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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)

(Name of Utility)

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

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

(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)

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

(Address - City, State, Zip)

(Telephone Number)

(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.
- 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.
2. a. Applicant has filed an annual report with the Public Service Commission for the past year.
- b. Applicant has filed an annual report with the Public Service Commission for the two previous years.
3. Applicant's records are kept separate from other commonly-owned enterprises.

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,_____.
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 \$ _____ and total revenues from service rates of \$ _____. 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 _____customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
 - b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
 - c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.)
- 17. Approximately \$0.00 **(Insert dollar amount or percentage of total utility plant)** of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

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

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

Signed *Matt Rankin*
 Officer of the Company/Authorized Representative
 Title Chairman
 Date 11/18/22

COMMONWEALTH OF KENTUCKY
COUNTY OF Lincoln

Before me appeared Matt Rankin, 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.



Rebecca J. Jones
 Notary Public
 My commission expires: 06/17/2024

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

Customer Notice of Proposed Rate Adjustment

“Reasons for Application” Attachment”

Current and Proposed Rates” Attachment

“Statement of Adjusted Operations” Attachment

“Revenue Requirements Calculation” Attachment

Attachment Billing Analysis” Attachment

Depreciation Schedules

Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)

State Tax Return

Federal Tax Return

Statement of Disclosure of Related Party Transactions - ARF Form 3

**LIST OF ATTACHMENTS
MCKINNEY WATER DISTRICT**

1. Customer Notice of Proposed Rate Adjustments
2. Reasons for Application
3. Current and Proposed Rates
4. Statement of Adjusted Operations and Revenue Requirements with the following attachments:
 - i. References
 - ii. Table A - Depreciation Expense Adjustments
 - iii. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis
7. Depreciation Schedule
8. Outstanding Debt Instruments
 - i. RDA 91-01
 - ii. RDA 91-06
 - iii. RDA 91-08
 - iv. RDA 91-09
9. Amortization Schedules
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

Attachment #1

MCKINNEY WATER DISTRICT CUSTOMER NOTICE

Notice is hereby given that McKinney Water District expects to file an application with the Kentucky Public Service Commission on or about November 23, 2022, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

| <u>CURRENT AND PROPOSED RATES</u> | | | | | | | |
|--|----------------|------------|--------------|------------|--------------|------------|------------|
| MCKINNEY WATER DISTRICT | | | | | | | |
| Monthly Rates | | | Current | | | Proposed | Difference |
| 5/8X3/4 Inch Meter | | | | | | | |
| First | 1,000 Gallons | \$ 15.01 | Minimum Bill | \$ 16.05 | Minimum Bill | \$ 1.04 | 6.93% |
| Next | 2,000 Gallons | \$ 0.00948 | Per Gallon | \$ 0.01014 | Per Gallon | \$ 0.00066 | 6.96% |
| Next | 7,000 Gallons | \$ 0.00807 | Per Gallon | \$ 0.00863 | Per Gallon | \$ 0.00056 | 6.94% |
| All Over | 10,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| 1 Inch Meter | | | | | | | |
| First | 5,000 Gallons | \$ 50.11 | Minimum Bill | \$ 53.59 | Minimum Bill | \$ 3.48 | 6.94% |
| Next | 5,000 Gallons | \$ 0.00807 | Per Gallon | \$ 0.00863 | Per Gallon | \$ 0.00056 | 6.94% |
| All Over | 10,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| 2 Inch Meter | | | | | | | |
| First | 20,000 Gallons | \$ 164.36 | Minimum Bill | \$ 175.74 | Minimum Bill | \$ 11.38 | 6.92% |
| All Over | 20,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| Water Loss Surcharge | | \$ - | Per Bill | \$ 3.44 | Per Bill | \$ 3.44 | 100.00% |

If the Public Service Commission approves the proposed water rates, then the monthly water bill for a customer using an average of 4,000 gallons per month will increase from \$42.04 to \$44.96. This is an increase of \$2.92 or 6.95%. If the Public Service Commission approves the proposed Water Loss Surcharge and the proposed water rates, then the monthly water bill for a customer using an average of 4,000 gallons per month will increase from \$42.04 to \$48.40. This is an increase of \$6.36 or 15.13%.

The rates contained in this notice are the rates proposed by McKinney Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates shown in this notice.

McKinney Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the District's office located at 2900 Kentucky Highway 198, Hustonville, KY 40437. You may contact the office at 606-346-2220.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, PO Box 615, Frankfort, Kentucky, 40602. You may contact the Public Service Commission at 502-564-3940.

A person may submit a timely written request for intervention to the Public Service Commission, PO Box 615, Frankfort, KY, 40602, establishing the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this notice, the Public Service Commission may take final action on the application.

Attachment #2

Reasons for Application

McKinney Water District (“the District”) is requesting a 6.93% percent rate increase for all of its water customers. The rate increase will generate approximately \$63,547 in additional annual revenue.

The District needs the rate increase for the following reasons:

1. To enable the District to pay its annual principal payments on its existing long term debt from water revenues rather than from depreciation reserves;
2. To enable the District to meet the requirements set forth in its existing debt instruments;
3. To restore the District to a sound financial condition; and
4. To enable the District to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

Attachment #3

CURRENT AND PROPOSED RATES
MCKINNEY WATER DISTRICT

| Monthly Rates | Current | | Proposed | | Difference | |
|---------------------------|------------|--------------|------------|--------------|------------|---------|
| 5/8X3/4 Inch Meter | | | | | | |
| First 1,000 Gallons | \$ 15.01 | Minimum Bill | \$ 16.05 | Minimum Bill | \$ 1.04 | 6.93% |
| Next 2,000 Gallons | \$ 0.00948 | Per Gallon | \$ 0.01014 | Per Gallon | \$ 0.00066 | 6.96% |
| Next 7,000 Gallons | \$ 0.00807 | Per Gallon | \$ 0.00863 | Per Gallon | \$ 0.00056 | 6.94% |
| All Over 10,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| 1 Inch Meter | | | | | | |
| First 5,000 Gallons | \$ 50.11 | Minimum Bill | \$ 53.59 | Minimum Bill | \$ 3.48 | 6.94% |
| Next 5,000 Gallons | \$ 0.00807 | Per Gallon | \$ 0.00863 | Per Gallon | \$ 0.00056 | 6.94% |
| All Over 10,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| 2 Inch Meter | | | | | | |
| First 20,000 Gallons | \$ 164.36 | Minimum Bill | \$ 175.74 | Minimum Bill | \$ 11.38 | 6.92% |
| All Over 20,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| Water Loss Surcharge | \$ - | Per Bill | \$ 3.44 | Per Bill | \$ 3.44 | 100.00% |

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS

McKinney Water District

| | <u>Test Year</u> | <u>Adjustments</u> | <u>Ref.</u> | <u>Proforma</u> |
|---------------------------------------|------------------|--------------------|-------------|-----------------|
| <u>Operating Revenues</u> | | | | |
| Total Metered Retail Sales | 917,275 | | | 917,275 |
| Private Fire Protection | - | | | - |
| Sales for Resale | - | | | - |
| | | | | |
| Other Water Revenues: | | | | |
| Forfeited Discounts | 22,050 | | | 22,050 |
| Misc. Service Revenues | 1,800 | | | 1,800 |
| Other Water Revenues | 35,968 | | | 35,968 |
| Total Operating Revenues | 977,093 | | | 977,093 |
| | | | | |
| <u>Operating Expenses</u> | | | | |
| Operation and Maintenance | | | | |
| Salaries and Wages - Employees | 246,205 | 10,976 | A | |
| | | (5,985) | H | 251,196 |
| Salaries and Wages - Officers | 20,800 | | | 20,800 |
| Employee Pensions and Benefits | - | | | - |
| | | | | |
| Purchased Water | 464,375 | (77,495) | C | 386,880 |
| Purchased Power | - | | | - |
| Chemicals | - | | | - |
| Materials and Supplies | 76,795 | (13,965) | H | |
| | | 8,678 | I | 71,508 |
| Contractual Services - Accounting | 6,590 | 448 | J | 7,038 |
| Contractual Services - Management | - | | | - |
| Contractual Services - Other | 58,531 | 3,980 | J | 62,511 |
| Rental of Building/Real Property | - | | | - |
| Transportation Expenses | 16,238 | 1,104 | J | 17,342 |
| Insurance - General Liability | 4,052 | 276 | J | 4,328 |
| Insurance - Other | 7,177 | 488 | J | 7,665 |
| Bad Debt | 7,046 | | | 7,046 |
| Miscellaneous Expenses | 25,065 | 796 | I | 25,861 |
| Total Operation and Mnt. Expenses | 932,874 | | | 862,175 |
| Depreciation Expense | 92,622 | (12,799) | D | 79,823 |
| Taxes Other Than Income | 23,512 | (3,838) | B | 19,674 |
| Total Operating Expenses | 1,049,008 | | | 961,672 |
| Total Utility Operating Income | (71,915) | | | 15,421 |

REVENUE REQUIREMENTS USING DEBT SERVICE COVERAGE METHOD

| | | |
|--|---|----------------|
| Pro Forma Operating Expenses | | 961,672 |
| Plus: Average Annual Principal and Interest Payments | E | 66,916 |
| Additional Working Capital | F | 13,383 |
| Total Revenue Requirement | | 1,041,971 |
| Less: Other Operating Revenue | | 59,818 |
| Interest Income | | <u>1,331</u> |
| Revenue Required From Sales of Water | | 980,822 |
| Less: Revenue from Sales with Present Rates | | <u>917,275</u> |
| Required Revenue Increase | | 63,547 |
| Percent Increase | | 6.93% |

REVENUE REQUIREMENTS USING OPERATING RATIO METHOD

| | | |
|---|---|----------------|
| Pro Forma Operating Expenses | | 961,672 |
| Divided by: Operating Ratio | | <u>88%</u> |
| Sub Total | | 1,092,810 |
| Plus: Interest Expense | G | <u>23,516</u> |
| Total Revenue Requirement | | 1,116,325 |
| Less: Other Operating Revenue | | 59,818 |
| Interest Income | | <u>1,331</u> |
| Revenue Required From Sales of Water | | 1,055,176 |
| Less: Revenue from Sales with Present Rates | | <u>917,275</u> |
| Required Revenue Increase | | 137,901 |
| Percent Increase | | 15.03% |

REFERENCES

A Current Billing Analysis and a Projected Billing Analysis could not be prepared using standard reporting from the District's billing software, because the software computed the billing analysis using hundreds of gallons while the District bills in thousands of gallons. For purposes of this rate study, no adjustments were made to the reported Total Metered Retail Sales.

- A. Since 2021, there have been increases in wage rates resulting in an annual wage increase of \$10,976.
- B. The changes in wages results in lower payroll taxes of \$3,838 than previously reported.
- C. The District's test year water loss was 31.69 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expense for Purchased Water above the 15 percent limit is not allowed in the rate base and must be deducted. Purchased Water was decreased by \$77,495.
- D. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges, with Depreciation Expense reduced by \$12,799. See Table A.
- E. Revenue requirements were computed using the Debt Service Coverage Method. Annual debt service payments for the District's debt are shown in Table B. The five-year average of these payments \$66,916 is added in the revenue requirement calculation.
- F. The amount of \$13,383 is included in the revenue requirement as Additional Working Capital. The amount shown in Table B for coverage on long term debt is required by the District's loan documents.
- G. Revenue requirements were also computed using the Operating Ratio Method. Average interest over the next five years of \$23,516 was added to the revenue requirement calculation.
- H. The District collected \$19,950 in tapping fees in 2021. These taps were installed by District forces and were recorded as labor and materials expenses. Labor expense has been reduced by \$5,985 or 30% of the tapping fees while Materials and Supplies expense has been reduced by \$13,965 or 70% of the tapping fees.
- I. The District is experiencing cost increases on all materials and supplies and has adjusted the test year expenses by 11.3% based upon the September 2022 Producer Price Index year-to-year change in Final Demand Goods to reflect the projected ongoing increases.
- J. The District is experiencing cost increases in all services and has adjusted the test year expenses by 6.8% based upon the September Producer Price Index year-to-year change in Final Demand Services to reflect the projected ongoing increases.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
McKinney Water District

| <u>Asset</u> | <u>Date in Service</u> | <u>Original Cost *</u> | <u>Life</u> | <u>Reported Depr. Exp.</u> | <u>Proforma Life</u> | <u>Proforma Depr. Exp.</u> | <u>Depreciation Expense Adjustment</u> |
|---|------------------------|------------------------|-------------|----------------------------|----------------------|----------------------------|--|
| <u>General Plant</u> | | | | | | | |
| Structures & Improvements | Various | \$ 32,746 | 35 | 560 | 37.5 | 873 | 313 |
| Communication & Computer Eqmt. | Various | \$ 24,107 | 10 | 2,260 | 10.0 | 2,411 | 150 |
| Office Furniture & Equipment | | | | | 22.5 | - | - |
| Power Operated Equipment | | | | | 12.5 | - | - |
| Tools, Shop, & Garage Equipment | Various | \$ 103,034 | Varies | 8,290 | 17.5 | 5,888 | (2,402) |
| Tank Repairs & Painting | | | | | 15.0 | - | - |
| <u>Source of Supply Plant</u> | | | | | | | |
| Collecting & Impounding Reservoirs | | | | | 62.5 | - | - |
| Supply Mains | | | | | 62.5 | - | - |
| <u>Pumping Plant</u> | | | | | | | |
| Structures & Improvements | | | | | 37.5 | - | - |
| Telemetry | | | | | 10.0 | - | - |
| Pumping Equipment | Various | \$ 249,167 | 20 | 12,350 | 20.0 | 12,458 | 108 |
| <u>Transmission & Distribution Plant</u> | | | | | | | |
| Hydrants | Various | \$ 6,776 | 40 | 169 | 50.0 | 136 | (34) |
| Transmission & Distribution Mains ** | Various | \$ 2,412,548 | Varies | 49,418 | 62.5 | 38,601 | (10,818) |
| Meter Installations | | | | | 45.0 | - | - |
| Meter Change-outs | Various | \$ 129,833 | 35 | 3,710 | 15.0 | 8,656 | 4,946 |
| Pump Equipment | | | | | 20.0 | - | - |
| Tank Fence | | | | | 37.5 | - | - |
| Services | Various | \$ 80,985 | 30 | 2,700 | 40.0 | 2,025 | (675) |
| Reservoirs & Tanks | Various | \$ 394,933 | 30 | 13,164 | 45.0 | 8,776 | (4,388) |
| Tank Painting & Repairs | | | | | 15.0 | - | - |
| <u>Transportation Equipment</u> | | | | | | | |
| Entire Group | | | | | 7.0 | - | - |
| <u>Water Treatment Plant</u> | | | | | | | |
| Structures and Improvements | | | | | 62.5 | - | - |
| Water Treatment Equipment | | | | | 27.5 | - | - |
| TOTALS | | \$ 3,434,128 | | \$ 92,622 | | \$ 79,823 | \$ (12,799) |

* Includes only costs associated with assets that contributed to depreciation expense in the test year.

Attachment #5

2021 CURRENT BILLING ANALYSIS

McKinney Water District

| Summary | # of Bills | Gallons Sold | Revenue |
|------------------------|------------|--------------|--------------|
| Residential/Commercial | 22,519 | 958,980 | \$ 334,042 |
| Less Leak Adjustments | | | \$ (19,623) |
| Net Retail | | | \$ 314,419 |
| From PSC Annual Report | | | \$ 917,275 |
| Difference | | | \$ (602,856) |

This calculation indicates that the Water Usage Analysis Report is not valid.
-65.72%

5/8X3/4 INCH

USAGE BY RATE INCREMENT

| | Usage | Bills | Gallons | First 1,000 | Next 2,000 | Next 7,000 | Over 10,000 | Total |
|--------|--------|--------|---------|----------------|---------------|---------------|----------------|---------|
| First | 1,000 | 22,206 | 855,998 | 855,998 | - | - | - | 855,998 |
| Next | 2,000 | 27 | 36,848 | 27,000 | 9,848 | - | - | 36,848 |
| Next | 7,000 | 4 | 23,814 | 4,000 | 8,000 | 11,814 | - | 23,814 |
| Over | 10,000 | - | - | - | - | - | - | - |
| TOTALS | | 22,237 | 916,660 | 886,998 | 17,848 | 11,814 | - | 916,660 |

5/8X3/4 INCH

REVENUE BY RATE INCREMENT

| | Usage | Bills | Gallons | Rate | Revenue |
|-------|--------|--------|---------|------------|------------|
| First | 1,000 | 22,237 | 886,998 | \$ 15.01 | \$ 333,777 |
| Next | 2,000 | | 17,848 | \$ 0.00948 | \$ 169 |
| Next | 7,000 | | 11,814 | \$ 0.00807 | \$ 95 |
| Over | 10,000 | | - | \$ 0.00739 | \$ - |
| TOTAL | | 22,237 | 916,660 | | \$ 334,042 |

1 INCH

USAGE BY RATE INCREMENT

| | Usage | Bills | Gallons | First 5,000 | Next 5,000 | Over 10,000 | Total |
|--------|--------|-------|---------|----------------|---------------|----------------|--------|
| First | 5,000 | 274 | 41,490 | 41,490 | - | - | 41,490 |
| Next | 5,000 | - | - | - | - | - | - |
| Over | 10,000 | - | - | - | - | - | - |
| TOTALS | | 274 | 41,490 | 41,490 | - | - | 41,490 |

1 INCH

REVENUE BY RATE INCREMENT

| | Usage | Bills | Gallons | Rate | Revenue |
|-------|--------|-------|---------|------------|-----------|
| First | 5,000 | 274 | 41,490 | \$ 50.11 | \$ 13,730 |
| Next | 5,000 | | - | \$ 0.00807 | \$ - |
| Over | 10,000 | | - | \$ 0.00739 | \$ - |
| TOTAL | | 274 | 41,490 | | \$ 13,730 |

2 INCH

USAGE BY RATE INCREMENT

| | Usage | Bills | Gallons | First 5,000 | Over 10,000 | Total |
|--------|--------|-------|---------|----------------|----------------|-------|
| First | 5,000 | 8 | 830 | 830 | - | 830 |
| Over | 10,000 | - | - | - | - | - |
| TOTALS | | 8 | 830 | 830 | - | 830 |

2 INCH

REVENUE BY RATE INCREMENT

| | Usage | Bills | Gallons | Rate | Revenue |
|-------|--------|-------|---------|------------|----------|
| First | 5,000 | 8 | 830 | \$ 164.36 | \$ 1,315 |
| Over | 10,000 | | - | \$ 0.00739 | \$ - |
| TOTAL | | 8 | 830 | | \$ 1,315 |

Attachment #6

2021 PROPOSED BILLING ANALYSIS

McKinney Water District

| Summary | # of Bills | Gallons Sold | Revenue |
|------------------------|------------|--------------|--------------|
| Residential/Commercial | 22,237 | 916,660 | \$ 357,187 |
| Less Leak Adjustments | | | \$ (19,623) |
| Net Retail | | | \$ 337,564 |
| Required Revenue | | | \$ 980,822 |
| Difference | | | \$ (643,258) |

This calculation indicates that the Water Usage Analysis Report is not valid.
-65.58%

5/8X3/4 INCH USAGE BY RATE INCREMENT

| | Usage | Bills | Gallons | First 1,000 | Next 2,000 | Next 7,000 | Over 10,000 | Total |
|--------|--------|--------|---------|----------------|---------------|---------------|----------------|---------|
| First | 1,000 | 22,206 | 855,998 | 855,998 | - | - | - | 855,998 |
| Next | 2,000 | 27 | 36,848 | 27,000 | 9,848 | - | - | 36,848 |
| Next | 7,000 | 4 | 23,814 | 4,000 | 8,000 | 11,814 | - | 23,814 |
| Over | 10,000 | - | - | - | - | - | - | - |
| TOTALS | | 22,237 | 916,660 | 886,998 | 17,848 | 11,814 | - | 916,660 |

5/8X3/4 INCH REVENUE BY RATE INCREMENT

| | Usage | Bills | Gallons | Rate | Revenue |
|-------|--------|--------|---------|------------|------------|
| First | 1,000 | 22,237 | 886,998 | \$ 16.05 | \$ 356,904 |
| Next | 2,000 | | 17,848 | \$ 0.01014 | \$ 181 |
| Next | 7,000 | | 11,814 | \$ 0.00863 | \$ 102 |
| Over | 10,000 | | - | \$ 0.00790 | \$ - |
| TOTAL | | 22,237 | 916,660 | | \$ 357,187 |

1 INCH USAGE BY RATE INCREMENT

| | Usage | Bills | Gallons | First 5,000 | Next 5,000 | Over 10,000 | Total |
|--------|--------|-------|---------|----------------|---------------|----------------|--------|
| First | 5,000 | 274 | 41,490 | 41,490 | - | - | 41,490 |
| Next | 5,000 | - | - | - | - | - | - |
| Over | 10,000 | - | - | - | - | - | - |
| TOTALS | | 274 | 41,490 | 41,490 | - | - | 41,490 |

1 INCH REVENUE BY RATE INCREMENT

| | Usage | Bills | Gallons | Rate | Revenue |
|-------|--------|-------|---------|------------|-----------|
| First | 5,000 | 274 | 41,490 | \$ 53.59 | \$ 14,684 |
| Next | 5,000 | | - | \$ 0.00863 | \$ - |
| Over | 10,000 | | - | \$ 0.00790 | \$ - |
| TOTAL | | 274 | 41,490 | | \$ 14,684 |

2 INCH USAGE BY RATE INCREMENT

| | Usage | Bills | Gallons | First 5,000 | Over 10,000 | Total |
|--------|--------|-------|---------|----------------|----------------|-------|
| First | 5,000 | 8 | 830 | 830 | - | 830 |
| Over | 10,000 | - | - | - | - | - |
| TOTALS | | 8 | 830 | 830 | - | 830 |

2 INCH REVENUE BY RATE INCREMENT

| | Usage | Bills | Gallons | Rate | Revenue |
|-------|--------|-------|---------|------------|----------|
| First | 5,000 | 8 | 830 | \$ 175.74 | \$ 1,406 |
| Over | 10,000 | | - | \$ 0.00790 | \$ - |
| TOTAL | | 8 | 830 | | \$ 1,406 |

Attachment #7

Book Asset Detail 1/01/21 - 12/31/21

| Asset Id | Property Description | Date In Service | Book Cost | Book Sec 179 Exp c | Book Sal Value | Book Prior Depreciation | Book Current Depreciation | Book End Depr | Book Net Book Value | Book Method | Book Period |
|--|-----------------------------------|-----------------|---------------------|--------------------|----------------|-------------------------|---------------------------|---------------------|---------------------|-------------|-------------|
| Location: 311 PUMPING EQUIPMENT | | | | | | | | | | | |
| 44 | WATER PUMP-91 REPORT | 1/01/58 | 12,449.00 | 0.00 | 0.00 | 12,449.00 | 0.00 | 12,449.00 | 0.00 | S/L | 20.00 |
| 63 | PUMP STATION-FHA | 6/01/93 | 71,543.60 | 0.00 | 0.00 | 68,074.90 | 3,468.70 | 71,543.60 | 0.00 | S/L | 20.00 |
| 150 | Telemetry-Booster Station | 8/28/12 | 12,750.00 | 0.00 | 0.00 | 4,726.51 | 637.50 | 5,364.01 | 7,385.99 | S/L | 20.00 |
| 157 | Maywood Pump Project | 12/01/14 | 164,872.90 | 0.00 | 0.00 | 49,878.25 | 8,243.65 | 58,121.90 | 106,751.00 | S/L | 20.00 |
| 311 PUMPING EQUIPMENT | | | 261,615.50 | 0.00c | 0.00 | 135,128.66 | 12,349.85 | 147,478.51 | 114,136.99 | | |
| Location: 331 TRANS & DIST. SYSTEM | | | | | | | | | | | |
| 4600.10 | | | | | | | | | | | |
| 43 | TRANS. LINES-91 REPORT | 1/01/79 | 778,978.00 | 0.00 | 0.00 | 778,978.00 | 0.00 | 778,978.00 | 0.00 | S/L | 50.00 |
| 57 | TRANS. LINES-FHA | 6/01/93 | 488,797.82 | 0.00 | 0.00 | 377,114.84 | 9,775.96 | 386,890.80 | 101,907.02 | S/L | 50.00 |
| 69 | TRANSMISSION LINES | 1/01/94 | 12,226.20 | 0.00 | 0.00 | 9,060.94 | 244.52 | 9,305.46 | 2,920.74 | S/L | 50.00 |
| 107 | LINES-EXTENSION PROJ-CONT | 5/21/01 | 683,846.75 | 0.00 | 0.00 | 363,544.03 | 13,676.94 | 377,220.97 | 306,625.78 | S/L | 50.00 |
| 110 | LINES-EXTENSION PROJECT CO | 5/21/01 | 564,776.65 | 0.00 | 0.00 | 300,244.33 | 11,295.53 | 311,539.86 | 253,236.79 | S/L | 50.00 |
| 122 | 100 FT 4" WATERLINE-CLAY PI | 3/13/03 | 5,000.00 | 0.00 | 0.00 | 2,392.98 | 100.00 | 2,492.98 | 2,507.02 | S/L | 50.00 |
| 125 | 4100 ft 4" line-Mckinney Ridge Ro | 5/31/04 | 11,369.75 | 0.00 | 0.00 | 5,010.78 | 227.40 | 5,238.18 | 6,131.57 | S/L | 50.00 |
| 156 | Hwy 78 Line Project | 4/30/13 | 79,580.19 | 0.00 | 0.00 | 13,568.80 | 1,591.60 | 15,160.40 | 64,419.79 | S/L | 50.00 |
| 331 TRANS & DIST. SYSTEM | | | 2,624,575.36 | 0.00c | 0.00 | 1,849,914.70 | 36,911.95 | 1,886,826.65 | 737,748.71 | | |
| Location: 333 SERVICES | | | | | | | | | | | |
| 4600.10 | | | | | | | | | | | |
| 49 | SERVICES-91 REPORT | 1/01/79 | 35,156.00 | 0.00 | 0.00 | 35,156.00 | 0.00 | 35,156.00 | 0.00 | S/L | 30.00 |
| 58 | SERVICES-FHA | 6/01/93 | 39,220.32 | 0.00 | 0.00 | 35,474.86 | 1,307.34 | 36,782.20 | 2,438.12 | S/L | 30.00 |
| 108 | SERVICES-LINE EXT. PROJ CON | 5/21/01 | 31,400.00 | 0.00 | 0.00 | 19,204.83 | 1,046.67 | 20,251.50 | 11,148.50 | S/L | 30.00 |
| 111 | SERVICES-LINE EXT PROJ CON | 5/21/01 | 10,365.00 | 0.00 | 0.00 | 6,339.39 | 345.50 | 6,684.89 | 3,680.11 | S/L | 30.00 |
| 333 SERVICES | | | 116,141.32 | 0.00c | 0.00 | 96,175.08 | 2,699.51 | 98,874.59 | 17,266.73 | | |
| Location: 334 METERS & METER INSTAL | | | | | | | | | | | |
| 4600.10 | | | | | | | | | | | |
| 50 | METERS-91 REPORT | 1/01/79 | 62,663.00 | 0.00 | 0.00 | 62,663.00 | 0.00 | 62,663.00 | 0.00 | S/L | 35.00 |
| 62 | METERS-FHA | 6/01/93 | 19,159.00 | 0.00 | 0.00 | 15,764.84 | 547.40 | 16,312.24 | 2,846.76 | S/L | 35.00 |
| 109 | MASTER METER/ETC - LINE EX | 5/21/01 | 11,000.00 | 0.00 | 0.00 | 6,413.47 | 314.29 | 6,727.76 | 4,272.24 | S/L | 35.00 |
| 112 | MASTER METER/ETC-LINE EX1 | 5/21/01 | 12,740.00 | 0.00 | 0.00 | 7,427.98 | 364.00 | 7,791.98 | 4,948.02 | S/L | 35.00 |
| 161 | 2015 Meters | 9/01/15 | 25,805.40 | 0.00 | 0.00 | 3,932.27 | 737.30 | 4,669.57 | 21,135.83 | S/L | 35.00 |
| 162 | Meters | 7/01/16 | 26,292.20 | 0.00 | 0.00 | 3,380.44 | 751.21 | 4,131.65 | 22,160.55 | S/L | 35.00 |
| 165 | Meters | 7/01/17 | 19,444.76 | 0.00 | 0.00 | 1,944.46 | 555.56 | 2,500.02 | 16,944.74 | S/L | 35.00 |
| 172 | 2020 Meters-200 | 11/23/20 | 15,392.00 | 0.00 | 0.00 | 36.65 | 439.77 | 476.42 | 14,915.58 | S/L | 35.00 |
| 334 METERS & METER INSTAL | | | 192,496.36 | 0.00c | 0.00 | 101,563.11 | 3,709.53 | 105,272.64 | 87,223.72 | | |
| Location: 335 HYDRANTS | | | | | | | | | | | |
| 4600.10 | | | | | | | | | | | |
| 51 | HYDRANTS-91 REPORT | 1/01/79 | 7,149.00 | 0.00 | 0.00 | 7,149.00 | 0.00 | 7,149.00 | 0.00 | S/L | 40.00 |
| 59 | HYDRANTS-FHA | 6/01/93 | 6,776.00 | 0.00 | 0.00 | 5,430.34 | 169.40 | 5,599.74 | 1,176.26 | S/L | 40.00 |
| 335 HYDRANTS | | | 13,925.00 | 0.00c | 0.00 | 12,579.34 | 169.40 | 12,748.74 | 1,176.26 | | |
| 4600.10 | | | | | | | | | | | |

Book Asset Detail 1/01/21 - 12/31/21

| Asset Id | Property Description | Date In Service | Book Cost | Book Sec 179 Exp c | Book Sat Value | Book Prior Depreciation | Book Current Depreciation | Book End Depr | Book Net Book Value | Book Method | Book Period |
|---|---------------------------------|-----------------|---------------------|--------------------|----------------|-------------------------|---------------------------|---------------------|---------------------|-------------|-------------|
| Location: 348 OTHER TANGIBLE PLANT | | | | | | | | | | | |
| 52 | OTHER TANGIBLE PLANT-91 R | 1/01/90 | 4,833.00 | 0.00 | 0.00 | 4,833.00 | 0.00 | 4,833.00 | 0.00 | S/L | 15.00 |
| 54 | OTHER TANGIBLE PLANT | 12/01/92 | 6,585.00 | 0.00 | 0.00 | 6,585.00 | 0.00 | 6,585.00 | 0.00 | S/L | 15.00 |
| 68 | OTHER TANGIBLE-CONST. ACC | 6/01/93 | 1,430.00 | 0.00 | 0.00 | 1,430.00 | 0.00 | 1,430.00 | 0.00 | S/L | 15.00 |
| 130 | LEAK DETECTOR | 6/22/06 | 1,794.85 | 0.00 | 0.00 | 1,794.85 | 0.00 | 1,794.85 | 0.00 | S/L | 15.00 |
| 131 | 40' STORAGE CONTAINER | 7/12/06 | 2,900.00 | 0.00 | 0.00 | 2,803.29 | 96.71 | 2,900.00 | 0.00 | S/L | 15.00 |
| 139 | Flow Meter | 2/19/09 | 5,214.00 | 0.00 | 0.00 | 5,127.10 | 86.90 | 5,214.00 | 0.00 | S/L | 15.00 |
| 140 | Pipe Locator | 2/27/09 | 4,395.00 | 0.00 | 0.00 | 4,321.75 | 73.25 | 4,395.00 | 0.00 | S/L | 15.00 |
| 142 | Handheld Readers | 5/20/09 | 1,000.00 | 0.00 | 0.00 | 958.35 | 41.65 | 1,000.00 | 0.00 | S/L | 15.00 |
| 143 | Generator and installations | 6/22/09 | 5,435.60 | 0.00 | 0.00 | 5,163.80 | 271.80 | 5,435.60 | 0.00 | S/L | 15.00 |
| 147 | Telemetry Equipment | 7/22/10 | 11,000.00 | 0.00 | 0.00 | 9,258.31 | 733.33 | 9,991.64 | 1,008.36 | S/L | 15.00 |
| 155 | Mobile Meter Terminals | 1/04/13 | 13,620.00 | 0.00 | 0.00 | 8,172.00 | 908.00 | 9,080.00 | 4,540.00 | S/L | 15.00 |
| 163 | Telemetry System | 6/22/16 | 16,699.00 | 0.00 | 0.00 | 3,757.28 | 834.95 | 4,592.23 | 12,106.77 | S/L | 20.00 |
| 166 | Ford F150 | 12/28/18 | 32,895.00 | 0.00 | 0.00 | 9,398.58 | 4,699.29 | 14,097.87 | 18,797.13 | S/L | 7.00 |
| 170 | Itron Digital Leak Detector | 4/19/18 | 3,020.00 | 0.00 | 0.00 | 536.88 | 201.33 | 738.21 | 2,281.79 | S/L | 15.00 |
| 174 | Dynsasonics Leak Detector | 4/12/21 | 6,855.00 | 0.00c | 0.00 | 0.00 | 342.75 | 342.75 | 6,512.25 | S/L | 15.00 |
| | 348 OTHER TANGIBLE PLANT | | <u>117,676.45</u> | <u>0.00c</u> | <u>0.00</u> | <u>64,140.19</u> | <u>8,289.96</u> | <u>72,430.15</u> | <u>45,246.30</u> | | |
| | | | <u>4600.10</u> | | | | | | | | |
| | Grand Total | | <u>4,463,792.22</u> | <u>0.00c</u> | <u>0.00</u> | <u>2,991,856.26</u> | <u>92,621.84</u> | <u>3,084,478.10</u> | <u>1,379,314.12</u> | | |
| | | | | | | | 7300.10 | 4600.10 | | | |

Attachment #8

NUMBER
DR-1

DOLLARS
\$537,000



The holder of this Bond has consented to the issuance of \$220,000 of bonds ranking on a parity as to security and source of payment with this bond.

The holder of this Bond has consented to the issuance of \$550,000 of bonds ranking on a parity as to security and source of payment with this bond.

UNITED STATES OF AMERICA - COMMONWEALTH OF KENTUCKY - COUNTIES OF LINCOLN AND CASEY

MCKINNEY WATER DISTRICT

WATERWORKS REVENUE BONDS OF 1992, SERIES D

INTEREST RATE: 5.00%

KNOW ALL MEN BY THESE PRESENTS: That the McKinney Water District (the "District"), acting by and through its Board of Commissioners, a public body corporate, organized and existing pursuant to Chapter 74 of the Kentucky Revised Statutes, in Lincoln and Casey Counties, Kentucky, for value received, hereby promises to pay to UNITED STATES OF AMERICA, FARMERS HOME ADMINISTRATION, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

FIVE HUNDRED THIRTY-SEVEN THOUSAND DOLLARS (\$537,000),

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

| Year | Principal | Year | Principal | Year | Principal |
|------|-----------|------|-----------|------|-----------|
| 1995 | \$5,000 | 2008 | \$ 9,000 | 2021 | \$18,000 |
| 1996 | 5,000 | 2009 | 10,000 | 2022 | 19,000 |
| 1997 | 6,000 | 2010 | 10,000 | 2023 | 19,000 |
| 1998 | 6,000 | 2011 | 11,000 | 2024 | 21,000 |
| 1999 | 6,000 | 2012 | 11,000 | 2025 | 21,000 |
| 2000 | 6,000 | 2013 | 12,000 | 2026 | 23,000 |
| 2001 | 7,000 | 2014 | 13,000 | 2027 | 24,000 |
| 2002 | 7,000 | 2015 | 13,000 | 2028 | 25,000 |
| 2003 | 7,000 | 2016 | 14,000 | 2029 | 26,000 |
| 2004 | 8,000 | 2017 | 15,000 | 2030 | 28,000 |
| 2005 | 8,000 | 2018 | 15,000 | 2031 | 29,000 |
| 2006 | 9,000 | 2019 | 16,000 | 2032 | 29,000 |
| 2007 | 9,000 | 2020 | 17,000 | | |

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 one of a series of McKinney Water District Waterworks Revenue Bonds of 1992, in the aggregate principal amount of \$843,800, consisting of \$150,400 of Series A Bonds, \$77,800 of Series B Bonds, \$78,600 of Series C Bonds and \$537,000 of Series D Bonds, issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 74 and 106 and Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes (the "Act"), and pursuant to a duly adopted Bond

Attest:

Secretary

Resolution of the District (the "Bond Resolution"), to which 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 (i) 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") and (ii) the current refunding of the outstanding McKinney Water District Waterworks Revenue Bonds, dated September 1, 1965.

This Bond, with the interest hereon, is payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, a sufficient portion of which gross revenues has been ordered set aside as a fund and pledged for that purpose and identified as the "McKinney Water District Waterworks Revenue Bond Sinking Fund".

A statutory mortgage lien upon the System is created and granted by the District in the 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; and the System, all appurtenances thereof and all extensions, additions, and improvements thereto, shall remain subject to said statutory mortgage lien (in addition to the aforesaid revenue pledge) until payment in full of the principal of and interest 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/or improvements to the System, provided the necessary calculations as to the earnings coverage required by the Bond Resolution are in existence and properly certified.

FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF.

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 McKinney Water District, in the Commonwealth of Kentucky, 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

May 21, 1993

MCKINNEY WATER DISTRICT
Lincoln and Casey Counties, Kentucky

By
Chairman

This Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky and is payable solely out of the revenues of the System. The District covenants that so long as any part of this Bond is unpaid, 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 this Bond, and that the District will fix and, if necessary, adjust, from time to time, such rates and charges for the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the principal of and interest on this Bond, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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, 2001, 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 the provisions of the Bond Resolution, the registered owner may, at his option, institute all rights and remedies provided by law or by the Bond Resolution.

LEGAL OPINION
RUBIN HAYS & FOLEY
 ATTORNEYS AT LAW
 FIRST TRUST CENTRE
 200 SOUTH FIFTH STREET
 LOUISVILLE, KENTUCKY 40202

May 21, 1993

Re: McKinney Water District Waterworks Revenue Bonds of 1992, in the aggregate amount of \$843,800 consisting of \$150,400 of Series A Bonds, \$77,800 of Series B Bonds, \$78,600 of Series C Bonds and \$537,000 of Series D Bonds.

OPINION AS TO SERIES D BONDS

We have acted as Bond Counsel in connection with the issuance by the McKinney Water District of Lincoln and Casey Counties, Kentucky (the "District") of \$843,800 of its McKinney Water District Waterworks Revenue Bonds of 1992, consisting of \$150,400 of Series A Bonds, \$77,800 of Series B Bonds, \$78,600 of Series C Bonds and \$537,000 of Series D Bonds (collectively the "Bonds"), dated as of the date of delivery of each respective series, and specifically the Series D Bonds to which this Opinion pertains, bearing interest at the interest rate specified in the Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts falling due on January 1 in each of the years, 1995 through 2032.

Said Bonds are issued pursuant to Chapters 74 and 106 and Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes and a Bond Resolution (the "Bond Resolution") duly adopted by the Commission of the District for the purpose of financing (i) the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District; (ii) the current refunding of certain outstanding bonds of the District; and (iii) the assumption of certain outstanding obligations of the McKinney Water Association, Inc. (the "Association"), which Association has been merged with the District. The proceeds of the Series D Bonds are being used to finance the cost (not otherwise provided) of (i) the construction of extensions, additions and improvements to the existing waterworks system of the District and (ii) the current refunding of the outstanding McKinney Water District Waterworks Revenue Bonds, dated September 1, 1965.

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

Based on such examination, we are of the opinion that the Series D Bonds are valid and legally binding and enforceable upon the District according to the import thereof and that the Series D Bonds are secured by a statutory mortgage lien against the System 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 Series D 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 Series D 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 parly bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the 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 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 Series D Bonds, we are of the opinion that: (1) interest on the Series D Bonds is excludable from gross income for federal income tax purposes; (2) the Series D 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, thus permitting the deduction of a substantial portion of the interest incurred to purchase or carry the Series D Bonds by financial institutions; (3) the Series D 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 Series D Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Series D Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the environmental tax, the branch profits tax on foreign corporations, the effect on certain S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Series D 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 Series D 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 Series D 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; and (9) interest on the Series D Bonds is exempt from Kentucky income taxes, and the principal of the Series D 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 Series D Bonds.

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

Rubin Hays & Foley

PROVISION FOR REGISTRATION

This Bond shall be registered on the 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.

| Date of Registration | Name and Address of Registered Owner | Signature of Secretary of the McKinney Water District, Bond Registrar |
|----------------------|--|---|
| May 21, 1993 | UNITED STATES OF AMERICA, FARMERS HOME ADMINISTRATION 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477 | <i>J. B. Helstetter</i> |
| | | |
| | | |
| | | |

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 _____

REGISTERED

NUMBER
AR-1

McKINNEY WATER DISTRICT
WATERWORKS REVENUE BOND, SERIES 1999A
INTEREST RATE: 3.25%

REGISTERED

PRINCIPAL AMOUNT
\$130,000

The holder of this Bond has consented to the issuance of \$50,000 of bonds making on a parity as to security and source of payment.

KNOW ALL MEN BY THESE PRESENTS: That the McKinney Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Lincoln County, Kentucky, for value 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, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000)

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 |
|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|
| 2001 | \$1,400 | 2014 | \$2,400 | 2027 | \$4,200 |
| 2002 | 1,400 | 2015 | 2,500 | 2028 | 4,500 |
| 2003 | 1,500 | 2016 | 2,600 | 2029 | 4,600 |
| 2004 | 1,500 | 2017 | 2,700 | 2030 | 4,900 |
| 2005 | 1,600 | 2018 | 2,900 | 2031 | 5,000 |
| 2006 | 1,700 | 2019 | 3,000 | 2032 | 5,300 |
| 2007 | 1,800 | 2020 | 3,100 | 2033 | 5,500 |
| 2008 | 1,800 | 2021 | 3,300 | 2034 | 5,800 |
| 2009 | 1,900 | 2022 | 3,400 | 2035 | 6,000 |
| 2010 | 2,000 | 2023 | 3,600 | 2036 | 6,300 |
| 2011 | 2,100 | 2024 | 3,700 | 2037 | 6,600 |
| 2012 | 2,200 | 2025 | 3,900 | 2038 | 6,900 |
| 2013 | 2,300 | 2026 | 4,100 | | |

the United States of America, at the address of the Registered Owner shown on the registration book of the District.

This Series A Bond is issued by the District as part of an issue in the aggregate principal amount of \$220,000, consisting of \$130,000 of Series A Bonds and \$90,000 of Series B Bonds, 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").

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

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 McKinney 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 **November 10, 1999.**

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

McKINNEY WATER DISTRICT
Lincoln County, Kentucky

Attest: Deborah H. Petty
Secretary

By: Bob Naples
Chairman



This Bond ranks on a parity as to security and source of payment with certain outstanding McKinney Water District Waterworks Revenue Bonds of 1992, Series A, B, C and D, dated May 21, 1993 (the "Prior Bonds"), authorized by a Resolution adopted by the Commission of the District on November 4, 1992 (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 "McKinney Water District Waterworks 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, 2008, 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 thirty (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.

LEGAL OPINION

Rubin & Hays

ATTORNEYS AT LAW

First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202
Telephone (502) 569-7525 Telefax (502) 569-7555

November 10, 1999

Re: McKinney Water District Waterworks Revenue Bonds, Series 1999, in the amount of \$220,000, consisting of \$130,000 of Series A Bonds and \$90,000 of Series B Bonds

We have acted as Bond Counsel in connection with the issuance by the McKinney Water District of Lincoln County, Kentucky (the "District") of \$220,000 of its McKinney Water District Waterworks Revenue Bonds, Series 1999, consisting of \$130,000 of Series A Bonds and \$90,000 of Series B Bonds (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, 2001 through 2038, 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 fully registered Bonds, numbered AR-1 and BR-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 McKinney Water District Waterworks Revenue Bonds of 1992, Series A, B, C and D, dated May 21, 1993 (the "Prior Bonds"), authorized by a Resolution adopted by the District on November 4, 1992 (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 neces-

sary 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.

PROVISION FOR REGISTRATION

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

| Date of Registration | Name of Registered Owner | Signature of Bond Registrar |
|----------------------|--|-----------------------------|
| November 10, 1999 | UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477 | |
| | | |
| | | |
| | | |
| | | |

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: _____

REGISTERED



McKINNEY WATER DISTRICT
WATERWORKS REVENUE BOND, SERIES 1999B

INTEREST RATE: 3.25%

The holder of this Bond has consented to the issuance of \$550,000 of bonds ranking on a parity as to security and source of principal with this bond.

REGISTERED



KNOW ALL MEN BY THESE PRESENTS: That the McKinney Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Lincoln County, Kentucky, for value 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, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

NINETY THOUSAND DOLLARS (\$90,000)

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 |
|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|
| 2001 | \$ 900 | 2014 | \$1,600 | 2027 | \$2,900 |
| 2002 | 1,000 | 2015 | 1,800 | 2028 | 3,100 |
| 2003 | 1,000 | 2016 | 1,800 | 2029 | 3,200 |
| 2004 | 1,100 | 2017 | 1,900 | 2030 | 3,400 |
| 2005 | 1,100 | 2018 | 2,000 | 2031 | 3,500 |
| 2006 | 1,200 | 2019 | 2,100 | 2032 | 3,700 |
| 2007 | 1,200 | 2020 | 2,100 | 2033 | 3,800 |
| 2008 | 1,300 | 2021 | 2,300 | 2034 | 4,000 |
| 2009 | 1,300 | 2022 | 2,300 | 2035 | 4,200 |
| 2010 | 1,400 | 2023 | 2,500 | 2036 | 4,400 |
| 2011 | 1,400 | 2024 | 2,600 | 2037 | 4,600 |
| 2012 | 1,500 | 2025 | 2,700 | 2038 | 4,700 |
| 2013 | 1,600 | 2026 | 2,800 | | |

the United States of America, at the address of the Registered Owner shown on the registration book of the District.

This Series B Bond is issued by the District as part of an issue in the aggregate principal amount of \$220,000, consisting of \$130,000 of Series A Bonds and \$90,000 of Series B Bonds, 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").

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

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 McKinney 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 **November 10, 1999**.

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

Attest: 
Secretary

McKINNEY WATER DISTRICT
Lincoln County, Kentucky

By: 
Chairman



This Bond ranks on a parity as to security and source of payment with certain outstanding McKinney Water District Waterworks Revenue Bonds of 1992, Series A, B, C and D, dated May 21, 1993 (the "Prior Bonds"), authorized by a Resolution adopted by the Commission of the District on November 4, 1992 (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 "McKinney Water District Waterworks 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, 2008, 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 thirty (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.

LEGAL OPINION

Rubin & Hays

ATTORNEYS AT LAW

First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202
Telephone (502) 569-7525 Telefax (502) 569-7555

November 10, 1999

Re: McKinney Water District Waterworks Revenue Bonds, Series 1999, in the amount of \$220,000, consisting of \$130,000 of Series A Bonds and \$90,000 of Series B Bonds

We have acted as Bond Counsel in connection with the issuance by the McKinney Water District of Lincoln County, Kentucky (the "District") of \$220,000 of its McKinney Water District Waterworks Revenue Bonds, Series 1999, consisting of \$130,000 of Series A Bonds and \$90,000 of Series B Bonds (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, 2001 through 2038, 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 fully registered Bonds, numbered AR-1 and BR-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 McKinney Water District Waterworks Revenue Bonds of 1992, Series A, B, C and D, dated May 21, 1993 (the "Prior Bonds"), authorized by a Resolution adopted by the District on November 4, 1992 (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 neces-

sary 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.

PROVISION FOR REGISTRATION

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

| Date of Registration | Name of Registered Owner | Signature of Bond Registrar |
|----------------------|--|--|
| November 10, 1999 | UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477 |  |
| | | |
| | | |
| | | |

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: _____

REGISTERED

McKINNEY WATER DISTRICT
WATERWORKS REVENUE BOND, SERIES 2000
INTEREST RATE: 3.25%

REGISTERED

NUMBER
R-1

PRINCIPAL AMOUNT
\$550,000

KNOW ALL MEN BY THESE PRESENTS: That the McKinney Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Lincoln and Casey Counties, Kentucky, for value 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, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$550,000)

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 |
|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|
| 2003 | \$ 7,500 | 2016 | \$11,500 | 2029 | \$17,000 |
| 2004 | 8,000 | 2017 | 12,000 | 2030 | 18,000 |
| 2005 | 8,000 | 2018 | 12,000 | 2031 | 18,500 |
| 2006 | 8,500 | 2019 | 12,500 | 2032 | 19,000 |
| 2007 | 8,500 | 2020 | 13,000 | 2033 | 19,500 |
| 2008 | 9,000 | 2021 | 13,500 | 2034 | 20,500 |
| 2009 | 9,000 | 2022 | 14,000 | 2035 | 21,000 |
| 2010 | 9,500 | 2023 | 14,000 | 2036 | 21,500 |
| 2011 | 9,500 | 2024 | 15,000 | 2037 | 22,500 |
| 2012 | 10,000 | 2025 | 15,000 | 2038 | 23,000 |
| 2013 | 10,500 | 2026 | 16,000 | 2039 | 24,000 |
| 2014 | 10,500 | 2027 | 16,000 | 2040 | 24,500 |
| 2015 | 11,000 | 2028 | 17,000 | | |

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").

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

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 McKinney 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 **December 6, 2000.**

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

McKINNEY WATER DISTRICT

Attest: 
Secretary

By: 
Chairman



This Bond is issued on a parity as to security and source of payment with the outstanding McKinney Water District Waterworks Revenue Bonds of 1992, Series A, B, C and D, dated May 21, 1993 (the "Bonds of 1992"), authorized by a Resolution adopted by the Commission of the District on November 4, 1992 (the "1992 Bond Resolution"); and the McKinney Water District Waterworks Revenue Bonds, Series 1999A and 1999B, dated November 10, 1999 (the "Bonds of 1999"), authorized by a Resolution adopted by the Commission of the District on January 12, 1999 (the "1999 Bond Resolution") [hereinafter the Bonds of 1992 and the Bonds of 1999 shall be collectively referred to as the "Prior Bonds," and the 1992 Bond Resolution and the 1999 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond and the Prior Bonds, together with any bonds ranking on a parity herewith, are 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 "McKinney Water District 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 its 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, 2010, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the Registered Owner of this Bond or its assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

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

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

LEGAL OPINION

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202
Telephone: (502) 569-7525 Telefax: (502) 569-7555

December 6, 2000

Re: McKinney Water District Waterworks Revenue Bonds, Series 2000, In the amount of \$550,000

We have acted as Bond Counsel in connection with the issuance by the McKinney Water District of Lincoln and Casey Counties, Kentucky (the "District") of Five Hundred Fifty Thousand Dollars (\$550,000) of its McKinney 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 2003 through 2040, 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 McKinney Water District Waterworks Revenue Bonds of 1992, Series A, B, C and D, dated May 21, 1993 (the "Series 1992 Bonds"), authorized by a Resolution adopted by the District on November 4, 1992 (the "1992 Bond Resolution"); and the McKinney Water District Waterworks Revenue Bonds, Series 1999A and 1999B, dated November 10, 1999 (the "Series 1999 Bonds"), authorized by a Resolution adopted by the District on January 12, 1999 (the "1999 Bond Resolution") [hereinafter the Series 1992 Bonds and the Series 1999 Bonds shall be collectively referred to as the "Prior Bonds," and the 1992 Bond Resolution and the 1999 Bond Resolution shall be collectively 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.

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.

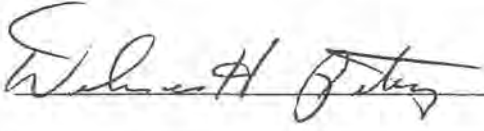
No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

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.

PROVISION FOR REGISTRATION

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

| Date of Registration | Name of Registered Owner | Signature of Bond Registrar |
|----------------------|--|--|
| December 6, 2000 | UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477 |  |
| | | |
| | | |
| | | |

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: _____

Attachment #9

| Name | McKinney Water District | | | | LOAN NUMBER | 91-01 |
|-------------|-------------------------|--|---------------------------------------|---|---------------------------------------|--------------|
| Bond Series | | Amount of Bond | | | Interest Rate | Semi Annual |
| 1992 | | \$537,000.00 | | | 5.000% | 5/21/1993 |
| | | | JANUARY | JULY | | |
| YEAR | PRINCIPAL | INTEREST | Principal/ Interest Payment Due | INTEREST Interest Payment Due | Yearly Total Paid | BALANCE |
| | | | | | | \$537,000.00 |
| 1995 | \$5,000.00 | \$13,425.00 | \$18,425.00 | \$13,300.00 | \$31,725.00 | \$532,000.00 |
| 1996 | \$5,000.00 | \$13,300.00 | \$18,300.00 | \$13,175.00 | \$31,475.00 | \$527,000.00 |
| 1997 | \$6,000.00 | \$13,175.00 | \$19,175.00 | \$13,025.00 | \$32,200.00 | \$521,000.00 |
| 1998 | \$6,000.00 | \$13,025.00 | \$19,025.00 | \$12,875.00 | \$31,900.00 | \$515,000.00 |
| 1999 | \$6,000.00 | \$12,875.00 | \$18,875.00 | \$12,725.00 | \$31,600.00 | \$509,000.00 |
| 2000 | \$6,000.00 | \$12,725.00 | \$18,725.00 | \$12,575.00 | \$31,300.00 | \$503,000.00 |
| 2001 | \$7,000.00 | \$12,575.00 | \$19,575.00 | \$12,400.00 | \$31,975.00 | \$496,000.00 |
| 2002 | \$7,000.00 | \$12,400.00 | \$19,400.00 | \$12,225.00 | \$31,625.00 | \$489,000.00 |
| 2003 | \$7,000.00 | \$12,225.00 | \$19,225.00 | \$12,050.00 | \$31,275.00 | \$482,000.00 |
| 2004 | \$8,000.00 | \$12,050.00 | \$20,050.00 | \$11,850.00 | \$31,900.00 | \$474,000.00 |
| 2005 | \$8,000.00 | \$11,850.00 | \$19,850.00 | \$11,650.00 | \$31,500.00 | \$466,000.00 |
| 2006 | \$9,000.00 | \$11,650.00 | \$20,650.00 | \$11,425.00 | \$32,075.00 | \$457,000.00 |
| 2007 | \$9,000.00 | \$11,425.00 | \$20,425.00 | \$11,200.00 | \$31,625.00 | \$448,000.00 |
| 2008 | \$9,000.00 | \$11,200.00 | \$20,200.00 | \$10,975.00 | \$31,175.00 | \$439,000.00 |
| 2009 | \$10,000.00 | \$10,975.00 | \$20,975.00 | \$10,725.00 | \$31,700.00 | \$429,000.00 |
| 2010 | \$10,000.00 | \$10,725.00 | \$20,725.00 | \$10,475.00 | \$31,200.00 | \$419,000.00 |
| 2011 | \$11,000.00 | \$10,475.00 | \$21,475.00 | \$10,200.00 | \$31,675.00 | \$408,000.00 |
| 2012 | \$11,000.00 | \$10,200.00 | \$21,200.00 | \$9,925.00 | \$31,125.00 | \$397,000.00 |
| 2013 | \$12,000.00 | \$9,925.00 | \$21,925.00 | \$9,625.00 | \$31,550.00 | \$385,000.00 |
| 2014 | \$13,000.00 | \$9,625.00 | \$22,625.00 | \$9,300.00 | \$31,925.00 | \$372,000.00 |
| 2015 | \$13,000.00 | \$9,300.00 | \$22,300.00 | \$8,975.00 | \$31,275.00 | \$359,000.00 |
| 2016 | \$14,000.00 | \$8,975.00 | \$22,975.00 | \$8,625.00 | \$31,600.00 | \$345,000.00 |
| 2017 | \$15,000.00 | \$8,625.00 | \$23,625.00 | \$8,250.00 | \$31,875.00 | \$330,000.00 |
| 2018 | \$15,000.00 | \$8,250.00 | \$23,250.00 | \$7,875.00 | \$31,125.00 | \$315,000.00 |
| 2019 | \$16,000.00 | \$7,875.00 | \$23,875.00 | \$7,475.00 | \$31,350.00 | \$299,000.00 |
| 2020 | \$17,000.00 | \$7,475.00 | \$24,475.00 | \$7,050.00 | \$31,525.00 | \$282,000.00 |
| 2021 | \$18,000.00 | \$7,050.00 | \$25,050.00 | \$6,600.00 | \$31,650.00 | \$264,000.00 |
| 2022 | \$19,000.00 | \$6,600.00 | \$25,600.00 | \$6,125.00 | \$31,725.00 | \$245,000.00 |
| 2023 | \$19,000.00 | \$6,125.00 | \$25,125.00 | \$5,650.00 | \$30,775.00 | \$226,000.00 |
| 2024 | \$21,000.00 | \$5,650.00 | \$26,650.00 | \$5,125.00 | \$31,775.00 | \$205,000.00 |
| 2025 | \$21,000.00 | \$5,125.00 | \$26,125.00 | \$4,600.00 | \$30,725.00 | \$184,000.00 |
| 2026 | \$23,000.00 | \$4,600.00 | \$27,600.00 | \$4,025.00 | \$31,625.00 | \$161,000.00 |
| 2027 | \$24,000.00 | \$4,025.00 | \$28,025.00 | \$3,425.00 | \$31,450.00 | \$137,000.00 |
| 2028 | \$25,000.00 | \$3,425.00 | \$28,425.00 | \$2,800.00 | \$31,225.00 | \$112,000.00 |
| 2029 | \$26,000.00 | \$2,800.00 | \$28,800.00 | \$2,150.00 | \$30,950.00 | \$86,000.00 |
| 2030 | \$28,000.00 | \$2,150.00 | \$30,150.00 | \$1,450.00 | \$31,600.00 | \$58,000.00 |
| 2031 | \$29,000.00 | \$1,450.00 | \$30,450.00 | \$725.00 | \$31,175.00 | \$29,000.00 |
| 2032 | \$29,000.00 | \$725.00 | \$29,725.00 | \$0.00 | \$29,725.00 | \$0.00 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | Total Prin. Paid | Total Semi-Annual Int. Paid | | Total Semi-Annual Int. Paid | Total Bond Prin./Int. Paid | |
| | \$537,000.00 | \$336,050.00 | | \$322,625.00 | \$1,195,675.00 | |

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and

principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.

| Name | McKinney Water District | | | | LOAN NUMBER | 91-06 |
|-------------|-------------------------|--------------------------------|---------------------------------------|---|-------------------------------|--------------|
| Bond Series | | Amount of Bond | | | Interest Rate | Semi Annual |
| 1999 | | \$130,000.00 | | | 3.250% | 11/10/1999 |
| | | | JANUARY | JULY | | |
| YEAR | PRINCIPAL | INTEREST | Principal/ Interest Payment Due | INTEREST Interest Payment Due | Yearly Total Paid | BALANCE |
| | | | | | | \$130,000.00 |
| 2001 | \$1,400.00 | \$2,112.50 | \$3,512.50 | \$2,089.75 | \$5,602.25 | \$128,600.00 |
| 2002 | \$1,400.00 | \$2,089.75 | \$3,489.75 | \$2,067.00 | \$5,556.75 | \$127,200.00 |
| 2003 | \$1,500.00 | \$2,067.00 | \$3,567.00 | \$2,042.63 | \$5,609.63 | \$125,700.00 |
| 2004 | \$1,500.00 | \$2,042.63 | \$3,542.63 | \$2,018.25 | \$5,560.88 | \$124,200.00 |
| 2005 | \$1,600.00 | \$2,018.25 | \$3,618.25 | \$1,992.25 | \$5,610.50 | \$122,600.00 |
| 2006 | \$1,700.00 | \$1,992.25 | \$3,692.25 | \$1,964.63 | \$5,656.88 | \$120,900.00 |
| 2007 | \$1,800.00 | \$1,964.63 | \$3,764.63 | \$1,935.38 | \$5,700.00 | \$119,100.00 |
| 2008 | \$1,800.00 | \$1,935.38 | \$3,735.38 | \$1,906.13 | \$5,641.50 | \$117,300.00 |
| 2009 | \$1,900.00 | \$1,906.13 | \$3,806.13 | \$1,875.25 | \$5,681.38 | \$115,400.00 |
| 2010 | \$2,000.00 | \$1,875.25 | \$3,875.25 | \$1,842.75 | \$5,718.00 | \$113,400.00 |
| 2011 | \$2,100.00 | \$1,842.75 | \$3,942.75 | \$1,808.63 | \$5,751.38 | \$111,300.00 |
| 2012 | \$2,200.00 | \$1,808.63 | \$4,008.63 | \$1,772.88 | \$5,781.50 | \$109,100.00 |
| 2013 | \$2,300.00 | \$1,772.88 | \$4,072.88 | \$1,735.50 | \$5,808.38 | \$106,800.00 |
| 2014 | \$2,400.00 | \$1,735.50 | \$4,135.50 | \$1,696.50 | \$5,832.00 | \$104,400.00 |
| 2015 | \$2,500.00 | \$1,696.50 | \$4,196.50 | \$1,655.88 | \$5,852.38 | \$101,900.00 |
| 2016 | \$2,600.00 | \$1,655.88 | \$4,255.88 | \$1,613.63 | \$5,869.50 | \$99,300.00 |
| 2017 | \$2,700.00 | \$1,613.63 | \$4,313.63 | \$1,569.75 | \$5,883.38 | \$96,600.00 |
| 2018 | \$2,900.00 | \$1,569.75 | \$4,469.75 | \$1,522.63 | \$5,992.38 | \$93,700.00 |
| 2019 | \$3,000.00 | \$1,522.63 | \$4,522.63 | \$1,473.88 | \$5,996.50 | \$90,700.00 |
| 2020 | \$3,100.00 | \$1,473.88 | \$4,573.88 | \$1,423.50 | \$5,997.38 | \$87,600.00 |
| 2021 | \$3,300.00 | \$1,423.50 | \$4,723.50 | \$1,369.88 | \$6,093.38 | \$84,300.00 |
| 2022 | \$3,400.00 | \$1,369.88 | \$4,769.88 | \$1,314.63 | \$6,084.50 | \$80,900.00 |
| 2023 | \$3,600.00 | \$1,314.63 | \$4,914.63 | \$1,256.13 | \$6,170.75 | \$77,300.00 |
| 2024 | \$3,700.00 | \$1,256.13 | \$4,956.13 | \$1,196.00 | \$6,152.13 | \$73,600.00 |
| 2025 | \$3,900.00 | \$1,196.00 | \$5,096.00 | \$1,132.63 | \$6,228.63 | \$69,700.00 |
| 2026 | \$4,100.00 | \$1,132.63 | \$5,232.63 | \$1,066.00 | \$6,298.63 | \$65,600.00 |
| 2027 | \$4,200.00 | \$1,066.00 | \$5,266.00 | \$997.75 | \$6,263.75 | \$61,400.00 |
| 2028 | \$4,500.00 | \$997.75 | \$5,497.75 | \$924.63 | \$6,422.38 | \$56,900.00 |
| 2029 | \$4,600.00 | \$924.63 | \$5,524.63 | \$849.88 | \$6,374.50 | \$52,300.00 |
| 2030 | \$4,900.00 | \$849.88 | \$5,749.88 | \$770.25 | \$6,520.13 | \$47,400.00 |
| 2031 | \$5,000.00 | \$770.25 | \$5,770.25 | \$689.00 | \$6,459.25 | \$42,400.00 |
| 2032 | \$5,300.00 | \$689.00 | \$5,989.00 | \$602.88 | \$6,591.88 | \$37,100.00 |
| 2033 | \$5,500.00 | \$602.88 | \$6,102.88 | \$513.50 | \$6,616.38 | \$31,600.00 |
| 2034 | \$5,800.00 | \$513.50 | \$6,313.50 | \$419.25 | \$6,732.75 | \$25,800.00 |
| 2035 | \$6,000.00 | \$419.25 | \$6,419.25 | \$321.75 | \$6,741.00 | \$19,800.00 |
| 2036 | \$6,300.00 | \$321.75 | \$6,621.75 | \$219.38 | \$6,841.13 | \$13,500.00 |
| 2037 | \$6,600.00 | \$219.38 | \$6,819.38 | \$112.13 | \$6,931.50 | \$6,900.00 |
| 2038 | \$6,900.00 | \$112.13 | \$7,012.13 | \$0.00 | \$7,012.13 | \$0.00 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | Total Prin. Paid | Total Semi-Annual Int. Paid | | Total Semi-Annual Int. Paid | Total Bond Prin./Int. Paid | |
| | \$130,000.00 | \$51,874.88 | | \$49,762.38 | \$231,637.25 | |

| Name | McKinney Water District | | | | LOAN NUMBER | 91-08 |
|-------------|-------------------------|--|---------------------------------------|---|---------------------------------------|-------------|
| Bond Series | | Amount of Bond | | | Interest Rate | Semi Annual |
| 1999 | | \$90,000.00 | | | 3.250% | 11/10/1999 |
| | | | JANUARY | JULY | | |
| YEAR | PRINCIPAL | INTEREST | Principal/ Interest Payment Due | INTEREST Interest Payment Due | Yearly Total Paid | BALANCE |
| | | | | | | \$90,000.00 |
| 2001 | \$900.00 | \$1,462.50 | \$2,362.50 | \$1,447.88 | \$3,810.38 | \$89,100.00 |
| 2002 | \$1,000.00 | \$1,447.88 | \$2,447.88 | \$1,431.63 | \$3,879.50 | \$88,100.00 |
| 2003 | \$1,000.00 | \$1,431.63 | \$2,431.63 | \$1,415.38 | \$3,847.00 | \$87,100.00 |
| 2004 | \$1,100.00 | \$1,415.38 | \$2,515.38 | \$1,397.50 | \$3,912.88 | \$86,000.00 |
| 2005 | \$1,100.00 | \$1,397.50 | \$2,497.50 | \$1,379.63 | \$3,877.13 | \$84,900.00 |
| 2006 | \$1,200.00 | \$1,379.63 | \$2,579.63 | \$1,360.13 | \$3,939.75 | \$83,700.00 |
| 2007 | \$1,200.00 | \$1,360.13 | \$2,560.13 | \$1,340.63 | \$3,900.75 | \$82,500.00 |
| 2008 | \$1,300.00 | \$1,340.63 | \$2,640.63 | \$1,319.50 | \$3,960.13 | \$81,200.00 |
| 2009 | \$1,300.00 | \$1,319.50 | \$2,619.50 | \$1,298.38 | \$3,917.88 | \$79,900.00 |
| 2010 | \$1,400.00 | \$1,298.38 | \$2,698.38 | \$1,275.63 | \$3,974.00 | \$78,500.00 |
| 2011 | \$1,400.00 | \$1,275.63 | \$2,675.63 | \$1,252.88 | \$3,928.50 | \$77,100.00 |
| 2012 | \$1,500.00 | \$1,252.88 | \$2,752.88 | \$1,228.50 | \$3,981.38 | \$75,600.00 |
| 2013 | \$1,600.00 | \$1,228.50 | \$2,828.50 | \$1,202.50 | \$4,031.00 | \$74,000.00 |
| 2014 | \$1,600.00 | \$1,202.50 | \$2,802.50 | \$1,176.50 | \$3,979.00 | \$72,400.00 |
| 2015 | \$1,800.00 | \$1,176.50 | \$2,976.50 | \$1,147.25 | \$4,123.75 | \$70,600.00 |
| 2016 | \$1,800.00 | \$1,147.25 | \$2,947.25 | \$1,118.00 | \$4,065.25 | \$68,800.00 |
| 2017 | \$1,900.00 | \$1,118.00 | \$3,018.00 | \$1,087.13 | \$4,105.13 | \$66,900.00 |
| 2018 | \$2,000.00 | \$1,087.13 | \$3,087.13 | \$1,054.63 | \$4,141.75 | \$64,900.00 |
| 2019 | \$2,100.00 | \$1,054.63 | \$3,154.63 | \$1,020.50 | \$4,175.13 | \$62,800.00 |
| 2020 | \$2,100.00 | \$1,020.50 | \$3,120.50 | \$986.38 | \$4,106.88 | \$60,700.00 |
| 2021 | \$2,300.00 | \$986.38 | \$3,286.38 | \$949.00 | \$4,235.38 | \$58,400.00 |
| 2022 | \$2,300.00 | \$949.00 | \$3,249.00 | \$911.63 | \$4,160.63 | \$56,100.00 |
| 2023 | \$2,500.00 | \$911.63 | \$3,411.63 | \$871.00 | \$4,282.63 | \$53,600.00 |
| 2024 | \$2,600.00 | \$871.00 | \$3,471.00 | \$828.75 | \$4,299.75 | \$51,000.00 |
| 2025 | \$2,700.00 | \$828.75 | \$3,528.75 | \$784.88 | \$4,313.63 | \$48,300.00 |
| 2026 | \$2,800.00 | \$784.88 | \$3,584.88 | \$739.38 | \$4,324.25 | \$45,500.00 |
| 2027 | \$2,900.00 | \$739.38 | \$3,639.38 | \$692.25 | \$4,331.63 | \$42,600.00 |
| 2028 | \$3,100.00 | \$692.25 | \$3,792.25 | \$641.88 | \$4,434.13 | \$39,500.00 |
| 2029 | \$3,200.00 | \$641.88 | \$3,841.88 | \$589.88 | \$4,431.75 | \$36,300.00 |
| 2030 | \$3,400.00 | \$589.88 | \$3,989.88 | \$534.63 | \$4,524.50 | \$32,900.00 |
| 2031 | \$3,500.00 | \$534.63 | \$4,034.63 | \$477.75 | \$4,512.38 | \$29,400.00 |
| 2032 | \$3,700.00 | \$477.75 | \$4,177.75 | \$417.63 | \$4,595.38 | \$25,700.00 |
| 2033 | \$3,800.00 | \$417.63 | \$4,217.63 | \$355.88 | \$4,573.50 | \$21,900.00 |
| 2034 | \$4,000.00 | \$355.88 | \$4,355.88 | \$290.88 | \$4,646.75 | \$17,900.00 |
| 2035 | \$4,200.00 | \$290.88 | \$4,490.88 | \$222.63 | \$4,713.50 | \$13,700.00 |
| 2036 | \$4,400.00 | \$222.63 | \$4,622.63 | \$151.13 | \$4,773.75 | \$9,300.00 |
| 2037 | \$4,600.00 | \$151.13 | \$4,751.13 | \$76.38 | \$4,827.50 | \$4,700.00 |
| 2038 | \$4,700.00 | \$76.38 | \$4,776.38 | \$0.00 | \$4,776.38 | \$0.00 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | Total Prin. Paid | Total Semi-Annual Int. Paid | | Total Semi-Annual Int. Paid | Total Bond Prin./Int. Paid | |
| | \$90,000.00 | \$35,938.50 | | \$34,476.00 | \$160,414.50 | |

| Name | McKinney Water District | | | | LOAN NUMBER | 91-09 |
|-------------|-------------------------|--|---------------------------------------|---|---------------------------------------|--------------|
| Bond Series | | Amount of Bond | | | Interest Rate | Semi Annual |
| 2000 | | \$550,000.00 | | | 3.250% | 12/6/2000 |
| | | | JANUARY | JULY | | |
| YEAR | PRINCIPAL | INTEREST | Principal/ Interest Payment Due | INTEREST Interest Payment Due | Yearly Total Paid | BALANCE |
| | | | | | | \$550,000.00 |
| 2003 | \$7,500.00 | \$8,937.50 | \$16,437.50 | \$8,815.63 | \$25,253.13 | \$542,500.00 |
| 2004 | \$8,000.00 | \$8,815.63 | \$16,815.63 | \$8,685.63 | \$25,501.25 | \$534,500.00 |
| 2005 | \$8,000.00 | \$8,685.63 | \$16,685.63 | \$8,555.63 | \$25,241.25 | \$526,500.00 |
| 2006 | \$8,500.00 | \$8,555.63 | \$17,055.63 | \$8,417.50 | \$25,473.13 | \$518,000.00 |
| 2007 | \$8,500.00 | \$8,417.50 | \$16,917.50 | \$8,279.38 | \$25,196.88 | \$509,500.00 |
| 2008 | \$9,000.00 | \$8,279.38 | \$17,279.38 | \$8,133.13 | \$25,412.50 | \$500,500.00 |
| 2009 | \$9,000.00 | \$8,133.13 | \$17,133.13 | \$7,986.88 | \$25,120.00 | \$491,500.00 |
| 2010 | \$9,500.00 | \$7,986.88 | \$17,486.88 | \$7,832.50 | \$25,319.38 | \$482,000.00 |
| 2011 | \$9,500.00 | \$7,832.50 | \$17,332.50 | \$7,678.13 | \$25,010.63 | \$472,500.00 |
| 2012 | \$10,000.00 | \$7,678.13 | \$17,678.13 | \$7,515.63 | \$25,193.75 | \$462,500.00 |
| 2013 | \$10,500.00 | \$7,515.63 | \$18,015.63 | \$7,345.00 | \$25,360.63 | \$452,000.00 |
| 2014 | \$10,500.00 | \$7,345.00 | \$17,845.00 | \$7,174.38 | \$25,019.38 | \$441,500.00 |
| 2015 | \$11,000.00 | \$7,174.38 | \$18,174.38 | \$6,995.63 | \$25,170.00 | \$430,500.00 |
| 2016 | \$11,500.00 | \$6,995.63 | \$18,495.63 | \$6,808.75 | \$25,304.38 | \$419,000.00 |
| 2017 | \$12,000.00 | \$6,808.75 | \$18,808.75 | \$6,613.75 | \$25,422.50 | \$407,000.00 |
| 2018 | \$12,000.00 | \$6,613.75 | \$18,613.75 | \$6,418.75 | \$25,032.50 | \$395,000.00 |
| 2019 | \$12,500.00 | \$6,418.75 | \$18,918.75 | \$6,215.63 | \$25,134.38 | \$382,500.00 |
| 2020 | \$13,000.00 | \$6,215.63 | \$19,215.63 | \$6,004.38 | \$25,220.00 | \$369,500.00 |
| 2021 | \$13,500.00 | \$6,004.38 | \$19,504.38 | \$5,785.00 | \$25,289.38 | \$356,000.00 |
| 2022 | \$14,000.00 | \$5,785.00 | \$19,785.00 | \$5,557.50 | \$25,342.50 | \$342,000.00 |
| 2023 | \$14,000.00 | \$5,557.50 | \$19,557.50 | \$5,330.00 | \$24,887.50 | \$328,000.00 |
| 2024 | \$15,000.00 | \$5,330.00 | \$20,330.00 | \$5,086.25 | \$25,416.25 | \$313,000.00 |
| 2025 | \$15,000.00 | \$5,086.25 | \$20,086.25 | \$4,842.50 | \$24,928.75 | \$298,000.00 |
| 2026 | \$16,000.00 | \$4,842.50 | \$20,842.50 | \$4,582.50 | \$25,425.00 | \$282,000.00 |
| 2027 | \$16,000.00 | \$4,582.50 | \$20,582.50 | \$4,322.50 | \$24,905.00 | \$266,000.00 |
| 2028 | \$17,000.00 | \$4,322.50 | \$21,322.50 | \$4,046.25 | \$25,368.75 | \$249,000.00 |
| 2029 | \$17,000.00 | \$4,046.25 | \$21,046.25 | \$3,770.00 | \$24,816.25 | \$232,000.00 |
| 2030 | \$18,000.00 | \$3,770.00 | \$21,770.00 | \$3,477.50 | \$25,247.50 | \$214,000.00 |
| 2031 | \$18,500.00 | \$3,477.50 | \$21,977.50 | \$3,176.88 | \$25,154.38 | \$195,500.00 |
| 2032 | \$19,000.00 | \$3,176.88 | \$22,176.88 | \$2,868.13 | \$25,045.00 | \$176,500.00 |
| 2033 | \$19,500.00 | \$2,868.13 | \$22,368.13 | \$2,551.25 | \$24,919.38 | \$157,000.00 |
| 2034 | \$20,500.00 | \$2,551.25 | \$23,051.25 | \$2,218.13 | \$25,269.38 | \$136,500.00 |
| 2035 | \$21,000.00 | \$2,218.13 | \$23,218.13 | \$1,876.88 | \$25,095.00 | \$115,500.00 |
| 2036 | \$21,500.00 | \$1,876.88 | \$23,376.88 | \$1,527.50 | \$24,904.38 | \$94,000.00 |
| 2037 | \$22,500.00 | \$1,527.50 | \$24,027.50 | \$1,161.88 | \$25,189.38 | \$71,500.00 |
| 2038 | \$23,000.00 | \$1,161.88 | \$24,161.88 | \$788.13 | \$24,950.00 | \$48,500.00 |
| 2039 | \$24,000.00 | \$788.13 | \$24,788.13 | \$398.13 | \$25,186.25 | \$24,500.00 |
| 2040 | \$24,500.00 | \$398.13 | \$24,898.13 | \$0.00 | \$24,898.13 | \$0.00 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | Total Prin. Paid | Total Semi-Annual Int. Paid | | Total Semi-Annual Int. Paid | Total Bond Prin./Int. Paid | |
| | \$550,000.00 | \$207,780.63 | | \$198,843.13 | \$956,623.75 | |

Attachment #10

**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 _____ ("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."

Brian M. Rankin
(Print Name)

[Signature]
(Signed)

Chairman
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Lincoln

Subscribed and sworn to before me by *Matthew*
(Name)

this 18th day of November, 2022.



Rebecca J. Jones
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between McKinney Water Dist ("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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| | | |

- 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."

Bobby Hasty
(Print Name)

Bobby Hasty
(Signed)

Board member
(Position/Office)

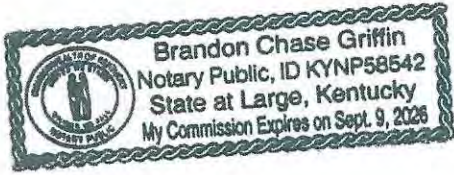
* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a 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 LINCOLN

Subscribed and sworn to before me by BOBBY HASTY
(Name)

this 17th day of NOVEMBER, 2022.



[Signature]
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between McKamy Water ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

| Name of Related Party (Individual or Business) | Type of Service Provided By Related Party | Amount of Compensation |
|---|--|---------------------------|
| | | |
| | | |
| | | |
| | | |

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

David M. Rael
(Print Name)

David M. Rael
(Signed)

Commissioner
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Lincoln

Subscribed and sworn to before me by David Reed
(Name)

this 18th day of November, 2022.

Rhonda Kay Moore
NOTARY PUBLIC
State-at-Large
My Commission Expires 2-21-2023
615970

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 McKinney 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."

Joseph Schuler
(Print Name)


(Signed)

Board Member
(Position/Office)

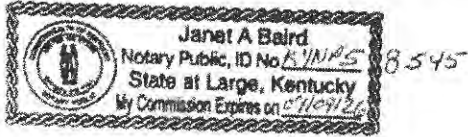
* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a 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 Lincoln

Subscribed and sworn to before me by Janet A Baird
(Name)

this 9th day of Nov, 2022.



Janet A Baird
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between McKinnon 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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| | | |

- 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."

Lonnie Brown
(Print Name)

Lonnie Brown
(Signed)

Manager
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Letcher

Subscribed and sworn to before me by Lonnie Brown
(Name)

this 17 day of Nov, 2020

Kathy Carter
NOTARY PUBLIC
State-at-Large 12-18-23

**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 _____ ("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."

Michael Carrier
(Print Name)

Michael Carrier
(Signed)

Commissioner
(Position/Office)

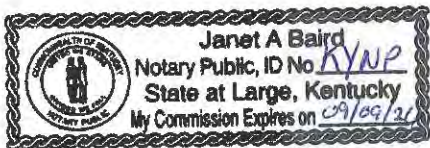
* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Lincoln

Subscribed and sworn to before me by Janet A Baird
(Name)

this 17 day of Nov, 2022.



58545

Janet A Baird
NOTARY PUBLIC
State-at-Large

Attachment #11

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
MCKINNEY WATER DISTRICT PROPOSING ADJUSTMENTS
TO ITS WATER RATES AND CHARGES AND AUTHORIZING
ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC
SEEKING APPROVAL OF THE PROPOSED RATE
ADJUSTMENT**

WHEREAS, McKinney Water District ("District") is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission ("PSC");

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

WHEREAS, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

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

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.


Section 2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

Section 3. The Chairman and Manager are hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Manager, and all others to whom the Chairman may delegate certain responsibilities are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE BOARD OF COMMISSIONERS OF MCKINNEY WATER DISTRICT at a meeting held on November 8, 2022, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:



SECRETARY

CERTIFICATION

I, Secretary of the McKinney Water District (“District”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on November 8, 2022, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 8th day of November 2022.



SECRETARY

APPENDIX A

CURRENT AND PROPOSED RATES
Using Debt Service Coverage Method
MCKINNEY WATER DISTRICT

| Monthly Rates | Current | | Proposed | | Difference | |
|---------------------------|------------|--------------|------------|--------------|------------|---------|
| 5/8X3/4 Inch Meter | | | | | | |
| First 1,000 Gallons | \$ 15.01 | Minimum Bill | \$ 16.05 | Minimum Bill | \$ 1.04 | 6.93% |
| Next 2,000 Gallons | \$ 0.00948 | Per Gallon | \$ 0.01014 | Per Gallon | \$ 0.00066 | 6.96% |
| Next 7,000 Gallons | \$ 0.00807 | Per Gallon | \$ 0.00863 | Per Gallon | \$ 0.00056 | 6.94% |
| All Over 10,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| 1 Inch Meter | | | | | | |
| First 5,000 Gallons | \$ 50.11 | Minimum Bill | \$ 53.59 | Minimum Bill | \$ 3.48 | 6.94% |
| Next 5,000 Gallons | \$ 0.00807 | Per Gallon | \$ 0.00863 | Per Gallon | \$ 0.00056 | 6.94% |
| All Over 10,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| 2 Inch Meter | | | | | | |
| First 20,000 Gallons | \$ 164.36 | Minimum Bill | \$ 175.74 | Minimum Bill | \$ 11.38 | 6.92% |
| All Over 20,000 Gallons | \$ 0.00739 | Per Gallon | \$ 0.00790 | Per Gallon | \$ 0.00051 | 6.90% |
| Water Loss Surcharge | \$ - | Per Bill | \$ 3.44 | Per Bill | \$ 3.44 | 100.00% |