRECT PAYMENT 3 (See FMI)		15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY		16. FEE INSPECTION 1 - YES 2 - NO	
3		2			
17. INTEREST CREDIT 1 - YES (FRO SFH ONLY) 2 - NO			18. COMMUNITY SIZE 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		
1			19. DWELLING TYPE/USE OF FUNDS CODE (See FMI)		
COMPLETE FOR OBLIGATION OF FUNDS					
20. TYPE OF ASSISTANCE 061 (See FMI)		21. PURPOSE CODE		22. SOURCE OF FUNDS 2	
				23. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION	
1					
24. TYPE OF SUBMISSION 1 - INITIAL 2 - SUBSEQUENT		25. AMOUNT OF LOAN \$ 835,000.00		26. AMOUNT OF GRANT \$ 0.00	
2					
27. AMOUNT OF IMMEDIATE ADVANCE		28. DATE OF APPROVAL MO DA YR 03 12 1979		29. INTEREST RATE 5.0000%	
				30. REPAYMENT TERMS 40	
COMPLETE FOR SINGLE FAMILY HOUSING ONLY					
31. INCOME CATEGORY CODES 1 - VERY LOW 2 - LOW 3 - MODERATE 4 - ABOVE MODERATE			32. LOW INCOME LIMIT-MAX.		33. ADJUSTED FAMILY INCOME
34. R.E. INSURANCE		35. R.E. TAXES 1st year		36. R.E. TAXES 2nd year	
				37. NOTE INSTALLMENT INELIGIBLE	
38. TYPE OF UNIT 1 - FARM TRACT 2 - NON-FARM TRACT					
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS					
39. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT					
COMPLETE FOR EM LOANS ONLY			COMPLETE FOR CREDIT SALE-ASSUMPTION		
40. DISASTER DESIGNATION NUMBER (See FMI)			41. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUB LOA 4 - ASSUMPTION WITH SUBSEQUENT LOAN		
FINANCE OFFICE USE ONLY			COMPLETE FOR FP LOANS ONLY		
42. OBLIGATION DATE MO DA YR -- --			43. BEGINNING FARMER/RANCHER (See FMI)		

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

CERTIFICATION APPROVAL

For All Farmer Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representatives completing title work and completing loan closing.

44. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Approval of financial assistance is subject to the requirements of the Letter of Conditions dated 2-23-99 and any amendments thereto.

3-12-99 obligation entered over terminal @ 2:13pm.

Ann J. Rankin

45. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and requested payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For SFH & FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 29 of this form.

YES NO

WARNING:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more five years, or both."

Date _____, 19 _____

West Shelby Water District

Date Mar 10, 19 99

By: *Ray Larnee*
Mr. Ray Larnee, Chairman

46. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

Thomas G. Fern
(Signature of Approving Official)

Date Approved: 3-12-99 Title THOMAS G. FERN, State Director

47. TO THE APPLICANT: As of this date 3-22-99, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the County Supervisor or District Director.

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Commissioners
OF THE West Shelby Water District
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water Distribution System
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the West Shelby Water District
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
Eight Hundred and Thirty-Five Thousand Dollars

pursuant to the provisions of KRS 74; and

WHEREAS, the Association intends to obtain assistance from the Rural Housing Service, Rural Business - Cooperative Service, Rural Utilities Service, or their successor Agencies with the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contract or agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by the Government. No free service or use of the facility will be permitted.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the West Shelby Water District

hereby certify that the Board of Commissioners of such Association is composed of _____ members, of whom _____, constituting a quorum, were present at a meeting thereof duly called and held on the _____ day of _____, 19____; and that the foregoing resolution was adopted at such meeting by the vote shown above. I further certify that as of _____, the date of closing of the loan from the Government, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this _____ day of _____, 19____.

Ray Larmee
Title Chairman

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

West Shelby Water District	Kingsbrook Park Project
Organization Name	PR/Award Number or Project Name
Ray Larnee, Chairman	
Name and Title of Authorized Representative	
<i>Ray Larnee, Chairman</i>	Mar, 10, 99
Signature	Date

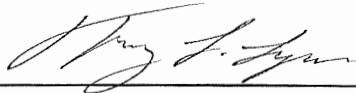
CERTIFICATE OF RD AS TO INSURANCE AND BONDING

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

I hereby certify that I have examined the various insurance policies of the West Shelby Water District (the "District") with reference to its waterworks system (the "System") and the fidelity bonds with respect to funds maintained by the District in connection with such System, and I further certify that the District is in compliance with the Letter of Conditions of the Rural Development (the "RD"), dated February 23, 1999, as to liability and property damage insurance, worker's compensation, real property insurance and the respective fidelity bonds required by said Letter of Conditions.

Dated this January 5, 2000.

RURAL DEVELOPMENT

By  _____
RD Representative

CERTIFICATE OF RURAL DEVELOPMENT MANAGER

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

I hereby certify that the West Shelby Water District of Shelby County, Kentucky, has at least 1,217 existing users of water service as of the date of this Certificate.

I further certify that the District has at least 1 new user and that the District has contributed a total of at least \$100,000 toward the costs of the construction project (the "Project") financed (to the extent not otherwise provided) by the West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Bonds"), that said sum has been used by the District to pay certain costs of said Project, and/or deposited into the Construction Account, and that the District is therefore in full compliance with the RD Letter of Conditions, dated February 23, 1999.

Dated this January 5, 2000.

RURAL DEVELOPMENT

By 
Rural Development Manager

CERTIFICATE OF BONDOWNER AS TO
CONSENT TO ISSUANCE OF THE
WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2000
RANKING ON A PARITY WITH
OTHER BONDS OF THE WEST SHELBY WATER DISTRICT

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

The Rural Development (the "RD") of the Department of Agriculture of the United States of America hereby certifies that it is the owner of the following:

- (a) West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Series 1967 Bonds"), in the original face amount of \$364,000;
- (b) West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Series 1978 Bonds"), in the original face amount of \$300,000; and
- (c) West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Series 1989 Bonds"), in the original face amount of \$650,000;

The RD consents to the issuance of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000, maturing in 2002 through 2039, inclusive, ranking on a parity as to security and source of payment with said Prior Bonds, without the necessity for establishing compliance with any of the terms and conditions for the issuance of parity bonds, other than this consent of the owner of said outstanding Prior Bonds; and the RD further consents to the affixing of a statement on the Prior Bonds owned by the RD, reading substantially as follows:

The holder of this Bond has consented to the issuance of \$835,000 of bonds ranking on a parity as to security and source of payment with this Bond.

IN TESTIMONY WHEREOF, witness the duly authorized signature of the Rural Development this January 4, 2000.

Rural Development

By Christine B. Brewer
for Signature
THOMAS G. FERN
State Director

Title

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF FAYETTE)

Subscribed and sworn to before me by CHRISTINE B. BREWER, as the duly
authorized official of the Rural Development on this January 4, 2000.

My Commission expires: 11/03/01.

Rebecca K. Gaffney
Notary Public
REBECCA K. GAFFNEY, State-at-Large

(Seal of Notary)

CERTIFICATE OF ENGINEERS

(For Purpose of Pre-Closing)

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000.

We, Warner A. Broughman III and Associates, Lexington, Kentucky, hereby state that we are Engineers experienced in the field of water engineering and of recognized reputation in said field, and that we have been duly employed by the West Shelby Water District of Shelby County, Kentucky (the "District"), in connection with the preparation of plans, designs and specifications for the construction of extensions, additions and improvements (the "Project") to the existing waterworks system (the "System") of the District, which Project is being financed by the issuance of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Current Bonds"), supplemented by (a) an approved Kingbrook Commerce Park grant in the approximate amount of \$100,000; (b) an approved Department of Housing and Urban Development (the "DHUD") grant in the approximate amount of \$504,000; and (e) by a cash contribution from the District in the amount of at least \$100,000.

We state that we have consulted with Mathis, Riggs & Prather, P.S.C., Shelbyville, Kentucky (the "Local Counsel"), who has been employed by the District in connection with the Project, that we have examined (a) the "Title Opinion as to waterworks Project (For Purpose of Pre-Closing)" (the "Title Opinion"), signed by said Local Counsel, and the printed "Preliminary Title Opinion" (RD Form 1927-9), signed by said Local Counsel; (b) the separate "Opinion of Counsel Relative to Rights-of-way" (RD Form 442-22), signed by said Local Counsel; (c) the descriptions of the sites and easements referred to in said Title Opinion and in said RD Forms; and (d) the right-of-way map specifically referred to in said Title Opinion, and we state further as follows:

1. That all of the sites of major structures and installations of the Project lie or will lie within the boundaries of the properties as to which the title of the District is certified in said Title Opinion and in said RD Forms, copies of which have been forwarded to us, and/or on the public rights-of-way for which a permit from the appropriate agency has been obtained.

2. That all of the remaining parts of the Project, including the proposed new water distribution lines and all other appurtenant facilities incident to the Project, can and/or will be constructed, to the extent that such construction requires our approval, (a) within the boundaries of the easements and rights-of-way established in said right-of-way map and/or (b) within the boundaries of the easements and rights-of-way which, according to the documents referred to above, have heretofore been obtained or contracted for by the District, or can be obtained by the District by purchase or condemnation; or in the beds of highways, streets and alleys, or in other public ways duly dedicated to public use, and with respect to which the District has obtained the necessary permits and/or has the power and right to order said construction therein.

3. That we have conferred with said Local Council concerning the lines set out in said map and concerning the sites necessary for the Project and have satisfied ourselves that said Local Council has been informed by us and is aware of the need for obtaining (a) deeds of easement and/or rights-of-way as to all such easements and/or rights-of-way and (b) deeds as to any and all sites deemed by us to be necessary in order to assure completion of the Project, as planned.

4. That we have also discussed with said Local Council our awareness of the need, if authorized by the District, to furnish said Local Council prompt and accurate information as to the legal descriptions of any and all easements, rights-of-way and/or sites, as may be necessary or required in connection with approved change-orders or other relocations which may be issued during the course of construction. We state that we will not knowingly approve construction of facilities of the Project on sites or in rights-of-way without first being assured by said Local Council that the appropriate legal title and/or legal right-of-way has been obtained.

5. That to the best of our knowledge, the Project can be completed in accordance with the plans and specifications prepared and approved by us within the boundaries of the aforesaid sites, easements and/or rights-of-way, and, to the best of our knowledge, can be completed in accordance with the construction contracts duly awarded by the District, at a cost which is within the funds made available to the District and by the District as set out above, based on the information available at this time and the projected final costs for the Project.

6. That we have examined (a) a copy of the Amended Water Rate Resolution adopted by the Board of Commissioners (the "Commission") of the District; (b) a schedule of the principal and interest requirements of the outstanding West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Bonds of 1967"); (c) a schedule of the principal and interest requirements of the outstanding West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Bonds of 1978"); (d) a schedule of the principal and interest requirements of the outstanding West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Bonds of 1989"); and (e) a schedule of the principal and interest requirements of the aforesaid Current Bonds.

7. That in our opinion, based on current cost factors and other existing conditions, the rates established by the aforesaid Amended Water Rate Resolution, will generate sufficient revenues to the District to enable the District to meet (1) all principal and interest requirements falling due on the respective bond issues and on the respective dates, as follows:

- (a) The outstanding Bonds of 1967, falling due on January 1 in each of the respective years, 2001 through 2006;
- (b) The outstanding Bonds of 1978, falling due on January 1 in each of the respective years, 2001 through 2017;

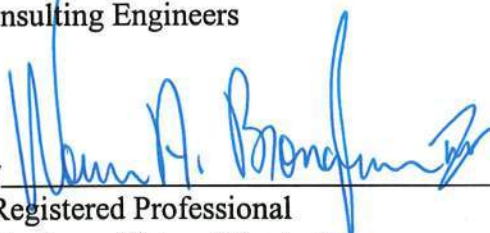
- (c) The outstanding Bonds of 1989, falling due on January 1 in each of the respective years, 2001 through 2029;
- (d) The Current Bonds, falling due on January 1 in each of the respective years, 2002 through 2039, plus all interest requirements falling due prior to January 1, 2002, other than such interest requirements as will be capitalized out of the proceeds of said Current Bonds; plus

(2) all of the estimated operating and maintenance expenses of the System, plus (3) reasonable amounts for a reserve for depreciation and sinking fund purposes.

8. That in our opinion there are no structures in the one hundred (100) year flood plain in the current Project.

IN TESTIMONY WHEREOF, witness our signature to the foregoing this January 5, 2000.

WARNER A. BROUGHMAN III AND
ASSOCIATES
Consulting Engineers

By 
Registered Professional
Engineer, State of Kentucky
No. 8231

CERTIFICATE OF NO LITIGATION
AND OF OUTSTANDING BOND ISSUES

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000

We, Ray Larmee, Chairman, and John Frazier, Secretary, do hereby certify that we are the officers of the Board of Commissioners (the "Commission") of the West Shelby Water District (the "District"), constituting the governing body of said District, in Shelby County, Kentucky.

1. That pursuant to all legal requirements, including the Bond Resolution duly adopted by said Commission on December 8, 1999, there have been heretofore lawfully authorized the negotiable "West Shelby Water District Waterworks Revenue Bonds, Series 2000" (the "Current Bonds"), in the aggregate principal amount of \$835,000, to be issued in the form of a single or a series of fully registered bond(s), as such purchaser(s) may determine, bearing interest from the date thereof.

2. That pursuant to the provisions of said Resolution, the purchaser thereof, the Rural Development of the Department of Agriculture of the United States of America (the "RD"), duly elected to take delivery of the Current Bonds in the form of a single fully registered bond representing the total authorized issue of Current Bonds, in the principal amount of \$835,000, dated as of the date of delivery of and payment for said Current Bonds, payable to the registered owner (initially the RD), numbered R-1, bearing interest at the rate not to exceed 5.00% per annum. After issuance thereof, interest on the Current Bonds is payable semiannually on January 1 and July 1 in each of the respective years, with principal installments being payable on January 1 in each of the respective years, 2002 through 2039, inclusive, as set out in the maturity schedule contained in said Bond Resolution.

3. That on the date of execution of this Certificate we were, and now are, the duly appointed, qualified, and acting officials indicated in this Certificate, and that we were and now are duly authorized to execute the same.

4. That said Current Bonds, when issued, will rank on a parity with certain outstanding Bonds of the District listed as follows:

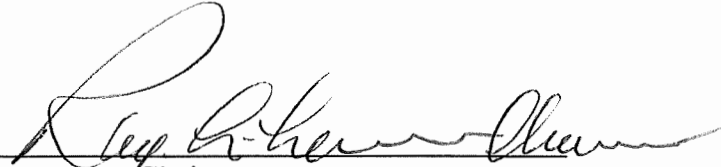
- (a) the outstanding West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Bonds of 1967");
- (b) the outstanding West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Bonds of 1978"); and
- (c) the outstanding West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Bonds of 1989");


and the Bonds of 1967, Bonds of 1978, Bonds of 1989 and the Current Bonds (when issued) represent the only issues of bonds (the "Outstanding Bonds") or obligations of said District outstanding which by their terms are in any manner secured by or payable from the revenues of the District's waterworks system (the "System") as of the date hereof.

5. That no controversy or litigation is pending, prayed, or threatened involving the creation, organization, existence or boundaries of said District, or the title of any of its officers to their respective positions, or the validity of the Current Bonds, as and when issued, or the power and authority of the District (1) to construct extensions, additions and improvements to its existing System, (2) to own and operate the System, including said extensions, additions and improvements, as a revenue-producing undertaking and (3) to provide and apply adequate revenues from the System for the full and prompt payment of the principal of and interest on the aforesaid Outstanding Bonds and for the cost of operation and maintenance of the System, and that none of the proceedings or authority for the issuance of said Current Bonds have been repealed, revoked, rescinded, modified, changed or altered in any manner.

IN TESTIMONY WHEREOF, we have hereunto affixed our respective official signatures and the Seal of said District, this January 5, 2000.

WEST SHELBY WATER DISTRICT

By 
Chairman

By 
Secretary

(Seal of District)

CERTIFICATION OF ATTORNEY FOR DISTRICT

We, Mathis, Riggs & Prather, P.S.C., hereby certify that we are Local Counsel for the West Shelby Water District, that we have read the foregoing Certificate of No Litigation and of Outstanding Bond Issues, and that all of the facts stated therein are true to the best of our knowledge and belief.

Dated this January 5, 2000.

MATHIS, RIGGS & PRATHER, P.S.C.
Shelbyville, Kentucky

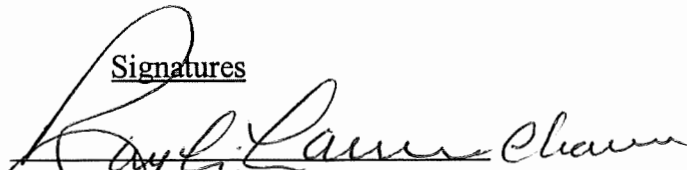
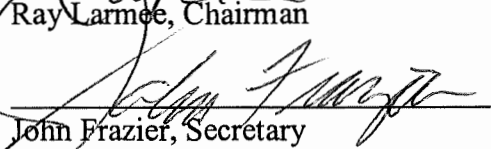
By  _____

CERTIFICATE AS TO OFFICIAL SEAL,
INCUMBENCY AND SIGNATURE IDENTIFICATION

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000

I, the undersigned Secretary of the West Shelby Water District (the "District") of Shelby County, Kentucky, do hereby certify that the Seal affixed below is the Official Seal of said District.

I further certify that the individuals named below are the duly elected, qualified and acting officers of said District, that the following signatures are their true and genuine signatures; and that their respective terms of office are as hereinafter set out:

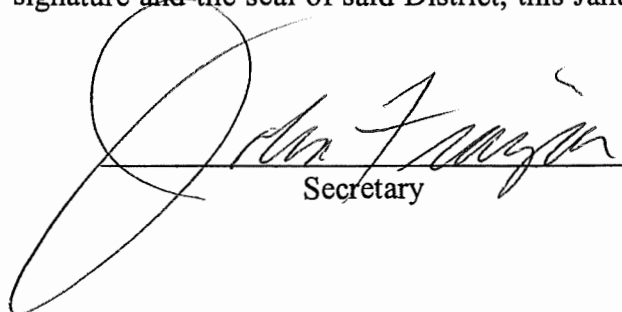
<u>Signatures</u>	<u>Beginning of Term Date</u>	<u>Expiration of Term Date</u>
 Ray Larmee, Chairman	3-10-1996	3-10-2000
 John Frazier, Secretary	3-10-1997	3-10-2001

I further certify that the other member of the Commission and his term is as follows:

<u>Commissioner</u>	<u>Beginning of Term Date</u>	<u>Expiration of Term Date</u>
Bob McDowell	3-10-1996	3-10-2000

In testimony whereof, witness my signature and the seal of said District, this January 5, 2000.

(Seal of District)


Secretary

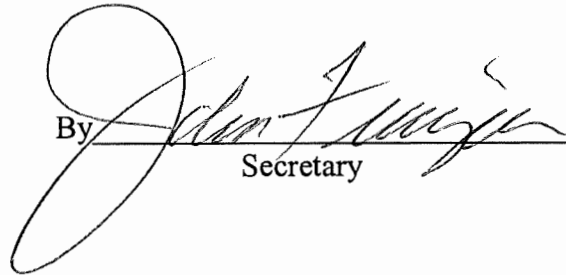
CERTIFICATE AS TO NUMBER OF
WATERWORKS USERS

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount
of \$835,000.

This is to certify that the West Shelby Water District has 1 new user of water service as of
this date, in addition to at least 1,217 existing water customers of the District, and that said District
is therefore in compliance with paragraph #1 of the RD Letter of Conditions.

Dated this January 5, 2000.

WEST SHELBY WATER DISTRICT

By  Secretary

CERTIFICATE OF SECRETARY AS TO
WATER DISTRIBUTION SYSTEM OPERATOR

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount
of \$835,000

I, John Frazier, Secretary of the West Shelby Water District of Shelby County, Kentucky,
hereby certify that the operator of the distribution system plant of the water system of the District
holds a valid and effective certificate of competency issued by the State of Kentucky, Certificate
No. 6177 scheduled to expire on June 30, 2000.

Dated this January 5, 2000

WEST SHELBY WATER DISTRICT

By 
Secretary

(Seal of District)

APR 13 1999

WEST SHELBY WATER DISTRICT
OPERATION AND MAINTENANCE PLAN
APRIL 1999

I. Description of System

The West Shelby Water District was organized in 1964 to serve the residential area west of Shelbyville along U.S. 60 Highway. The District was constructed during 1967 and began serving customers in August 1967. It was financed by revenue bond issued by the U.S. Department of Agriculture through Farmers Home Administration. These Bonds are scheduled to be retired in 2006. A second bond issue took place in 1978 and is scheduled to be retired in 2017. The most recent borrowing was in 1990.

The water system facilities consist of distribution lines, two pumping stations, a 200,000 gallon storage tank, a 750,000 gallon storage tank and metering services. The system is connected to the City of Shelbyville Water System through two single master meters on the east end of the system and to the Louisville Water Company on the west end of the system. The District currently serves approximately 1,050 customers.

II. Physical Make-up of System

The West Shelby Water District purchases finished water from the nearby City of Shelbyville, Kentucky on the east end of the system, whose source is Guist Creek Lake Reservoir, and from the Louisville Water Company on the west end of the system whose source is the Ohio River. The West Shelby system does not contain any treatment facilities. The plant consists entirely of a distribution system made up of some 39 miles of pipeline, a 200,000 gallon elevated storage tank, a 750,000 gallon elevated storage tank and two water pumping stations. The initial distribution system was constructed in 1967 when the District first began operation. In the 1967 effort, the 8" diameter trunk line connected

to the Shelbyville system was constructed 5.4 miles along U.S. 60 to an old 50,000 gallon storage tank in Simpsonville. At the same time a 6-inch diameter trunk line was extended from Simpsonville 3.0 miles along U.S. 60 to the Jefferson County line. In addition, some 5.6 miles of 6-inch diameter and 1.5 miles of 4-inch lateral distribution mains were also installed. These 1967 improvements utilized Asbestos Cement pipe. When the West Shelby Water District was organized, the District purchased a private water system serving the Simpsonville area. The system contained nearly 2 miles of randomly sized pipelines of assorted materials. Since 1967, some 18 miles of additional pipeline, two water storage tanks and two pump stations have been constructed. Few of the lines of the private system still exist. Generally, the existing system possesses the capability of providing adequate volumes and pressures to meet the demands of the district's customers.

The West Shelby distribution system presently has a pumping station at the east end of the system where the master meter to Shelbyville is located and pumps to the 750,000 gallon storage tank in the Industrial Park. A pump station at the Jefferson County line connecting to Louisville Water Company serves the 200,000 elevated storage tank in Simpsonville.

Unusual for a rural water district is the large number of fire hydrants on the West Shelby System. Some 216 fire hydrants are spaced at 1,000 feet intervals on the 6-inch diameter and 8-inch diameter mains. This allows Simpsonville and vicinity to currently enjoy a 6th class fire insurance rating. The Insurance Services Office of Kentucky rates the majority of the rest of the District 9th class. Unfortunately, West Shelby's entire distribution system does not meet desirable minimum criteria for adequate fire protection.

III. Management

The District uses two Co-Managers for day to day operations. Both managers are licensed treatment operators. Wanda Clark manages the office while Steve Eden manages the outdoor plant. Steve Eden has the complete responsibility for making new connects, read meters, disconnects, collections, all maintenance and the building of new services. He reports directly to the Commissioners of the District and meets with them monthly at their Board meeting. Both Co-Managers can be contacted through the District's office at (502) 722-8944.

IV. Operation

Wanda Clark and Steve Eden, the Co-Managers are employed to operate the District. Steve and one employee read the meters monthly between the 12th to 16th of each month. The bills each month are prepared on computer by Wanda Clark, assisted by one part-time employee and are mailed around the 25th of each month. Payments for bills can be made at the Citizen's Union Bank Branch in Simpsonville or they can be mailed to the District's office at P.O. Box 26, Simpsonville, KY or paid at the Distinct office at 7101 Shelbyville Road, in Simpsonville. Wanda Clark is employed by the District for all office procedures, picking up payments at the Post Office and bank daily and making deposits for these payments. She then posts all payments to accounts receivable on computer and prepares all related reports. Ms. Clark maintains all general ledger transactions on the computer.

Steve Eden is responsible for installing new services, disconnecting present services, handling complaints and making needed purchases of materials. Wanda Clark draws all checks for the payment of invoices and these must be signed by a Commissioner.

V. Maintenance

For needed maintenance on the system, Steve Eden, Co-Manager, is responsible. He is employed by the District for this work and has one employee for help for reading meters, repairing breaks and other work.

A. The goal of the water district is to maintain water loss below 10%.

B. All meters are changed out and tested in accordance with Kentucky Public Service Commission regulations.

VI. Compliance with Federal, State and Local Laws

West Shelby Water district operates in compliance with all health laws, local, state and federal laws that may apply to this type of operation.

VII. Audits and Reports

The Annual Audit is made as soon as possible after the first of the year when books have been closed. Audits for the past several years have been made by Mr. Joseph Sutherland, CPA, Shelbyville, Kentucky and he will continue to make the audits in the future. All reports required by Rural Development such as 442-1, Forecast, Cash receipts and disbursements, 442-2 Statement of Income and Expenses for Fiscal Year to Date and 442-3 Balance Sheet are prepared as required. The Audit reports shall be in accordance with OMB circular A-133. All required PSC reports are also prepared.

VIII. Miscellaneous

The District has a business office at 710I Shelbyville, Road, Simpsonville, Kentucky with hours from 8:00 AM to 4:00 PM, Monday through Friday. The District owns a pushing machine, gasoline water pump, two trucks, a backhoe, miscellaneous tools, computer, copier, typewriter and miscellaneous office equipment. The District maintains an inventory of repair parts and meters in a small warehouse and shop. The District owns

the office and adjoining shop. The District carries all required insurance such as liability, fidelity bond, and workman's Comp and fire. The Commissioners hold monthly meetings that are attended by the Commissioners, the attorney, the co-managers and engineer. The Water District has on file with the Kentucky Public Service Commission its Rules and Regulations and current tariff sheets.

WEST SHELBY WATER DISTRICT

RURAL DEVELOPMENT

Ray Larmec *Chairman*
April 7, 99

Ray Larmec, Chairman

Date

Terry Loper
Rural Development
Specialist

Date



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT

1024 CAPITAL CENTER DRIVE, SUITE 340
FRANKFORT, KENTUCKY 40601-8204
(502) 573-2382

PAUL E. PATTON
GOVERNOR

JODY A. LASSITER
COMMISSIONER

January 3, 2001

Mr. W. Randall Jones
Rubin & Hays
Attorneys At Law
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202-1410

RE: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000 (Extensions, additions and improvements to the existing waterworks system project)

Dear Mr. Jones:

This will acknowledge receipt of notification of the issuance of the above bonds in conformity with KRS 66.045.

The information received complies with the requirements of this office and the above referenced statute.

Sincerely,

A handwritten signature in black ink that reads "Eugene L. Kiser, Jr." with a stylized flourish at the end.

EUGENE L. KISER, JR.
State Local Debt Officer



RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE WEST SHELBY WATER DISTRICT OF SHELBY COUNTY, KENTUCKY, ACCEPTING THE SUCCESSFUL BID FOR THE PURCHASE OF \$835,000 PRINCIPAL AMOUNT OF WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2000.

WHEREAS, Notice of Sale of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Bonds") has heretofore been given in strict compliance with the proceedings of this Board of Commissioners (the "Commission") of the West Shelby Water District (the "District") and with the provisions of the publication laws applicable thereto, thus enabling everyone interested in said Bonds to present a proposal in connection therewith, and

WHEREAS, the only bid received for the purchase of said Bonds was the bid of the Rural Development of the Department of Agriculture of the United States of America (the "RD"), which bid was a bid of par for all of the Bonds at a single interest rate not to exceed 5.00% per annum, subject to the right of the District to request that such Bonds shall bear interest at such lower interest rate as may be in effect for RD loans in the area of the District at the time of delivery of the Bonds, and

WHEREAS, it is deemed advisable that the Commission adopt a Resolution accepting said bid,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE WEST SHELBY WATER DISTRICT OF SHELBY COUNTY, KENTUCKY, AS FOLLOWS:

SECTION 1. That it is hereby determined that the bid of the RD for the purchase of the Bonds, scheduled to mature on January 1 in each of the respective years, 2002 through 2039, inclusive, as advertised, and as authorized by the Bond Resolution (the "Bond Resolution") heretofore adopted on December 8, 1999, at a price of par (\$835,000) for Bonds bearing interest at an interest rate not to exceed 5.00% per annum (or at such lower interest rate as may be in effect for RD loans in the area of the District at the time of delivery of the Bonds), is the best bid received, with the most favorable net interest cost to said District; and that said Bonds be and are hereby awarded to the RD as being a sale of said Bonds on the best terms and for the best interests of said District.

SECTION 2. That the interest rate on said Bonds is hereby fixed at said rate of 5.00% per annum (or at such lower interest rate as may be applicable, as aforesaid) as set out in such accepted bid.

SECTION 3. That in accordance with the terms of the commitment of the RD, approved by the District and the RD, and as provided in the Official Notice of Sale of Bonds, said Bonds shall be issued to the RD as a single Bond, in fully registered form.

SECTION 4. That said Bonds shall be delivered by the District Treasurer and/or other proper District officials to the RD as soon as said Bonds are printed and ready for delivery in accordance with the Bond Resolution, and that all of the proceeds of the sale of said Bonds shall be used only as provided in the Bond Resolution.

SECTION 5. That the acceptance of said bid subjects the District to no obligation to deliver the Bonds if for any reason the District is unable to obtain the final approving legal opinion of Rubin & Hays, Louisville, Kentucky, as to said Bonds, or if said Bonds should be subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof, or if the receipt of interest on said Bond should be includable in gross income for Federal income tax purposes, or subject to income taxation by the Commonwealth of Kentucky, prior to or on the delivery date of said Bonds, and the RD shall not be required to accept delivery of said Bonds without the final approving opinion of Rubin & Hays accompanying said Bonds, or if said Bonds or the interest thereon shall become includable in gross income for Federal income tax purposes or subject to ad valorem or income taxation of the Commonwealth of Kentucky prior to or on such delivery date.

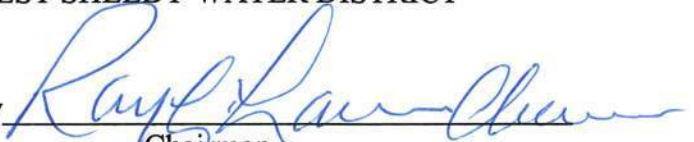
SECTION 6. That the Chairman of this Commission is hereby authorized to request, at the appropriate time prior to the delivery of the Bonds, that the RD reduce the interest rate on the Bonds to such lower interest rate as may be in effect for RD loans in the area of the District at the time of delivery of the Bonds, without any further action by this Commission.

SECTION 7. That all motions, orders and resolutions, or parts thereof, in conflict herewith, be and the same are hereby amended or repealed to the extent of such conflict, and this Resolution shall be in force immediately upon its adoption.

Adopted on January 5, 2000.

WEST SHELBY WATER DISTRICT

By


Chairman

Attest:


Secretary

CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the Secretary of the West Shelby Water District, that the foregoing is a true, complete and correct copy of a Resolution adopted by the Board of Commissioners of said District, signed by the Chairman, and attested by me as Secretary, upon the occasion of a properly convened meeting of the Board of Commissioners held on January 5, 2000, 1999, that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature and the Seal of the District this January 5, 2000.


Secretary

(Seal of District)



United States
Department of
Agriculture

Rural
Development

771 Corporate Drive, Suite 200
Lexington, KY 40503-5477
606/224-7300 TTY 606/224-7422

November 18, 1999

Mr. Ray Larmee, Chairman
West Shelby Water District
7101 Shelbyville Road
Simpsonville, Kentucky 40026

Dear Mr. Larmee:

Pursuant to the present Advertisement for Bids, Rural Development, United States Department of Agriculture (herein called the Government), acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. subsection 1921 et. seq.) submits a bid of five percent (5.0%) per annum subject to Public Laws 99-88, 99-198 and 100-233.

This bid is submitted to apply only to the entire issue of bonds as shown in the official advertisement at their par value and not to exceed a total of \$835,000.

In the event that bids from non-government lenders are received whose rates and terms are deemed (by the Government) to be reasonable, then the bid submitted by the Government is hereby withdrawn.

If the Water District fails to comply with the Rural Development Regional Attorney's Closing Instructions or any other Rural Development requirement, the Government reserves the right to withdraw this bid.

No bid deposit is submitted by the Government.

Sincerely,

A handwritten signature in black ink, appearing to read "THOMAS G. FERN", written over a large, loopy flourish that extends across the line.

THOMAS G. FERN
State Director
Rural Development

cc: Rural Development Manager
Shelbyville, Ky.

THE COURIER JOURNAL and LOUISVILLE TIMES
Incorporated

STATE of KENTUCKY
County of Jefferson

Affidavit of Publication

I, Judy Reece
of THE COURIER-JOURNAL AND LOUISVILLE TIMES COMPANY, publisher
of The COURIER-JOURNAL, a newspaper of general circulation
printed and published at Louisville, Kentucky, do solemnly swear
that from my own personal knowledge, and reference to the files
of said publication, the advertisement of

LEGAL 105 WEST SHELBY WAT

was inserted in THE COURIER-JOURNAL as follows:

Date	Lines	Date	Lines
12/15/1999	48		
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NOTICE OF BOND SALE
Sealed bids will be received by the West Shelby Water District at the District's office in Simpsonville, Kentucky, until 9:00 A.M., E.S.T., on January 5, 2000, for the purchase of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000, to be dated as of the date of delivery and bearing interest from that date, payable semiannually, maturing on January 1, 2002 through 2039. Minimum bid, par value (\$835,000). The United States Department of Agriculture, acting through the Rural Development (the "RD") will submit a bid for the purchase of the Bonds. If the event that a bid(s) from non-governmental bidder(s) shall be received, the rate and terms of which are determined by the RD to be reasonable, then such RD bid will be withdrawn. Good faith check, \$16,700. Approving legal opinion by Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky. The Bonds will be issued on a tax-exempt basis, subject to certain qualifications set out in detail in the Official Notice of Sale of Bonds, Bid Forms, Official Notice of Sale of Bonds and other information may be obtained from the undersigned.
(Signed) John Frazier, Secretary, West Shelby Water District.

Judy Reece

(Signature of person making proof)

Subscribed and sworn to before me this 21 day of December, 1999.

My commission expires May 25, 2002.

Jerri Allison

Jerri Allison (Notary Public)

AFFIDAVIT OF PUBLICATION
OF
NOTICE OF BOND SALE

I, Rebecca Block, hereby certify that I am Adv. Asst. of
SENTINEL-NEWS, that said newspaper is the newspaper having the largest bona fide circulation
which is published in the City of Shelbyville in Shelby County, Kentucky, and that said newspaper
is the newspaper published in said County meeting the requirements of Sections 424.110 and
424.120 of the Kentucky Revised Statutes for official publications required to be made by the West
Shelby Water District, there being no newspaper meeting such requirements which is published
within the boundaries of said District.

I certify that the attached clipping of a Notice of Bond Sale of the West Shelby Water
District of Shelby County, Kentucky, Authorizing \$835,000 of West Shelby Water District
Waterworks Revenue Bonds, Series 2000 is a true copy of said Notice as published in said
newspaper on December 15, 1999.

IN TESTIMONY WHEREOF, witness my signature this December 15, 1999.

SENTINEL-NEWS

By Rebecca Block

Subscribed and sworn to before me this December 16, 1999.

My Commission expires: Nov. 6, 2000

Judy D. James
Notary Public
Shelby County, Kentucky

(Seal of Notary)

NOTICE OF BOND SALE

Sealed bids will be received by the West Shelby Water District at the District's office in Simpsonville, Kentucky, until 9:00 a.m., EST, on January 5, 2000, for the purchase of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000, to be dated as of the date of delivery and bearing interest from that date, payable semiannually, maturing on January 1, 2002 through 2039. Minimum bid, par value (\$835,000). The United States Department of Agriculture, acting through the Rural Development (the "RD") will submit a bid for the purchase of the Bonds. In the event that a bid(s) from non-governmental bidder(s) shall be received, the rate and terms of which are determined by the RD to be reasonable, then such RD bid will be withdrawn. Good faith check, \$16,700. Approving legal opinion by Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky. The Bonds will be issued on a tax-exempt basis, subject to certain qualifications set out in detail in the Official Notice of Sale of Bonds. Bid Forms, Official Notice of Sale of Bonds and other information may be obtained from the undersigned. (Signed) John Frazier, Secretary, West Shelby Water District.

BID FORM

Subject to the terms and conditions set forth in a Resolution of the Board of Commissioners of West Shelby Water District (the "District") of Shelby County, Kentucky, providing for the sale of \$ 835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Bonds"), and in accordance with the notice of the sale of the Bonds as advertised, and in accordance with the Official Notice of Sale of Bonds, to all of which the undersigned agrees, the undersigned hereby offers to purchase said \$835,000 principal amount of Bonds for the sum of \$ _____ (not less than \$835,000), at an annual interest rate of _____% per annum, such Bonds to be dated as of and to bear interest from the date of delivery thereof.

The undersigned bidder has read the Official Notice of Sale of Bonds, and this bid is made in full recognition of the provision contained in such Official Notice reading, "Bidders interested in bidding for the Bonds with knowledge that the last maturity of the Bonds is January 1, 2039, may obtain Bid Forms from the Secretary," and in full recognition of the fact that the District anticipates receiving a bid from the Rural Development to purchase all of the Bonds at par. It is understood that we will be notified within 24 hours of the date and hour of the sale, as set out in the Official Notice of Sale of Bonds, as to whether this bid is accepted or rejected.

It is understood that the District will furnish the final approving legal opinion of Rubin & Hays, Municipal Bond Attorneys, of Louisville, Kentucky. A certified or bank cashier's check in the amount of \$16,700, payable to West Shelby Water District, is enclosed in accordance with the Notice of Bond Sale and the Official Notice of Sale of Bonds, with the understanding that if we are the successful bidder, said check is to be held uncashed until said Bonds are tendered to us for delivery. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms of the sale.

Respectfully submitted,

Accepted by the Board of Commissioners this January 5, 2000.

Chairman

Secretary

This Bid Form was approved by the Board of Commissioners of West Shelby Water District on December 8, 1999.

Secretary

(Seal of District)

OFFICIAL NOTICE OF SALE OF BONDS

WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2000 IN THE AMOUNT OF \$835,000

Sealed bids will be received by the West Shelby Water District (the "District") at the District's office in Simpsonville, Kentucky (address mail bids c/o the undersigned), until 9:00 A.M., E.S.T., on January 5, 2000, for the purchase at not less than par of \$835,000 principal amount of West Shelby Water District Waterworks Revenue Bonds, Series 2000 (the "Current Bonds"), to be issued for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements (the "Project") to the existing waterworks system (the "System") of the District.

The Current Bonds will not be general obligation bonds of the District, will be issued pursuant to a Resolution (the "Current Bond Resolution") duly adopted by the Board of Commissioners (the "Commission") of the District on December 8, 1999, and pursuant to the provisions of Chapters 74 and 106 of the Kentucky Revised Statutes, will rank on a parity with the outstanding Bonds designated as (i) West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Series 1967 Bonds") authorized by a Resolution adopted by the District on September 1, 1966 (the "1967 Bond Resolution"), (ii) West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Series 1978 Bonds"), authorized by a Resolution adopted by the District on October 17, 1977 (the "1978 Bond Resolution"), and (iii) West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Series 1989 Bonds"), authorized by a Resolution adopted by the District on January 8, 1990 (the "1989 Bond Resolution") [hereinafter the Series 1967 Bonds, the Series 1978 Bonds and the Series 1989 Bonds shall be collectively referred to as the "Prior Bonds" and the 1967 Bond Resolution, the 1978 Bond Resolution and the 1989 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"], and will be payable from and will be secured (together with said Prior Bonds) by a first pledge of the gross revenues of the District's System.

The Current Bonds will be dated as of the date of delivery, will bear interest from that date, payable semiannually on January 1 and July 1 of each year, at the rate specified in the accepted bid, and will be issued as a single, or a series of, fully registered bonds, consistent with the maturities.

Principal installments of the Current Bonds shall be as set forth in Exhibit "A" attached hereto.

Principal installments of Current Bonds maturing on and after January 1, 2010, are subject to redemption by the District on any interest payment date falling on or after January 1, 2009, upon terms of par plus accrued interest, without redemption premium.

If the Current Bonds are purchased by the Rural Development (the "RD"), the Current Bonds will be payable at the RD District Office. If the Current Bonds are purchased by any purchaser other than the RD, the Current Bonds will be payable to the registered owner at his address as shown on the Registration Book of the District.

Plans and specifications for the Project and the Engineering Report in connection therewith were prepared by the engineering firm of Warner A. Broughman & Associates. Said plans and specifications have been approved by all necessary supervisory authorities, and the Public Service Commission of Kentucky has issued a Certificate of Public Convenience and Necessity authorizing the construction of said extensions, additions and improvements. The proceeds of the Current Bonds will be supplemented by certain approved grants in the aggregate amount of \$604,000 plus certain water connection fees. It has been ascertained to the satisfaction of the Commission that all costs of such construction, including capitalized interest during construction, can be paid through application of the proceeds of the Current Bonds plus the additional funds available.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Current Bonds (if necessary) in order to complete the Project, provided the District has complied with the parity requirements of the Current Bond Resolution or has obtained (a) the written consent of the RD if the RD is the owner of all of the Prior Bonds at that time, or the written consent of any other owner of the Prior Bonds and (b) the written consent of (1) the RD if it is the purchaser of the Current Bonds or (2) the consent of the owners of at least three-fourths in principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are owned by owners other than the RD. The District has also reserved the right to issue parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to earnings coverage, as required by the Prior Bond Resolution and the Current Bond Resolution, are in existence and properly certified, or provided the District has obtained (a) the written consent of the RD if the RD is the owner of the Prior Bonds or Current Bonds at the time of issuance of such parity bonds or (b) the written consent of owners of three-fourths in amount of the then outstanding Prior Bonds, Current Bonds and any other parity bonds.

So long as all of the Prior Bonds and Current Bonds are owned or insured by the RD, the District shall, if requested by the RD, make payments of amounts equal to the total of the monthly principal and interest requirements of said Bonds, in monthly payments to the RD, or to the insured owner of the Current Bonds, out of its "West Shelby Water District Waterworks Sinking Fund"; provided further that at the option of any other owner of all of the Current Bonds, such payments shall similarly be made in monthly payments to such other owner.

A copy of the Prior Bond Resolution, the Current Bond Resolution, and the most recently adopted Water Rate Resolution, are available at the office of the District.

The Current Bonds are offered for sale on the basis of the interest on the Bonds being excludable from gross income for Federal income tax purposes and interest on the Current Bonds being exempt from Kentucky income taxation and on the basis of the principal of the Current Bonds being exempt from all Kentucky ad valorem taxation on the date of delivery of the Current Bonds to the successful purchaser. The District will provide the printed Current Bonds and the approving legal opinion of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, together with the

customary Non-Litigation Certificate, which Opinion and Certificate will accompany the Current Bonds when delivered, without expense to the purchaser.

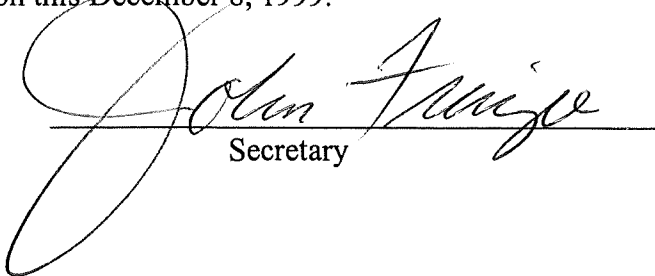
Such legal opinion of Bond Counsel will be issued based on the assumption by Bond Counsel that the District complies with covenants made by the District with respect to compliance with the provisions of the Internal Revenue Code of 1986 (the "Code"). The District has covenanted in the Bond Resolution (1) that the District will take all actions necessary to comply with the provisions of the Code, (2) the District will take no actions which will violate any of the provisions of the Code and (3) none of the proceeds of the Current Bonds will be used for any purpose which will cause the interest on the Current Bonds to become includable in gross income for Federal income tax purposes. The District has designated the Current Bonds as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code, since neither the District nor any subordinate entity thereof expects to issue "qualified tax-exempt obligations" (other than private activity bonds) in excess of \$10,000,000 in the calendar year in which these Current Bonds are being issued.

Bidding requirements are as follows:

1. Bidders are required to bid a cash price of not less than par value (\$835,000) for the Current Bonds.
2. Bidders must name a single interest rate for the entire issue, which rate must be in a multiple of 1/8% or 1/10%. No specific maximum interest is applicable.
3. Bids will be considered only for the entire \$835,000 of the Current Bonds.
4. Bidders (except the RD) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of \$16,700 (2% of the face amount of the Current Bonds), which good faith check will be applied as partial payment for the Current Bonds or as liquidated damages in the event that the successful bidder fails to comply with the terms of such bid.
5. The RD will submit a bid to purchase the Current Bonds. In the event that a bids from non-governmental bidders shall be received, the rate and terms of which are determined by the RD to be reasonable, then said RD bid will be withdrawn.
6. The lowest net interest cost will be determined by deducting the total amount of any premium bid from the aggregate amount of interest upon the Current Bonds, computed from the first day of the month following the date of sale of the Current Bonds (even though the Current Bonds will bear interest only from the date of delivery) to the final maturity of the Current Bonds.

7. The successful bidder shall have the right to take delivery of the Current Bonds in the form of a single or series of fully registered bonds, payable in amounts consistent with the schedule of principal maturities, to the successful bidder or his assignee.
8. Bids (except a bid of the RD) must be made on uniform Bid Forms, and bidders interested in bidding for the Current Bonds with knowledge that the last maturity of the Bonds is January 1, 2039, may obtain Bid Forms from the undersigned. All bids must be made unconditionally and in conformity with the terms of the sale. Bids must be enclosed in sealed envelopes marked "Bid for West Shelby Water District Waterworks Revenue Bonds, Series 2000", and bids must be received by the Secretary of the District prior to the date and hour stated above.
9. The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for the Current Bonds at the office of the District within 45 days after notice is given of the award. If said Current Bonds are not ready for delivery and payment within forty-five (45) days from the aforesaid date of sale, the successful bidders shall be relieved of any liability to accept delivery of the Current Bonds, except that additional time may be required for delivery of the Current Bonds if purchased by the RD.
10. The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity in the bidding and to reject any or all bids. Bidders will be notified within 24 hours from the date and hour set out above, as to whether the District has accepted a bid.
11. The Current Bonds are offered for sale on the basis of the interest on the Current Bonds being excludable from gross income for Federal income tax purposes and exempt from Kentucky income taxation and on the basis of the principal of the Current Bonds being exempt from all Kentucky ad valorem taxation on the date of delivery of the Current Bonds to the successful purchaser.
12. The District reserves the right, with the consent of the purchaser, if for any reason the Current Bonds are not delivered until after January 1, 2001 to change the name of the Current Bonds, with maturities, the applicable redemption date, and all other dates being adjusted accordingly. (Signed) John Frazier, Secretary, West Shelby Water District, P.O. Box 26, Simpsonville, Kentucky 40067.

The foregoing Official Notice was duly approved by the Board of Commissioners of the West Shelby Water District at a meeting held on this December 8, 1999.


Secretary

(Seal of District)

NOTICE OF BOND SALE

Sealed bids will be received by the West Shelby Water District at the District's office in Simpsonville, Kentucky, until 9:00 A.M., E.S.T., on January 5, 2000, for the purchase of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000, to be dated as of the date of delivery and bearing interest from that date, payable semiannually, maturing on January 1, 2002 through 2039. Minimum bid, par value (\$835,000). The United States Department of Agriculture, acting through the Rural Development (the "RD") will submit a bid for the purchase of the Bonds. In the event that a bid(s) from non-governmental bidder(s) shall be received, the rate and terms of which are determined by the RD to be reasonable, then such RD bid will be withdrawn. Good faith check, \$16,700. Approving legal opinion by Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky. The Bonds will be issued on a tax-exempt basis, subject to certain qualifications set out in detail in the Official Notice of Sale of Bonds. Bid Forms, Official Notice of Sale of Bonds and other information may be obtained from the undersigned. (Signed) John Frazier, Secretary, West Shelby Water District.

For Entire Service Area
P.S.C. No. 99-405
Eleventh Revision Sheet No. 2
CANCELING P.S.C. KY No. 94-438
Tenth Revision Sheet No. 2

CLASSIFICATION OF SERVICE

RATE PER UNIT

Applicable: Entire Area Served

Available: To all Customers served by the District

RATES:

5/8 Inch Meter

First	2,500 gallons per month, (minimum bill)	12.37 (I)
Next	7,500 gallons per month, per 1,000 gallons	4.32 (I)
Next	20,000 gallons per month, per 1,000 gallons	3.69 (I)
Next	200,000 gallons per month, per 1,000 gallons	3.19 (I)
Over	230,000 gallons per month, per 1,000 gallons	2.83 (I)

3/4 Inch Meter

First	3,500 gallons per month, (minimum bill)	16.69 (I)
Next	6,500 gallons per month, per 1,000 gallons	4.32 (I)
Next	20,000 gallons per month, per 1,000 gallons	3.69 (I)
Next	200,000 gallons per month, per 1,000 gallons	3.19 (I)
Over	230,000 gallons per month, per 1,000 gallons	2.83 (I)

1 Inch Meter

First	5,000 gallons per month, (minimum bill)	22.17 (I)
Next	5,000 gallons per month, per 1,000 gallons	4.32 (I)
Next	20,000 gallons per month, per 1,000 gallons	3.69 (I)
Next	200,000 gallons per month, per 1,000 gallons	3.19 (I)
Over	230,000 gallons per month, per 1,000 gallons	2.83 (I)

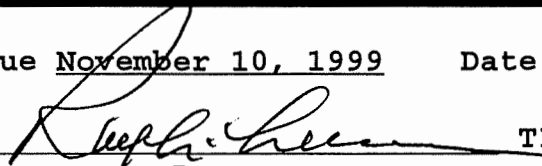
1-1/2 Inch Meter

First	10,000 gallons per month, (minimum bill)	44.77 (I)
Next	20,000 gallons per month, per 1,000 gallons	3.69 (I)
Next	200,000 gallons per month, per 1,000 gallons	3.19 (I)
Next	230,000 gallons per month, per 1,000 gallons	2.83 (I)

Date of Issue November 10, 1999

Date Effective November 17, 1999

ISSUED BY


Ray Larmee

TITLE Chairman

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 99-405 dated November 17, 1999.

For Entire Service Area
P.S.C. No. 99-405
Eleventh Revision Sheet No. 2
CANCELING P.S.C. KY No. 94-438
Tenth Revision Sheet No. 2

CLASSIFICATION OF SERVICE

RATE PER UNIT

Applicable: Entire Area Served

Available: To all Customers served by the District

RATES:

2 Inch Meter

First	16,000 gallons per month, (minimum bill)	66.91 (I)
Next	14,000 gallons per month, per 1,000 gallons	3.69 (I)
Next	200,000 gallons per month, per 1,000 gallons	3.19 (I)
Over	230,000 gallons per month, per 1,000 gallons	2.83 (I)

3 Inch Meter

First	30,000 gallons per month, (minimum bill)	118.57 (I)
Next	200,000 gallons per month, per 1,000 gallons	3.19 (I)
Over	230,000 gallons per month, per 1,000 gallons	2.83 (I)

4 Inch Meter

First	50,000 gallons per month, (minimum bill)	182.37 (I)
Next	180,000 gallons per month, per 1,000 gallons	3.19 (I)
Over	230,000 gallons per month, per 1,000 gallons	2.83 (I)

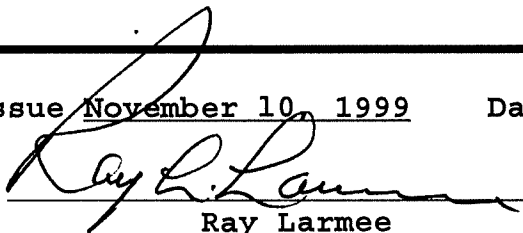
6 Inch Meter

First	100,000 gallons per month, (minimum bill)	341.87 (I)
Next	130,000 gallons per month, per 1,000 gallons	3.19 (I)
Over	230,000 gallons per month, per 1,000 gallons	2.83 (I)

Date of Issue November 10, 1999

Date Effective November 17, 1999

ISSUED BY



Ray Larmee

TITLE Chairman

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 99-405 dated November 17, 1999.

WEST SHELBY WATER DISTRICT

OF

P. O. BOX 26, SIMPSONVILLE, KENTUCKY 40067

Rates, Rules and Regulations for ~~Furnishing~~ ^{OF KENTUCKY}
WATER SERVICE EFFECTIVE

AT

JAN 0 1988

PURSUANT TO KY. STAT. § 5.011,
SECTION 9(1)

WESTERN AND SOUTHWESTERN SHELBY COUNTY, KENTUCKY, FROM KY. 55, ONE

PUBLIC SERVICE COMMISSION MANAGER

MILE NORTH OF U.S. 60 AND SOUTH TO I-64 THEN WEST TO JEFFERSON

COUNTY LINE AND AN AREA SOUTH OF I-64 FROM BRUNERSTOWN ROAD SOUTH

TO SPENCER COUNTY AND WEST TO JEFFERSON COUNTY LINE

Filed with PUBLIC SERVICE COMMISSION OF
KENTUCKY

ISSUED November 11, 1987

EFFECTIVE January 1, 1988

ISSUED BY WEST SHELBY WATER DISTRICT
(Name of Utility)

BY William L. H. H. H.

CHAIRMAN

Rules and Regulations

<u>ITEM NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1	Scope	1
2	Revisions	1
3	Conflict	1
4	Application for Service	2
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PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
JAN 01 1988
PURSUANT TO KRS 5:011,
SECTION 9(1)
BY: George A. Bell
PUBLIC SERVICE COMMISSION MANAGER

WEST SHELBY WATER DISTRICT

RULES AND REGULATIONS

This schedule of Rules and Regulations governs the furnishing of water service by the West Shelby Water District hereinafter referred to as the District and applies to all service received from the District. No employee or individual commissioner of the District is permitted to make any exception to Rates, Rules or Regulations. All Rules and Regulations are to be in effect so long as they are not in conflict with Public Service Commission Rules and Regulations. The District is further subject to all Rules and Regulations of the Commission even though not contained herein.

1. Scope

This schedule of Rules and Regulations is a part of all contracts for receiving water service from the District, and applies to all service received from the District whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this schedule, together with a copy of the District's schedule of Rates and Charges, shall be kept open to inspection at the office of the District. These rules are promulgated under direction and authority granted pursuant to Chapter 13 of Kentucky Revised Statutes and Administrative Regulations 807 KAR 5. The aforesaid Rules and Regulations are hereby adopted and included the same or herein written now or as may be legally changed from time to time.

2. Revisions

These Rules and Regulations may be revised, amended, supplemented, or otherwise changed from time to time by either of the two (2) following methods:

- A. By order of the Kentucky Public Service Commission upon formal application by the District, and after hearing as provided by Commission Regulations set forth in 807 KAR 5:011.
- B. By issuing and filing on at least twenty (20) days ~~effective~~ to the Kentucky Public Service Commission and the public all proposed changes in the Rules and Regulations, as provided by Commission Regulations set forth in 807 KAR 5:011.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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3. Conflict

In case of conflict between any provisions of any rate schedule and the schedule of Rules and Regulations, the rate schedule shall apply. Also, should the rules contained herein conflict with the present rules in effect under 807 KAR 5 as of this date, same shall take precedence over those contained herein.

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE November 11, 1987 DATE EFFECTIVE January 1, 1988
Month Day Year Month Day Year

ISSUED BY William L. Horvath P.O. Box 26, Simpsonville, Kentucky 4

WEST SHELBY WATER DISTRICT

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

4. Application for Service

Any person, firm, agency, or governmental entity within the current boundary of the District may request service. Said request must be in writing of form approved by the District.

No service requested shall be granted unless the property of said applicant is adjacent and contiguous to an existing distribution main of the District. Should the applicant desire to have the existing distribution system extended to serve him, same shall be accomplished as stipulated, hereinafter.

Should the District determine that service to a requestor is available, each prospective customer desiring water shall be required to execute and sign the District's application for water service before service is supplied by the District. A 5/8" x 3/4" meter shall be "the standard customer service meter and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter."

The District shall provide for a standard connection (i.e., 5/8" x 3/4" meter) to a maximum distance of fifty (50)' feet from the District's existing distribution main. If the distance is greater than fifty (50) feet, the customer shall be required to pay the cost of installing the pipe for the additional distance, as a contribution in aid of construction.

5. Non-Standard Service

Each prospective customer requiring a non-standard service (i.e., other than a 5/8" x 3/4" meter) shall present to the District sufficient justification for same.

6. Point of Delivery

The point of delivery is the point where the meter or appurtenance is located on the customer's premises. All water lines, plumbing, and equipment beyond the meter shall be installed and maintained by the customer at his own expense in a safe and efficient manner in accordance with the District's Rules and Regulations and with the regulations of the Department of Health. The District reserves the right to determine the location of the delivery point with full regard to the wishes of the prospective customer.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FURSJANI 10 807 KAR 5:011,
SECTION 9(1)
BY: Shayne Stiles
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE November 11, 1987
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DATE EFFECTIVE January 1, 1988
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APPROVED BY Wilson P. Herrick P.O. Box 26, Simpsonville, Kentucky 40
Name of Officer Wilson Herrick Title Chairman Address

RULES AND REGULATIONS

7. Customer's Service Line

All service lines beyond the metering point should be installed of material consisting of copper or PVC pipe with rating of not less than 160 psi. The size of service line beyond the point of delivery should not be less than 3/4"; however, a larger size may be needed to provide adequate service. If the customer's point of use is at a higher elevation than the point of delivery, the customer should consult with a reputable engineering firm to size the service line from the point of delivery. Piping on the premises of a customer must be so installed that connections are conveniently located with respect to the District lines and mains. The customer shall provide a place for metering which is unobstructed and accessible at all times.

Should a prospective customer request service at a point of delivery which now, or in the future, does not provide a delivery pressure of 30 psi or his requirements, he may make provision for an individual pressure booster system. The manner of connection, location, cross-connection, protection and type is subject to approval by District. The District reserves the right to require discontinuance and disconnection should the private booster system have a detrimental effect on District's system.

Depth of Service Line - All service lines shall be laid at a depth sufficient to prevent freezing during the coldest weather normally experienced except where services are not intended for use during freezing weather and are actually drained during such periods. Depth shall be no less than 30" in all cases.

Inspection of Service Line - In the installation of a service line, the customer shall leave the trench open and pipe uncovered until it is inspected by the District and shown to be free from any tee, branch connection, irregularity, or defect. A fee of \$25.00 shall be charged for this service.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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8. Ownership of Mains, Services & Appurtenances

All mains, fire hydrants, valves, crossings, and other appurtenances are and shall remain the property of the District, whether installed by the District or the customer.

JAN 0 1988

All service lines from main to meter with appurtenances shall be, and remain the property of District, whether installed by the District or the customer.

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BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

The customer shall install, own, and maintain his service line from meter and/or point of delivery as defined herein.

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Month Day Year Month Day Year

APPROVED BY [Signature] P.O. Box 26, Simpsonville, Kentucky 4
Name of Officer Wilson Herrick Title Chairman Address

RULES AND REGULATIONS

9. Discontinuance of Service by District

Water service may be discontinued by the District for violation of any rule, regulation, or condition, and especially for any of the following reasons:

- A. Misrepresentation in the application or contract as to the property or fixtures to be supplied or additional use to be made of water;
- B. Failure to report to the District additions to the property or fixtures to be supplied or additional use to be made of water;
- C. Resale of water or giving away of water;
- D. Waste or misuse of water due to improper or imperfect service pipes and/or failure to keep such pipes in a suitable state of repair;
- E. Tampering with meter, meter seal, service, or valves, or permitting such tampering by others;
- F. Connection, cross connection, or permitting the same, of any separate water supply to premises which receive water from the District;
- G. Non-payment of bills;
- H. When a dangerous condition is found to exist on the customer's or applicant's premises, with reference to the continuation of water service, water service shall be cut off without notice or shall be refused, provided the District shall notify the customer or applicant immediately of the reasons for the discontinuance or refusal and the corrective action to be taken by the applicant or customer before service can be restored.
- I. Connecting more than one residence or mobile home to a meter.

10. Billing

Bills and notices relating to the conduct of the business of the District will be mailed to the customer at the address listed on the user's record unless a change of address has been filed in writing with the District and the District shall not otherwise be responsible for delivery of any bill or notice nor will the customer be excused from the payment of any bill or any performance required in said notice.

Bills for water service are due and payable at the office of the District, or to any designated agent, on the date of issue. The past due date shall be the tenth of the following month. Bills will be dated and mailed on or about the twentieth (20th) day of each month.

On a new tap-on the billing for this new service shall begin at the time the District makes water available to the customer, regardless of whether the consumer is connected to the meter.

DATE OF ISSUE November 11, 1987
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DATE EFFECTIVE January 1, 1988
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ISSUED BY William L. Herrick P.O. Box 26, Simpsonville, Kentucky 40170
 Chairman

WEST SHELBY WATER DISTRICT

RULES AND REGULATIONS

All bills not paid on or before the 10th of the next month shall be deemed delinquent. When a bill becomes delinquent, the District shall serve a customer a written final notice of said delinquency, and of the intent of the District to discontinue service ten days after the date of such notice unless such bill is paid prior to the expiration of such ten days. If a delinquent bill is not paid within ten days after date of such final notice, the water supply to the customer may be discontinued without further notice; provided, however, if, prior to discontinuance of service, there is delivered to the District, or to its employee empowered to discontinue service, a written certificate signed by a physician, a registered nurse, or a public health officer that, in the opinion of the certifier, discontinuance of service will aggravate an existing illness or infirmity on the affected premises, service shall not be discontinued until the affected resident can make other living arrangements or until ten (10) days elapse from the time of the District's receipt of said certification, whichever occurs first. A penalty of 10% of the amount of the bill owed shall be levied and payable by the customer on all bills not paid by the tenth (10th) day of the following month.

11. Discontinuance of Service by Customer

Any customer having fulfilled his contract terms and desiring to discontinue the water service to his premises for any reason must give notice of discontinuance in writing or in person at the business office of the District at least three (3) days prior to the date on which the customer desires to discontinue service. If such notice is not given, a customer shall remain liable for all water used and service rendered to such premises by the District until such notice is received by the District.

12. Reconnection Fee

Where the water supply to the customer has been discontinued for non-payment of delinquent bills, a charge of \$25.00 will be made for reconnection of water service but the reconnection will not be made until all delinquent bills and other charges, if any, owed by the customer to the District have been paid.

A charge of \$25.00 shall be made for all service reconnections made during regular working hours, except that there shall be no connection charges made for service on the original installation of facilities. If service is reconnected other than during regular working hours, the charge shall be \$35.00. Reconnections after regular working hours are discouraged.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

PURSUANT TO 807 KAR 5:011,
SECTION 9(1),

BY: George A. Miller
PUBLIC SERVICE COMMISSION MANAGER

OF ISSUE November 11, 1987
Month Day Year

DATE EFFECTIVE January 1, 1988
Month Day Year

ED BY Wilson S. Henrichs

P.O. Box 26, Simpsonville, Kentucky 40

WEST SHELBY WATER DISTRICT

Cancelling P.S.C. Ky. No.

Sheet No.

RULES AND REGULATIONS

13. Deposit

The District reserves the right to require that a nominal amount be placed on deposit with the District for the purpose of establishing or maintaining any customer's credit, such amount not to exceed two-twelfths (2/12) of the estimated annual bill of such customer. Upon the payment of such deposit, the District shall issue to such customer a certificate of deposit, showing the name of the customer, the location of the initial premises occupied by the customer, and the date and amount of the deposit. The District will pay to such customer interest on such deposit at the rate of six percent (6%) per annum, until such deposit is reimbursed to the customer.

14. Adjustment Relative to Erroneous Meter

JAN 01 1988

If a meter is inaccurate in excess of ± 2%, whether upon periodic testing or upon requested testing, additional tests shall be made at once to determine the average error of the meter, and the adjustments shall be made in the customer's water bills as follows:

- A. If the result of such tests shows an average error greater than 2% fast, the customer's bill for the period during which the meter error is known to have existed, shall be recomputed and the account adjusted on the basis of the test. If the period during which the meter error existed cannot be determined, then the customer's bill shall be recomputed for one-half (1/2) of the elapsed time since the last previous test, but in no event to exceed 12 months; provided, however, that if time for the periodic test has overrun to the extent that 1/2 of the time elapsed since the last previous test exceed 12 months, the refund shall be for the 12 months specified above; plus those months exceeding the periodic test period; provided, further, that such refund may be limited to the 12 month period if failure to make the periodic test was due to causes beyond the control of the District.
B. If the result of such tests shows an average error greater than 2% slow, the customer's bill for the period during which the meter error is known to have existed, shall be recomputed and the account adjusted on the basis of the test. If the period during which the meter error existed cannot be determined, then customer's bill shall be recomputed for one-half (1/2) of the elapsed time since the last previous test, but in no event to exceed 12 months.
C. If the result of such tests necessitates making a refund or back billing a customer, the customer shall be notified in writing of the percentage of error fast or slow, the date(s) of testing, and the amount of charge or credit to be shown on the next bill of the customer.

DATE OF ISSUE November 11, 1987 DATE EFFECTIVE January 1, 1988

ISSUED BY [Signature] P.O. Box 26, Simpsonville, Kentucky

RULES AND REGULATIONS

15. Meters

All meters shall be installed, renewed, and maintained at the expense of the District, and the District reserves the right to determine the size and type of meter used.

It shall be the policy of the District to test each water meter pursuant to Public Service Commission Regulation 807 KAR 5:066. In addition, the District shall make a test of any meter upon written request of any customer provided such request is not made more frequently than once each twelve (12) months. The customer shall be given the opportunity of being present at such request tests. If such tests show that the meter was not more than two percent (2%) fast, the District will make \$25.00 charge for the test.

Meters will generally be read around the 15th of the month, but the District reserves the right to estimate bills and/or to vary the dates or length of period covered, if necessary or desirable due to inclement weather or other reasons.

JAN 01 1988

16. Failure of Meter

Where a meter has ceased to register, or meter reading could not be obtained, the quantity of water consumed will be based upon an average of the prior six months consumption and the conditions of water service prevailing during that period in which the meter failed to register. Should a prior six month base evaluation period not be available, then quantity shall be estimated by District's engineer.

17. Right of Access

The customer shall permit the District to lay, maintain, repair, or remove such water lines as are owned by the District and located on the customer's property, with the right of ingress and egress over customer's property. The District's duly authorized representative and/or other duly authorized employee of the State Health Department bearing proper credentials and identification shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling and testing, in accordance with the provisions of these Rules and Regulations.

The customer shall convey, or cause to be conveyed, a perpetual easement and right-of-way to the District across any property owned or controlled by the customer whenever said easement or right-of-way is necessary to enable the District to furnish water service to the customer.

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ISSUED BY Wilson Herrick
Name of Officer Title

P.O. Box 26, Simpsonville, Kentucky 4
Chairman Address

WEST SHELBY WATER DISTRICT

RULES AND REGULATIONS

18. Interruption of Service

The District will use reasonable diligence in supplying water service, but shall not be liable in the event of, or for any loss, injury, or damage to persons or property resulting from interruptions in service, excessive or inadequate water pressure, or otherwise unsatisfactory service, whether or not caused by negligence. The District does hereby explicitly state that its system is designed for rural domestic consumption and that its provision of connections for fire protection, whether by design or implication, is only for such benefit as said customer may be able to derive from such connection.

The District shall in no event be held responsible for any claim made against it by reason of the breaking of any mains or service pipes or by reason of any other interruption of the supply of water caused by the failure of machinery or stoppage for necessary repairs or other reason. No person shall be entitled to damages nor a payment refund for any interruption of service which in the opinion of the District may be deemed necessary.

The District shall make all reasonable efforts to eliminate interruption of service and when such interruptions occur will endeavor to reestablish service with the shortest possible delay. When the service is interrupted, all consumers affected by such interruption will be notified in advance whenever it is possible to do so.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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19. Boilers and/or Pressure Vessels

FURSUAINT 5:011,
SECTION 10

Customers having boilers and/or pressure vessels receiving supply of water from the District must have a reduced pressure back-flow preventor and a check valve on the water supply line and a vacuum valve on the water main to prevent collapse in case the water supply from the District is discontinued or interrupted for any reason, with or without notice. It is the responsibility of the customer to make provisions for protection of his equipment in case of interrupted or intermittent service.

20. Backflow Preventors

All services shall have a means of backflow prevention, such type and location subject to approval of District.

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ED BY

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P.O. Box 26, Simpsonville, Kentucky 4

WEST SHELBY WATER DISTRICT

Cancelling P.S.C. Ky. No.

Sheet No.

RULES AND REGULATIONS

The District's standard service shall provide said backflow prevention as a part of its service connection. Special services and fire connection shall have backflow preventors of a type approved by the District, installed at the cost of prospective customer.

21. Cross-Connections

Kentucky Department of Health, Kentucky Public Service Commission and these Rules and Regulations do hereby explicitly state that cross-connection of the District's system with any other source is hereby prohibited.

22. Relocation of Water Facility

The District may, at the request of a customer or other person, relocate, change, or modify existing District owned equipment, mains, or appurtenances. Those requesting shall reimburse District for such changes at actual cost including but not limited to appropriate legal, administrative, engineering, and overhead costs.

23. Damage to District's Water System

No person shall break, damage, destroy, uncover, deface, tamper with, or otherwise alter any structure, appurtenance, equipment, or other property which is a part of the District's water works. Any person violating this provision shall be subject to immediate arrest and/or discontinuation of water service and shall pay all cost of repairing or replacing the property including but not limited to all overhead expenses.

JAN 0 1988

Any person, firm, or organization working around or near the District's distribution mains, appurtenances, or other property may request the District to indicate the location of same. However, location by District of same does not relieve such person of complete responsibility and liability for damage, liability and loss to the District's property resulting from any act of such person or his assigns and/or agent.

Any damage or injury to persons or property caused by or resulting from the acts of the customer or any other individual in relation to the District's property shall be paid by the customer or other individual including but not limited to all loss, costs, and expenses including attorneys fees and court costs. Said customer or other individual shall indemnify the District from all loss, cost, and expense, including but not limited to attorneys fees and court costs, resulting from or caused by the aforementioned acts.

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APPROVED BY

Signature of official

P.O. Box 26, Simpsonville, Kentucky

WEST SHELBY WATER DISTRICT

RULES AND REGULATIONS

24. Additional Load

The service connection supplied by the District for each customer has a definite capacity, and no addition to the equipment or load connected thereto shall be allowed except by consent of the District. Failure to give notice of additions or changes in load, and to obtain the District's consent for same, shall render the customer liable to the District for all loss, cost, and expense, including but not limited to attorneys fees and court costs, for any damage to any of the District's lines or equipment caused by the additional or changed installation.

25. Notice of Trouble

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

Customer shall notify the District immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of water. Such notices, if verbal, shall be confirmed in writing.

JAN 10 1988

26. Distribution Extensions

PURSUANT TO KY KAR 5:011,
SECTION 9(1)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

Any person desiring an extension to the District's system shall request in writing in a form approved by the District for such extension. Any requested extension shall be provided as follows:

The District shall determine the total cost of the proposed water main extension (exclusive of the meter connection) and the total length of the extension. The District shall pay that portion of the cost of the water main extension equal to 50 feet for each applicant for service. That part of the cost not covered by the District's portion shall be contributed equally by those applicants desiring service on the main extension. Each applicant will also be required to pay the District's approved "Tap-on-fee" for a meter connection to the main extension.

For a period of five years after the original construction of the main extension each additional customer directly connected to each particular extension will be required to contribute to the cost of that water main extension based on a recomputation of both the District's portion of the total cost and each customer's contribution as set out above. The District must refund to those customers that have previously contributed to the cost of each main extension itself that amount necessary to reduce their contribution to the currently calculated amount for each customer connected to that extension. All customers directly connected to each main extension for a five year period after it is

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P.O. Box 26, Simpsonville, Kentucky 40
Address

RULES AND REGULATIONS

26. Distribution extensions (Cont'd)

placed in service are to contribute equally to cost of construction of the water main extension itself. In addition each customer must pay the approved "Tap-on-fee" applicable at the time of their application for the meter connection. The Tap-on-fee" is not part of the refundable cost of the extension and may be charged during the refund period. After the five-year refund period expires, any additional customer applying for service on each main extension must be connected for the amount of the approved "Tap-on-fee" only. Also, after the five-year refund period expires, the District will make refunds for an additional five year period as follows:

Each year for a period of not less than five (5) years, which for the purpose of this rule shall be the refund period, the District shall refund to the customer or customers who paid for the excessive footage the cost of fifty feet (50) of the extension in place for each additional customer connected during the year whose service line is directly connected to the extension installed and not to extensions or laterals therefrom, but in no case shall the total amount refunded exceed the amount paid the District. After the end of the refund period, no refund will be required to be made.

An applicant desiring an extension to a proposed real estate subdivision will be required to pay the entire cost of the extension and no refund shall be made under the 50' rule as subdivider can add this cost, to cost of lots, if he so desires.

All taps and connections to the extended line shall be made by District personnel.

Nothing contained herein shall be construed to prohibit the District from making extensions under different arrangements provided such arrangements have been approved by the Public Service Commission.

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FURSUANT TO KY MAR 5:011, SECTION 9 (1)

BY: *[Signature]* PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE November 11, 1987
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DATE EFFECTIVE January 1, 1988
Month Day Year

[Signature]
CHAIRMAN

P.O. Box 26, Simpsonville, Kentucky 400
CHAIRMAN Address

RULES AND REGULATIONS

27. Complaints

Complaints may be made to the operator of the system whose decision may be appealed to the District Commissioners. Such appeal shall be in writing within ten (10) days of date of decision by operator which shall also be in writing and dated, stating the nature of the complaint and supporting evidence. Decisions by the District's Commissioners are final subject only to appeal to the Public Service Commission according to the procedures of that body.

28. Sale of Water

Water furnished by the District may be used for domestic consumption by the customer's household or business, subject to special service agreements. The customer shall not sell, donate, give or allow use of such water to anyone except those members of his household or his business whichever is applicable.

29. Contributions in Aid of Construction

The District will accept contributions in aid of construction including but not limited to customer financed extensions to its water system. In addition, such contributions in aid of construction may consist of cash donations, in any amount, which the District may, at its option, apply to expenses of an extension or other projects. The acceptance by the District of contributions in aid of construction entitles no one to a refund and none shall be made.

30. Taps and Connections

All taps and connections to the mains of the District shall be made by and/or under the supervision and direction of District personnel or contractors.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

JAN 0 1988

31. Fire Protection

(a) The District's system is not designed nor intended for use for fire protection in any manner whatsoever. Any customer using same for fire protection does so at his own full and sole responsibility and risk. Certain industrial park areas are fire flow areas and industrial users are aware that these are fire flow areas. The charge for fire flow protection is .0015 per square foot of building space per month.

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SECTION 17
PUBLIC SERVICE COMMISSION MANAGER

(b) Private fire protection sprinkler systems may be connected to the District's mains for an annual charge of \$300 due and payable prior to installation of the sprinkler system and on the anniversary date of installation thereafter.

The District makes no warranty as to the sufficiency of the water supply or the adequacy of the water pressure at any time. (See Tariff #2 for further restrictions)

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ISSUED BY Wilson P. Henrich P.O. Box 26, Simpsonville, Kentucky 40

WEST SHELBY WATER DISTRICT

ORIGINAL Sheet No. 13

SIMPSONVILLE, KENTUCKY

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

31. Fire Protection (Cont'd)

Fire Hydrants installed on the distribution lines of this District are for the sole purpose of flushing the lines, or other uses by the District necessary for proper maintenance of the lines. The District is not responsible for, nor does it guarantee, any minimum pressure or flow at these hydrants, other than the minimum required by the Public Service Commission for distribution lines. Fire hydrants used by fire department units in the performance of their duty; any damage to the distribution lines, resulting from excessive pumping pressure will be the liability of that unit.

32. Multiple Users on one meter

Where two or more tenants or occupants (of different rental units) of property, including duplexes, apartment houses, mobile home parks, or other multi-unit premises, are served by a single water meter, the rates and charges shall be computed by dividing the number of gallons of water registered by such single meter by the numbers of customers being served through such meter and then applying the results thus obtained to the water rate schedule, then times the number of customers served to arrive at the monthly bill that the owner or occupant of the property must pay. In no event shall the monthly bill applicable to each tenant or occupant be less than the minimum water rate in the applicable rate schedule.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 01 1988

FURSUANT TO KRS 5:011,
SECTION 9(1)

BY: George A. Hill
PUBLIC SERVICE COMMISSION MANAGER

ISSUE November 11, 1987
Month Day Year

DATE EFFECTIVE January 1, 1988
Month Day Year

Wilson Herrick
Chairman

P.O. Box 26, Simpsonville, Kentucky 40070
Address

WEST SHELBY WATER DISTRICT

RULES AND REGULATIONS

SUMMARY
SCHEDULE OF SPECIAL SERVICE CHARGES

The following charges for special services shall be made:

1. Service Reconnection Charge. A charge of \$25.00 shall be made for all service reconnections made during regular working hours, except that there shall be no connection charges made for service on the original installation of facilities. If service is reconnected other than during regular working hours, the charge shall be \$35.00. After hours reconnections are discouraged. (I)
2. Meter Reading Recheck Charge. A charge of \$25.00 shall be made for a trip to recheck a meter reading when the customer requests the meter to be rechecked for a correct reading and the meter was not misread. (N)
3. Meter Test. Upon request and payment of \$25.00, customer may have his meter tested provided request by the customer is not more frequent than once each twelve months. If such test shows the meter to be more than two percent fast, a refund of the \$25.00 charge shall be made and the bill adjusted accordingly. If the periodic testing requirement of 807 KAR 5:066 (17) has not been met for the meter tested, no charge will be made for the test regardless of the results of the test. (N)
4. PSC Meter Test Complaint. Any customer of the District may request a meter test by written application to the Kentucky Public Service Commission and charges for this test will be as shown in 807 KAR 5:006, section 20, 1988 (c) and will be collected by the Public Service Commission. FURSUAANT TO 807 KAR 5:011, SECTION 3.11 (I)
5. Inspection of Service Line. In the installation of a service line, the customer shall leave the trench open and pipe uncovered. It is inspected by the District and shown to be free from any tee, branch connection, irregularity, or defect. A fee of \$25.00 shall be charged for this inspection. PUBLIC SERVICE COMMISSION MANAGER (N)
6. Returned Check Charge. A \$15.00 charge will be levied and paid by the customer to the District on each check of the customer "returned" for whatever reason. (I)
7. Contribution in Aid of Construction - Tap-on Fees and Connections. The established tap-on or connection fee is based on the size of the installed metering equipment and is as follows: (I)

5/8 x 3/4"	\$525.00
3/4 "	Actual cost of installation
1"	Actual Cost of Installation
1 1/2"	" " " "
2"	" " " "
3"	" " " "
4" or larger	" " " "

OF ISSUE November 11, 1987
Month Day Year

DATE EFFECTIVE January 1, 1988
Month Day Year

William P. H. ... P.O. Box 26, Simpsonville, Kentucky 40
Address

BOND RESOLUTION

WEST SHELBY WATER DISTRICT

AUTHORIZING

WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2000

IN THE AMOUNT OF

\$835,000

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BOND RESOLUTION

RESOLUTION OF THE WEST SHELBY WATER DISTRICT OF SHELBY COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$835,000 PRINCIPAL AMOUNT OF WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2000 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

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

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$835,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Warner A. Broughman & Associates and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued so as to rank on a parity basis with the Prior Bonds, and

WHEREAS, the Prior Bonds were issued to and are now held by the Rural Development of the Department of Agriculture of the United States of America (the "RD"), and

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

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

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$604,000, and by connection charges in the amount of at least \$100,000, to provide the total cost of such construction,

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

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

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

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

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

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

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

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

"Bonds of 1967" or "Series 1967 Bonds" refer to the outstanding West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967, in the original authorized principal amount of \$364,000.

"Bonds of 1978" or "Series 1978 Bonds" refer to the outstanding West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978, in the original authorized principal amount of \$300,000.

"Bonds of 1989" or "Series 1989 Bonds" refer to the outstanding West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990, in the original authorized principal amount of \$650,000.

"Bond Resolution of 1967" or "1967 Bond Resolution" refer to the Resolution authorizing the Bonds of 1967, duly adopted by the Board of Commissioners of the District on September 1, 1966.

"Bond Resolution of 1978" or "1978 Bond Resolution" refer to the Resolution authorizing the Bonds of 1978, duly adopted by the Board of Commissioners of the District on October 17, 1977.

"Bond Resolution of 1989" or "1989 Bond Resolution" refer to the Resolution authorizing the Bonds of 1989, duly adopted by the Board of Commissioners of the District on January 8, 1990.

"CDBG Grant" refers to the Community Development Block Grant described in Section 804 of this Resolution.

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

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

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

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

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

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

"Current Bonds" refers to the \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 authorized by this Resolution, to be dated as of the date of issuance thereof.

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

"Depreciation Fund" refers to the West Shelby Water District Depreciation Fund, described in Section 402 of this Resolution.

"District" refers to the West Shelby Water District of Shelby County, Kentucky.

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

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

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

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

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

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

"Grant Proceeds" refers to the proceeds of the CDBG Grant and the Kingsbrook Commerce Park Grant.

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

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

"Local Counsel" refers to Mathis, Riggs, Prather & Dean, P.S.C., Shelbyville, Kentucky, or any other attorney or firm of attorneys designated by the District.

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

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

"Operation and Maintenance Fund" refers to the West Shelby Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

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

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the Series 1967 Bonds, the Series 1978 Bonds and the Series 1989 Bonds.

"Prior Bond Resolution" refers collectively to the 1967 Bond Resolution, the 1978 Bond Resolution and the 1989 Bond Resolution.

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

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

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

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

"Revenue Fund" refers to the West Shelby Water District Water Revenue Fund, described in Section 401 of this Resolution.

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

"Sinking Fund" refers to the West Shelby Water District Waterworks Bond and Interest Sinking Fund, described in Section 401 of this Resolution.

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

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

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

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

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

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$1,539,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$835,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$1,539,000
Less:		
Kingsbrook Commerce Park Grant	\$100,000	
CDBG Grant	504,000	
Connection Charges	<u>100,000</u>	
Total Non-Bond Funds:		<u>(704,000)</u>
Balance to be financed by Current Bonds		\$835,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$835,000 principal amount of West Shelby Water District Waterworks Revenue Bonds, Series 2000.

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

Interest on the Current Bonds shall be payable semiannually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing January 1 or July 1, as the case may be. Principal of the Current

Bonds shall be payable on January 1 of each of the respective years until maturity, as set out in Section 201 hereof.

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

Section 107. Current Bonds Shall be Payable on Out of Gross Revenues. The Current Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be payable solely on a first lien basis out of the gross revenues of the System, on a parity with the Prior Bonds.

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

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2010, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2010, shall be subject to prepayment by the District on any interest payment date falling on and after January 1, 2009, at par plus accrued interest, without any prepayment penalty.

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

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

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

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$135,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$135,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

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

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

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

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

may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds. Simultaneously with or prior to the delivery of the Current Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$100,000 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Current Bonds and Grant Proceeds in order to assure completion of the Project.

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

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

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

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

(4) Transfer of Capitalized Interest to Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$35,300) during the construction of the Project, as approved by the Engineers and by the RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of

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

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

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

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

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of \$835,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

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

The aggregate of the principal amount of all Notes shall not exceed \$835,000. Each Note which is renewed or superseded shall be simultaneously canceled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$835,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the

amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

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

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

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

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

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

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

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

of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

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

ARTICLE 4. FLOW OF FUNDS.

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

- (a) West Shelby Water District Water Revenue Fund
- (b) West Shelby Water District Waterworks Bond and Interest Sinking Fund
- (c) West Shelby Water District Depreciation Fund
- (d) West Shelby Water District Operation and Maintenance Fund

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding.

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

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

B. Sinking Fund. It is hereby recognized that the District is obligated upon the issuance of the Current Bonds to provide for additional debt service requirements of the Current Bonds.

At or after the delivery of the Current Bonds, there shall be transferred from the Construction Account to the Sinking Fund an amount sufficient to provide for capitalized interest (initially estimated at \$35,300) on the Current Bonds during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

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

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

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

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Prior Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$415 (in addition to the \$300 per month required by the Prior Bond Resolution) each month which shall be deposited into the Depreciation Fund until the Current Bonds are paid in full.

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

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

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in

said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the District's annual budget.

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

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

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

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

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

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

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

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

The holder of this Bond has consented to the issuance of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 ranking on a parity as to security and source of payment with this Bond.

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

ARTICLE 5. COVENANTS OF DISTRICT

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

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

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

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

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

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

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

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

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

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

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

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;
- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions

and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;

- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the District shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1942-47) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

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

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

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

ARTICLE 7. DEFAULT AND CONSEQUENCES

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

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

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

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

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

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

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

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

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

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of CDBG Grant Agreement. The Department of Housing and Urban Development (the "HUD") has agreed to make a grant to the District in the amount of \$504,000 (the "CDBG Grant"), to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and HUD has requested the District to approve, accept and execute a certain CDBG Grant Agreement (the "CDBG Grant Agreement") setting out the terms and conditions upon which said CDBG Grant will be made. Said CDBG Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said CDBG Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other CDBG Grants offered to the District in connection with the Project and to execute any and all CDBG Grant Agreements and any other documents as may be requested by HUD in connection with CDBG Grants which have been and/or which may hereafter be approved for such Project.

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

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1942-47).
- (e) Agreement for Engineering Services with the Engineers.

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

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

ARTICLE 9. SALE OF CURRENT BONDS

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

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

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

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

ARTICLE 10. CONCLUDING PROVISIONS

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

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

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

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

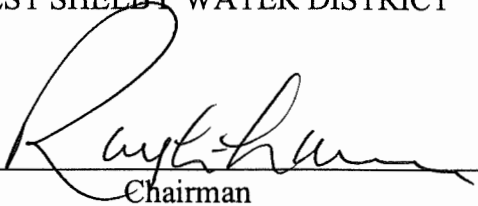
Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

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

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

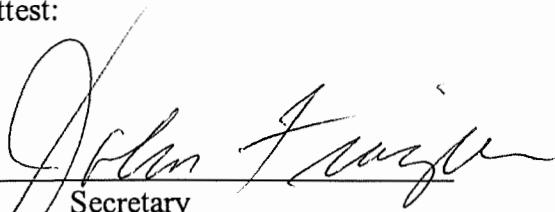
Adopted this December 8, 1999.

WEST SHELBY WATER DISTRICT


Chairman

(Seal of District)

Attest:

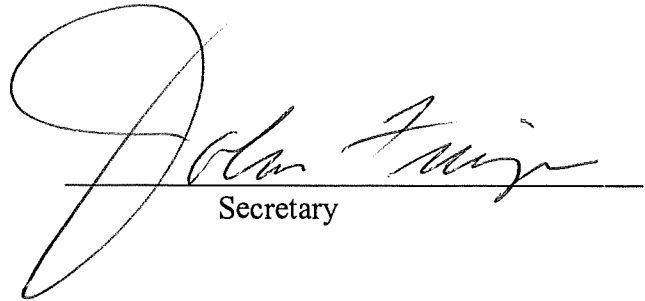

Secretary

CERTIFICATION

I, John Frazier, hereby certify that I am the duly qualified and acting Secretary of the West Shelby Water District of Shelby County, Kentucky, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on December 8, 1999, as shown by the official records of said District in my custody and under my control.

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

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this December 8, 1999.


Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>
2002	\$8,000	2021	\$19,000
2003	8,000	2022	21,000
2004	9,000	2023	21,000
2005	9,000	2024	23,000
2006	9,000	2025	24,000
2007	10,000	2026	25,000
2008	10,000	2027	26,000
2009	11,000	2028	28,000
2010	11,000	2029	29,000
2011	12,000	2030	30,000
2012	13,000	2031	32,000
2013	13,000	2032	33,000
2014	14,000	2033	35,000
2015	15,000	2034	37,000
2016	15,000	2035	39,000
2017	16,000	2036	41,000
2018	17,000	2037	43,000
2019	18,000	2038	45,000
2020	19,000	2039	47,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF SHELBY
WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS,
SERIES 2000

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

KNOW ALL MEN BY THESE PRESENTS:

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

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

_____ DOLLARS (\$ _____),

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

Year Principal Year Principal Year Principal

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

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

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

This Bond ranks on a parity as to security and source of payment with certain outstanding (i) West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Bonds of 1967"), authorized by a Resolution adopted by the Commission of the District on September 1, 1966 (the "1967 Bond Resolution"); (ii) West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Bonds of 1978"), authorized by a Resolution adopted by the Commission of the District on October 17, 1977 (the "1978 Bond Resolution"); and (iii) West Shelby Water District Waterworks Revenue Bonds of 1989, dated January 18, 1990 (the "Bonds of 1989"), authorized by a Resolution adopted by the Commission of the District on January 8, 1990 (the "1989 Bond Resolution"); [hereinafter the Bonds of 1967, Bonds of 1978 and Bonds of 1989 shall be collectively referred to as the "Prior Bonds", and the 1967 Bond Resolution, the 1978 Bond Resolution and the 1989 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, together with any bonds ranking on a parity herewith, is payable from and secured on a first lien basis by a pledge of the gross revenues to be derived from the operation of the System.

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

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

a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2009, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

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

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

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

WEST SHELBY WATER DISTRICT
Shelby County, Kentucky

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

ASSIGNMENT

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

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

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the West Shelby Water District (the "District") of Shelby County, Kentucky.

2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$_____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "West Shelby Water District Waterworks Construction Account", at the Citizen Union Bank, Shelbyville, Kentucky.

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 19____.

WEST SHELBY WATER DISTRICT

WARNER A. BROUGHMAN & ASSOCIATES

By _____
Chairman

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

EXCERPTS OF MINUTES OF A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE WEST SHELBY WATER DISTRICT, HELD ON DECEMBER 8, 1999.

A regular meeting of the Board of Commissioners (the "Commission") of the West Shelby Water District was held at 8:30 A.M., E.S.T., on December 8, 1999, at the District's office in Simpsonville, Kentucky.

The following Commissioners were present:

Ray Larmee
John Frazier
Bob McDowell

The following Commissioners were absent:

None.

Chairman Ray Larmee presided, and John Frazier, Secretary, recorded the Minutes of the meeting.

*

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Thereupon, the Chairman announced that all of the papers necessary for the authorization of the issuance and sale of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000, had been prepared and were ready for action at this meeting.

Thereupon, there was read in full a Resolution entitled:

RESOLUTION OF THE WEST SHELBY WATER DISTRICT OF SHELBY COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$835,000 PRINCIPAL AMOUNT OF WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2000 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

Thereupon, Bob McDowell moved that all rules be suspended and that the motion to adopt said Resolution be passed. Said motion was seconded by John Frazier, and a vote was thereupon taken on the motion, with the vote being as follows:

Yeas for the Motion

Nays against the Motion

Ray Larmee
John Frazier
Bob McDowell

None

The Chairman then declared that said motion had carried and that said Resolution had been duly and regularly passed and adopted, and a copy of same was thereupon signed by the Chairman and the Secretary of the Commission. The Secretary was directed to record said Resolution with the official proceedings of the Commission as a matter of public record.

Thereupon, there was read in full a Resolution entitled:

RESOLUTION OF THE WEST SHELBY WATER DISTRICT APPROVING
AND AUTHORIZING A LOAN AGREEMENT WITH THE KENTUCKY
RURAL WATER FINANCE CORPORATION.

Thereupon, Bob McDowell moved that all rules be suspended and that the motion to adopt said Resolution be passed. Said motion was seconded by John Frazier, and a vote was thereupon taken on the motion, with the vote being as follows:

Yeas for the Motion

Nays against the Motion

Ray Larmee
John Frazier
Bob McDowell

None

The Chairman then declared that said motion had carried and that said Resolution had been duly and regularly passed and adopted, and a copy of same was thereupon signed by the Chairman and the Secretary of the Commission. The Secretary was directed to record said Resolution with the official proceedings of the Commission as a matter of public record.

Thereupon, a motion was made by Bob McDowell and seconded by John Frazier that the Secretary of the District be instructed and directed to cause publication to be made of a Notice of Bond Sale calling for the receipt of bids for the purchase of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the form of such Notice of Bond Sale attached hereto, one time in (a) the SENTINEL-NEWS, which is the

newspaper having the largest bona fide circulation which is published in the City of Shelbyville, Kentucky, and in Shelby County, Kentucky, and is the newspaper meeting the requirements of KRS 424.110-120, for publication, in which official publications of the West Shelby Water District are required to be published, there being no newspaper meeting such requirements which is published within the boundaries of the District, and (b) THE COURIER-JOURNAL, a newspaper published in the City of Louisville, Kentucky, and of general circulation throughout the Commonwealth of Kentucky and that this Commission further approve the form of the Official Notice of Sale of Bonds in the form attached hereto, which form is to be distributed to any interested bidders in connection with the sale of said Bonds, and that only those bids (other than a bid of the Rural Development) be considered for the purchase of said Bonds that are submitted on Bid Forms supplied by the Secretary, a copy of which Bid Form is attached hereto, such bids to be received at Simpsonville, Kentucky, until January 5, 2000, at 9:00 A.M., E.S.T., which is the next meeting date of the Commission, or until such other date and hour (for which notice is duly furnished, and, where appropriate, duly advertised in accordance with Section 61.805 of the Kentucky Revised Statutes) at which this Commission will meet, as may be determined by the Chairman of the Commission. The motion was unanimously carried.

* * *

There being no further business to come before the Commission, it was moved, seconded and unanimously carried that the meeting be adjourned.

Whereupon, the meeting was adjourned.

WEST SHELBY WATER DISTRICT

By
Chairman

Attest:
Secretary


CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify as follows:

1. That I am the duly qualified and acting Secretary of the Board of Commissioners of the West Shelby Water District of Shelby County, Kentucky;
2. That the foregoing is a true and accurate transcript of the Minutes of a regular meeting of the Board of Commissioners of said District, held on December 8, 1999, insofar as such Minutes pertain to the matters set out in such transcript;
3. That there are attached hereto, full, true and correct copies of the two Resolutions adopted at said meeting as set out in such transcript, consisting of the Bond Resolution authorizing the issuance and sale of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000 and the Interim Financing Resolution of the West Shelby Water District;
4. That there are attached hereto full, true and correct copies of the Notice of Bond Sale, the Official Notice of Sale of Bonds, and the Bid Form, with reference to the proposed sale of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000, all of which were approved by the Board of Commissioners at said meeting as set out in said Minutes;
5. That said items listed above, together with the foregoing Minutes of the Board of Commissioners' meeting, including the recording of the yeas and nays as set out therein, have all been duly recorded in the official records of the proceedings of said Board of Commissioners in accordance with all legal requirements; and
6. That said meeting was held in accordance with all applicable requirements of Sections 61.805, 61.810, 61.815, 61.820 and 61.825 of the Kentucky Revised Statutes, and that a quorum was present.

IN TESTIMONY WHEREOF, witness my signature and the Seal of the District on this December 8, 1999.

(Seal of District)


Secretary

NOTICE

I, Ray Larmee, Chairman of the Board of Commissioners (the "Commission") of the West Shelby Water District of Shelby County, Kentucky, do hereby notify you that a special meeting of said Commission has been called to be held at the regular meeting place of said Commission at the District's office in Simpsonville, Kentucky, at 9:00 A.M., E.S.T., on January 5, 2000, for the purpose of adopting a Resolution awarding the sale of \$835,000 of West Shelby Water District Waterworks Revenue Bonds, Series 2000, and for the purpose of taking such other appropriate action as may come before the meeting. All members of the Commission are requested to attend said meeting and to vote on such business as may come before the meeting.

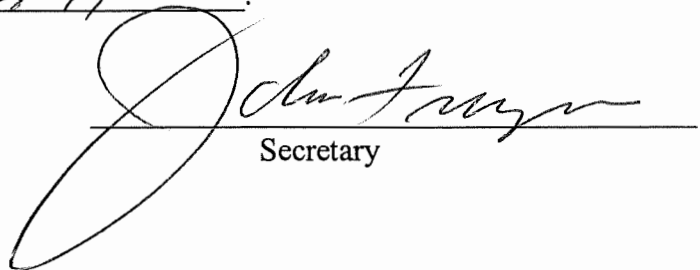
Dated this 12-8-99.


Chairman

CERTIFICATE

I hereby certify that each member of the Commission of West Shelby Water District of Shelby County, Kentucky, each local newspaper of general circulation, each news service and each local radio or television station which has on file with the Commission a written request to be notified of special meetings of said Commission, in accordance with KRS 61.805-850, receiving a copy of the foregoing Notice in ample time (at least 24 hours in advance) to attend said meeting.

WITNESS my signature this 12-8-99.


Secretary

(Seal of District)

EXCERPTS OF MINUTES OF A SPECIAL, CALLED MEETING OF THE
BOARD OF COMMISSIONERS OF THE WEST SHELBY WATER DISTRICT,
HELD ON JANUARY 5, 2000.

A special, called meeting of the Board of Commissioners (the "Commission") of the West Shelby Water District was held on January 5, 2000, at 9:00 A.M., E.S.T., at the District's office in Simpsonville, Kentucky, pursuant to notice duly mailed or delivered personally, at least 24 hours in advance, to all members of the Commission, and to each local newspaper of general circulation, each news service, and each local radio or television station which has on file with the Commission a written request to be notified of special meetings of said Commission, in accordance with KRS 61.805-850. A copy of the Notice and Certificate as to same was duly filed in the records of the Commission with the Minutes of this meeting.

The following Commissioners were present:

Ray Larmee
John Frazier
Bob McDowell

The following Commissioners were absent:

None.

Chairman Ray Larmee presided, and John Frazier, Secretary, recorded the Minutes of the meeting.

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Thereupon, the hour of 9:00 A.M., E.S.T., having arrived, the Chairman called the attention of the Commission to the fact that pursuant to a Resolution adopted on December 8, 1999, and pursuant to a motion which carried on that day, the hour of 9:00 A.M., E.S.T., on this date, was fixed for the opening of bids which might be received for the purchase from the District of \$835,000 principal amount of West Shelby Water District Waterworks Revenue Bonds, Series 2000, authorized by said Resolution. He reported that the authorized Notice of Bond Sale had been duly published in accordance with all legal requirements. The Chairman then declared that bidding for the Bonds was closed, and the Secretary stated that only one sealed bid had been theretofore received, which bid was produced by him. Said bid was then publicly opened, read and studied. Thereupon, there was read in full a Resolution accepting said bid, which Resolution was entitled:

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE WEST
SHELBY WATER DISTRICT OF SHELBY COUNTY, KENTUCKY,
ACCEPTING THE SUCCESSFUL BID FOR THE PURCHASE OF \$835,000
PRINCIPAL AMOUNT OF WEST SHELBY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2000.

Thereupon, Bob McDowell moved that all rules be suspended and that the motion to adopt said Resolution be passed. Said motion was seconded by John Frazier and a vote was thereupon taken on the motion, with the vote being as follows:

Yeas for the Motion

Nays against the Motion

Ray Larmee
John Frazier
Bob McDowell

None

The Chairman then declared that said motion had carried and that said Resolution had been duly and regularly passed and adopted, and a copy of same was thereupon signed by the Chairman and the Secretary of the Commission. The Secretary was directed to record said Resolution with the official proceedings of the Commission as a matter of public record.

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There being no further business to come before the meeting, it was moved, seconded and unanimously carried that the meeting adjourn.

The Chairman thereupon declared that the meeting was adjourned.

WEST SHELBY WATER DISTRICT

By Ray Larmee
Chairman

Attest:

John Frazier
Secretary

CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify as follows:

1. That I am the duly qualified and acting Secretary of the Board of Commissioners of the West Shelby Water District of Shelby County, Kentucky;

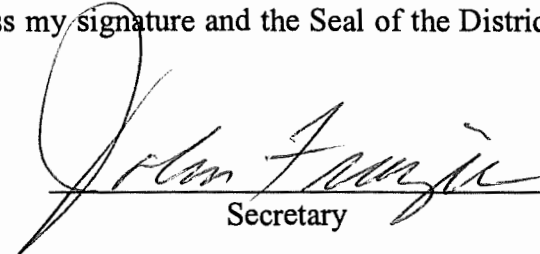
2. That the foregoing is a true and accurate transcript of the Minutes of a meeting of said Board, held on January 5, 2000, insofar as such Minutes pertain to the matters set out in such transcript;

3. That there is attached hereto a full, true and correct copy of the Resolution accepting the successful bid for the purchase of \$835,000 principal amount of West Shelby Water District Waterworks Revenue Bonds, Series 2000, which Resolution was adopted at said meeting as set out in said transcript;

4. That said meeting was held in accordance with all applicable requirements of KRS 61.810, 61.815, 61.820 and 61.825, and that a quorum was present; and

5. That said Resolution, together with the foregoing Minutes, including the recording of the yeas and nays as set out therein, has been duly recorded in the official records of the proceedings of said Board of Commissioners in accordance with all legal requirements.

IN TESTIMONY WHEREOF, witness my signature and the Seal of the District on this January 5, 2000.


Secretary

(Seal of District)

BOND RESOLUTION

WEST SHELBY WATER DISTRICT

AUTHORIZING

WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS OF 1989

IN THE AMOUNT OF

\$650,000

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BOND RESOLUTION

RESOLUTION OF THE WEST SHELBY WATER DISTRICT OF SHELBY COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$650,000 PRINCIPAL AMOUNT OF WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS OF 1989 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; PROVIDING FOR SAID BONDS TO RANK ON A PARITY WITH CERTAIN OUTSTANDING REVENUE BONDS, PREVIOUSLY ISSUED BY SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the West Shelby Water District (the "District") is owned and operated by said District pursuant to Chapters 74 and 106 and Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes (the "Act"), and

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

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

WHEREAS, it is the desire and intent of the District at this time to adopt this Resolution pursuant to the Act, to authorize and provide for the issuance of revenue bonds in the principal amount of \$650,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Warner A. Broughman & Associates, now on file in the office of the Secretary of the District, and to prescribe the covenants of the District, the rights of Bondowners and the

details of the issuance and sale of the proposed Current Bonds,
and

WHEREAS, the District desires and intends that the Current Bonds be issued so as to rank on a parity basis with the Prior Bonds, and

WHEREAS, the Prior Bonds were issued to and are now held by the Farmers Home Administration of the Department of Agriculture of the United States of America (the "FmHA"), and

WHEREAS, the FmHA, as the Owner of the Prior Bonds, has consented to the issuance by the District of the Current Bonds, and

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

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$100,000, and by a contribution by the District in the amount of at least \$91,500, to provide the total cost of such construction, and

WHEREAS, the District has entered into a Water Purchase Contract (as hereinafter defined) with the City of Shelbyville and Louisville Water Company, assuring the District an adequate supply of water for as long as any of the proposed Current Bonds shall be outstanding,

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

ARTICLE 1

DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.

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

"ACT" refers to Chapters 74 and 106 and Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes.

"BEGINNING MONTH" means the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

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

"BONDOWNER" or "OWNER" mean and contemplate the registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"BONDS" refers to the outstanding Prior Bonds and the Current Bonds.

"BONDS OF 1967" refers to the original authorized issue of \$364,000 of bonds designated as "West Shelby Water District Waterworks Revenue Bonds", dated February 15, 1967, scheduled to mature on January 1 in each of the years, 1991 through 2006, inclusive.

"BONDS OF 1978" refers to the original authorized issue of \$300,000 of bonds designated as "West Shelby Water District Waterworks Revenue Bonds of 1978", dated October 18, 1978, scheduled to mature on January 1 in each of the years, 1991 through 2017, inclusive.

"BOND RESOLUTION OF 1967" or "1967 BOND RESOLUTION" refers to the Resolution authorizing the Bonds of 1967, duly adopted by the Board of Commissioners of the District on September 1, 1966.

"BOND RESOLUTION OF 1978" or "1978 BOND RESOLUTION" refers to the Resolution authorizing the Bonds of 1978, duly adopted by the Board of Commissioners of the District on October 17, 1977.

"CDBG GRANT" refers to the Community Development Block Grant described in Section 804 of this Resolution.

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

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

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

"CONSTRUCTION ACCOUNT" refers to the West Shelby Water District Construction Account, created in Section 301(B) of this Current Bond Resolution.

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

"CONTRACTORS" means the general contractors who have been employed by the District to construct the Construction Project.

"CURRENT BOND RESOLUTION" or "RESOLUTION" refers to this Resolution authorizing the Current Bonds.

"CURRENT BONDS" refers to the \$650,000 of West Shelby Water District Waterworks Revenue Bonds of 1989 authorized by this Resolution, to be dated as of the date of issuance thereof.

"DEPOSITORY BANK" means the bank, which shall be a member of the FDIC, at which the principal of and interest on the Prior Bonds are payable and which has served and shall continue to serve as the depository of all of the Funds created in the Prior Bond Resolution and this Current Bond Resolution, which

bank is Citizens Union Bank, Shelbyville, Kentucky, or its successor.

"DEPRECIATION FUND" refers to the Depreciation Fund, created in Section 6(B) of the 1967 Bond Resolution.

"DISTRICT" refers to the West Shelby Water District of Shelby County, Kentucky.

"ENGINEERS" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Construction Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Construction Project, and shall be deemed to refer to Warner A. Broughman & Associates, or a member of said firm, or their successors.

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

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

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

"FmHA" means the Farmers Home Administration of the Department of Agriculture of the United States of America.

"FUNDS" refers to the Revenue Fund, the Prior Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"GOVERNMENT" means the United States of America, or any agency thereof, including the FmHA.

"GRANT PROCEEDS" refers to the proceeds of the CDBG Grant.

"INDEPENDENT CONSULTING ENGINEER" refers to a consulting engineer or a firm of consulting engineers of recognized

excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"INTERIM LENDER" means Citizens Union Bank, Shelbyville, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the District.

"LOCAL COUNSEL" refers to Ralph Mitchell, Shelbyville, Kentucky, or any other attorney or firm of attorneys designated by the District.

"MULTIPLE ADVANCES" refers to the advance of loan funds from the FmHA as described in Section 302 of this Resolution.

"NOTE" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Section 58.150 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Construction Project as prescribed in Section 302 of this Resolution.

"OPERATION AND MAINTENANCE FUND" refers to the Operation and Maintenance Fund created in Section 6(C) of the 1967 Bond Resolution.

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

"PARITY BONDS" means bonds which may be issued in the future, in addition to the Prior Bonds and the Current Bonds, which Parity Bonds issued in the future will, pursuant to the provisions of the Prior Bond Resolution and of this Current Resolution, rank on a basis of parity with said outstanding Prior Bonds and Current Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Prior Bonds and Current Bonds.

"PRIOR BONDS" refers collectively to the Bonds of 1967 and the Bonds of 1978.

"PRIOR BOND RESOLUTION" refers collectively to the 1967 Bond Resolution and the 1978 Bond Resolution.

"PRIOR SINKING FUND" refers to the Waterworks Bond and Interest Sinking Fund, created in Section 6 of the 1967 Bond Resolution.

"PURCHASER" means the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds, and such definition shall refer to the FmHA if it is the Purchaser of the Current Bonds at said public sale.

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

"REVENUE FUND" refers to the Water Revenue Fund, created in Section 6 of the 1967 Bond Resolution.

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

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

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

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

"WATER PURCHASE CONTRACT" refers to the contract for purchase of treated water by and between the District and the City of Shelbyville and Louisville Water Company, as amended and supplemented.

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

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

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Construction Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$841,500. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Construction Project that the District issue a total of \$650,000 of Current Bonds, based on the following calculation:

Total cost of Construction Project		\$841,500
Less:		
CDBG Grant Proceeds	100,000	
District Contribution	<u>91,500</u>	
Total Non-Bond Funds:		<u>(191,500)</u>
Balance to be financed by Current Bonds		\$650,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Construction Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$650,000 principal amount of West Shelby Water District Waterworks Revenue Bonds of 1989.

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

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

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

Section 107. Current Bonds Shall be Payable Out of Gross Revenues and Secured by Statutory Mortgage Lien on a Parity with the Prior Bonds. All of the Current Bonds, the Prior Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions herein set forth, shall be (i) secured on a parity first lien basis by and payable solely from the gross revenues of the System; (ii) a valid claim of the Owners thereof against the Prior Sinking Fund created for the benefit of such Owners; and (iii) further secured, on a parity first lien basis, by a statutory mortgage lien as provided in Section 106.080 of the Kentucky Revised Statutes, which statutory mortgage lien is hereby recognized to be valid and binding upon the District, and

upon all of the properties constituting the System. Such lien shall take effect immediately upon delivery of the Current Bonds.

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

ARTICLE 2

THE BONDS; PRINCIPAL INSTALLMENTS; BOND FORM; EXECUTION; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, installments of principal falling due prior to January 1, 2001, shall not be subject to prepayment. Installments of principal falling due on and after January 1, 2001, shall be subject to prepayment by the District on any interest payment date falling on and after January 1, 2000, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or installments in a multiple of \$1,000, may be prepaid at any time in inverse chronological order of the installments due, at par plus accrued interest without any prepayment penalty.

ARTICLE 3

CONSTRUCTION ACCOUNT; INTERIM FINANCING; APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.

Section 301. The Construction Account; Fidelity Bond of Treasurer; Covenants Applicable if FmHA Purchases the Bonds; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer of the District, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System, and such funds shall be deposited in the Depository Bank. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of funds of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$200,000 (the "Fidelity Bond"), or such larger amount as the FmHA may require, which Fidelity Bond shall be effective and secured by a surety company approved by the FmHA so long as it is owner of any of the Bonds; the FmHA and the District shall be named co-obligees in such Fidelity Bond; and the amount thereof shall not be reduced without the written consent of the FmHA; provided that whenever sums in the various accounts referred to herein (other than the Construction Account) shall exceed \$200,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the FmHA.

In like manner, the officials of the District entrusted with the receipt and disbursement of moneys in the Construction Account shall be covered by a separate fidelity bond (the "Construction Account Fidelity Bond") with the FmHA and the District named as co-obligees in the maximum amount anticipated to be on deposit in the Construction Account at any one time as determined by the Chairman, with the approval of the FmHA. The District will segregate and earmark its various funds, consistent with this Resolution, in such manner as to enable the District to obtain the lowest possible surety premium rate on such Fidelity Bond and Construction Account Fidelity Bond.

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

procedure, and the necessity of using FmHA Forms, shall not be applicable.

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

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

(2) Construction Account; Grant Proceeds and District Contribution. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "West Shelby Water District Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds. Simultaneously with or prior to the delivery of the Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$91,500 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Bonds and Grant Proceeds in order to assure completion of the Construction Project.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the FmHA as to such expenditures, if the FmHA is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such Treasurer or such other official shall be covered by the Construction Account Fidelity Bond required by

Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Construction Project, as evidenced by (1) a Requisition Certificate and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated FmHA official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items. The executed Requisition Certificates shall be retained by the Treasurer and need not be furnished to the Depository Bank, which shall be authorized to honor checks signed by the Treasurer.

During construction, the District shall disburse Construction Account funds in a manner consistent with FmHA Instruction 1942.17(p)(5) of Appendix "A" to FmHA Instruction 1942-A. Form FmHA 424-18, "Partial Payment Estimate" or similar form approved by FmHA, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to FmHA for review and acceptance. Form SF-271, "Outlay Report and Request for Reimbursement for Construction Programs," shall be prepared and submitted to FmHA to account for funds expended in the last 30 day period.

After the Bonds are delivered, the District shall prepare and submit Form SF-272, "Report of Federal Cash Transactions", to report the status of federal cash received during each prior monthly period. Form FmHA 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____", will be prepared by the District and submitted to FmHA in order that a periodic Advance of Federal Cash may be requested. Forms FmHA 440-11 and SF-272 will be submitted to FmHA simultaneously.

Periodic audits of the District's Construction Account records shall be made by FmHA as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Prior Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$20,000) during the construction of the Construction Project, as approved by the Engineers and by the FmHA. If and to the extent not theretofore expended in paying

interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Construction Project, such amount so transferred from the Construction Account shall be deposited in the Prior Sinking Fund.

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

(6) Statements of Contractors, Engineers, and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the FmHA is the Purchaser of the Current Bonds, the District will be required to provide the FmHA with statements from the Contractors, Engineers, and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under FmHA Instructions 1942-A, Subsection 1942.17(n)(2).

(7) Disposition of Balance in Construction Account After Completion of Construction Project. When the Construction Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the FmHA, any balance then remaining in the Construction Account

may, with the consent of the State Director of the FmHA, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Construction Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Prior Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Prior Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$1,000 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of \$650,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Construction Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

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

The aggregate of the principal amount of all Notes shall not exceed \$650,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the FmHA.

The total authorized interim financing of \$650,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

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

B. Multiple Advances by FmHA. In the event the Current Bonds are purchased by the FmHA, and in the event the District is unable to obtain a commitment for interim financing for the Construction Project from any Interim Lender at

reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the FmHA.

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

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

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Construction Project or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301B(3) hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

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

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, as follows:

(a) The District certifies, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Purchaser and/or Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds" and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as

or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for Federal income tax purposes.

(b) The District certifies, based on information furnished by the Engineers, and on known facts and reasonable expectations at this time, as follows:

- (1) that the District has entered into a contract with the Engineers for engineering services in connection with the Construction Project financed by the Current Bonds and the fees to be paid to such Engineers will exceed 2-1/2% of the total cost of the Construction Project;
- (2) that work on the Construction Project has commenced or will commence within six months from the date of issuance of the Current Bonds or from the date of the first interim financing loan made under this Resolution, whichever occurs first;
- (3) that the construction of said Construction Project will proceed thereafter to completion with due diligence on the part of the District;
- (4) that all of the proceeds of the Current Bonds, with the possible exception of five percent (5%) of the proceeds of the Bonds, will be expended on the costs of the Construction Project within less than three years from the date of issuance of the Current Bonds;
- (5) that it is anticipated that amounts on deposit in the Prior Sinking Fund will be used within thirteen (13) months from the date of deposit for the payment of debt service on the Outstanding Bonds, and that, except for an amount equal to not more than the greater of (i) one-twelfth (1/12) of debt service requirements of the Outstanding Bonds for the then ensuing year or (ii) one year's earnings on the Prior Sinking Fund, such Prior Sinking Fund will be depleted through such application for current debt service requirements of the Outstanding Bonds;
- (6) that it is not anticipated that amounts will be accumulated in any reserve fund anticipated to be used for debt service on the Outstanding Bonds in excess of an amount

reasonably required to sell the Current Bonds; provided, however, in no event shall such amount exceed the lesser of (i) the maximum annual debt service on all Outstanding Bonds, (ii) 1.25 times the average annual debt service for principal and interest on all Outstanding Bonds, or (iii) more than 10% of the face amount (par) of the Current Bonds, plus 10% of the face amount of all Prior Bonds (15% as to any Prior Bonds issued prior to August 16, 1986);

- (7) that it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of the debt service on any Outstanding Bonds, even though such Depreciation Fund will be available if necessary to prevent a default in the payment of principal and interest on the Bonds; and
- (8) that the District has not been advised of any listing or contemplated listing by the Internal Revenue Service determining that the foregoing type of certification with respect to the District's obligations may not be relied on.

(c) The District covenants that neither the proceeds of the Bonds, nor Non-Exempt Revenues (hereinafter defined) of the District will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Current Bonds, if such investment would cause the Current Bonds to be treated as "arbitrage bonds"; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever such Code permits same to be invested without causing the Current Bonds to be treated as "arbitrage bonds".

"Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the District deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Outstanding Bonds, in excess of Exempt Revenues (hereinafter defined).

"Exempt Revenues" shall consist of the following:

- (1) amounts deposited in the Prior Sinking Fund for the purpose of paying debt service on any Outstanding Bonds within 13 months from the date of deposit;

- (2) amounts deposited in any reserve earmarked for or anticipated to be used for debt service on Outstanding Bonds, to the extent that such deposits do not cause the total amount of such reserves, deposits and other excess Non-Exempt Revenues, to exceed the limitations referred to in Section 303(b)(6) above, for which adequate provision will have been made to comply with such limitations;
- (3) amounts deposited in the Depreciation Fund, Operation and Maintenance Fund, or any other fund (however designated) reasonably expected to be used for extensions, additions, improvements, repairs or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose) of Outstanding Bonds; and
- (4) an amount of the original proceeds of the Current Bonds if such amount does not exceed the lesser of five percent (5%) of the proceeds of the Current Bonds or \$100,000.

If and to the extent that any Non-Exempt Revenues are on deposit and are available for investment, such funds shall be subject to the investment limitation referred to in Section 303(a) above.

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

ARTICLE 4

CURRENT BONDS ON A PARITY WITH PRIOR BONDS; FLOW OF FUNDS.

Section 401. Current Bonds on a Parity with Prior Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the Secretary of the District (a) a letter from the FmHA to the effect that the FmHA agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Prior Bonds, all of which are owned by the FmHA, together with (b) a certification signed by the FmHA to the effect that a legend has been typed, stamped or otherwise affixed on each of the Prior Bonds held by the FmHA, evidencing the agreement of the FmHA as the then Owner of the Prior Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Prior Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$650,000 of West Shelby Water District Waterworks Revenue Bonds of 1989 ranking on a parity as to security and source of payment with this Bond.

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

Section 402. Provisions of Prior Bond Resolution Incorporated Herein; Adjustments in Required Deposits. All proceedings preliminary to and in connection with the issuance of said outstanding Prior Bonds of the District, including provisions made for (i) the receipt, custody and application of the proceeds of said Prior Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of said Prior Bonds and (v) the depreciation of the System; and all other covenants for the benefit of bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Current Bonds, as well as of the Prior Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that the amount of the revenues of the System, to be paid into the Prior Sinking Fund during each of the fiscal years so long as any of the Prior Bonds and Current Bonds are outstanding, shall be sufficient to pay when due the interest upon and principal of all of the Prior Bonds and of all of the Current Bonds, as herein-after specified.

A. Revenue Fund. A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was heretofore created by the Prior Bond Resolution, which fund has been and is designated and identified as the Water Revenue Fund, in the custody of the Treasurer, which Fund has been deposited with and shall continue to be maintained and deposited with the Depository Bank, so long as any of the Prior Bonds, the Current Bonds or any Parity Bonds are outstanding. The District covenants and agrees that it will continue to deposit therein, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund from time to time shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Adjustments in Required Prior Sinking Fund Deposits. In accordance with the requirements of Section 605 of the 1978 Bond Resolution, it is hereby recognized that the District is obligated upon the issuance of the Current Bonds to provide for additional debt service requirements of the Current Bonds.

Accordingly, it is hereby provided that Section 403 of the 1978 Bond Resolution is amended and supplemented to provide further as follows:

At or after the delivery of the Current Bonds, there shall be transferred from the Construction Account to the Prior Sinking Fund an amount sufficient to provide for capitalized interest (initially estimated at \$20,000) on the Current Bonds during the construction of the Construction Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Construction Project.

Until the expiration of the month in which interest on the Current Bonds is last payable out of the sum set aside into the Prior Sinking Fund as capitalized interest, there shall continue to be transferred and deposited (as heretofore required by Section 403 of the Prior Bond Resolution) in each month from the Revenue Fund into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior Bonds, a sum equal to the total of the following:

- (a) An amount equal to one-sixth (or such larger amount as is necessary) of the next succeeding six month interest installment to become due on the Prior Bonds, plus

- (b) A sum equal to one-twelfth of the principal of any Prior Bonds maturing on the next succeeding January 1.

After the expiration of the month in which interest on the Current Bonds is last payable out of the sum set aside into the Prior Sinking Fund as capitalized interest, the deposits required by subsections (a) and (b) above shall be superseded, and thenceforth and thereafter, there shall be transferred in each month from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of all of the Outstanding Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (or such larger amount as is necessary) of the next succeeding six month interest installment to become due on the Outstanding Bonds, plus
- (2) A sum equal to one-twelfth (or such larger amount as is necessary) of the principal of the Outstanding Bonds maturing on the next succeeding January 1.

If the District for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Prior Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Prior Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any of such Outstanding Bonds prior to maturity, as set forth in Section 204 hereof and as provided in the Prior Bond Resolution.

C. Monthly Principal and Interest Payments if Requested by the FmHA, or Other Owner of All Outstanding Bonds. So long as any of the Prior Bonds and Current Bonds are held or insured by the FmHA, the District shall, if requested by the FmHA, make the payments required by the preceding Section 402(B), in monthly installments to the FmHA or to the insured Owners of the Prior Bonds and Current Bonds; provided further that at the option of any other Owner of all of the Prior Bonds and Current Bonds, such payments shall similarly be made in monthly payments to such Owner.

D. Adjustment in Depreciation Fund Deposits. It is hereby recognized that in Section 405 of the 1978 Bond Resolution, provision was made for the accumulation of a Depreciation Fund to which, from the balance of the funds remaining after the current Prior Sinking Fund deposit requirements are satisfied, there shall be set aside and paid in each month, as the next

payment from the Revenue Fund, the sum of \$300 in each month, until there has been accumulated in such Depreciation Fund the sum of \$36,000, after which no further deposits are required by the Prior Bond Resolution to be made into such Depreciation Fund except to replace withdrawals.

Pursuant to the provisions of Section 605 of the Prior Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Prior Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Construction Project, as certified by the Engineers and by the FmHA, the sum of \$735 (increased from \$300) each month shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of \$88,200 (increased from \$36,000), which amount shall be maintained, and when necessary, restored to said sum of \$88,200, so long as any of the Prior Bonds and/or Current Bonds are outstanding and unpaid.

In accordance with the provisions of Section 405 of the 1978 Bond Resolution, and as further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

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

All funds in the Prior Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All funds in the Prior Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having

a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

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

E. Operation and Maintenance Fund. After the completion of the transfers required in this Section 402 to be made in each month, there shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated expenditures for a two-month period pursuant to the District's annual budget.

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

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

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

ARTICLE 5

COVENANTS OF DISTRICT

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

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

Section 502. Books and Accounts; Audit. If and to the extent not now fully required by the Prior Bond Resolution, the District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Owners of any of the Prior Bonds or the Current Bonds, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than sixty days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the FmHA without request, so long as the Government is the Owner of any of the Current Bonds, and to any Bondowner that may have made a written request for same.

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

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

Not later than sixty days after the end of each Fiscal Year, beginning immediately after the issuance of the Current Bonds, the District agrees to cause to be prepared a detailed statement of income and expenditures for the Fiscal Year, a current financial statement and a proposed annual budget of current expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such Proposed Budget and to the FmHA without request if the Government is the Owner of any of the Current Bonds.

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

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

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

The District covenants that annually within 90 days after the close of its Fiscal Year, the annual budget for the then current Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for

operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

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

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

requirements of Section 506 hereof (involving insurance on motors, tanks and structures); and

- (7) It will, pursuant to Section 96.394 of the Kentucky Revised Statutes and other applicable legal provisions, cause rates and charges for sewer services provided by the System to be billed simultaneously with rates and charges for water service furnished to sewer customers by the System, and will provide that water service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges so billed, including such penalties and fees for disconnection and/or reconnection as be prescribed from time to time.

Section 505. Other Covenants Applicable So Long as FmHA Owns Any Bonds. So long as the FmHA shall own any of the Current Bonds, the District shall comply with such FmHA regulations, requirements and requests as shall be made by the FmHA, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the FmHA, the carrying of insurance of such types and in such amounts as the FmHA may specify, with insurance carriers acceptable to the FmHA and compliance with all of the terms and conditions of the Loan Resolution (FmHA Form 442-47) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. If and to the extent not now fully required by the Prior Bond Resolution, the District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Construction Project from the Contractors, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the FmHA, so long as the FmHA is the Owner of any of the Current Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the FmHA if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the FmHA.

ARTICLE 6

INFERIOR BONDS AND PARITY BONDS

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

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

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

- (a) the consent of the FmHA as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the FmHA if the Government is the purchaser of the Current Bonds or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current

Bonds have been issued, sold and delivered and are held by Owners other than the Government.

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

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

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

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds and payable from the revenues of the System or any part thereof.

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

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

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

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

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

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the FmHA for the issuance of such Parity Bonds, if the FmHA is the Owner of any of the Prior Bonds or any of the Current Bonds at the time of issuance of such Parity Bonds; (2) the written consent of the Owners of all of the then outstanding Prior Bonds and (3) the written consent of the Owners of 75% of the principal amount of the then outstanding Current Bonds and any other Parity Bonds; provided, however, that if the District obtains the written consent of the Owners of all Current Bonds and of all Parity Bonds outstanding against the System, no other prerequisite need be complied with by the District in order to issue Parity Bonds.

(f) Reference is made to Section 606 hereof as to the necessity of obtaining the written consent of the FmHA for the issuance of future bonds encumbering the System while the FmHA owns any Bonds payable from the revenues of the System.

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

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

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions

establishing such Depreciation Fund, taking into account the future debt service requirements of all second lien bonds which will then be outstanding against the System; and

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

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

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

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Prior Bonds and/or Current Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Prior Bonds or Current Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

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

which shall be incorporated into the System, as hereinbefore provided;

- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

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

ARTICLE 7

DEFAULT AND CONSEQUENCES

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

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

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

The District hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the District's obligations, all contracts,

including specifically the Water Purchase Contract, and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Prior Bonds or the Current Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

ARTICLE 8

CONTRACTUAL PROVISIONS; GRANT APPROVAL; MISCELLANEOUS PROVISIONS.

Section 801. Resolution Contractual with Bondowners.

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

It is further agreed that the Owners of 80% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Prior Bonds and Current Bonds without similarly affecting the rights of all Owners of such Prior Bonds, Current Bonds and any Parity Bonds then outstanding, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the FmHA so long as the FmHA owns any of the Outstanding Bonds.

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

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative

or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of CDBG Grant Agreement. The District hereby accepts the remaining proceeds of the CDBG Grant previously issued to the County of Shelby, Kentucky, and agrees to use such CDBG funds to supplement the proceeds of the Current Bonds and the District contribution in order to provide the total cost of the Project. The Chairman and the Secretary are authorized to execute any agreements to obtain the CDBG proceeds on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other CDBG Grants offered to the District in connection with the Construction Project and to execute any and all CDBG Grant Agreements and any other documents as may be requested in connection with CDBG Grants which have been and/or which may hereafter be approved for such Construction Project.

Section 805. Alternate Statutory Authority. If it shall ever be held that the District did not have the authority to issue said Current Bonds and/or to construct the Construction Project under the provisions of Chapter 106 of the Kentucky Revised Statutes, then this Resolution shall be deemed to have been authorized under the provisions of Section 74.370 and Sections 96.350 through 96.510, inclusive, of the Kentucky Revised Statutes, with said Current Bonds being secured by a statutory mortgage lien as provided in Section 96.400 of the Kentucky Revised Statutes.

Section 806. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of FmHA Letter of Conditions (FmHA Form 442-46).

- (d) Loan Resolution (FmHA Form 442-47).
- (e) Agreement for Engineering Services with the Engineers.

Section 807. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Construction Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Construction Project shall not be obtained through negotiation within 10 days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved, and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Construction Project and whenever the necessary deed is not obtained by negotiation at least 10 days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

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

ARTICLE 9

SALE OF CURRENT BONDS

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

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

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

Section 902. Possible Adjustment in Date of Current Bonds, Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason until after January 1, 1990, the name of the Current Bonds may, pursuant to Resolution adopted by the Commission with the written consent of the Purchaser of the Current Bonds, be changed to reflect the year in which the Current Bonds will be issued, with maturities, the applicable prepayment date and all other dates being adjusted accordingly, if so desired.

ARTICLE 10

CONCLUDING PROVISIONS

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

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

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

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established


a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth year from the date of the Current Bonds, and once every five years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with the Depository Bank. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

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

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

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

Adopted this January 8, 1990.


Chairman

(Seal of District)

Attest:


Secretary

CERTIFICATION

I, THOMAS BARKER, JR., hereby certify that I am the duly qualified and acting Secretary of the West Shelby Water District of Shelby County, Kentucky, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on January 8, 1990, as shown by the official records of said District in my custody and under my control.

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

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this January 8, 1990.


Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Maturities

<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Installments</u>
1992	\$ 3,000
1993	4,000
1994	4,000
1995	4,000
1996	4,000
1997	5,000
1998	5,000
1999	6,000
2000	6,000
2001	6,000
2002	7,000
2003	7,000
2004	8,000
2005	9,000
2006	9,000
2007	10,000
2008	11,000
2009	11,000
2010	12,000
2011	13,000
2012	14,000
2013	15,000
2014	16,000
2015	18,000
2016	19,000
2017	20,000
2018	22,000
2019	23,000
2020	25,000
2021	27,000
2022	29,000
2023	31,000
2024	34,000
2025	37,000
2026	39,000
2027	42,000
2028	46,000
2029	49,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF SHELBY
WEST SHELBY WATER DISTRICT WATERWORKS REVENUE BONDS OF 1989

No. R- _____ INTEREST RATE: _____ % \$650,000

KNOW ALL MEN BY THESE PRESENTS:

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

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

SIX HUNDRED FIFTY THOUSAND DOLLARS (\$650,000),

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

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

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

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

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 74 and 106 and Sections 58.010 and 58.140, inclusive, of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a

description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements , being hereinafter referred to as the "System").

This Bond ranks on a parity as to security and source of payment with certain outstanding West Shelby Water District Waterworks Revenue Bonds, dated February 15, 1967 (the "Bonds of 1967"), authorized by a Resolution adopted by the Commission of the District on September 1, 1966 (the "1967 Bond Resolution") and the outstanding West Shelby Water District Waterworks Revenue Bonds of 1978, dated October 18, 1978 (the "Bonds of 1978"), authorized by a Resolution adopted by the Commission of the District on October 17, 1977 (the "1978 Bond Resolution") [hereinafter the Bonds of 1967 and the Bonds of 1978 shall be collectively referred to as the "Prior Bonds", and the 1967 Bond Resolution and the 1978 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"].

This Bond has been issued in full compliance with the Prior Bond Resolution; and this Bond, together with said Prior Bonds, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and Prior Bond Resolution, are and will continue to be payable from and secured by a pledge of the gross revenues to be derived from the operation of said System, which revenues shall be sufficient to pay the principal of and interest on the Prior Bonds, this Bond and any additional bonds ranking on a parity therewith, as may be issued and outstanding under the conditions and restrictions set out in said Current Bond Resolution and the Prior Bond Resolution, as and when the same become due and payable, and a sufficient portion of which revenues shall be set aside in a fund for that purpose and identified as the "Waterworks Bond and Interest Sinking Fund", created in said Prior Bond Resolution.

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

and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

A statutory mortgage lien has been created and granted by the District in the Current Bond Resolution pursuant to the Act, and more specifically by Section 106.080 of the Kentucky Revised Statutes, to and in favor of the registered owner of this Bond, ranking on a parity with the Prior Bonds; and the System and all appurtenances thereof and extensions thereto shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest on the Prior Bonds and on this Bond.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond, to finance future extensions, additions and improvements to the System, provided the necessary calculations as to the earnings coverage required by the Current Bond Resolution are in existence and properly certified.

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2000, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Thousand Dollars (\$1,000), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$1,000, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at

his option, institute all rights and remedies provided by law or by said Current Bond Resolution.

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

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

WEST SHELBY WATER DISTRICT
Shelby County, Kentucky

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

(FORM OF REGISTRATION)

Date of Registration	Name of Registered Owner	Signature of Secretary of the West Shelby Water District, Bond Registrar
:	:	:
:	:	:
:	:	:
:	:	:
:	:	:

(FORM OF ASSIGNMENT)

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

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: West Shelby Water District Waterworks Revenue
Bonds of 1989, in the amount of \$650,000.

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the West Shelby Water District (the "District") of Shelby County, Kentucky.

2. That the following named firms and/or persons are now entitled to the aggregate sum of \$_____, itemized as set forth below and as per approved invoices attached hereto:

Firm/Person

Amount

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "West Shelby Water District Construction Account", at the Citizens Union Bank, Shelbyville, Kentucky.

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment. -

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 19____.

WARNER A. BROUGHMAN & ASSOCIATES

By _____
Registered Professional
Engineer
State of Kentucky No. _____

Approved on _____

WEST SHELBY WATER DISTRICT

By _____
Chairman

Approved on _____

By _____
Authorized FmHA Official

Amount expended heretofore \$ _____

Amount approved herein _____

Total \$ _____

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**THE APPLICATION OF WEST SHELBY WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC) NO. _____
CONVENIENCE AND NECESSITY TO CONSTRUCT)
AND FINANCE PURSUANT TO THE PROVISIONS)
OF KRS 278.023)**

A P P L I C A T I O N

This Application of the West Shelby Water District (the "Applicant") of Shelby County, Kentucky, respectfully shows:

1. That the Applicant is a water district of Shelby County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of the Applicant is:

West Shelby Water District
c/o Ms. Wanda Land
P.O. Box 26
Simpsonville, Kentucky 40067

3. That the Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of the Applicant; and (ii) approval of the proposed plan of financing said Project.

4. That the proposed project consists of the installation of approximately 12,650 linear feet of 12 and 16-inch ductile iron water transmission mains and a 1,000,000 gallon, single pedestal, composite, elevated water storage tank. The overall scheme is to pump water from Louisville with an existing pump station to both the new tank and the existing 200,000 gallon tank in Simpsonville. The new tank helps West Shelby Water District meet the one-day storage requirement of the Public

Service Commission and provides sufficient flow to the Kingbrook Commerce Park area to meet fire flow requirements.

The 16-inch pipe to Kingbrook is made necessary by the high flows required to provide fire protection to the industries locating there. The 12-inch pipe connection to Louisville completes a project started in the early 90's. This line will allow the system to be served completely by Louisville in the unlikely event that problems occur in the Shelbyville system.

5. That the Applicant proposes to finance the construction of the Project through (i) issuance of \$835,000 of its Waterworks Revenue Bonds, (ii) a Community Development Block grant ("CDBG") in the amount of \$504,000, (iii) a Kingbrook Commerce Park contribution in the amount of \$100,000, and (iv) a contribution from the Applicant in the amount of \$100,000. The Applicant has a commitment from the RD to purchase said \$835,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 5.00% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That the Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That the Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Bid Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of the Applicant, based upon statements of the Engineers for the Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The existing rates of the Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That the foregoing constitutes the documents necessary to obtain the approval of the Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Minimum Filing Requirements" specified in 807 KAR 5:069, Section 3.

WHEREFORE, the Applicant, the West Shelby Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to the Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting the Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of the Applicant.
- b. An Order approving the financing arrangements made by the Applicant, viz., the issuance of \$835,000 of West Shelby Water District Waterworks Revenue Bonds at an interest rate of not exceeding 5.00% per annum; a CDBG grant in the amount of \$504,000; a contribution from the Kingbrook Commerce Park in the amount of \$100,000; and a contribution from Applicant in the amount of \$100,000.

WEST SHELBY WATER DISTRICT

By: 

Chairman

Board of Water Commissioners

RUBIN & HAYS

By: 

Counsel for Applicant

First Trust Centre

200 South Fifth Street

Louisville, Kentucky 40202

(502) 569-7525



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-478
WEST SHELBY WATER DISTRICT

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on December 13, 1999.

See attached parties of record.

Stephanie D. Bell

Secretary of the Commission

SB/lc
Enclosure

Mr. Ray Larmee
& Ms. Wanda Land
West Shelby Water District
P. O. Box 26
7101 Shelbyville Road
Simpsonville, KY. 40067

Mr. Thmoas G. Fern
State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, KY. 40503 5477

Mr. Terry Loper
Rural Development
Mid America Building
1900 Midland Trail
Shelbyville, KY. 40065 9113

Mr. Warner A. Broughman
Warner A. Broughman III
and Associates
3161 Custer Drive
Lexington, KY. 40517

Honorable Donald T. Prather
Mathis, Riggs & Prather, P.S.C.
500 Main Street
P. O. Box 1059
Shelbyville, KY. 40066 1059

Honorable W. Randall Jones
Rubin & Hays
First Trust Centre
200 South Fifth Street
Louisville, KY. 40202

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WEST SHELBY WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) CASE NO. 99-478
AND FINANCE PURSUANT TO THE PROVISIONS)
OF KRS 278.023)

O R D E R

On November 19, 1999, West Shelby Water District ("West Shelby District") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,539,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide new service to one additional customer. Project funding is an \$835,000 bond issue to be purchased pursuant to an agreement with the U.S. Department of Agriculture's Rural Development ("RD"), a \$504,000 Community Development Block Grant ("CDBG"), a \$100,000 contribution from Kingbrook Commerce Park, and a \$100,000 contribution from the Applicant.

West Shelby District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on November 19, 1999, KRS 278.023 does not grant

the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. West Shelby District is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. West Shelby District's proposed plan of financing with RD is accepted.

3. West Shelby District is authorized to issue bonds not to exceed \$835,000.

4. West Shelby District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. Three years from the effective date of this Order, West Shelby District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 13th day of December, 1999.

By the Commission

ATTEST:


Executive Director

OPINION OF COUNSEL RELATIVE TO
ADVERTISING FOR CONSTRUCTION BIDS,
AWARD OF CONTRACTS AND EXECUTION THEREOF

Mr. Thomas G. Fern
State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount
of \$835,000.

Dear Mr. Fern:

I have reviewed the actions taken and procedure followed by the West Shelby Water District relative to advertisement for construction bids and awarding the execution of contracts thereof, for the construction of extensions, additions and improvements to the existing waterworks system of said District.

I am of the opinion that all of these proceedings and actions were taken pursuant to and in accordance with the laws of the Commonwealth of Kentucky and the United States of America and that all of said Contracts are now in full force and effect.

Dated this January 5, 2000.

MATHIS, RIGGS & PRATHER, P.S.C.

By  _____

Attorneys at Law

P.O. Box 1059

Shelbyville, Kentucky 40066-1059

JAMES E. BICKFORD
SECRETARY



E
PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

August 30, 1999

West Shelby Water District
Meadow Ridge Shopping Ctr
PO Box 26
Simpsonville, Kentucky 40067

RE: DW #1060457-99-004
Water System Improvements
Water Tank & Lines
Shelby County, Kentucky

Dear Sirs:

We have reviewed the plans and specifications for the above referenced project. The plans include a new 750,000 gallon water storage tank and approximately 4500 feet of new 16-inch DI water line and 11,000 feet of water line renovations. This is to advise that plans and specifications covering the above referenced subject are APPROVED with respect to sanitary features of design as of this date with the following stipulations:

1. If PVC piping is used, it must be NSF approved and manufactured in accordance with ASTM standards.
2. All dead end lines must be provided with a properly sized blow-off assembly, flush hydrant or fire hydrant (minimum 2 1/2 inch diameter outlet) for flushing purposes.
3. Water mains shall be laid at least 10 feet horizontally from any existing or proposed sewer. A sewer is defined as any conduit conveying fluids other than potable water. The distance shall be measured edge to edge. In cases where it is not practical to maintain a 10 foot separation, this office may allow deviation on a case-by-case basis, if supported by data from the design engineer. Such deviation may allow installation of the water main closer to a sewer, provided that the water main is laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water main is at least 18 inches above the top of the sewer. This deviation will not be allowed for force mains.

EDUCATION
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Water mains crossing sewers shall be laid to provide a minimum vertical distance of 18 inches between the outside of the water main and the outside of the sewer. This shall be the case where the water main is either above or below the sewer. At crossings, one full length of the water pipe shall be located so both joints will be as far from the sewer as possible. Special structural support for the water and sewer pipes may be required.

4. A minimum pressure of 30 psi must be available on the discharge side of all meters.
5. Upon completion of construction, disinfection shall be strictly in accordance with the procedure designated in the State Regulations, which reads as follows:

"A water distribution system, including storage distribution tanks, repaired portions of existing systems, or all extensions to existing systems, shall be thoroughly disinfected before being placed into service. A water distribution system shall disinfect with chlorine or chlorine compounds, in amounts as to produce a concentration of at least fifty (50) ppm and a residual of at least twenty-five (25) ppm at the end of 24-hours (24) and the disinfection shall be followed by a thorough flushing."

New or repaired water distribution lines shall not be placed into service until bacteriological samples taken at the points specified in 401 KAR 8:150 Section 4 (2) are examined and are shown to be negative following disinfection.

6. Water lines within a 200 foot radius of oil or gasoline lines, underground storage tanks, petroleum storage tanks or pumping stations shall be constructed of ductile iron pipe. Pipe joint materials which are resistant to permeation of the petroleum products shall be used within the 200 foot radius.

7. The overflow and the main drain for the proposed tank must extend 10 feet from the base of the tank and discharge into a 2 ft. x 2 ft. x 2 ft. crushed stone pit or onto a splash pad. The outlet must be equipped with a noncorrodible screen installed within the pipe at a location least susceptible to damage by vandalism.
8. An alternate acceptable method for storage tank disinfection is as follows:

Fill tank with enough water (containing a free chlorine concentration of at least 250 mg/l) to spray all inside tank surfaces with the chlorinated water. Repeat the spraying again at no less than 1.0 hour from the end of the first spraying. Drain the tank at no less than 30 minutes from end of second spraying before filling for use.
9. The interior coating system for the proposed storage tank must be of a type approved by the Division of Water for use in contact with potable water.
10. At high points in water mains where air can accumulate provisions shall be made to remove the air by means of hydrants or air relief valves. Automatic air relief valves shall not be used in situations where flooding of the manhole or chamber may occur.
11. Chlorinated water resulting from disinfection of treatment facilities and new, repaired, or extended distribution systems shall be disposed in a manner which will not violate 401 KAR 5:031.
12. The storage tank vent shall be screened to prevent the ingress of birds, animals and insects and shall be of a design to prevent freezing that may restrict the flow of air.

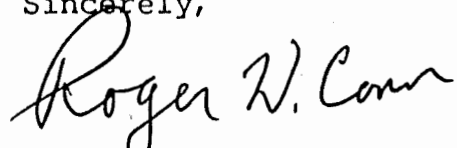
Water System Improvements
August 30, 1999
Page four

13. When this project is completed, the owner shall submit a written certification to the Division of Water that the above referenced water supply facilities have been constructed and tested in accordance with the approved plans and specifications and the above stipulations. Such certification shall be signed by a registered professional engineer.

This approval has been issued under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies.

Unless construction of this project is begun within one year from the date of approval, the approval shall expire. If you have any questions concerning this project, please contact Solitha Dharman at 502/564-2225, extension 572.

Sincerely,

for 
Vicki L. Ray, Branch Manager
Drinking Water Branch
Division of Water

VLR:SWD:lm

Enclosures

C: Warner A. Broughman III & Assoc.
Shelby County Health Department
Public Service Commission
Division of Plumbing
Louisville Regional Office
Drinking Water Files

**WEST SHELBY WATER DISTRICT
SIMPSONVILLE WATER TANK
Final Engineering Report
OCTOBER 26, 1999**

The project encompassed by West Shelby Water District is the construction of approximately 12,650 linear feet of water transmission mains and a 1,000,000-gallon elevated water storage tank. The overall scheme is to pump water from Louisville with an existing pump station to both the new tank and the existing tank in Simpsonville. The new tank helps West Shelby Water District meet the one-day storage requirement of the Public Service Commission and provides sufficient flow to the Kingbrook industrial area to meet fire flow requirements. There will be at least one new industrial customer that is served with this construction. The low bidding contractor for the pipeline is Perkins Excavating, Inc at \$ 329,361.50 and Landmark Structures, Inc for the water storage tank at \$ 792,000.00.

The method of financing the above outlined work is through a Rural Economic and Community Development (RECD) loan of \$ 835,000.00; a Community Development Block Grant (CDBG) of \$ 504,000.00; a grant from Boland-Maloney Realty Co. of \$ 100,000.00; and a contribution from Water District in the amount of \$ 100,000.00. The total financing for this project is \$ 1,539,000.00. The final estimate for the project is as follows:

Contract #1 Pipelines	\$ 329,361.50
Contract #2 Tank	\$ 792,000.00
Land and Right-of-Way	\$ 13,800.00
Local Counsel	\$ 6,000.00
Bond Counsel	\$ 7,500.00
Administration & Planning	\$ 25,000.00
Expert Services	\$ 4,344.97
Engineering Design	\$ 85,532.31
Resident Inspection	\$ 50,237.00
Interim Financing	\$ 35,300.00
Contingency	\$ 189,924.22
TOTAL:	\$ 1,539,000.00



The District will not need to increase rates to finance the new project. The following rates will be needed to maintain the District.

First 2500 gallons	\$ 12.37 minimum bill
Next 7500 gallons	\$ 4.32 per 1000 gallons
Next 20,000 gallons	\$ 3.19 per 1000 gallons
Next 200,000 gallons	\$ 3.69 per 1000 gallons
Over 230,000 gallons	\$ 2.83 per 1000 gallons

KENTUCKY
Rural Water
FINANCE CORPORATION

Post Office Box 1424 • 3251 Spring Hollow Avenue • Bowling Green, KY 42102-1424 • Phone: (502) 843-2291 • FAX: (502) 796-8623

March 30, 1999

Ms. Wanda Clark
West Shelby Water District
P.O. Box 26
Simpsonville, Ky. 40067

Dear Ms. Clark:

Thank you for submitting an application for funds through the Kentucky Rural Water Finance Corporation (KRWFC). KRWFC has approved your completed application and agrees to provide interim funding for your project.

Please accept this document as an official letter of commitment to provide interim financing to the West Shelby Water District for the project described in the KRWFC application. However, this commitment is contingent upon receipt of all final loan documents and availability of funds. To expedite this matter, we are forwarding a loan agreement package to your bond counsel today. Once the loan documents are executed and returned to KRWFC, funding dollars for your project will be available.

Thank you for applying for interim funds with the KRWFC. Should you have any questions, please call me at 502-843-2291.

Sincerely,



Gary Larimore
Secretary/Treasurer

GL/ks

cc: Bob Pennington, Kirkpatrick-Pettis
Tammie Caudill, Fifth/Third Bank
Randy Jones, Rubin & Hays
Sandy Broughman, Warner A. Broughman III
Terry Loper, Rural Development

"Helping water and wastewater utilities help themselves"



United States
Department of
Agriculture

Rural
Development

Corporate Drive, Suite 200
Lexington, KY 40503-5477
(606) 224-7336 TTY(606) 224-7422

February 23, 1999

Mr. Ray Larmee
Chairman, West Shelby Water District
7101 Shelbyville Road
Simpsonville, Kentucky 40026

Dear Mr. Larmee:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$835,000, a Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) of \$504,000, a cash contribution from Kingbrook Commerce Park in the amount of \$100,000, and a cash contribution from the applicant in the amount of \$100,000.

If Rural Development makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to Rural Development as soon as practical. In order to avoid possible delays in loan closing, such a request should ordinarily be submitted at least 30 days before loan closing.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, you are agreeing to complete the following as expeditiously as possible:

1. Number of Users and Their Contribution:

There shall be 1,185 water users, of which 1,184 are existing users and 1 is a new user. The Rural Development Manager will review and authenticate the number of users prior to advertising for construction bids

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two (2) years from the date of the bond. Payments will be in accordance with applicable KRS which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the Water District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

Rural Development encourages the use of the Preauthorized Debit (PAD) payment process, which authorizes the electronic withdrawal of funds from your bank account on the exact installment payment due date (contact the Rural Development Manager for further information).

3. Funded Depreciation Reserve Account:

The Water District will be required to deposit \$415.00 per month into a "Funded Depreciation Reserve Account". The monthly deposits are for the life of the loan.

The required deposits to the Reserve Account are in addition to the requirements of the Water District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence the first full fiscal year after the facility becomes operational.

4. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the Water District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

5. Land Rights and Real Property:

The Water District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

6. Organization:

The Water District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

7. Business Operations:

The Water District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Water District after review by Rural Development. At no later than loan pre-closing, the Water District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

8. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed.

9. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

10. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.

- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$135,000.
- D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

11. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "20" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Rural Development Manager is prepared to furnish the necessary guide for him to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

12. Compliance with Section 504 of the Rehabilitation Act of 1973:

The Water District will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the water system, be denied the benefits of the water system, or be subjected to discrimination.

13. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

14. Compliance with Special Laws and Regulations:

The Water District will be required to conform with any and all state and local laws and regulations affecting this type project.

15. System Operator:

The Water District is reminded that the system operator must have an Operator's Certificate issued by the State.

16. Prior to Pre-Closing the Loan, the Water District will be Required to Adopt:

- A. Form RD 1942-47, "Association Loan Resolution (Public Body)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The Water District must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

17. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

18. Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

19. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Water District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA-Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the Water District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Water District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Water District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Water District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the Water District's construction account records shall be made by Rural Development.

20. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,179,400
Land and Rights	13,800
Legal and Administrative	33,500
Engineering	158,600
Interest	35,300
Contingencies	<u>118,400</u>
TOTAL	\$ 1,539,000

Financing:

RUS Loan	\$ 835,000
HUD-CDBG	504,000
Kingbrook Commerce Park	100,000
Applicant Contribution	<u>100,000</u>
TOTAL	\$ 1,539,000

21. Use of Remaining Project Funds:

The applicant and Kingbrook Commerce Park contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS Loan/CDBG grant funds and refunded in proportion to participation in the project.

22. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

Meter Size 5/8-Inch x 3/4-Inch:

First	2,500	gallons @ \$	12.00 - Minimum Bill.
Next	7,500	gallons @ \$	4.17 - per 1,000 gallons.
Next	20,000	gallons @ \$	3.54 - per 1,000 gallons.
Next	200,000	gallons @ \$	3.04 - per 1,000 gallons.
All Over	230,000	gallons @ \$	2.68 - per 1,000 gallons.

Meter Size 3/4-Inch:

First	3,500	gallons @ \$	16.17 - Minimum Bill.
Next	6,500	gallons @ \$	4.17 - per 1,000 gallons.
Next	20,000	gallons @ \$	3.54 - per 1,000 gallons.
Next	200,000	gallons @ \$	3.04 - per 1,000 gallons.
All Over	230,000	gallons @ \$	2.68 - per 1,000 gallons.

Meter Size 1-Inch:

First	5,000	gallons @ \$	22.42 - Minimum Bill.
Next	5,000	gallons @ \$	4.17 - per 1,000 gallons.
Next	20,000	gallons @ \$	3.54 - per 1,000 gallons.
Next	200,000	gallons @ \$	3.04 - per 1,000 gallons.
All Over	230,000	gallons @ \$	2.68 - per 1,000 gallons.

Meter Size 1 1/2-Inch:

First	10,000	gallons @ \$	43.23 - Minimum Bill.
Next	20,000	gallons @ \$	3.54 - per 1,000 gallons.
Next	200,000	gallons @ \$	3.04 - per 1,000 gallons.
All Over	230,000	gallons @ \$	2.68 - per 1,000 gallons.

Meter Size 2-Inch:

First	16,000	gallons @ \$	64.49 - Minimum Bill.
Next	14,000	gallons @ \$	3.54 - per 1,000 gallons.
Next	200,000	gallons @ \$	3.04 - per 1,000 gallons.
All Over	230,000	gallons @ \$	2.68 - per 1,000 gallons.

Meter Size 3-Inch:

First	30,000	gallons @ \$	114.11 - Minimum Bill.
Next	200,000	gallons @ \$	3.04 - per 1,000 gallons.
All Over	230,000	gallons @ \$	2.68 - per 1,000 gallons.

Meter Size 4-Inch:

First	50,000	gallons @ \$	165.30 - Minimum Bill.
Next	180,000	gallons @ \$	3.04 - per 1,000 gallons.
All Over	230,000	gallons @ \$	2.68 - per 1,000 gallons.

Meter Size 6-Inch:

First	100,000	gallons @ \$	317.36 - Minimum Bill.
Next	130,000	gallons @ \$	3.04 - per 1,000 gallons.
All Over	230,000	gallons @ \$	2.68 - per 1,000 gallons.

23. Water Purchase Contract:

The Water District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

24. Commitment of HUD, Kingbrook Commerce Park, and Applicant Contribution:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the HUD Grant in the amount of \$504,000, for the Kingbrook Commerce Park contribution in the amount of \$100,000, and for the Applicant cash contribution in the amount of \$100,000.

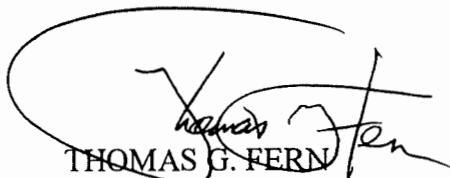
25. Final Approval Conditions:

Final approval of this loan will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

In accordance with the intent of Congress as expressed in the Fiscal Year 1998 Appropriations Act, recipients of Water and Waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

If you desire to proceed with your application, the Rural Development Manager will allot a reasonable portion of his time to provide guidance in application processing.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas G. Fern", is written over a printed name. The signature is stylized and includes a large, sweeping flourish that loops back to the left.

THOMAS G. FERN
State Director
Rural Development

Enclosures

cc: Rural Development Manager - Shelbyville, Kentucky
Community Development Manager - Campbellsburg, Kentucky
KIPDA ADD - Louisville, Kentucky
Donald Prather - Shelbyville, Kentucky
Rubin and Hays - Louisville, Kentucky
Warner A. Broughman, III - Lexington, Kentucky
PSC - ATTN: Claude Rhorer - Frankfort, Kentucky

LEGAL SERVICES AGREEMENT - BOND COUNSEL

THIS AGREEMENT, made and entered into as of April 7, 1999, between the West Shelby Water District, party of the first part (the "District"), and Rubin & Hays, Municipal Bond Attorneys, First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202, parties of the second part, (the "Attorneys").

WITNESSETH:

WHEREAS, the Attorneys agree to perform all customary bond counsel legal services necessary to accomplish the financing of construction of extensions, additions and/or improvements to the existing waterworks system of the District (the "System").

NOW, THEREFORE, for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

Section A - Legal Services. That the Attorneys will perform such services as are necessary to accomplish the above recited objectives, including, but not limited to, the following:

1. Furnish advice and assistance to the governing body of the District in connection with (a) establishing that the District has been properly created, is now validly in existence and its Commissioners are properly in office for their current effective terms; (b) the notices for and conduct of meetings; (c) the preparation of minutes of meetings; (d) the preparation and enactment of such ordinances, orders and/or resolutions as may be necessary in connection with the authorization, financing and construction of the project; (e) the preparation and completion of such revenue bonds or other obligations as may be necessary to finance the project; (f) the completion and execution of documents for obtaining a loan made or insured and/or grant made by the United States of America, acting through the Rural Development (the "RD"), U. S. Department of Agriculture, and/or other appropriate Federal and/or State agency or agencies; (g) preparation and adoption of Rules and Regulations, and rate and connection orders and/or resolutions; (h) preparation of various closing documents, including the necessary final approval legal opinion; (i) supervision of the closing of the transaction and (j) such other appropriate action as may be necessary in connection with the financing and construction of the project.

2. If and to the extent that a contract is necessary for an alternate source of water supply and/or sewage disposal services, this Agreement will include services in connection with the preparation and/or review of any such contract.

3. If the project requires any approval of the Public Service Commission of Kentucky (the "PSC"), the services of the Attorneys will include the preparation of proceedings for approval of the PSC and personal appearance and representation of the District by the Attorneys at the hearing before the PSC in Frankfort, Kentucky.

4. Preparation of the appropriate Preliminary Legal Opinion, Interim Financing Resolution and other related documents, if and when required in connection with interim financing provided by a bank or by the RD (secured by the proceeds of the Bonds and/or grant) if it is desired that the District begin construction prior to the delivery of the District's Bonds. If interim financing is represented by a public offering of notes or bonds, a separate arrangement will be made in accordance with the attached Schedule of Charges.

5. Supervision of and physical attendance by the Attorneys at the closing of the transaction at which time the Bonds of the District will be paid for and delivered.

6. Preparation of appropriate legal opinion as to valid creation and/or existence of the District.

7. Perform all customary Bond Counsel services in connection with such financing and assume the responsibility for the preparation and approval of those documents pertaining to the issuance of the Bonds.

Section B - Compensation. (a) The District will pay to the Attorneys for professional services rendered in accordance herewith a fee based on the attached Schedule of Charges.

(b) The Schedule of Charges shall contain the signatures and dates signed of both the Attorneys and the District.

IN TESTIMONY WHEREOF, witness the signature of the Attorneys and the signature of the District, acting by and through its duly authorized officers, with the Seal of the District affixed hereto, pursuant to authorization of its governing body, duly adopted on April 7, 1999, as of the date first hereinabove written.

West Shelby Water District

By *[Signature]*
Chairman *Chairman*

Attest:

[Signature]
Secretary

(Seal of District)

Rubin & Hays

By *[Signature]*

RD Concurrence: By _____
Title _____
Date _____

SCHEDULE OF CHARGES
FEES FOR LEGAL SERVICES AS A PERCENTAGE OF PROJECT COST

This attachment will be executed by both parties and made a part of the attached "Legal Services Agreement - Bond Counsel".

This schedule sets forth the schedule of charges applicable to the attached Legal Services Agreement.

Section 1. The District will pay to the Attorneys for the professional services rendered in accordance herewith a fee based on the total financing of the project, less the Applicant contribution, if any, in accordance with the following fee schedule:

a. Basic Legal Fee - Based on Percentage of Total Financing.

Total Financing less Applicant Contribution, if any _____	Approved Fee _____
---	--------------------

First \$287,500 or less \$	2,500.00 Minimum Fee
\$ 287,500 to 500,000	\$ 2,500.00 + 1/2% of Amount in Excess of \$287,500
500,000 to 1,000,000	3,562.50 + 3/8% of Amount in Excess of \$500,000
1,000,000 to 2,500,000	5,437.50 + 1/4% of Amount in Excess of \$1,000,000
2,500,000 to 5,000,000	9,187.50 + 3/16% of Amount in Excess of \$2,500,000
5,000,000 to 10,000,000	13,875.00 + 1/8% of Amount in Excess of \$5,000,000
All Over \$10,000,000	20,125.00 + 1/16% of Amount in Excess of \$10,000,000

Provided the Fee shall be not less than \$3,000.00 if there is both a pre-closing and a closing; if the loan is closed without a pre-closing, the Fee shall be not less than \$2,500.00.

In the event that the financing requires two or more series of Bonds within a single issue of Bonds, the Basic Legal Fee shall be increased by the additional sum of \$500 for each additional series of Bonds.

b. Additional Legal Fees. In addition to the foregoing basic legal services, one or more of the following supplemental services may be required. The Attorneys will be entitled to additional compensation in whole or in part, in accordance with the following schedule:

(1) For services rendered in creating or correcting the creation of the District, including proceedings before the Fiscal Court, the PSC, and the County Judge/Executive, together with organizational minutes and proceedings, an additional fee not to exceed \$1,500.00

(2) For services rendered in annexing additional territory to the District, an additional fee not to exceed \$300.00

(3) For services rendered in de-annexing any territory from the District, an additional fee not to exceed \$300.00

(4) For services rendered in merging the District with another district, and additional fee not to exceed \$1,700.00

(5) For services rendered in obtaining the necessary Orders from the PSC, an additional fee not to exceed \$2,500.00

(6) For services rendered in connection with the acquisition of a system from a different city (including election proceedings where appropriate), a water association or a water district, an additional fee not to exceed \$750.00

(7) For each trip to the District in addition to trips for pre-closing and/or closing, an additional fee (plus traveling expenses of not exceeding \$100 apart from other limitation in Paragraph C herein as to out-of-pocket expenses) not to exceed \$350.00

(8) For supplemental services in preparing and filing the District's Tariff with the PSC, an additional fee not to exceed \$250.00

c. Out-of-Pocket Expenses of the Attorneys. For telephone calls, travel, lodging and similar items, provided that the maximum amount of reimbursement for out-of-pocket expenses, other than for printing, publication costs and photocopies, shall not exceed \$400.00

d. Photocopies. Reimbursement for photocopies, in addition to other allowable expenses, at a rate not to exceed 8¢ per copy for copies of all proceedings, shall not exceed \$200.00 and for items filed with the PSC, shall not exceed \$200.00

e. Other Out-of-Pocket Expenses. Direct costs of issuance such as cost of printing the bonds and costs of publishing various proceedings shall be paid or reimbursed directly by the District.

f. Revision of Limitations as to Fees and Expenses after 18 Months. The fee(s) to be charged and the out-of-pocket expenses to be reimbursed will be limited as to amounts based on the limitations listed in this Agreement if the pre-closing or closing (if there is no prior pre-closing) occurs within 18 months after the date on which this Agreement is executed. If such pre-closing or

closing occurs more than 18 months after such date, then the fee(s) made for legal services and the amount of out-of-pocket expenses to be reimbursed shall be based on the respective maximum amounts approvable by the RD as of such pre-closing or closing date.

All out-of-pocket expense reimbursement is subject to the approval of RD.

Section 2. Said basic legal fees, additional legal fees and out-of-pocket expenses are to be paid as follows:

a. If Loan is Pre-Closed.

(1) Fifty percent (50%) of the total legal fees when all required services have been completed up to and through award of bonds to the RD (or other purchaser) at the public sale; awarding of construction contracts and pre-closing of the loan, plus actual costs incurred for out-of-pocket expenses (except for printing, publication and photocopying costs) to date of pre-closing, not to exceed \$400.00

(2) Fifty percent (50%) of the total legal fees when bonds are paid for, delivered, and all services required by this Agreement have been completed, plus balance of out-of-pocket expenses, not to exceed the total maximum expenses paid at both the pre-closing and the closing (except for printing, publication and photocopying costs) \$400.00

b. If Loan is Closed (without a pre-closing, through waiver by RD, or otherwise). One hundred percent (100%) will be payable after bonds are sold, paid for, delivered, and all services required by this Agreement have been completed.

c. Fee Contingent on Financing Being Accomplished. If, for any reason, the District is unable to accomplish this financing, the District will owe the Attorneys no fee or compensation.

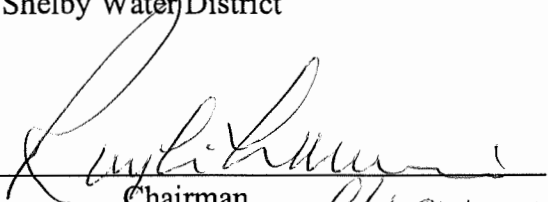
Section 3. The District will also bear the usual and necessary expense of the financing, such as actual cost of the sites, construction costs, the cost of publishing the necessary portions of the proceedings, including the Notice of Bond Sale, and the cost of printing the bonds, and will pay separately the fee of the District's Local Counsel.

Section 4. The foregoing is based on the assumption that there will be no litigated opposition to the project, and that such financing will involve only one issue of bonds.

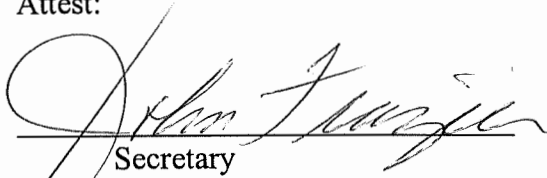
Section 5. In the event that bond anticipation notes and/or grant anticipation notes shall be sold in the open market, the Attorneys shall provide such services in cooperation with a Fiscal Agent or Underwriter as may be specified by the District for separate customary compensation to the Attorneys, which compensation shall be payable by said Fiscal Agent, the Underwriter or the District, as may be determined by the District.

Section 6. This Agreement is subject to the review and concurrence of the RD. Dated and approved this April 7, 1999.

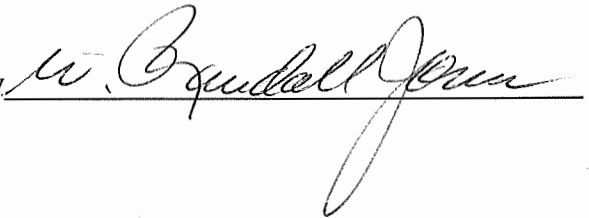
West Shelby Water District

By 
Chairman *Chairman*

Attest:


Secretary
(Seal of District)

Rubin & Hays

By 

RD Concurrence: By _____
Title _____
Date _____

LEGAL SERVICES AGREEMENT - LOCAL COUNSEL

THIS AGREEMENT made and entered into this April 7, 1999, between the West Shelby Water District, party of the first part, (the "District") and Mathis, Riggs, Prather & Dean, P.S.C., Attorneys at Law, of Shelbyville, Kentucky, party of the second part, (the "Attorney").

WITNESSETH

WHEREAS, the Attorney agrees to perform all customary services necessary to accomplish the financing of construction of extensions, additions and/or improvements to the existing waterworks system of the District (the "System").

NOW, THEREFORE, for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

Section A - Legal Services. That the Attorney will perform such services as are necessary to accomplish the above recited objectives including, but not limited to, the following:

1. The legal preparation, supervision and assistance in the taking of all actions necessary or incidental when the District undertakes the financing of construction of extensions, additions and/or improvements to the System.
2. Furnish local counsel advice and assistance to the governing body of the duly incorporated District in connection with: (a) Determining that the District has been properly created, is now validly in existence and that the officers have been properly installed for their current effective terms; (b) The notice for and conduct of meetings; (c) The preparation of minutes of meetings; (d) The preparation and enactment of such ordinances, orders and/or resolutions as may be necessary in connection with the authorization, financing, construction, purchasing and initial operation of the facility and/or equipment; (e) The completion and execution of documents for obtaining a loan made or insured by the United States of America, acting through the Rural Utilities Service, U. S. Department of Agriculture; (f) Entering into construction contracts; (g) Preparation of Bylaws, Rules and Regulations; and (h) Such other corporate action as may be necessary in connection with financing, construction, purchasing and initial operation of the facility and/or equipment.
3. Review of construction contracts, purchase contracts, bid-letting procedure and surety and contractual bonds in connection therewith.
4. Preparation, negotiation or review of contracts with cities or other sources, where it is necessary for an alternate source of water supply and/or sewage disposal services.
5. Preparing, obtaining and reviewing deeds, easements and other right-of-way documents, and other instruments for sites necessary to the facility and to provide

continuous rights-of-way therefor; rendering title opinions with reference thereto, and providing for the recordation thereof, prior to the project being advertised for construction bids.

6. Obtain necessary permits and certificates from county and municipal bodies, from state regulatory agencies, and from other public and/or private sources with respect to the approval of the facility and/or equipment, the construction, purchase and operation thereof and pipeline and/or railroad crossings.
7. Cooperate with the engineer employed by the District in connection with preparation of site sheets, easements and other necessary title documents, construction contracts, purchase and/or treatment contract agreements, health permits, construction permits and other instruments.
8. Secure assistance of and cooperate with recognized bond counsel in the preparation of the documents necessary for the financing aspects of the facility and equipment. Where bond counsel is retained, the Attorney will not be responsible for the preparation and approval of those documents pertaining to the issuance of the District's obligations.

Section B - Compensation.

1. District will pay to the Attorney for professional services rendered in accordance herewith, a fee based on the attached Schedule of Charges. The fees shall be paid in the manner and at the times set forth in the attached Schedule of Charges.
2. The District will also bear the usual and necessary expenses of the financing, such as the actual cost of the sites, construction costs, recording fees, the cost of publishing the necessary portions of the proceedings, including the Notice of Bond Sale, and the cost of printing the bonds, and will also pay the separate fee of any bond counsel employed by the District. This does not include telephone calls, travel expenses, lodging and similar expenses incurred by the Attorney.
3. The foregoing is based on the assumption that there will be no litigated opposition to the project and that such financing will involve only one issue of bonds.

Section C - Other Provisions. This Agreement can be cancelled upon written notice given by either party to the other at which time all accounts between the parties shall be promptly settled and accounted for.

IN TESTIMONY WHEREOF, witness the signature of the Attorney and the signature of the District acting by and through its authorized officers, with the Seal of the District affixed hereto, pursuant to authorization of the District, duly adopted on April 7, 1999, as of the date first hereinabove written.

West Shelby Water District

By *Roy L. ...*
Chairman

Attest: *John ...*
Secretary
(Seal of District)

Mathis, Riggs, Prather & Dean, P.S.C.

By *Don Prather*

RD Concurrence: By _____
Title _____
Date _____

**SCHEDULE OF CHARGES
FEES FOR LEGAL SERVICES AS A PERCENTAGE OF PROJECT COST**

This attachment will be executed and made a part of the "Legal Services Agreement - Local Counsel," Form RD-KY 1780-11A.

This schedule sets forth the maximum fee allowance for legal services provided by local counsel on projects financed in whole or part by Rural Development (the "RD"). The District and Attorney may agree to a fee schedule in lesser amounts, if desired.

When this schedule or a substitute schedule of lesser amount has been selected by the District and Attorney, this attachment will be executed by each party.

Section 1. The District will pay to the Attorney for professional services rendered, fees in accordance with the following fee schedule:

a. Basic Legal Fee - Based on percentage of project cost:

<u>Total Cost of Project</u> <u>Less Owner Contribution</u>	<u>Approved Fee</u>
\$ 0 to 25,000	1-1/2%
25,000 to 50,000	\$ 375.00 + 1-1/4% of amount in excess of \$25,000
50,000 to 100,000	\$ 687.50 + 7/8% of amount in excess of \$50,000
100,000 to 250,000	\$ 1,125.00 + 5/8% of amount in excess of \$100,000
250,000 to 500,000	\$ 2,062.50 + 3/8% of amount in excess of \$250,000
500,000 to 1,000,000	\$ 3,000.00 + 1/4% of amount in excess of \$500,000
1,000,000 to 5,000,000	\$ 4,250.00 + 1/8% of amount in excess of \$1,000,000

b. Additional Legal Fee - Based on number of private easements prepared, obtained and recorded. The owner shall be responsible for paying recording fees.

1 to 100 Easements	\$ 8.00 per easement
100 to 150 Easements	\$ 800.00 + \$7.75 per easement in excess of 100
150 to 250 Easements	\$ 1,187.50 + \$7.50 per easement in excess of 150
250 to 500 Easements	\$ 1,937.50 + \$7.25 per easement in excess of 250
500 to 750 Easements	\$ 3,750.00 + \$7.00 per easement in excess of 500
750 to 1000 Easements	\$ 5,500.00 + \$6.75 per easement in excess of 750
1000 to 1500 Easements	\$ 7,187.50 + \$6.50 per easement in excess of 1000

Section 2. Said Basic Legal Fees are to be paid as follows:

a. If the loan is pre-closed:

- (1) Fifty percent (50%) when all required services have been completed up to and through pre-closing of the loan, awarding of the contract, and issuance of work order.
- (2) Thirty percent (30%) at final loan closing.
- (3) Twenty percent (20%) when project is completed and accepted by the District and by RD.

b. If the loan is closed (with pre-closing being waived by RD):

- (1) Seventy percent (70%) when all required services have been completed up to and through closing of the loan, awarding of the contract, and issuance of work order.
- (2) Thirty percent (30%) when the project is completed and accepted by the District and by RD.

Section 3. Said Additional Legal Fees are to be paid as follows:

A. If the loan is pre-closed:


- (1) Seventy percent (70%) of amount at time of pre-closing.
- (2) Twenty percent (20%) of amount at final loan closing.
- (3) Ten percent (10%) of amount when project is completed and accepted by the District and by RD.

B. If the loan is closed (with pre-closing being waived by RD):

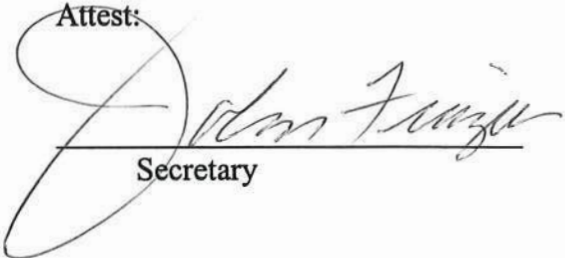
- (1) Ninety percent (90%) of amount at final loan closing.
- (2) Ten percent (10%) of amount when project is completed and accepted by the District and by RD.

Section 4. This agreement is subject to the review and concurrence of the RD. Dated and approved this April 7, 1999.

West Shelby Water District

By 
Chairman *Chairman*

Attest:


Secretary

Mathis, Riggs, Prather & Dean, P.S.C.

By 

RD Concurrence: By _____
Title _____
Date _____

**EXCERPTS OF MINUTES OF MEETING OF THE BOARD OF
COMMISSIONERS OF THE WEST SHELBY WATER DISTRICT
HELD ON APRIL 7, 1999.**

A regular meeting of the Board of Commissioners (the "Commission") of the West Shelby Water District was held at 8:30 A.M., E.S.T., on April 7, 1999, at the regular meeting place of the District.

Chairman Ray Larmee presided, and the following duly qualified and acting members of the Board of Commissioners were present:

John Frazier
Bob McDowell

The following were absent:

None

The Secretary, John Frazier recorded the Minutes of the meeting.

* * * * *

Thereupon, it was moved by Bob McDowell, seconded by John Frazier, and unanimously carried that the following Resolution be adopted:

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
WEST SHELBY WATER DISTRICT APPROVING EXECUTION
OF LEGAL SERVICES AGREEMENTS WITH MATHIS, RIGGS,
PRATHER & DEAN, P.S.C., AS LOCAL COUNSEL AND
RUBIN & HAYS, AS BOND COUNSEL.

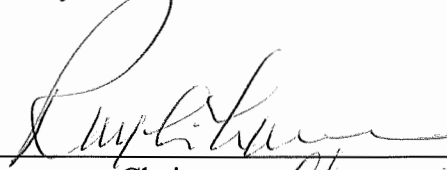
WHEREAS, Mathis, Riggs, Prather & Dean, P.S.C., Attorneys at Law, Shelbyville, Kentucky, and the firm of Rubin & Hays, Louisville, Kentucky, recognized Municipal Bond Counsel, have each submitted to the Commission a form of Legal Services Agreement, by which they would agree to act as attorneys for the District in the preparation of all legal proceedings and the rendering of all legal services pertaining to financing construction of extensions, additions and/or improvements to the existing waterworks system of the District, including both the services customarily rendered by Local Counsel and the services customarily rendered by Bond Counsel, and all related work, all as set out in said respective Legal Services Agreements, which Agreements are deemed to be for the best interest of the District,

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the West Shelby Water District, on behalf of said District, that the Commission accept and approve each of said Legal Services Agreements, and that the Chairman and the Secretary of the District are authorized to execute each of said Legal Services Agreements on behalf of the District, copies of each of which Agreements are attached to the Minutes of the meeting at which this Resolution is adopted and are made a part hereof as if copied in full herein.

Thereupon, the Chairman declared that said Resolution had carried, and said Chairman directed that the Legal Services Agreement between the District and Mathis, Riggs, Prather & Dean, P.S.C., Local Counsel, and the Legal Services Agreement between the District and Rubin & Hays, Bond Counsel, be executed on behalf of the District by the Chairman and the Secretary of the District.

West Shelby Water District

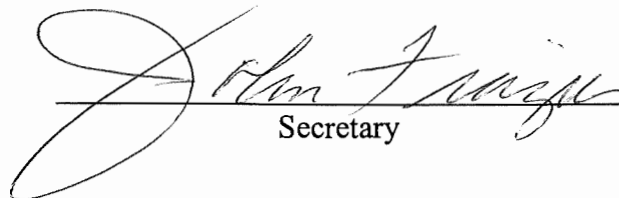
By


Chairman *Chairman*

CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the West Shelby Water District, that the foregoing is a true and correct copy of the excerpts of the Minutes of a meeting of the Board of Commissioners of said District duly held on April 7, 1999, in accordance with all applicable requirements of KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at such meeting, that the Resolution contained in said Minutes was duly approved at said meeting, that the foregoing Minutes, Resolution and the Legal Services Agreements referred to therein, have been duly recorded in the journal of proceedings of the Board of Commissioners.

Dated this April 7, 1999.


Secretary

AGREEMENT FOR ENGINEERING SERVICES

This Agreement, made this 15th day of July, 19 98,
by and between West Shelby Water District, hereafter referred to as the OWNER,
and Warner A. Broughman III & Associates, hereinafter referred to as the ENGINEER:

THE OWNER intends to construct a water storage tank and water system improvements

in Shelby County, State of Kentucky

which may be paid for in part with financial assistance from the United States of America acting through Rural Development of the United States Department of Agriculture, pursuant to the consolidated Farm and Rural Development Act, (7 U.S.C. 1921 et seq.) and for which the ENGINEER agrees to perform the various professional engineering services for the design and construction of said system.

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

SECTION A - ENGINEERING SERVICES

The ENGINEER shall furnish engineering services as follows:

1. The ENGINEER will conduct preliminary investigations, prepare preliminary drawings, provide a preliminary itemized list of probable construction costs effective as of the date of the preliminary report, and submit a preliminary engineering report following Rural Development instructions and guides.
2. The ENGINEER will furnish 10 copies of the preliminary engineering report, and layout maps to the OWNER.
3. The ENGINEER will attend conferences with the OWNER, representatives of Rural Development, or other interested parties as may be reasonably necessary.
4. After the preliminary engineering report has been reviewed and approved by the OWNER and by Rural Development and the OWNER directs the ENGINEER to proceed, the ENGINEER will perform the necessary design surveys, accomplish the detailed design of the project, prepare construction drawings, specifications and contract documents, and prepare a final cost estimate based on the final design for the entire system. It is also understood that if subsurface explorations (such as borings, soil tests, rock soundings and the like) are required, the ENGINEER will furnish coordination of said explorations without additional charge, but the costs incident to such explorations shall be paid for by the OWNER as set out in Section D hereof.
5. The contract documents furnished by the ENGINEER under Section A-4 shall utilize Rural Development-endorsed construction contract documents, including Rural Development General Conditions, Contract Change Orders, and partial payment estimates. All of these documents shall be subject to Rural Development approval. Copies of guide contract documents may be obtained from Rural Development.
6. Prior to the advertisement for bids, the ENGINEER will provide for each construction contract, not to exceed 10 copies of detailed drawings, specifications, and contract documents for use by the OWNER, appropriate Federal, State, and local agencies from whom approval of the project must be obtained. The cost of such drawings, specifications, and contract documents shall be included in the basic compensation paid to the ENGINEER.
7. The ENGINEER will furnish additional copies of the drawings, specifications and contract documents as required by prospective bidders, material suppliers, and other interested parties, but may charge them for the reasonable cost of such copies. Upon award of each contract, the ENGINEER will furnish to the OWNER five sets of the drawings, specifications and contract documents for execution. The cost of these sets shall be included in the basic compensation paid to the ENGINEER. Original documents, survey notes, tracings, and the like, except those furnished to the ENGINEER by the OWNER, are and shall remain the property of the ENGINEER.

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

8. The drawings prepared by the ENGINEER under the provisions of Section A-4 above shall be in sufficient detail to permit the actual location of the proposed improvements on the ground. The ENGINEER shall prepare and furnish to the OWNER without any additional compensation, three copies of a map(s) showing the general location of needed construction easements and permanent easements and the land to be acquired. Property surveys, property plats, property descriptions, abstracting and negotiations for land rights shall be accomplished by the OWNER, unless the OWNER requests, and the ENGINEER agrees to provide those services. In the event the ENGINEER is requested to provide such services, the ENGINEER shall be additionally compensated as set out in Section D hereof.
9. The ENGINEER will attend the bid opening and tabulate the bid proposals, make an analysis of the bids, and make recommendations for awarding contracts for construction.
10. The ENGINEER will review and approve, for conformance with the design concept, any necessary shop and working drawings furnished by contractors.
11. The ENGINEER will interpret the intent of the drawings and specifications to protect the OWNER against defects and deficiencies in construction on the part of the contractors. The ENGINEER will not, however, guarantee the performance by any contractor.
12. The ENGINEER will establish baselines for locating the work together with a suitable number of bench marks adjacent to the work as shown in the contract documents.
13. The ENGINEER will provide general engineering review of the work of the contractors as construction progresses to ascertain that the contractor is conforming with the design concept.
14. Unless notified by the OWNER in writing that the OWNER will provide for resident inspection, the ENGINEER will provide resident construction inspection. The ENGINEER'S undertaking hereunder shall not relieve the contractor of contractor's obligation to perform the work in conformity with the drawings and specifications and in a workmanlike manner; shall not make the ENGINEER an insurer of the contractor's performance; and shall not impose upon the ENGINEER any obligation to see that the work is performed in a safe manner.
15. The ENGINEER will cooperate and work closely with Rural Development representatives.
16. The ENGINEER will review the contractor's applications for progress and final payment and, when approved, submit same to the OWNER for payment.
17. The ENGINEER will prepare necessary contract change orders for approval of the OWNER, Rural Development, and others on a timely basis.
18. The ENGINEER will make a final review prior to the issuance of the statement of substantial completion of all construction and submit a written report to the OWNER and Rural Development. Prior to submitting the final pay estimate, the ENGINEER shall submit a statement of completion to and obtain the written acceptance of the facility from the OWNER and Rural Development.
19. The ENGINEER will provide the OWNER with one set of reproducible record (as-built) drawings, and two sets of prints at no additional cost to the OWNER. Such drawings will be based upon construction records provided by the contractor during construction and reviewed by the resident inspector and from the resident inspector's construction data.
20. If State statutes require notices and advertisements of final payment, the ENGINEER shall assist in their preparation.
21. The ENGINEER will be available to furnish engineering services and consultations necessary to correct unforeseen project operation difficulties for a period of one year after the date of statement of substantial completion of the facility. This service will include instruction of the OWNER in initial project operation and maintenance but will not include supervision of normal operation of the system. Such consultation and advice shall be furnished without additional charge except for travel and subsistence costs. The ENGINEER will assist the OWNER in performing a review of the project during the 11th month after the date of the certificate of substantial completion.
22. The ENGINEER further agrees to obtain and maintain, at the ENGINEER'S expense, such insurance as will protect the ENGINEER from claims under the Workman's Compensation Act and such comprehensive general liability insurance as will protect the OWNER and the ENGINEER from all claims for bodily injury, death, or property damage which may arise from the performance by the ENGINEER or by the ENGINEER'S employees of the ENGINEER'S functions and services required under this Agreement.

(Section A - continued)

23. The services called for in the Section A-1 and A-2 of this Agreement shall be completed and the report submitted within Thirty (30) calendar days from the date of authorization to proceed. After acceptance by the OWNER and Rural Development of the Preliminary Engineering Report and upon written authorization from the OWNER, the ENGINEER will complete final plans, specifications and contract documents and submit for approval of the OWNER, Rural Development and all State regulatory agencies within (120) One Hundred Twenty calendar days from the date of authorization unless otherwise agreed to by both parties.

If the above is not accomplished within the time period specified, this Agreement may be terminated by the OWNER. The time for completion will be extended by the OWNER for a reasonable time if completion is delayed due to unforeseeable causes beyond the control and without the fault or negligence of the ENGINEER.

SECTION B - COMPENSATION FOR ENGINEERING SERVICES

1. The OWNER shall compensate the ENGINEER for preliminary engineering services in the sum of Ten Thousand Dollars (\$ 10,000.00) after the review and approval of the preliminary engineering report by the OWNER and Rural Development.
2. The OWNER shall compensate the ENGINEER for design and contract administration engineering services in the amount of: (Select (a) or (b))
- (a) _____ Dollars (\$ _____) or
- X (b) As shown in Attachment 1

When Attachment 1 is used to establish compensation for the design and contract administration services, the actual construction costs on which compensation is determined shall exclude legal fees, administrative costs, engineering fees, land rights, acquisition costs, water costs, and interest expense incurred during the construction period.

3. The compensation for preliminary engineering services, design and contract administration services shall be payable as follows:
- (a) A sum which equals seventy percent (70%) of the total compensation payable under Section B-1 and 2, after completion and submission of the construction drawings, specifications, cost estimates, and contract documents, and the acceptance of the same by OWNER and Rural Development.
- (b) A sum which, together with the compensation provided in Section B-3-(a) above, equals eighty percent (80%) of the compensation payable immediately after the construction contracts are awarded.
- (c) A sum equal to fifteen percent (15%) of the compensation will be paid on a monthly basis for general engineering review of the contractor's work during the construction period on percentage ratios identical to those approved by the ENGINEER as a basis upon which to make partial payments to the contractor(s). However, payment under this paragraph and of such additional sums as are due the ENGINEER by reason of any necessary adjustments in the payment computations will be in an amount so that the aggregate of all sums paid to the ENGINEER will equal ninety-five (95%) of the compensation. A final payment to equal 100 percent shall be made when it is determined that all services required by this Agreement have been completed except for the services set forth in Section A-21 hereof.

SECTION C - COMPENSATION FOR RESIDENT INSPECTION AS SET FORTH IN SECTION A-14

When the ENGINEER provides resident inspection, the ENGINEER will, prior to the preconstruction conference, submit a resume of the resident inspector's qualifications, anticipated duties and responsibilities for approval by the OWNER and Rural Development. The OWNER agrees to pay the ENGINEER for such services in accordance with the schedule set out in Attachment 1. The ENGINEER will render to OWNER for such services an itemized bill, once each month, for compensation for such services performed hereunder during such period, the same to be due and payable by the OWNER to the ENGINEER on or before the 10th day of the following period.

Under normal construction circumstances, and for the proposed construction period of 210 days, the cost of resident inspection is estimated to be \$ 52,000.00

SECTION D - ADDITIONAL ENGINEERING SERVICES

In addition to the foregoing being performed, the following services may be provided UPON PRIOR WRITTEN AUTHORIZATION OF THE OWNER and written approval of Rural Development.

1. Site surveys for water treatment plants, sewage treatment works, dams, reservoirs, and other similar special surveys as may be required.
2. Laboratory tests, well tests, borings, specialized geological, soils, hydraulic or other studies recommended by the ENGINEER.
3. Property surveys, detailed description of sites, maps, drawings, or estimates related thereto; assistance in negotiating for land and easement rights.
4. Necessary data and filing maps for water rights, water adjudication, and litigation.
5. Redesigns ordered by the OWNER after final plans have been accepted by the OWNER and Rural Development, except redesigns to reduce the project cost to within the funds available.
6. Appearances before courts or boards on matters of litigation or hearings related to the project.
7. Preparation of environment impact assessments or environmental impact statements.
8. Performance of detailed staking necessary for construction of the project in excess of the control staking set forth in Section A-12.
9. The ENGINEER further agrees to provide the operation and maintenance manual for facilities when required for \$ _____.

Payment for the services specified in this Section D shall be as agreed in writing between the OWNER and approved by Rural Development prior to commencement of the work. Barring unforeseen circumstances, such payment is estimated not to exceed

\$ _____. The ENGINEER will render to OWNER for such services an itemized bill, separate from any other billing, once each month, for compensation for services performed hereunder during such period, the same to be due and payable by OWNER to the ENGINEER on or before the 10th day of the following period.

SECTION E - INTEREST ON UNPAID SUMS

If OWNER fails to make any payment due ENGINEER within 60 days for services and expenses and funds are available for the project then the ENGINEER shall be entitled to interest at the rate of twelve percent per annum from said 60th day, not to exceed an annual rate of 12 percent.

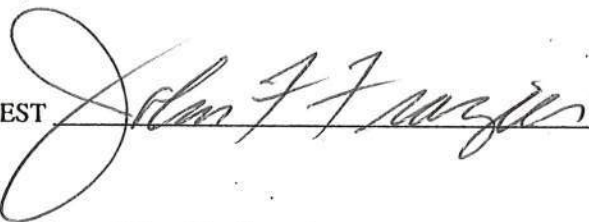
SECTION F - SPECIAL PROVISIONS

SECTION G - APPROVAL BY RURAL DEVELOPMENT

This Agreement shall not become effective until approved by Rural Development. Such approval shall be evidenced by the signature of a duly authorized representative of Rural Development in the space provided at the end of this Agreement. The approval so evidenced by Rural Development shall in no way commit Rural Development to render financial assistance to the OWNER and is without liability for any payment hereunder, but in the event such assistance is provided, approval shall signify that the provisions of this Agreement are consistent with the requirements of Rural Development.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in duplicate on the respective dates indicated below.

(SEAL)

ATTEST 

Type Name John F. Frazier

Title Secretary

OWNER: WEST SHELBY WATER DISTRICT

By 

Type Name Ray L. Larmee,

Title Chairman

Date 10/13/99

(SEAL)

ATTEST 

Type Name STEVE EDEN

Title _____

ENGINEER: WARNER A. BROUGHMAN III & ASSOCIATES

By 

Type Name Warner A. Broughman, III

Title Professional Engineer

Date 10/13/99

APPROVED:

RURAL DEVELOPMENT

By Mark J. Waters

Type Name Mark J. Waters

Title RD Architect

Date 10/29/99

FEEES FOR PROFESSIONAL ENGINEERING SERVICES
AS A PERCENTAGE OF NET CONSTRUCTION COST

This attachment will be executed and made a part of the "Agreement for Engineering Services." It will be used as a guide for determining maximum compensation for basic engineering and resident inspection services.

TABLE I - BASIC DESIGN

These fees shall pertain to projects requiring complex or detailed engineering design. This will include sewage treatment plants, sewage collection, sewage lift stations, water treatment plants, water distribution mains and appurtenances less than 12 inches in diameter, water pump stations, water storage facilities, and renovations of water and sewer facilities.

<u>NET CONSTRUCTION COST</u>	<u>PERCENTAGE FEE</u>
\$ 100,000	13.00
200,000	11.20
300,000	10.25
400,000	9.70
500,000	9.30
600,000	8.98
700,000	8.70
800,000	8.45
900,000	8.25
1,000,000	8.10
2,000,000	7.15
3,000,000	6.72
4,000,000	6.40
5,000,000	6.25
6,000,000	6.15
7,000,000	6.05
8,000,000	5.95
9,000,000	5.90
10,000,000	5.85

Fees for less complex projects such as light industrial buildings, roads, streets, storm drains 24 inches and larger, water distribution mains 12 inches and larger, and appurtenances related thereto shall be 85% of the above Table I percentages.

Surveys for design such as topography, profiles, cross sections and the like, soundings--not to exceed six feet in depth-- to estimate the amount of rock excavation, are included in the basic service instead of being classified as additional or special services.

TABLE II - PERCENTAGES FOR ESTABLISHING
FULL TIME RESIDENT INSPECTION COSTS

<u>NET CONSTRUCTION COST</u>	<u>PERCENT</u>
\$ 100,000	12.00
200,000	9.40
300,000	7.80
400,000	7.00
500,000	6.40
600,000	5.80
700,000	5.40
800,000	5.00
900,000	4.80
1,000,000	4.60
2,000,000	3.60
3,000,000	3.00
4,000,000	2.70
5,000,000	2.50
6,000,000	2.32
7,000,000	2.20
8,000,000	2.12
9,000,000	2.05
10,000,000	2.00

NOTE: Add two percent to the above Table II percentages for the first \$1,000,000 cost of treatment facilities. Add one percent to the above percentages for all over \$1,000,000 cost of treatment facilities.

GENERAL INFORMATION FOR BASIC AND RESIDENT INSPECTION FEES

The resident inspector will maintain a daily diary meeting FmHA requirements.

Compensation for construction costs between the values listed in the schedule should be determined by interpolation.

If a project is divided into units and all units are authorized for design at the same time, the compensation will be determined by adding together the costs of the construction of the various units and applying the table to the sum of these costs. The initial construction award amount will set the fee percent for project (change orders will not adjust fee percent). For construction inspection, the initial percent times the revised construction cost will create an up-set figure not to be exceeded. If remaining funds are used and additional construction is rebid, the project shall be treated as a new project with new fee percentages.

OWNER West Shelby Water District

DATE 10/14/99 BY (with TITLE) [Signature]

ENGINEER Warner A. Broughman III & Associates

DATE 10/13/99 BY (with TITLE) [Signature] Professional

OPINION AS TO
LEGAL SUFFICIENCY OF ENGINEERS' CONTRACT

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$835,000


The undersigned, Rubin & Hays, First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202, and Mathis, Riggs & Prather, P.S.C., P.O. Box 1059, Shelbyville, Kentucky 40066-1059, representing the West Shelby Water District of Shelby County, Kentucky (the "District"), hereby certify as follows:

1. That we have reviewed the Agreement by and between the District and Warner A. Broughman III and Associates, Consulting Engineers, Lexington, Kentucky (the "Agreement").
2. That we are of the opinion that said Agreement is in full force and effect and of legal sufficiency for all of the purposes for which it was contemplated and intended and that it complies with all of the laws of the Commonwealth of Kentucky and the United States of America.
3. That we further certify to the proper execution of said Agreement by both the District through its duly authorized Chairman and Secretary, pursuant to a duly adopted Resolution of its Board of Commissioners, and Warner A. Broughman III and Associates, Consulting Engineers, who were and are employed as such by the District.

Dated this January 5, 2000.

Mathis, Riggs & Prather, P.S.C.

Rubin & Hays

By 
P.O. Box 1059
Shelbyville, Kentucky 40066-1059

By 
First Trust Centre
200 South Fifth Street
Louisville, Kentucky 40202

OPINION ON DUE INCORPORATION AND
CONTINUED EXISTENCE OF WATER DISTRICT

Re: West Shelby Water District Waterworks Revenue Bonds, Series 2000, in the amount
of \$835,000

The undersigned, Rubin & Hays, First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202, and Mathis, Riggs & Prather, P.S.C., P.O. Box 1059, Shelbyville, Kentucky 40066-1059, representing the West Shelby Water District of Shelby County, Kentucky (the "District"), hereby certify as follows:

1. That we have examined the organizational documents as to the creation of said District, including the Order of the Shelby County Fiscal Court (the "Court") creating the District, all records in said Court concerning the District, and all proceedings of the District in connection with its organization.


2. That we are of the opinion that the District was duly incorporated, pursuant to KRS Chapter 74, by Order of the Court, which Order is on file in the Office of the County Clerk of Shelby County, Kentucky.

3. That said District is in continued existence at this time and that none of the terms of office of its Commissioners have expired.

Dated this January 5, 2000.

Mathis, Riggs & Prather, P.S.C.

Rubin & Hays

By 
P.O. Box 1059
Shelbyville, Kentucky 40066-1059

By 
First Trust Centre
200 South Fifth Street
Louisville, Kentucky 40202

ORDERS

SHELBY COUNTY

COURT

MARCH

Term,

Day,

9th

Day of

MARCH

1964

FORM O-7-1

The Final Settlement of Taylor Jamison, Administrator of the Estate of Nannie Jamison, Deceased, heretofore filed, having been duly published according to Law and no exceptions having been made, the same is confirmed and ordered recorded.

The Periodical Settlement of Citizens Fidelity Bank and Trust Company, Trustee for Lucy Bayless Head under Will of Benjamin W. Bayless, heretofore filed, having been duly published according to Law and no exceptions having been made, the same is confirmed and ordered recorded.

The Periodical Settlement of Citizens Fidelity Bank and Trust Company and Louis Ruben, Executors of the Estate of Moses Ruben, Deceased, heretofore filed, having been duly published according to Law and no exceptions having been made, the same is confirmed and ordered recorded.

The Final Settlement of Citizens Bank, Trustee for Roe Cassidy under Will of William H. Roe, heretofore filed, having been duly published according to Law and no exceptions having been made, the same is confirmed and ordered recorded.

Paul J. Rattelle
Judge

March 10, 1964.

The Final Settlement of George Spaulding, Administrator of the Estate of Mary Spaulding, Deceased, is filed herein subject to exceptions.

STATE OF KENTUCKY
SHELBY COUNTY COURT
March 10, 1964.

IN THE MATTER OF:

WEST SHELBY WATER DISTRICT

ORDER CREATING DISTRICT

It appearing to the Court upon hearing on this date in the above-styled matter, that a petition in writing has been made to this Court for the establishment and creation of a Water District to include the premises more fully described hereinafter, said petition being signed by more than seventy-five freeholders thereof and setting out the reasons therefor, and it appearing that notice of the filing of said petition given by publication as required by law, and it further appearing that the establishment of the Water District is necessary to the public health, convenience, fire protection, and comfort to the residents of the proposed Water District:

NOW THEREFORE, it is ordered and adjudged that the establishment of the proposed Water District is necessary for the public health, convenience, fire protection and comfort of the residents of the proposed district, and it is further ordered that a Water District, known as the West Shelby Water District be, and is hereby created and established, consisting of the following property:

ORDERS

SHELBY COUNTY

COURT

MARCH Term, Day, 10th Day of MARCH 1964

FORM 9-7-1

Bound on the West by the Jefferson County line, on the North by a line running parallel with and one mile north of U. S. 60 Highway, on the East by a north-south line 1000 feet east of Ky. 55 Highway and U. S. 60 Highway intersection, and on the South by a line parallel with and 1000 feet south of the south right of way line of I-64 Highway, excluding, however, that area now served by Simpsonville Water Company under permit of Kentucky Public Service Commission.

Paul T. Ratcliffe
JUDGE

STATE OF KENTUCKY
SHELBY COUNTY COURT
March 10, 1964.

IN THE MATTER OF: WEST SHELBY WATER DISTRICT
ORDER OF APPOINTMENT OF COMMISSIONERS

The West Shelby Water District having been established by County Court this 10th day of March, 1964, this Court does hereby appoint under the provisions of KRS 74.020, three water district commissioners, all of whom are now residents of the said West Shelby Water District, the names, address and length of terms of these Commissioners of the District being as follows:

NAME	ADDRESS	LENGTH OF TERM
Tom Barker	Route #5, Shelbyville, Ky.	2 years
Tom Lincoln	Simpsonville, Kentucky	3 years
Wilson Herrick	Route #2, Shelbyville, Ky.	4 years

Each of the above commissioners shall receive an annual salary of One Hundred Dollars (\$100.00), to be paid only from funds of the said Water District.

Each commissioner shall execute bond in the amount of One Hundred Dollars (\$100.00), said bond to be approved by this Court and shall be sworn to faithfully perform duties of his position.

Paul T. Ratcliffe
JUDGE, SHELBY COUNTY COURT

An instrument of writing purporting to be the last will and testament of A. R. Thomas, deceased, who died March 6, 1964, a resident of Shelby County, Kentucky, was this day produced in Open Court and offered for probate. The signature thereto was proven by the oaths of Ann T. Howser (Trimble) and William H. Hays, the two subscribing witnesses; Whereupon said instrument of writing was duly admitted to probate and ordered recorded as and for the last will and testament of A. R. Thomas, deceased.

Came John Raymond Thomas and filed application for appointment as Executor of the Estate of A. R. Thomas, Deceased.

ORDERS

SHELBY COUNTY

COURT

JANUARY

Term,

Day,

3rd

Day of

FEBRUARY

1964

FORM O-7-7

Came Alice Parks Griffith, the widow of W. (William) M. Griffith, and filed Renunciation to the Will of said W. (William) M. Griffith, deceased.

***** Paul J. Ratliff
Judge

February 4, 1964.

A Petition to have established a Water District and to appoint a Board of Commissioners for the purpose of obtaining an adequate water supply with all its advantages was this day filed herein. Said Petition was signed by more than 75 resident Free Holders of property more particularly described hereinafter; the part outside the area of one mile in each direction from Junction of Highway 60 and Todd's Point Road in Simpsonville.

***** Paul J. Ratliff
Judge

February 5, 1964.

The Annual Report and Accounting of Farmers and Traders Bank, Committee of Charles B. Smith, Incompetent, was this day filed herein subject to exceptions.

***** Paul J. Ratliff
Judge

February 4, 1964.

Came Wm. Loraine Mix and filed application for appointment as Administrator of the Estate of John D. Green, Deceased.

On motion of the heirs it is hereby ordered that Wm. Loraine Mix be, and he is hereby appointed administrator of the estate of John D. Green, deceased; whereupon, said Wm. Loraine Mix, being in open court, accepted said trust and duly qualified as such administrator and together with Ralph Mitchell as surety therein, executed to the Commonwealth of Kentucky a bond in the penal sum of One Hundred (\$100.00) Dollars conditioned according to law, and which bond was approved by the Court.

February 5, 1964.

Came John D. Davis, a Minister of the Gospel, and with J. Mansfield Stodghill as surety, executed bond to the Commonwealth of Kentucky in the penal sum of Five Hundred (\$500.00) Dollars not to violate the laws of the Commonwealth of Kentucky concerning marriage; all of which was approved by the Court.

Came Ruth Vawter and presented in Open Court her commission from the Secretary of State appointing her Notary Public for Shelby County, Kentucky, commission dated February 5, 1964; Whereupon she took the oath prescribed by law and with C. P. Nash as surety executed bond to the Commonwealth of Kentucky in the sum of One Thousand (\$1000.00) Dollars which bond was approved by the Court.

Came John F. Martin and presented in Open Court his commission from the Secretary of State appointing him Notary Public for Shelby County, Kentucky, commission dated February 5, 1964; Whereupon he took the oath prescribed by law and with C. P. Nash as surety executed bond to the Commonwealth of Kentucky

WEST SHELBY WATER DISTRICT
 USDA BOND AMORTIZATION
 SCHEDULE
 12/31/2020

ATTACHMENT 8B
 RD BOND
 AMORTIZATION
 SCHEDULE

BORROWER NAME: WEST SHELBY
 INTEREST RATE: 5
 PRINCIPAL: 835,000
 November 4, 1999

year	period	number	payment	interest	principal	balance
2000	1	1	41,750.00	41,750.00	0	835,000
2001	1	2	41,750.00	41,750.00	0	835,000
2002	1	3	49,750.00	41,750.00	8,000	827,000
2003	1	4	49,350.00	41,350.00	8,000	819,000
2004	1	5	49,950.00	40,950.00	9,000	810,000
2005	1	6	49,500.00	40,500.00	9,000	801,000
2006	1	7	49,050.00	40,050.00	9,000	792,000
2007	1	8	49,600.00	39,600.00	10,000	782,000
2008	1	9	49,100.00	39,100.00	10,000	772,000
2009	1	10	49,600.00	38,600.00	11,000	761,000
2010	1	11	49,050.00	38,050.00	11,000	750,000
2011	1	12	49,500.00	37,500.00	12,000	738,000
2012	1	13	49,900.00	36,900.00	13,000	725,000
2013	1	14	49,250.00	36,250.00	13,000	712,000
2014	1	15	49,600.00	35,600.00	14,000	698,000
2015	1	16	49,900.00	34,900.00	15,000	683,000
2016	1	17	49,150.00	34,150.00	15,000	668,000
2017	1	18	49,400.00	33,400.00	16,000	652,000
2018	1	19	49,600.00	32,600.00	17,000	635,000
2019	1	20	49,750.00	31,750.00	18,000	617,000
2020	1	21	49,850.00	30,850.00	19,000	598,000
2021	1	22	48,900.00	29,900.00	19,000	579,000
2022	1	23	49,950.00	28,950.00	21,000	558,000
2023	1	24	48,900.00	27,900.00	21,000	537,000
2024	1	25	49,850.00	26,850.00	23,000	514,000
2025	1	26	49,700.00	25,700.00	24,000	490,000
2026	1	27	49,500.00	24,500.00	25,000	465,000
2027	1	28	49,250.00	23,250.00	26,000	439,000
2028	1	29	49,950.00	21,950.00	28,000	411,000
2029	1	30	49,550.00	20,550.00	29,000	382,000
2030	1	31	49,100.00	19,100.00	30,000	352,000
2031	1	32	49,600.00	17,600.00	32,000	320,000
2032	1	33	49,000.00	16,000.00	33,000	287,000
2033	1	34	49,350.00	14,350.00	35,000	252,000
2034	1	35	49,600.00	12,600.00	37,000	215,000
2035	1	36	49,750.00	10,750.00	39,000	176,000
2036	1	37	49,800.00	8,800.00	41,000	135,000
2037	1	38	49,750.00	6,750.00	43,000	92,000
2038	1	39	49,600.00	4,600.00	45,000	47,000
2039	1	40	49,350.00	2,350.00	47,000	0
			1,964,800.00	1,129,800.00	835,000	

PURPOSE: TO DOCUMENT THE AMORTIZATION SCHEDULE FOR THE USDA BONDS FOR REPORT PRESENTATION. SOI: CLIENT CONCLUSION: THE SCHEDULE WAS SCHEDULED IN THE AUDIT REPORT. THE CURRENT BALANCE TRACED TO L.02.0 AFTER A RECLASS WAS MADE.

CURRENT DEBT - L.02.0.

Rubin & Hays

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

ATTACHMENT 8C KRWA REFINANCE AGREEMENT

PURPOSE: TO DOCUMENT THE LOAN REFINANCE.

Note> PDW Lisa Didier, Executive Administrator, no amendments have been made. This document will be carried over from prior year.

July 15, 2013

Mr. Steve Eden
West Shelby Water District
7101 Shelbyville Road
Simpsonville, Kentucky 40067

Re: Amendment dated March 27, 2013 to the Loan in the original principal amount of \$626,000, dated June 27, 2001, to the West Shelby Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2001A.

Dear Mr. Eden:

Enclosed is an assembled and indexed Transcript of Proceedings in connection with the above-referenced loan.

We enjoyed the opportunity of working with you on this financing. Please feel free to call us if you have any questions.

Sincerely,

Rubin & Hays

By 
O. Elaine Murphy

Enclosure

TRANSCRIPT OF PROCEEDINGS
WEST SHELBY COUNTY WATER DISTRICT

**MARCH 27, 2013 AMENDMENT OF THE
SERIES 2001A LOAN FROM THE
KENTUCKY RURAL WATER FINANCE CORPORATION
FLEXIBLE TERM PROGRAM**

APPROVING LEGAL OPINION

By

RUBIN & HAYS

Municipal Bond Attorneys
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

TRANSCRIPT OF PROCEEDINGS INDEX

Re: Amendment dated March 27, 2013 to the Loan in the original principal amount of \$626,000, dated June 27, 2001, to the West Shelby Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2001A.

ASSISTANCE AGREEMENT AND CLOSING DOCUMENTATION

- a. Resolution of the Board of Commissioners, dated December 20, 2012.
- b. Minutes of Meeting of the Board of Commissioners from December 20, 2012.
- c. First Amendment and Supplement to Assistance Agreement.
- d. Certificate of Officers.
- e. PSC Order Approving Issuance of Securities.
- f. Legal Opinion of Rubin & Hays.

RESOLUTION

RESOLUTION OF THE WEST SHELBY WATER DISTRICT APPROVING AND AUTHORIZING AN AMENDED ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF AMENDING A LOAN TO THE DISTRICT.

WHEREAS, the Board of Commissioners of the West Shelby Water District (the "District") previously obtained a loan dated June 27, 2001, in the original principal amount of \$626,000 (the "Series 2001A Loan") from the proceeds of the Kentucky Rural Water Finance Corporation Multimodal Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2001A (the "Series 2001A Bonds") to refund a bond issue secured by the District's waterworks system (the "System");

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

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

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

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

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

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

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

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

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

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

5. Chairman and Other District Officials to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, Treasurer, Secretary and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval for the amendment of the Series 2001A Loan from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Amended Assistance Agreement.

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

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

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

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

[Signature Page Follows]

Adopted on December 20, 2012.

WEST SHELBY WATER DISTRICT

By 
Chairman 

Attest:

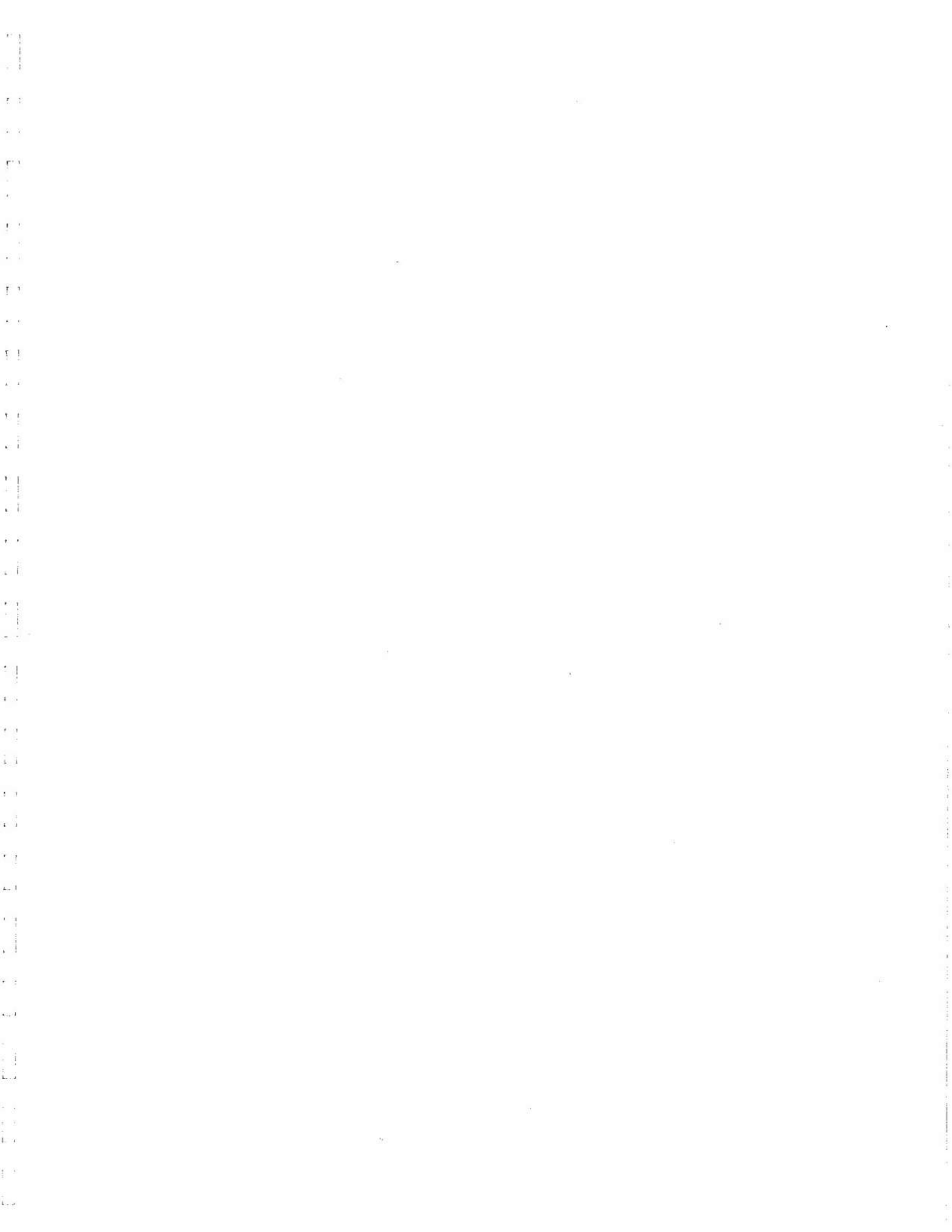
By 
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the District at a meeting duly held on December 20, 2012; that said official action appears as a matter of public record in the official records or Journal of the Board of Commissioners; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this December 20, 2012.


Secretary



West Shelby Water District
Commission Meeting
December 20, 2012

A meeting of the West Shelby Water District (WSWD) was held on Dec 20, 2012 at the District Office. Those in attendance were:

Ray Larmee, Chairman	Carlos Miller, Kenvirons
Raymond Williams, Secretary	Hite Hays, Attorney
Ben Quinn, Jr., Treasurer	Lisa Didier, District Employee
Steve Eden, Manager	

Others in Attendance:

Ray Larmee, Commission Chairman, called the meeting to order at 8:30 a.m.

Reading of Minutes

Ray made a motion to approve the minutes from the Nov., 2012 meeting. Raymond seconded the motion.

Business

- **Pump Station at Crabtree Property** – Carlos presented a Change Order from Salmon Construction for \$555.00 for footage of pipe. Also presented, was a request from Salmon for \$28,627.33 and an invoice from Kenvirons for \$3301.14. Ray motioned to sign the pay estimate and change order, Ben seconded the motion.
- **Kentucky Rural Water Loan** - After being notified by Kentucky Rural Water of the opportunity to refinance our current loan with an approximate savings of \$54000.00 over 10 years, Ray made a motion to sign resolution #2012 -1 authorizing WSWD to proceed with refinancing. Ben seconded the motion. Resolution following minutes.

Hite's Report

Hite reported that he should have the final draft of the agreement that he will be sending to Mr. Jones, the attorney for the property owners of 249 Rolling Ridge Way, regarding their waterline relocation, ready for review by the next Commission Meeting in January.

Steve's Report

Steve and Chris had a meeting with the Department of Transportation regarding the widening of Buck Creek Road south of I-64. Chris is getting estimates together to move meters and relocate the waterline to 3 houses and the BP station.

Steve said WSWD received an open records request from a customer, Antoinette Vitale, which stated she wanted to review all documents associated with the proposed Outlet Mall including phone conversations, email, plats, etc. those documents have been copied and she will be reviewing them on Fri Dec 21st.

On Dec. 6, a deer ran out in front of Melvin while driving the 2012 F-150. The truck sustained \$3200.82 worth of damage. The funds for repair have already been received from KACO and the truck will be in the shop by the end of the year.

Ben's Report

Ben requested that new accounting practices take place in 2013, which will include all invoices to be stamped as reviewed by Lisa and Steve prior to paying.

Ben also motioned to approve the 2013 Budget for WSWD as presented to Fiscal Court. Ray seconded the motion.

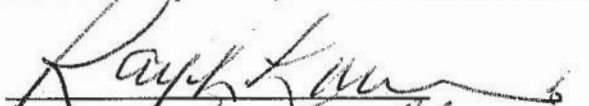
Treasurer's Report

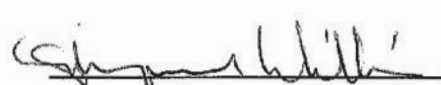
Ben reviewed all **invoices** prior to this meeting. Ray made a motion to approve said invoices. Raymond seconded that motion.

Meeting adjourned

Ray made a motion to adjourn at 9:45 a.m. Raymond seconded the motion.

All motions passed, unless otherwise stated.


Ray Larmee, Chairman


Raymond Williams, Secretary

**FIRST AMENDMENT AND SUPPLEMENT TO
ASSISTANCE AGREEMENT**

This First Amendment and Supplement to Assistance Agreement made and entered into as of March 27, 2013 (the "First Amendment to Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the West Shelby Water District, 7101 Shelbyville Road, Simpsonville, Kentucky 40067 (the "Governmental Agency"):

WITNESSETH

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

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

WHEREAS, the Governmental Agency entered into an Assistance Agreement (the "Assistance Agreement") with the Issuer on June 27, 2001, pursuant to which the Issuer provided the Governmental Agency with a loan dated June 27, 2001, in the original principal amount of \$626,000, from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001 (the "Loan"); and

WHEREAS, the proceeds of the Loan were used to refund a bond issue secured by the Governmental Agency's waterworks system (the "System"); and

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

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

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

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

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

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

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

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

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

"*Interest Payment Date*" shall mean the 1st day of each month, commencing May 1, 2013 and continuing through and including January 1, 2023 or until the Loan has been paid in full.

"*Loan*" refers to the loan in the amount of \$626,000, dated June 27, 2001, to the Governmental Agency from the Issuer, as amended herein.

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

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

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

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

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

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

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

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

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

(a) *Optional Redemption.* The Obligations shall not be subject to optional redemption prior to maturity.

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

Section 5. Calculation of Revised Principal Amount of the Loan. The revised principal amount of the Loan is \$340,000, which amount was calculated as follows:

Outstanding principal balance of the Loan on March 27, 2013	372,000.00
Plus accrued interest	5,020.13
Plus fee to bondholders for early call of the Loan	0.00
Plus net costs associated with amending the debt service on the Loan	(27,674.20)
Plus deposit to Governmental Agency's Sinking Fund (rounding)	4,313.75
Credit for current balance in Governmental Agency's Sinking Fund	<u>(13,659.68)</u>
Revised principal amount of the Loan	\$340,000.00

[Signature page follows]

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By James L. Smith
President

Attest:

By [Signature]
Secretary/Treasurer

WEST SHELBY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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

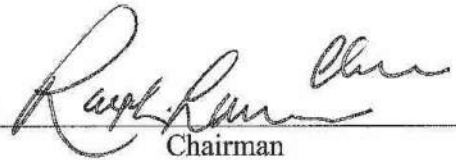
KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

WEST SHELBY WATER DISTRICT

By  _____
Chairman

Attest:

By  _____
Secretary

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2013 B
Sinking Fund Payment Schedule**

Borrower: West Shelby Water District
Closing Date: 03/27/13

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
5/13-7/13	3,333.33	1,528.76	4,862.09
8/13-1/14	3,333.33	1,130.83	4,464.17
2/14-8/14	2,500.00	1,073.33	3,573.33
8/14-1/15	2,500.00	1,073.33	3,573.33
2/15-7/15	2,500.00	990.83	3,490.83
8/15-1/16	2,500.00	990.83	3,490.83
2/16-7/16	2,916.67	908.33	3,825.00
8/16-1/17	2,916.67	908.33	3,825.00
2/17-7/17	2,916.67	782.92	3,699.58
8/17-1/18	2,916.67	782.92	3,699.58
2/18-7/18	2,916.67	657.50	3,574.17
8/18-1/19	2,916.67	657.50	3,574.17
2/19-7/19	2,916.67	532.08	3,448.75
8/19-1-20	2,916.67	532.08	3,448.75
2/20-7/20	3,333.33	406.67	3,740.00
8/20-1/21	3,333.33	406.67	3,740.00
2/21-7/21	3,333.33	263.33	3,596.67
8/21-1/22	3,333.33	263.33	3,596.67
2/22-7/22	2,500.00	120.00	2,620.00
8/22-1/23	2,500.00	120.00	2,620.00
2/23-7/23	-	-	-
	<u>340,000.00</u>	<u>80,279.11</u>	<u>420,279.11</u>

**CERTIFICATE OF OFFICERS OF
WEST SHELBY WATER DISTRICT**



Re: Amendment dated March 27, 2013 to the Loan in the original principal amount of \$626,000, dated June 27, 2001, to the West Shelby Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2001A.

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

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

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

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

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Ray Larmee	Chairman	
Raymond Williams	Secretary	

4. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Board of Commissioners of the District on December 20, 2012 (the "Resolution"), authorizing the appropriate officials of the District to execute the First Amendment and Supplement to Assistance Agreement. The Resolution was duly adopted in accordance with all applicable laws.

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

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

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

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

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

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

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

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

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

WITNESS our hands this March 27, 2013.

WEST SHELBY WATER DISTRICT

By


Chairman 

Attest:

By


Secretary

EXHIBIT A

Final

\$340,000

Kentucky Rural Water Finance Corporation

Flexible Term Finance Program

West Shelby Water District

Sources & Uses

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

Sources Of Funds

Par Amount of Bonds	\$340,000.00
Reoffering Premium	38,436.40
Transfers from Prior Issue Debt Service Funds	8,180.08
Additional Funds in Regions Account	5,479.60

Total Sources **\$392,096.08**

Uses Of Funds

Total Underwriter's Discount (0.783%)	2,662.20
Costs of Issuance	8,100.00
Deposit to Current Refunding Fund	377,020.13
Rounding Amount	4,313.75

Total Uses **\$392,096.08**

Final

\$340,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
West Shelby Water District

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2013	4,322.78	4,322.78	10,040.25	5,717.47
12/31/2014	42,250.00	42,250.00	48,279.38	6,029.38
12/31/2015	41,500.00	41,500.00	49,594.26	8,094.26
12/31/2016	40,600.00	40,600.00	48,798.63	8,198.63
12/31/2017	44,450.00	44,450.00	48,920.13	4,470.13
12/31/2018	43,050.00	43,050.00	48,931.13	5,881.13
12/31/2019	41,650.00	41,650.00	48,831.63	7,181.63
12/31/2020	40,250.00	40,250.00	48,621.63	8,371.63
12/31/2021	43,750.00	43,750.00	49,356.00	5,606.00
12/31/2022	42,150.00	42,150.00	49,038.50	6,888.50
12/31/2023	30,675.00	30,675.00	36,927.00	6,252.00
Total	\$414,647.78	\$414,647.78	\$487,338.54	\$72,690.76

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	72,690.76
Gross PV Debt Service Savings	64,584.12
Net PV Cashflow Savings @ 2.744%(Bond Yield)	64,584.12
Transfers from Prior Issue Debt Service Fund	(8,180.08)
Contingency or Rounding Amount	4,313.75
Net Present Value Benefit	\$60,717.79
Net PV Benefit / \$372,000 Refunded Principal	16.322%
Net Future Value Benefit	\$68,824.43
Net PV Benefit / \$340,000 Refunding Principal	17.858%
Average Annual Cash Flow Savings	7,269.08

Refunding Bond Information

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

Final

\$340,000

Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program
 West Shelby Water District

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/27/2013	-	-	-	-	-
08/01/2013	-	-	4,322.78	4,322.78	-
12/31/2013	-	-	-	-	4,322.78
02/01/2014	30,000.00	2.000%	6,275.00	36,275.00	-
08/01/2014	-	-	5,975.00	5,975.00	-
12/31/2014	-	-	-	-	42,250.00
02/01/2015	30,000.00	3.000%	5,975.00	35,975.00	-
08/01/2015	-	-	5,525.00	5,525.00	-
12/31/2015	-	-	-	-	41,500.00
02/01/2016	30,000.00	3.000%	5,525.00	35,525.00	-
08/01/2016	-	-	5,075.00	5,075.00	-
12/31/2016	-	-	-	-	40,600.00
02/01/2017	35,000.00	4.000%	5,075.00	40,075.00	-
08/01/2017	-	-	4,375.00	4,375.00	-
12/31/2017	-	-	-	-	44,450.00
02/01/2018	35,000.00	4.000%	4,375.00	39,375.00	-
08/01/2018	-	-	3,675.00	3,675.00	-
12/31/2018	-	-	-	-	43,050.00
02/01/2019	35,000.00	4.000%	3,675.00	38,675.00	-
08/01/2019	-	-	2,975.00	2,975.00	-
12/31/2019	-	-	-	-	41,650.00
02/01/2020	35,000.00	4.000%	2,975.00	37,975.00	-
08/01/2020	-	-	2,275.00	2,275.00	-
12/31/2020	-	-	-	-	40,250.00
02/01/2021	40,000.00	4.000%	2,275.00	42,275.00	-
08/01/2021	-	-	1,475.00	1,475.00	-
12/31/2021	-	-	-	-	43,750.00
02/01/2022	40,000.00	4.000%	1,475.00	41,475.00	-
08/01/2022	-	-	675.00	675.00	-
12/31/2022	-	-	-	-	42,150.00
02/01/2023	30,000.00	4.500%	675.00	30,675.00	-
12/31/2023	-	-	-	-	30,675.00
Total	\$340,000.00	-	\$74,647.78	\$414,647.78	-

Yield Statistics

Bond Year Dollars	\$1,877.11
Average Life	5.521 Years
Average Coupon	3.9767374%
Net Interest Cost (NIC)	2.0709259%
True Interest Cost (TIC)	1.9255766%
Bond Yield for Arbitrage Purposes	2.7440548%
All Inclusive Cost (AIC)	2.3622512%

IRS Form 8038

Net Interest Cost	1.6996054%
Weighted Average Maturity	5.630 Years

Raymond James

Final

\$340,000

Kentucky Rural Water Finance Corporation

Flexible Term Finance Program

West Shelby Water District

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
12/31/2013	-	-	4,322.78	4,322.78	4,322.78
12/31/2014	30,000.00	2.000%	12,250.00	42,250.00	42,250.00
12/31/2015	30,000.00	3.000%	11,500.00	41,500.00	41,500.00
12/31/2016	30,000.00	3.000%	10,600.00	40,600.00	40,600.00
12/31/2017	35,000.00	4.000%	9,450.00	44,450.00	44,450.00
12/31/2018	35,000.00	4.000%	8,050.00	43,050.00	43,050.00
12/31/2019	35,000.00	4.000%	6,650.00	41,650.00	41,650.00
12/31/2020	35,000.00	4.000%	5,250.00	40,250.00	40,250.00
12/31/2021	40,000.00	4.000%	3,750.00	43,750.00	43,750.00
12/31/2022	40,000.00	4.000%	2,150.00	42,150.00	42,150.00
12/31/2023	30,000.00	4.500%	675.00	30,675.00	30,675.00
Total	\$340,000.00	-	\$74,647.78	\$414,647.78	\$414,647.78

Final

\$340,000

Kentucky Rural Water Finance Corporation

Flexible Term Finance Program

West Shelby Water District

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/01/2014	Serial Coupon	2.000%	0.500%	30,000.00	101.262%	30,378.60
02/01/2015	Serial Coupon	3.000%	0.600%	30,000.00	104.395%	31,318.50
02/01/2016	Serial Coupon	3.000%	0.750%	30,000.00	106.319%	31,895.70
02/01/2017	Serial Coupon	4.000%	1.000%	35,000.00	111.285%	38,949.75
02/01/2018	Serial Coupon	4.000%	1.260%	35,000.00	112.836%	39,492.60
02/01/2019	Serial Coupon	4.000%	1.530%	35,000.00	113.757%	39,814.95
02/01/2020	Serial Coupon	4.000%	1.780%	35,000.00	114.244%	39,985.40
02/01/2021	Serial Coupon	4.000%	2.000%	40,000.00	114.451%	45,780.40
02/01/2022	Serial Coupon	4.000%	2.200%	40,000.00	114.392%	45,756.80
02/01/2023	Serial Coupon	4.500%	2.550%	30,000.00	116.879%	35,063.70
Total	-	-	-	\$340,000.00	-	\$378,436.40

Bid Information

Par Amount of Bonds	\$340,000.00
Reoffering Premium or (Discount)	38,436.40
Gross Production	\$378,436.40
Total Underwriter's Discount (0.783%)	\$(2,662.20)
Bid (110.522%)	375,774.20
Total Purchase Price	\$375,774.20
Bond Year Dollars	\$1,877.11
Average Life	5.521 Years
Average Coupon	3.9767374%
Net Interest Cost (NIC)	2.0709259%
True Interest Cost (TIC)	1.9255766%

Final

\$626,000

Series 2001 A

West Shelby Water District

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	10,040.25	10,040.25
12/31/2014	29,000.00	-	19,279.38	48,279.38
12/31/2015	32,000.00	-	17,594.26	49,594.26
12/31/2016	33,000.00	-	15,798.63	48,798.63
12/31/2017	35,000.00	-	13,920.13	48,920.13
12/31/2018	37,000.00	-	11,931.13	48,931.13
12/31/2019	39,000.00	-	9,831.63	48,831.63
12/31/2020	41,000.00	-	7,621.63	48,621.63
12/31/2021	44,000.00	-	5,356.00	49,356.00
12/31/2022	46,000.00	-	3,038.50	49,038.50
12/31/2023	36,000.00	5.150%	927.00	36,927.00
Total	\$372,000.00	-	\$115,338.54	\$487,338.54

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/27/2013
Average Life	5.578 Years
Average Coupon	5.3269604%
Weighted Average Maturity (Par Basis)	5.578 Years

Refunding Bond Information

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

Final

\$626,000

Series 2001 A

West Shelby Water District

Debt Service To Maturity And To Call

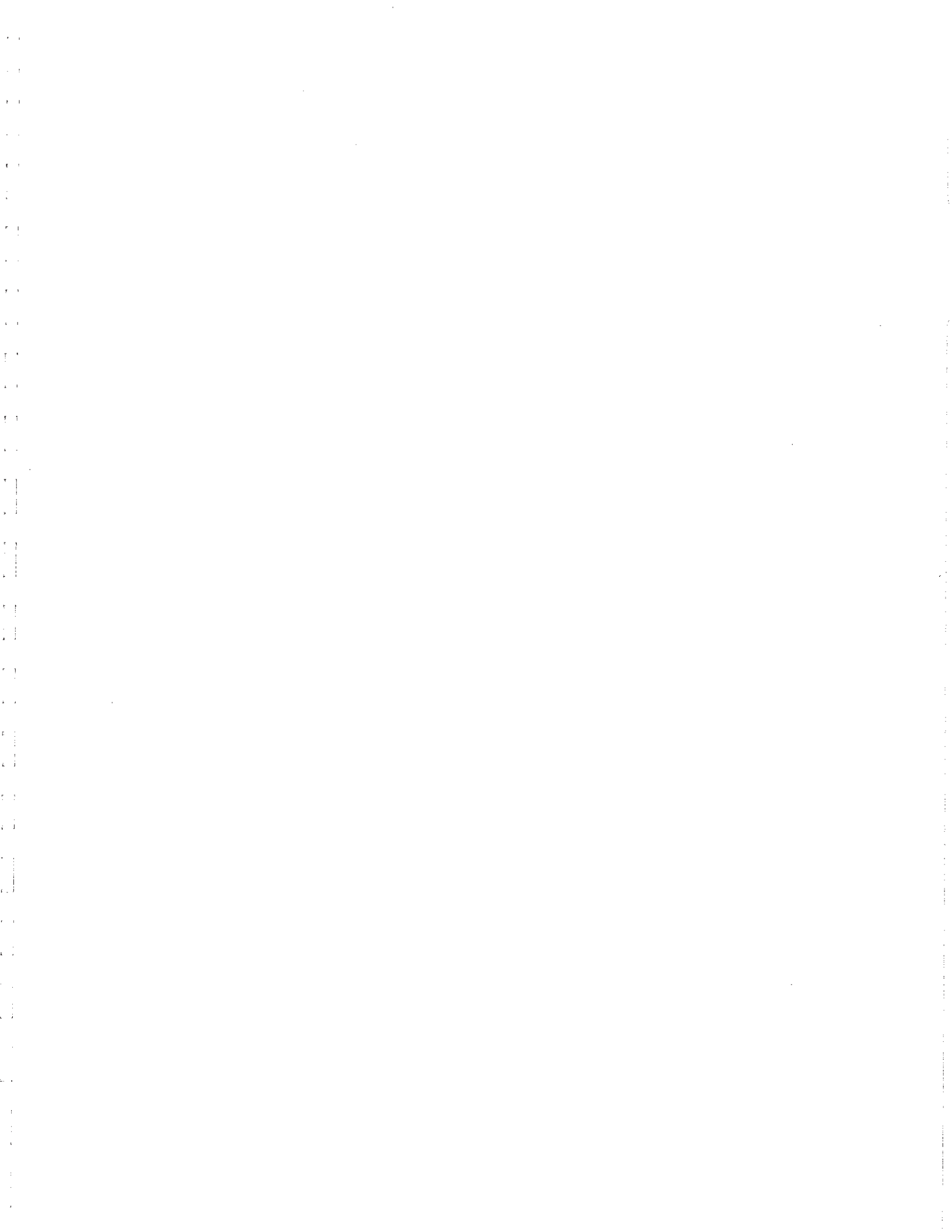
Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/31/2013	372,000.00	5,020.13	377,020.13	-	-	10,040.25	10,040.25
12/31/2014	-	-	-	29,000.00	-	19,279.38	48,279.38
12/31/2015	-	-	-	32,000.00	-	17,594.26	49,594.26
12/31/2016	-	-	-	33,000.00	-	15,798.63	48,798.63
12/31/2017	-	-	-	35,000.00	-	13,920.13	48,920.13
12/31/2018	-	-	-	37,000.00	-	11,931.13	48,931.13
12/31/2019	-	-	-	39,000.00	-	9,831.63	48,831.63
12/31/2020	-	-	-	41,000.00	-	7,621.63	48,621.63
12/31/2021	-	-	-	44,000.00	-	5,356.00	49,356.00
12/31/2022	-	-	-	46,000.00	-	3,038.50	49,038.50
12/31/2023	-	-	-	36,000.00	-	927.00	36,927.00
Total	\$372,000.00	\$5,020.13	\$377,020.13	\$372,000.00	-	\$115,338.54	\$487,338.54

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/27/2013
Average Life	5.578 Years
Average Coupon	5.3269604%
Weighted Average Maturity (Par Basis)	5.578 Years

Refunding Bond Information

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



Steve L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission
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Frankfort Kentucky 40602-0615
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David L. Armstrong
Chairman

James Gardner
Vice Chairman

Linda Breathitt
Commissioner

February 21, 2013

Honorable W. Randall Jones, Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KENTUCKY 40202

RE: Case No. 2013-00042

We enclose one attested copy of Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

JD/ke
Enclosure

KentuckyUnbridledSpirit.com



An Equal Opportunity Employer M/F/D

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY RURAL WATER FINANCE)
CORPORATION JOINT APPLICATION ON)
BEHALF OF CERTAIN WATER DISTRICTS FOR) CASE NO. 2013-00042
AUTHORITY TO BORROW FUNDS TO)
REFINANCE CERTAIN OUTSTANDING)
INDEBTEDNESS TO THE KENTUCKY RURAL)
WATER FINANCE)

ORDER

Kentucky Rural Water Finance Corporation ("KRWFC"), on behalf of 16 water districts,¹ has requested a deviation from 807 KAR 5:001, Section 17(2)(a), which requires the filing of a financial exhibit covering "operations for a twelve (12) month period . . . ending not more than ninety (90) days prior to the date the application is filed."² The 16 water districts have provided their financial statements for calendar year 2011. KRWFC represents no material change in these water districts' financial condition or operation since the publication of these statements.

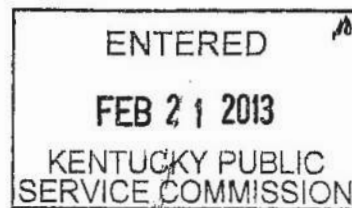
Finding that KRWFC has demonstrated good cause to permit its deviation from 807 KAR 5:001, Section 17(2)(a), the Commission HEREBY ORDERS that:

¹ These 16 water districts are: Allen County Water District, Big Sandy Water District, Christian County Water District, Crittenden-Livingston County Water District, East Clark County Water District, Edmonton County Water District, Grayson County Water District, Green River Valley Water District, Henry County Water District No. 2, McCreary County Water District, Muhlenberg County Water District, Pendleton County Water District, Simpson County Water District, Warren County Water District, West McCracken County Water District, and West Shelby Water District. In its application, KRWFC stated that it was also acting on behalf of Meade County Water District. As of the date of this Order, KRWFC has yet to present any documentary evidence to demonstrate that Meade County Water District has authorized KRWFC to act on its behalf.

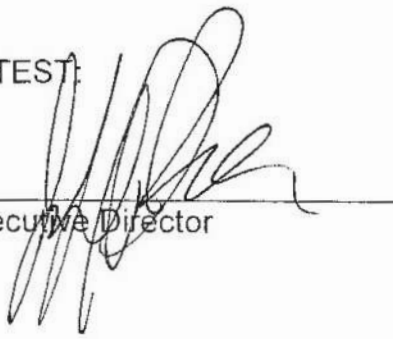
² 807 KAR 5:001, Section 12. 807 KAR 5:001, Section 17(2)(a), refers to Section 12. In its application, KRWFC requested a general deviation from the requirements of 807 KAR 5:001 to permit the acceptance of its application.

1. KRWFC's motion to deviate from 807 KAR 5:001, Section 17(2)(a), is granted.
2. KRWFC's application is considered filed as of the date of this Order.
3. Nothing contained in this Order shall preclude the Commission from requiring the production of information regarding financial condition or operations since December 31, 2011 of the 16 water districts on whose behalf KRWFC is acting.

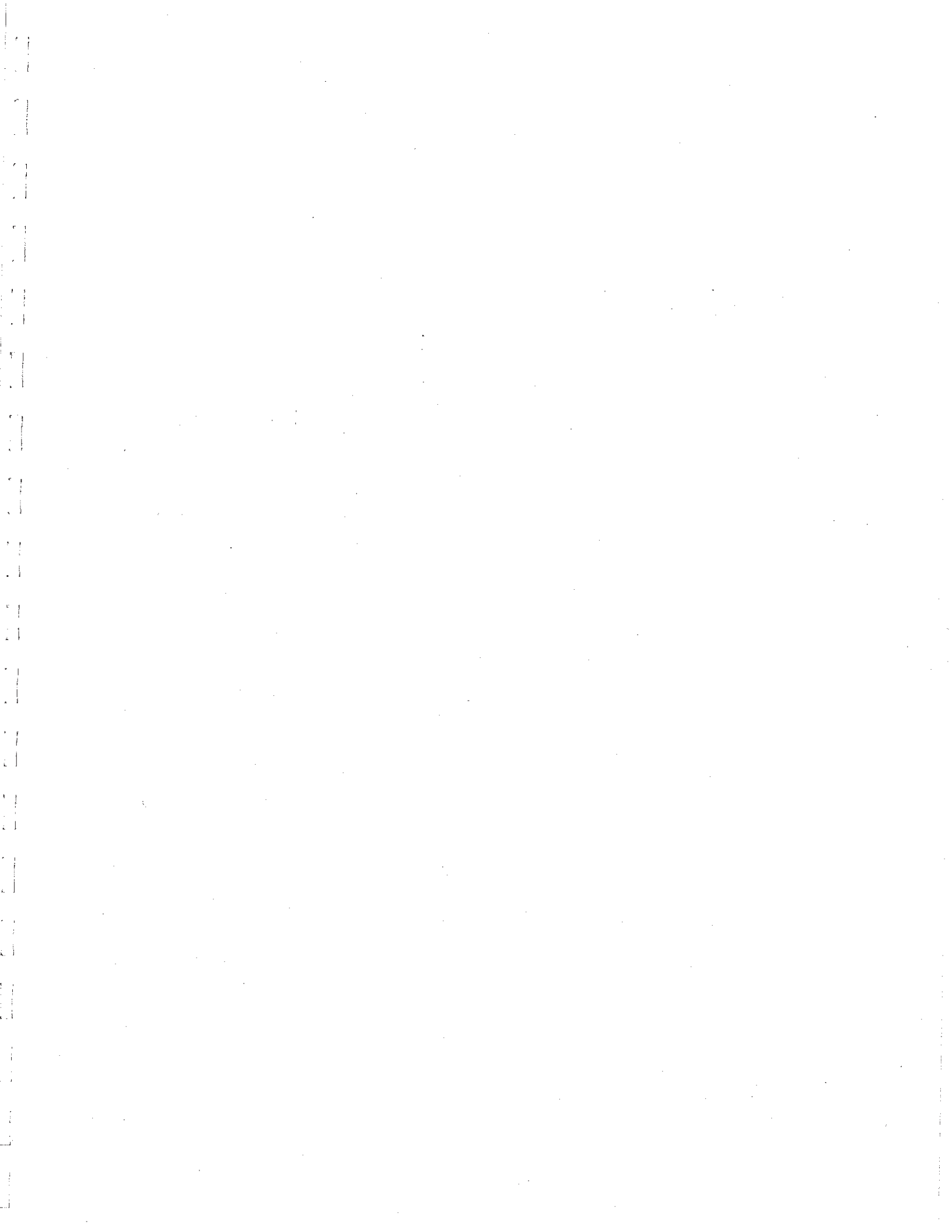
By the Commission



ATTEST:



Executive Director





Steve L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort Kentucky 40602-0615
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David L. Armstrong
Chairman

James Gardner
Vice Chairman

Linda Breathitt
Commissioner

March 27, 2013

Honorable W. Randall Jones, Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KENTUCKY 40202

CERTIFICATE OF SERVICE

RE: Case No. 2013-00042

I, Jeff Derouen, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on March 27, 2013

Executive Director

JD/ke
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY RURAL WATER FINANCE)
CORPORATION JOINT APPLICATION ON)
BEHALF OF CERTAIN WATER DISTRICTS FOR)
AUTHORITY TO BORROW FUNDS TO) CASE NO. 2013-00042
REFINANCE CERTAIN OUTSTANDING)
INDEBTEDNESS TO THE KENTUCKY RURAL)
WATER FINANCE CORPORATION)

ORDER

Kentucky Rural Water Finance Corporation ("KRWFC"), on behalf of 16 water districts,¹ has applied for authority for each of those water districts to enter supplemental assistance agreements with KRWFC to modify the terms of one or more of its existing assistance agreements with KRWFC.² These supplemental assistance agreements are intended to pass through to the water districts the savings that KRWFC achieved through the recent refinancing of certain bonded debt obligations.

On February 21, 2013, KRWFC moved that the Commission immediately authorize Christian County Water District, Edmonson County Water District, Grayson

¹ These water districts are: Allen County Water District, Big Sandy Water District, Christian County Water District, Crittenden-Livingston County Water District, East Clark County Water District, Edmonson County Water District, Grayson County Water District, Green River Valley Water District, Henry County Water District No. 2, McCreary County Water District, Muhlenberg County Water District, Pendleton County Water District, Simpson County Water District, Warren County Water District, West McCracken County Water District, and West Shelby Water District. In its application, KRWFC stated that it was also acting on behalf of Meade County Water District. As of the date of this Order, KRWFC has yet to present any documentary evidence to demonstrate that Meade County Water District has authorized KRWFC to act on its behalf.

² KRWFC tendered the Application on January 31, 2012. In its application, KRWFC requested a general deviation from the requirements of 807 KAR 5:001 to permit the acceptance of its application. On February 21, 2013, the Commission granted a deviation from 807 KAR 5:001, Section 17(2)(a), which requires the filing of a financial statement covering a 12-month period that ends no more than 90 days before the submission of an application, and accepted the Application for filing.

County Water District, Henry County Water District No. 2, McCreary County Water District, Simpson County Water District, and Warren County Water District to enter supplemental agreements with KRWFC. On February 22, 2013, the Commission granted KRWFC's motion and authorized those six water districts to enter into the requested supplemental agreements.

We now turn to those portions of the Application that concern the remaining Applicants.³ Having considered those portions of the Application and being otherwise sufficiently advised, the Commission finds that:

1. KRWFC is a Kentucky corporation organized pursuant to KRS Chapter 58 and KRS Chapter 278 for "the financing of public projects for and on behalf of the members of" the Kentucky Rural Water Association.⁴

2. KRWFC has entered into assistance agreements with Applicants under which the Applicants used the proceeds of the KRWFC loans to finance infrastructure improvements to their water distribution and treatment facilities.

3. KRWFC intends to issue revenue bonds ("KRWFC Refunding Bonds") in an approximate principal amount not to exceed \$50,000,000 to finance the refunding of its outstanding pooled bond obligations issued in 2001 through 2004 relating to its Flexible Term Loan Program to achieve substantial interest cost savings to the borrowers under that program.

³ In this Order, all references to "the Applicants" refer to Allen County Water District, Big Sandy Water District, Crittenden-Livingston County Water District, East Clark County Water District, Green River Valley Water District, Muhlenberg County Water District, Pendleton County Water District, West McCracken County Water District, and West Shelby Water District.

⁴ See Articles of Incorporation of Kentucky Rural Water Finance Corporation (May 18, 1995) at 1-2, available at <https://app.sos.ky.gov/corpsscans/47/0401747-09-99999-19950614-ART-3673729-PU.pdf> (last visited Mar. 22, 2013).

4. KRWFC and the Applicants propose to enter into supplemental assistance agreements obligating each Applicants to make payments to KRWFC or a trustee on behalf of KRWFC in amounts sufficient to pay the costs of issuance and the debt service requirements on the KRWFC Refunding Bonds

5. Table 1, which is found at the Appendix to this Order, lists: the names of each Applicant; the loans to be modified; the year in which each loan currently will mature; the principal balance remaining on each loan; the principal that will remain on the loans after the execution of the supplemental agreements; the year in which the loans will mature as a result of the supplement agreements; the gross savings and net present value savings achieved as a result of the supplemental agreements' execution. Where a supplemental agreement addresses two or more loans, the combined savings are shown.

6. The proposed supplemental assistance agreements require the Applicants to pay interest rates that vary from 2.3 percent to 3.3 percent per annum.

7. The existing assistance agreements, which will be modified with the execution of the supplemental assistance agreements, require the Applicants to pay interest rates that vary from 3.81 percent to 5.15 percent.

8. None of the proposed supplemental assistance agreements will extend or increase the length of the payment period established in the assistance agreements that they modify. Where a supplemental assistance agreement amends two or more assistance agreements, however, the final payment date for the combined remaining principal is the more distant of the final payment dates set forth in the assistance agreements whose terms are being revised.

9. As a result of KRWFC's refinancing of its bonded debt and the execution of the proposed supplemental assistance agreements, each Applicant is expected to realize an aggregate gross savings of \$12,917 to \$412,322 and a net present value savings of \$12,352 to \$337,259.

10. Applicants' execution of the proposed supplemental assistance agreements is for a lawful object within their corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of Applicants' service to the public, will not impair their ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. The Applicants are authorized to enter into supplemental assistance agreements with KRWFC to amend the terms of the assistance agreements identified in Table I, to include the principal amount and interest rate of the present assistance agreement, but only under such terms and conditions that will produce both positive gross savings and net present value savings and that will not require any payments beyond the year set forth in Table I.

2. If the actual terms and conditions of a supplemental assistance agreement with KRWFC differ from those set forth in the Application, the Applicant shall, within 30 days of executing the loan agreement, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that will result from the refinancing.

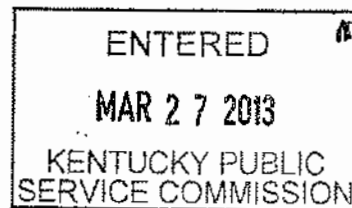
3. Within 30 days of executing the proposed agreement, each Applicant shall file a copy of the executed supplemental assistance agreement and any documents

referenced in the executed supplemental assistance agreement that the Applicant has not previously filed with the Commission.

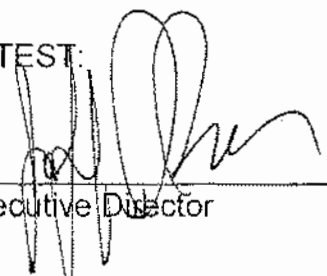
4. Any proceeds from a supplemental assistance agreement shall be used only for the lawful purposes specified in the Application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:



Executive Director

Case No. 2013-00042

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00042 DATED **MAR 27 2013**

TABLE 1

Applicant/Applicant	Loan Name	Case No.	Current Principal	Loan Matures	Supp. Agmt Principal	Supp. Agmt Matures	Gross Savings	NPV Savings
Allen County Water District	Series 2001A	2001-00146	\$223,000	2022	\$230,000	2029	\$27,894	\$25,052
Big Sandy Water District	Series 2001A	2001-00178	\$479,000	2023				
	Series 2004D	2005-00230	\$520,000	2029				
	--Combined				\$1,015,000	2029	\$135,938	\$110,472
Crittenden-Livingston Water District	Series 2004D	2004-00366	\$3,873,000	2029	\$3,970,000	2029	\$412,322	\$337,259
East Clark County Water District	Series 2002	2002-00264	\$139,000	2024	\$145,000	2024	\$12,917	\$12,352
Green River Valley Water District	Series 2001E	2002-00413	\$207,000	2018	-	-	-	-
	Series 2003C	2003-00388	\$926,800	2019				
	--Combined				4,220,000	2028	294,123	241,311
Muhlenberg County Water District	Series 2004A	2004-00062	\$392,000	2017	-	-	-	-
	Series 2004D	2004-00381	\$967,000	2021	-	-	-	-
	--Combined				1,391,000	2021	46,753	42,542
Pendleton County Water District	Series 2001A	2001-00172	\$229,000	2024	\$235,000	2024	\$30,333	\$27,545
West McCracken County Water District	Series 2004D	2004-00402	\$576,000	2024	\$585,000	2024	\$43,953	\$37,916
West Shelby Water District	Series 2001A	2001-00144	\$372,000	2023	\$350,000	2023	\$51,805	\$45,764



Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

March 27, 2013

Kentucky Rural Water Finance Corporation
3251 Springhollow Avenue
Bowling Green, Kentucky 42102-1424

Regions Bank
Corporate Trust Department
315 Deaderick Street, 4th Floor
Mail Code: NA0408
Nashville Tennessee 37237

Re: Amendment dated March 27, 2013 to the Loan in the original principal amount of \$626,000, dated June 27, 2001, to the West Shelby Water District from the Kentucky Rural Water Finance Corporation Public Projects Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001.

Ladies and Gentlemen:

In connection with the Loan in the original principal amount of \$626,000, dated June 27, 2001, to the West Shelby Water District (the "Borrower") from the Kentucky Rural Water Finance Corporation (the "Issuer"), we have examined and relied upon originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below, including the following:


- (a) the Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee, as trustee, under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program);
- (b) the Assistance Agreement between the Issuer and the Borrower, dated June 27, 2001, authorizing the Loan, as amended by a First Amendment and Supplement to Assistance Agreement supplementing and amending the Assistance Agreement, dated as of March 27, 2013 (collectively, the "Assistance Agreement"); and
- (c) the Resolution authorizing the Assistance Agreement adopted by the Board of Commissioners on December 20, 2012 (the "Resolution"); and
- (d) the Certificate of Officers of the West Shelby Water District, dated as of March 27, 2013.

Terms not defined herein are defined in the Indenture and Assistance Agreement shall have the same meanings herein, unless the context otherwise requires.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof and we disclaim any obligation to update this letter. We have neither undertaken to determine, nor to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us, the conformity to original documents and certificates of all documents and certificates submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents and certificates. Furthermore, we have assumed compliance with the agreements and covenants contained in the Indenture, Assistance Agreement, and Resolution.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that the Assistance Agreement, as amended and supplemented, has been duly authorized, executed and delivered by the Borrower and is a valid and binding obligation of the Borrower enforceable in accordance with its terms.

Our opinion set forth above is subject to the qualification that the enforceability of the Assistance Agreement, the Loan and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

A handwritten signature in cursive script, appearing to read "Reubin Hays". The signature is written in dark ink and is positioned on the right side of the page, below the main body of text.

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
West Shelby Water District

Purpose: To document Amortization Schedule.
SOI: Rec'd by client.
Conclusion: The amortization schedule noted on page 1 will be used in the report. The amortization on page 2 represents the monthly payment breakdown into the sinking fund.

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/27/2013	-	-	-	-	-
08/01/2013	-	-	4,322.78	4,322.78	-
12/31/2013	-	-	-	-	4,322.78
02/01/2014	30,000.00	2.000%	6,275.00	36,275.00	-
08/01/2014	-	-	5,975.00	5,975.00	-
12/31/2014	-	-	-	-	42,250.00
02/01/2015	30,000.00	3.000%	5,975.00	35,975.00	-
08/01/2015	-	-	5,525.00	5,525.00	-
12/31/2015	-	-	-	-	41,500.00
02/01/2016	30,000.00	3.000%	5,525.00	35,525.00	-
08/01/2016	-	-	5,075.00	5,075.00	-
12/31/2016	-	-	-	-	40,600.00
02/01/2017	35,000.00	4.000%	5,075.00	40,075.00	-
08/01/2017	-	-	4,375.00	4,375.00	-
12/31/2017	-	-	-	-	44,450.00
02/01/2018	35,000.00	4.000%	4,375.00	39,375.00	-
08/01/2018	-	-	3,675.00	3,675.00	-
12/31/2018	-	-	-	-	43,050.00
02/01/2019	35,000.00	4.000%	3,675.00	38,675.00	-
08/01/2019	-	-	2,975.00	2,975.00	-
12/31/2019	-	-	-	-	41,650.00
02/01/2020	35,000.00	4.000%	2,975.00	37,975.00	-
08/01/2020	-	-	2,275.00	2,275.00	-
12/31/2020	-	-	-	-	40,250.00
02/01/2021	40,000.00	4.000%	2,275.00	42,275.00	-
08/01/2021	-	-	1,475.00	1,475.00	-
12/31/2021	-	-	-	-	43,750.00
02/01/2022	40,000.00	4.000%	-	-	-
08/01/2022	-	-	-	-	-
12/31/2022	-	-	-	-	42,150.00
02/01/2023	30,000.00	4.500%	-	-	-
12/31/2023	-	-	-	-	30,675.00
Total	\$340,000.00	-	\$74,647.78	\$414,647.78	-

Reclass entry #200 was needed to record this amount as current liability.

Yield Statistics

Bond Year Dollars	\$1,877.11
Average Life	5.521 Years
Average Coupon	3.9767374%
Net Interest Cost (NIC)	2.0709259%
True Interest Cost (TIC)	1.9255766%
Bond Yield for Arbitrage Purposes	2.7440548%
All Inclusive Cost (AIC)	2.3622512%
IRS Form 8038	
Net Interest Cost	1.6996054%
Weighted Average Maturity	5.630 Years

NOTE> THIS IS THE SCHEDULE FOR THE AMOUNT OF THE MONTHLY PAYMENTS INTO THE SINKING FUND. THE INTEREST ON THIS SCHEDULE IS HIGHER THAN ON THE AMORTIZATION SCHEDULE ABOVE. THIS SCHEDULE INCLUDES TRUSTEE FEES IN THE INTEREST AMOUNT.

**KRWFC Flexible Term Program Series 2013 B
Sinking Fund Payment Schedule**

**Borrower: West Shelby Water District
Closing Date: 03/27/13**

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
5/13-7/13	3,333.33	1,528.76	4,862.09
8/13-1/14	3,333.33	1,130.83	4,464.17
2/14-8/14	2,500.00	1,073.33	3,573.33
8/14-1/15	2,500.00	1,073.33	3,573.33
2/15-7/15	2,500.00	990.83	3,490.83
8/15-1/16	2,500.00	990.83	3,490.83
2/16-7/16	2,916.67	908.33	3,825.00
8/16-1/17	2,916.67	908.33	3,825.00
2/17-7/17	2,916.67	782.92	3,699.58
8/17-1/18	2,916.67	782.92	3,699.58
2/18-7/18	2,916.67	657.50	3,574.17
8/18-1/19	2,916.67	657.50	3,574.17
2/19-7/19	2,916.67	532.08	3,448.75
8/19-1-20	2,916.67	532.08	3,448.75
2/20-7/20	3,333.33	406.67	3,740.00
8/20-1/21	3,333.33	406.67	3,740.00
2/21-7/21	3,333.33	263.33	3,596.67
8/21-1/22	3,333.33	263.33	3,596.67
2/22-7/22	2,500.00	120.00	2,620.00
8/22-1/23	2,500.00	120.00	2,620.00
2/23-7/23	-	-	-
	<u>340,000.00</u>	<u>80,279.11</u>	<u>420,279.11</u>

ATTACHMENT 9
DISCLOSURE STATEMENTS (ARF FORM 3)
ARF FORM-3 (November 2013)

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between _____ West Shelby Water District _____ ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Ben Quinn

(Print Name)



(Signed)

Chair

(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF shelby

Subscribed and sworn to before me by BON QUINN
(Name)

this 21 day of JAN, 2021.

James H. Hays
NOTARY PUBLIC
State-at-Large EX 12-14-2021
#589967

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between _____ West Shelby Water District _____ ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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Michael Riggs

(Print Name)



(Signed)

Treasurer

(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Michael Riggs
(Name)

this 21 day of JAN, 2021.

James Neil Hays
NOTARY PUBLIC
State-at-Large EX. DATE 12-14-21
4589967

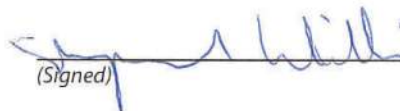
**STATEMENT OF DISCLOSURE OF
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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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Raymond Williams
(Print Name)


(Signed)

Secretary
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Raymond Williams
(Name)

this 21 day of JAN, 20 21.

[Signature]
NOTARY PUBLIC
State-at-Large EX 12-18-21
589867

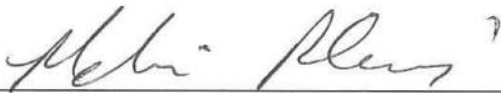
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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Melvin Phenix
(Print Name)


(Signed)

Manager
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by MELVIN PHENIX
(Name)

this 21 day of JAN, 2021.

Janna Hill Nays
NOTARY PUBLIC
State-at-Large EX 12-14-2021

HS89967

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between West Shelby Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Total Package Painting	Install Door Locks	600.00

- Check this box if the Utility has no related party transactions.
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Lisa Didier
(Print Name)


(Signed)

Executive Administrator
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Lisa M Didier
(Name)

this 21 day of JAN, 2021.

James H. Hays
NOTARY PUBLIC
State-at-Large EXP 12-24-21

#SD9967