COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MONTGOMERY	)	
COUNTY WATER DISTRICT #1 FOR A CERTIFICATE	)	
OF PUBLIC CONVENIENCE AND	)	
NECESSITY TO ACQUIRE AND INSTALL WATER	)	**Case No. 2023 - 00098**
SYSTEM IMPROVEMENTS AND AN ORDER	)	
APPROVING A CHANGE IN RATES AND	)	
AUTHORIZING THE ISSUANCE OF SECURITIES	)	
PURSUANT TO KRS 278.023	)	

APPLICATION

This Electronic Application of the Montgomery County Water District #1 ("Montgomery County District"), respectfully shows:

1. That Montgomery County District is a water district created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Montgomery County District is:

Montgomery County Water District #1
c/o Ms. Sandra Morton, Manager
4412 Camargo Road
Mt. Sterling, Kentucky 40353
Phone: (859) 498-0521
Fax: (859) 498-0872
email address: mcwd1@att.net

3. That Montgomery County District, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity permitting Montgomery County District to acquire and install improvements to its existing water system (the "Project"); (ii) an Order approving increased rates; and (iii) authorization to issue securities to finance, in part, said Project.

4. That the Project description and explanation is attached hereto as **Exhibit "A"**.

5. That Montgomery County District proposes to finance the Project through (i) the issuance of $225,000 of its Waterworks Revenue Bonds; and (ii) a United States Department of

Agriculture, acting through Rural Development ("RD") grant in the amount of $75,000. Montgomery County District has a commitment from RD to purchase said $225,000 of Bonds maturing over a 40-year period at an interest rate not to exceed 2.25% per annum as set out in the RD Letter of Conditions and Form RD 1940-1 Request for Obligation of Funds filed herewith as an Exhibit.

6. That Montgomery County District does not contemplate having the Project constructed with any deviation from minimum construction standards of this Commission.

7. That Montgomery County District files herewith the following Exhibits pursuant to 807 KAR 5:069, Section 2 in support of this Application:

A. Copy of RD Letter of Conditions and Form RD 1940-1 Request for Obligation of Funds (**Exhibit "B"**).

B. Letter of Concurrence in Contract Award **(Exhibit "C")**.

B. Certified statement from the Chairman **(Exhibit "D")** concerning the following:

(i). Plans and Specifications are not applicable to the Project as same involves only the acquisition and installation of equipment and accordingly, the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10 do not apply.

(ii). That no state approvals and/or permits were required to be obtained.

(iii). That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements required by USDA, Rural Development (see rate study documentation attached hereto as **Exhibit "E"**).

(iv). That it is now contemplated that acquisition of the Project will begin on or about May 1, 2023, and will end on or about June 15, 2023.

8. That Montgomery County District has complied with the "public postings" requirement of 807 KAR 5:069, Section 3(1)(a) and (b) by posting a copy of the Notice of Proposed Rate Change (the "Notice") at its place of business. Montgomery County District does not maintain a website. Montgomery County District has also arranged for the publication, prior to or at the same time this Application is filed, of the Notice pursuant to 807 KAR 5:069, Section 3(2) in the newspaper of general circulation in Montgomery County District's service area. Said Notice sets out the content requirements of 807 KAR 5:069, Section 3(4). A copy of said Notice is filed herewith as **Exhibit "F"**. Montgomery County District shall file with this Commission no later than fifteen (15) days from the date this Application was initially filed, an affidavit and tearsheet from the publisher as required by 807 KAR 5:069 Section 3(3)(b).

9. That Montgomery County District respectfully moves the Commission for deviations from the foregoing filing requirements due to the fact that the Project only involves the acquisition and installation of equipment and accordingly, Montgomery County District was not required by RD to hire an engineering firm in connection with said Project:

(a). 807 KAR 5:069, Section 2(4) - preliminary and final engineering reports and bid tabulations - these documents were not prepared as Montgomery County District did not employ engineers on this Project (see bid documentation relating to the meter acquisition attached hereto as **Exhibit "G"**);

(b). 807 KAR 5:069, Section 2(5) - plans and specifications - these documents were neither required nor prepared on this Project;

(c). 807 KAR 5:069, Section 2(6)(a)(1) - minimum construction and operating requirements - no plans and specifications were required to be prepared or submitted to the Commonwealth of Kentucky as no construction is taking place in connection with the Project;

(d). 807 KAR 5:069, Section 2(6)(c) - total revenue requirement - no engineering reports were prepared for this Project and accordingly, RD established the necessary rates to generate sufficient revenues to service the debt and support the System;

(e). 807 KAR 5:069, Section 5 - system maps and records - no construction is being performed with this Project.

10. That the foregoing constitutes the documents necessary to obtain the approval of this Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 2.

WHEREFORE, Montgomery County Water District #1 asks that the Kentucky Public Service Commission grant the following:

a. A Certificate of Public Convenience and Necessity permitting Montgomery County District to acquire and install improvements to its existing water system.

b. An Order authorizing the issuance of securities, viz., $225,000 of bonds maturing over a 40-year period at an interest rate not to exceed 2.25% per annum.

c. An Order approving the proposed rates as set out in Section 31 of the RD Letter of Conditions filed herewith as an Exhibit.

d. An Order granting Montgomery County District the deviations requested in paragraph 9 of this Application.

Montgomery County Water District #1

By: _____
Chairman
Board of Water Commissioners

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7534
Fax: (502) 569-7555
wrjones@rubinhays.com

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF MONTGOMERY)

The undersigned, Steve Hall, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Montgomery County Water District #1, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this March 22 2023.

Steve Hall

Steve Hall, Chairman
Montgomery County Water District #1

Subscribed and sworn to before me by Steve Hall, Chairman of the Board of Commissioners of the Montgomery County Water District #1 on this March 22, 2023.

My Commission expires: 10/15/2023

Joseph Scott Murphy
NOTARY PUBLIC
State at Large, Kentucky
ID # 632112
My Commission Expires
October 15, 2023

Scott Murphy

Notary Public

632-112

Notary Public ID Number

EXHIBIT A

Project Description and Explanation

Montgomery County Water District #1 Equipment Project

Funded by USDA RD with a $225,000 RD Loan and a $75,000 RD Grant

The Montgomery County Water District #1 came to USDA RD in 2019 for funding in the amount of $300,000.00 for an equipment project that they were wanting to implement for their water utility. The proposed project consisted of the purchase of equipment, including: 735 radio read meters and a new utility truck, dump trailer, eight new fire hydrants, and maintenance on existing fire hydrants in the distribution system. There was no physical construction involved with the project, therefore we were advised by RD State Engineer Julie Anderson that an engineer would not be required for the project. Ms. Anderson, who was also serving as the Acting RD State Environmental Coordinator at that time, signed off on a 1970-B Exhibit D Form for the environmental categorical exclusion, since no previously undisturbed land would be affected by the project. The District submitted a rate study prepared by Mr. Alan Vilines in October 2018, that RD utilized when underwriting the project. The water rates indicated by Mr. Vilines' rate study were included in the RD Letter of Conditions for the RD Funding. RD Funds were officially obligated on 2/28/2020.

The District planned to advertise the radio read meters for bids. The new fire hydrants and materials needed for fire hydrant maintenance and the purchase of the utility truck and dump trailer would be made through the Kentucky State Price Contract. The District worked with the then Montgomery County Attorney Kevin Cockrell to make sure that they were correctly following KRS 45A for these purchases.

USDA RD gave the District official permission to advertise and/or purchase via State Price Contact on August 8, 2022. The District advertised the radio read meters for bid on September 1, 2022. The remaining purchases to be made through the Kentucky State Price Contract have not yet been completed, but are anticipated to be completed as soon as possible.

The District opened bids on September 13, 2022. Only one bid was submitted from Neco Water in the amount of $180,723.46.

EXHIBIT B

RD Letter of Conditions and Form RD 1940-1

February 13, 2020

Mr. Steve Hall, Chairman
Montgomery County Water District No. 1
4412 Camargo Road
Mount Sterling, Kentucky 40353

SUBJECT: Recipient Name: Montgomery County Water District No. 1
Project Name: Water System Equipment Project

Dear Chairman Hall:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed $225,000 and a RUS grant not to exceed $75,000. There will be no applicant cash contribution.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.
In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

1. Number of Users and Their Contribution:

There shall be **693** water users, of which all are existing users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

2. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

3. Drug-Free Work Place:

Prior to grant closing, the District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

4. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January and July) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

5. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit $72 per month into a "Funded Debt Reserve Account" until the account reaches $8,640. The deposits are to be resumed any time the account falls below the $8,640.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior loan resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of $2,288 monthly to the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system.

7. Security Requirements:

A pledge of gross revenue(s) will be provided in the Bond Ordinance. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue. Additional security requirements are contained in [RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," and RUS Bulletin 1780-27, "Loan Resolution Public Body." A draft of all security instruments, including, draft bond resolution, must be reviewed and concurred in by the Agency prior to advertising for bids. The Bond Resolution and Loan Resolution must be duly adopted and executed prior to loan closing. The Grant Agreement must be fully executed prior to the first disbursement of grant funds.

8. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users.
The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

9. Organization:

The District will be legally organized under applicable KRS, which will permit them to perform this service, borrow, or repay money.

The District must maintain a current registration of their Dun and Bradstreet Data Universal Numbering System (DUNS) number in SAM.gov (System for Award Management) in order to receive federal loan and/or grant financial assistance. This registration must be updated/renewed at least annually.

10. Business Operations:

The District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the District after review by Rural Development. At no later than loan pre-closing, the District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Conflict of Interest Policy:

Prior to obligation of funds, you will certify in writing that your organization has in place an up-to-date written policy on conflict of interest. The policy will include, at a minimum: (1) a requirement for those with a conflict/potential conflict to disclose the conflict/potential conflict; (2) a prohibition of interested members of the applicant's governing body from voting on any matter in which there is a conflict, and (3) a description of the specific process by which the governing body will manage identified or potential conflicts.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure in the same format is required if no conflicts are anticipated. Sample conflict of interest policies may be found at the National Council of Nonprofits website, https://www.councilofnonprofits.org/tools-resources/conflict-of-interest, or in Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy," at http:www.irs.gov/pub/irs-pdf/i1023.pdf. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure of the same format is required if no conflicts are anticipated. Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

12. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits)/statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780.

The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

13. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The type of financial information that must be submitted is specified below:

Audits – An annual audit under the Single Audit Act is required if you expend $750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. It is not intended that audits required by this part be separate and apart from audits performed in accordance with State and local laws. To the extent feasible, the audit work should be done in conjunction with those audits. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law, and must be submitted within 9 months of your fiscal year end.

14. Insurance and Bonding:

The following insurance and bonding will be required:

A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.

B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.

C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is $8,600.

D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.

E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

15. Planning and Performing Development:

A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "27" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project must be constructed by the design/bid/build method of construction. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:

1. Final plans, specifications and bid documents.
2. Applicant's letter on efforts to encourage small business and minority - owned business participation.
3. Legal Service Agreements.
4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel and/or Local Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

16. Bid Tabulation:

Immediately after bid opening, you must provide the Agency with the bid tabulation and your engineer's evaluation of bids and recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the requirements of this letter have been satisfied, the Agency will authorize you to issue the Notice of Award.

A. Cost Overruns – If bids are higher than expected, or if unexpected construction problems are encountered, you must utilize all options to reduce cost overruns. Negotiations, redesign, use of bidding alternatives, rebidding or other means will be considered prior to commitment of subsequent funding by the Agency. Any requests for subsequent funding to cover cost overruns will be contingent on the availability of funds.
Cost overruns exceeding 20% of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date.

B. Excess Funds – If bids are lower than anticipated at time of obligation, excess funds must be deobligated prior to start of construction except in the cases addressed in this paragraph. In cases where the original PER for the project included items that were not bid, or were bid as an alternate, the State Office official may modify the project to fully utilize obligated funds for those items. Amendments to the PER, ER, and letter of conditions may be needed for any work not included in the original project scope. In all cases, prior to start of construction, excess funds will be deobligated, with grant funds being deobligated first. Excess funds do not include contingency funds as described in this letter.

17. Contract Documents, Final Plans and Specifications:

A. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency-approved forms of agreement.

B. The contract documents, final plans and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections, and must be submitted to the Agency for concurrence prior to advertising for bids along with an updated cost estimate. The Agency may require another updated cost estimate if a significant amount of time elapses between the original submission and advertising for bids.

C. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.

18. Contract Review:

Your attorney will certify that the executed contract documents, including performance and payment, if required are adequate and that the persons executing these documents have been properly authorized to do so in accordance with RUS Instruction 1780.61(b).

19. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

E. Limited English Proficiency (LEP) under Executive Order 13166:

LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons.

LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information your organization provides. These protections are pursuant to Executive Order 13166 entitled, "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005, "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA."

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. You must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor your compliance with these requirements during compliance reviews.

20. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

21. Compliance with Special Laws and Regulations:

The District will be required to conform to any and all state and local laws and regulations affecting this type project.

22. Treatment Plant and System Operator:

The District is reminded that the water system operator must have an Operator's Certificate issued by the State.

23. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."

B. Form RD 400-1, "Equal Opportunity Agreement."

C. Form RD 400-4, "Assurance Agreement."

D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."

E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."

F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

H. RUS Bulletin 1780-22, "Eligibility Certification."

24. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

25. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed $250,000 at any time, the financial institution will secure the amount in excess of $250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

Agency funds will be disbursed into the construction account through an electronic transfer system. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the District's construction account records shall be made by Rural Development.

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment

Any applicant contribution will be the first funds expended, followed by other funding sources. Interim financing or Agency loan funds will be expended after all other funding sources unless an agreement is reached with all other funding sources on how funds are to be disbursed prior to start of construction or loan closing, whichever occurs first. Interim financing funds or Agency loan funds must be used prior to the use of Agency grant funds. The Grant funds must not be disbursed prior to loan funds except as specified in RUS Instruction 1780.45 (d). In the unlikely event the Agency mistakenly disburses funds, the funds will be remitted back to the Agency electronically.

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance.

Prior to disbursement of funds by the District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

26. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the District.

Grant funds are to be deposited in an interest bearing account in accordance with 2 CFR part 200 and interest in excess of $500 per year remitted to the Agency.
The funds should be disbursed by the recipient immediately upon receipt and there should be little interest accrual on the Federal funds. Recipients shall maintain advances of Federal funds in interest-bearing account, unless:

a. The recipient receives less than $120,000 in Federal awards per year.
b. The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on Federal cash balances.
c. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
d. A foreign government or banking system prohibits or precludes interest-bearing accounts.

27. Project Budget:

Estimated expenditures are as follows:

Project Costs:

Equipment	$270,600
Legal and Administrative	9,625
Contingencies	$ 19,775
TOTAL PROJECT COST	$300,000

Project Funding:

RUS Loan	$225,000
RUS Grant	$ 75,000
TOTAL FUNDING	$300,000

28. Construction Completion Timeframe:

All projects are required to be completed and all funds disbursed within five years of obligation. If funds are not disbursed within five years of obligation, you must submit a written waiver request with adequate justification of extenuating circumstances beyond your control for an extension of time. Any additional requests for waivers beyond the initial extension will be submitted through the State Office to the Assistant Administrator for concurrence decision.

29. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

30. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, Operating Budget, or similar form may be utilized for this purpose.

31. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

First	2,000	gallons @ $26.46 - Minimum Bill.
Next	3,000	gallons @ $ 8.56 – per 1,000 gallons.
Next	5,000	gallons @ $ 7.75 – per 1,000 gallons.
All Over	10,000	gallons @ $ 6.94 – per 1,000 gallons.

Wholesale Customers: $3.84 per 1,000 gallons.

32. Water Purchase Contract:

The District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780, which includes there must be 40 years left on the term of the water purchase contract. The contract term must match the term of the loan.

33. Vulnerability Assessment/Emergency Response Plan (VA/ERP):

The Agency requires all financed water and wastewater systems to have a VA/ERP in place. Borrowers with existing systems must provide a certification that a VA/ERP has been completed prior to advertising for bids. The documents are not submitted to the Agency for VA/ERP requirements throughout the life of the loan.

34. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain.

If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

35. Mitigation Measures:

A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated November 4, 2019, from Ms. Lee Nalley.

B. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

C. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

36. System for Award Management:

You will be required to maintain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and maintain an active registration in the System for Award Management (SAM) database. Renewal can be done on-line at: http://sam.gov.

This registration must be renewed and revalidated every twelve (12) months for as long as there are Agency funds to be expended.

To ensure the information is current, accurate and complete, and to prevent the SAM account expiration, the review and updates must be performed within 365 days of the activation date, commonly referred to as the expiration date. The registration process may take up to 10 business days. (See 2 CFR Part 25 and the "Help" section at http://sam.gov).

37. Prepayment and Extra Payments:

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the following language regarding extra payments, unless prohibited by State statute:

> *Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of borrower to pay the remaining installments as scheduled in your security instruments.*

38. Security/Operational Inspections:

The Agency will inspect the facility and conduct a review of your operations and records management system and conflict of interest policy every three years for the life of the loan. You must participate in these inspections and provide the required information.

39. American Iron & Steel:

Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) applies a new American Iron and Steel requirement:

(1) No Federal funds made available for this fiscal year for the rural water, waste water, waste disposal, and solid waste management programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 et seq.) shall be used for a project for the construction, alteration, maintenance, or repair of a public water or wastewater system unless all of the iron and steel products used in the project are produced in the United States.

(2) The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

(3) The requirement shall not apply in any case or category of cases in which the Secretary of Agriculture (in this section referred to as the "Secretary") or the designee of the Secretary finds that— a. applying the requirement would be inconsistent with the public interest; b. iron and steel products are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or c. inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.

40. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,

HILDA GAY LEGG
State Director

Enclosures

cc: Field Specialist – Morehead, Kentucky
Field Director – Morehead, Kentucky
Gateway ADD – Morehead, Kentucky
Rubin & Hays – Louisville, Kentucky
Kevin Cockrell – Mount Sterling, Kentucky
PSC - ATTN: Talina Mathews - Frankfort, Kentucky

USDA
Form RD 1940-1
(Rev. 06-10)

REQUEST FOR OBLIGATION OF FUNDS

FORM APPROVED
OMB No. 0570-0062

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( )
Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.

1. CASE NUMBER ST CO BORROWER ID 20-087-*****9107	**LOAN NUMBER**	**FISCAL YEAR**
2. BORROWER NAME Montgomery Co Water District #1	**3. NUMBER NAME FIELDS** *(1, 2, or 3 from Item 2)*	
	4. STATE NAME Kentucky	
	5. COUNTY NAME Montgomery	

GENERAL BORROWER/LOAN INFORMATION

6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 4 - HISPANIC 2 - BLACK 5 - A/PI 3 - AI/AN	**7. TYPE OF APPLICANT** 1 - INDIVIDUAL 6 - ORG. OF FARMERS 2 - PARTNERSHIP 7 - NONPROFIT-SECULAR 3 - CORPORATION 8 - NONPROFIT-FAITH BASED 4 - PUBLIC BODY 9 - INDIAN TRIBE 5 - ASSOC. OF FARMERS 10-PUBLIC COLLEGE/UNIVERSITY 11-OTHER 4	**8. COLLATERAL CODE** 1- REAL ESTATE SECURED 4 - MACHINERY ONLY 2-REAL ESTATE AND CHATTEL 5 - LIVESTOCK ONLY 3 - NOTE ONLY OR CHATTEL ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT 3	**9. EMPLOYEE RELATIONSHIP CODE** 1 - EMPLOYEE 2 - MEMBER OF FAM LY 3 - CLOSE RELATIVE 4 - ASSOC

10. SEX CODE 1 - MALE 3 - FAMILY UNIT 2 - FEMALE 4 - ORGAN MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY 6	**11. MARITAL STATUS** 1 - MARRIED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED) 2 - SEPARATED	**12. VETERAN CODE** 1 -YES 2 -NO	**13. CREDIT REPORT** 1 -YES 2 -NO 2

14. DIRECT PAYMENT 3 *(See FMI)*	**15. TYPE OF PAYMENT** 1 - MONTHLY 3 - SEMI-ANNUALLY 2 - ANNUALLY 4 - QUARTERLY 2	**16. FEE INSPECTION** 1 -YES 2 - NO 2	
17. COMMUNITY SIZE 1 - 10 000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		**18. USE OF FUNDS CODE** (See FMI)	

COMPLETE FOR OBLIGATION OF FUNDS

19. TYPE OF ASSISTANCE 067 *(See FMI)*	**20. PURPOSE CODE**	**21. SOURCE OF FUNDS**	**22. TYPE OF ACTION** 1 OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION 1
23. TYPE OF SUBMISSION 1 - INITIAL 2 -SUBSEQUENT 2	**24. AMOUNT OF LOAN** $225,000.00	**25. AMOUNT OF GRANT** $75,000.00	
26. AMOUNT OF IMMEDIATE ADVANCE	**27. DATE OF APPROVAL** MO DAY YR 02 28 20	**28. INTEREST RATE** 2.2500 %	**29. REPAYMENT TERMS** 40

COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS

30. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT	
COMPLETE FOR EM LOANS ONLY	**COMPLETE FOR CREDIT SALE-ASSUMPTION**
31. DISASTER DESIGNATION NUMBER *(See FMI)*	**32. TYPE OF SALE** 1 -CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 -CREDIT SALE WITH SUBSEQUENT LOAN 4 -ASSUMPTION WITH SUBSEQUENT LOAN
FINANCE OFFICE USE ONLY	**COMPLETE FOR FP LOANS ONLY**
33. OBLIGATION DATE MO DA YR	**34. BEGINNING FARMER/RANCHER** *(See FMI)*

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

Position 2

ORIGINAL - Borrower's Case Folder **COPY 1 - Finance Office** **COPY 2 - Applicant/Lender** **COPY 3 - State Office**

CERTIFICATION APPROVAL

For All Farmers Programs | EM, OL, FO, and SW Loans

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

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

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL
Approval of financial assistance is subject to the provisions of the Letter of Conditions dated 2/13/2020, and any amendments thereto.
2/28/2020 Obligation entered over terminal @ 10:57 am ar

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

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. X YES ____ NO

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

Date FEB 20, 20 20 — Steve Hall, Chairman

(Signature of Applicant)

Date _____, 20 ____

(Signature of Co-Applicant)

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

(Signature of Approving Official)

Typed or Printed Name: Hilda Gay Legg

Date Approved: 2/28/2020 Title: State Director

38. TO THE APPLICANT: As of this date 3/9/2020 ar, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

EXHIBIT C

Letter of Concurrence in Contract Award

USDA

United States Department of Agriculture

Rural Development

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

March 22, 2023

SUBJECT: Montgomery County Water District
Radio Read Meters
Contract Award Concurrence

TO: Area Office
Morehead, Kentucky

Based on the bids received, Rural Development concurs in the award of subject contract to the low bidder Neco Water, in the amount of $180,723.46.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.

Julie Anderson

Julie Anderson
State Director
Rural Development

EXHIBIT D

Certificate of Chairman

CERTIFICATE OF CHAIRMAN OF THE MONTGOMERY COUNTY WATER DISTRICT #1 AS TO STATEMENT REQUIRED BY SECTION 2(6) OF 807 KAR 5:069

I, the undersigned, hereby certify that I am the duly qualified and acting Chairman of the Montgomery County Water District #1 (the "District"), and that said District is in the process of arranging to finance the acquisition and installation of certain equipment (the "Project") in connection with its waterworks system.

Based on information furnished to me, I hereby certify as follows:

1. Plans and Specifications are not applicable to the Project as same involves only the acquisition and installation of equipment and accordingly, the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10 do not apply.

2. That no state approvals and/or permits were required to be obtained.

3. That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements required by USDA, Rural Development.

4. That it is now contemplated that acquisition of the Project will begin on or about May 1, 2023, and will end on or about June 15, 2023.

IN TESTIMONY WHEREOF, witness my signature this March 22, 2023.

Steve Hall
Chairman
Montgomery County Water District #1

STATE OF KENTUCKY)
) SS
COUNTY OF MONTGOMERY)

Subscribed and sworn to before me by Steve Hall, Chairman of the Board of Commissioners of the Montgomery County Water District #1 on this March 22, 2023.

Joseph Scott Murphy
NOTARY PUBLIC
State at Large, Kentucky
ID # 632112
My Commission Expires
October 15, 2023

Scott Murphy
Notary Public
In and For Said State and County

632112
Notary Public ID Number

EXHIBIT E

Rate Study Documentation

XXV. FORECAST OF WATER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

ALL RESIDENTIAL METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	ALL OVER 10,000	TOTAL
FIRST	2,000	2,487	2,591,020	2,591,020	-	-	-	2,591,020
NEXT	3,000	3,854	12,839,870	7,708,000	5,131,870	-	-	12,839,870
NEXT	5,000	1,211	7,940,710	2,422,000	3,633,000	1,885,710	-	7,940,710
ALL OVER	10,000	347	8,104,940	694,000	1,041,000	1,735,000	4,634,940	8,104,940
		7,899	31,476,540	13,415,020	9,805,870	3,620,710	4,634,940	31,476,540

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	7,899	13,415,020	$ 26.46	$ 209,008
NEXT	3,000		9,805,870	8.56	83,938
NEXT	5,000		3,620,710	7.75	28,061
ALL OVER	10,000		4,634,940	6.94	32,166
	TOTAL	7,899	31,476,540		$ 353,173

ALL COMMERCIAL METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	ALL OVER 10,000	TOTAL
FIRST	2,000	287	174,740	174,740	-	-	-	174,740
NEXT	3,000	50	145,020	100,000	45,020	-	-	145,020
NEXT	5,000	27	195,360	54,000	81,000	60,360	-	195,360
ALL OVER	10,000	53	2,177,280	106,000	159,000	265,000	1,647,280	2,177,280
		417	2,692,400	434,740	285,020	325,360	1,647,280	2,692,400

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	417	434,740	$ 26.46	$ 11,034
NEXT	3,000		285,020	8.56	2,440
NEXT	5,000		325,360	7.75	2,522
ALL OVER	10,000		1,647,280	6.94	11,432
	TOTAL	417	2,692,400		$ 27,427

TOTAL RETAIL SALES REVENUE $ 380,600

XXV. ANALYSIS OF ACTUAL WATER USAGE - INCOME - EXISTING SYSTEM - 12 MONTH PERIOD

ALL RESIDENTIAL METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	ALL OVER 10,000	TOTAL
FIRST	2,000	2,487	2,591,020	2,591,020	-	-	-	2,591,020
NEXT	3,000	3,854	12,839,870	7,708,000	5,131,870	-	-	12,839,870
NEXT	5,000	1,211	7,940,710	2,422,000	3,633,000	1,885,710	-	7,940,710
ALL OVER	10,000	347	8,104,940	694,000	1,041,000	1,735,000	4,634,940	8,104,940
		7,899	31,476,540	13,415,020	9,805,870	3,620,710	4,634,940	31,476,540

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	7,899	13,415,020	$ 23.49	$ 185,548
NEXT	3,000		9,805,870	7.60	74,525
NEXT	5,000		3,620,710	6.88	24,910
ALL OVER	10,000		4,634,940	6.16	28,551
	TOTAL	7,899	31,476,540		$ 313,534

ALL COMMERCIAL METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	ALL OVER 10,000	TOTAL
FIRST	2,000	287	174,740	174,740	-	-	-	174,740
NEXT	3,000	50	145,020	100,000	45,020	-	-	145,020
NEXT	5,000	27	195,360	54,000	81,000	60,360	-	195,360
ALL OVER	10,000	53	2,177,280	106,000	159,000	265,000	1,647,280	2,177,280
		417	2,692,400	434,740	285,020	325,360	1,647,280	2,692,400

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	417	434,740	$ 23.49	$ 9,795
NEXT	3,000		285,020	7.60	2,166
NEXT	5,000		325,360	6.88	2,238
ALL OVER	10,000		1,647,280	6.16	10,147
	TOTAL	417	2,692,400		$ 24,347

TOTAL RETAIL SALES REVENUE $ 337,881

X. WATER RATES - EXISTING SYSTEM

Existing Rate Schedule:

First	2,000	Gallons @	$	23.49	Minimum
Next	3,000	Gallons @		7.60	per 1,000 Gallons.
Next	5,000	Gallons @		6.88	per 1,000 Gallons.
Over	10,000	Gallons @		6.16	per 1,000 Gallons.

Wholesale Customers	$	3.41	per 1,000 Gallons.

Date This Rate Went Into Effect July 1, 2018

XXII. WATER RATES - PROPOSED

A. Proposed Rate Schedule without RUS Grant:

First	2,000	Gallons @	$	26.74	Minimum
Next	3,000	Gallons @		8.65	per 1,000 Gallons.
Next	5,000	Gallons @		7.83	per 1,000 Gallons.
Over	10,000	Gallons @		7.01	per 1,000 Gallons.

Wholesale Customers	$	3.88	per 1,000 Gallons.

B. Recommended Rate Schedule with RUS Grant:

First	2,000	Gallons @	$	26.46	Minimum
Next	3,000	Gallons @		8.56	per 1,000 Gallons.
Next	5,000	Gallons @		7.75	per 1,000 Gallons.
Over	10,000	Gallons @		6.94	per 1,000 Gallons.

Wholesale Customers	$	3.84	per 1,000 Gallons.

XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM)
(As of the last full operating year)

A. Operating Income:

Water Sales	$	337,881
Disconnect/Reconnect/Late Charge Fees		26,349
Other Water Revenues (describe)		0
Less Allowances and Deductions		0
Total Operating Income	$	364,230

B. Operation and Maintenance Expenses:

Salaries and Wages - Employees	$	102,193
Salaries and Wages - Officers		6,400
Employee Pensions and Benefits		18,428
Purchased Water		136,849
Purchased Power		9,001
Materials and Supplies		6,502
Contractual Services		11,159
Transportation Expenses		693
Insurance - General Liability & Other		6,534
Insurance - Workers Comp		1,777
Advertising		50
Miscellaneous Expenses		27,447
Taxes Other Than Income		9,796
Total Operating Expenses	$	336,830
Net Operating Income	$	27,401

C. Non-Operating Income:

Interest on Deposits	300
Other - Interest on customer deposits	(2,382)
Total Non-Operating Income	(2,082)

D. Net Income 25,319

E. Debt Repayment:

RUS Interest	5,453
RUS Principal	19,000
Non-RUS Interest	0
Non-RUS Principal	0
Total Debt Repayment	24,453

F. Balance Available for Coverage 866

XXXI. PROPOSED OPERATING BUDGET (WATER SYSTEM) EXISTING SYSTEM AND NEW USERS (1st Full Year of Operation)

		Year Ending 2020
A. Operating Income:		
Water Sales	$	380,657
Disconnect/Reconnect/Late Charge Fees		26,349
Other Water Revenues (describe)		0
Less Allowances and Deductions		0
Total Operating Income	$	407,006
B. Operation and Maintenance Expenses:		
Salaries and Wages - Employees		109,155
Salaries and Wages - Officers		6,400
Employee Pensions and Benefits		21,098
Purchased Water		136,849
Purchased Power		11,233
Materials and Supplies		13,185
Contractual Services		17,762
Transportation Expenses		906
Insurance - General Liability & Other		7,204
Insurance - Workers Comp		1,898
Advertising		50
Miscellaneous Expenses		30,260
Taxes Other Than Income		10,464
Short Lived Assets - Reserve		27,419
Total Operating Expenses	$	393,883
Net Operating Income	$	13,123
C. Non-Operating Income:		
Interest on Deposits		300
Other - Interest on customer deposits		(2,382)
Total Non-Operating Income		(2,082)
D. Net Income	$	11,041
E. Debt Repayment:		
RUS Interest *		7,031
RUS Principal *		3,000
Non-RUS Interest		0
Non-RUS Principal		0
Total Debt Repayment	$	10,031
F. Balance Available for Coverage	$	1,010

Replacement Reserves - Short Lived Assets				
Type of Reserve	User Description	Replacement Cost	Reserve on Hand	Annual Reserve
1-5 Years	Replace laptop & 3 Workstations	13,111	-	$ 2,622
1-5 Years	3 Auto Flushers	7,500	-	1,500
1-5 Years	Security Cameras	850	-	170
1-5 Years	3 garage door Openers	3,000		600
1-5 Years	Various tools	1,600		320
Subtotal 1-5 Years				$ 5,212
5-10 Years	Lake Road Repairs	10,000	-	1,000
5-10 Years	Roof on Office	10,000	-	1,000
5-10 Years	New Pump for Pump Station	12,000	-	1,200
5-10 Years	2 New Chlorinators	2,400	-	240
5-10 Years	4 Wheel Drive Mule	15,000	-	1,500
Subtotal 5-10 Years				$ 4,940
10-15 Years	Replace Computers and Laptop	15,000	-	1,000
10-15 Years	Replace Meters	200,000	-	13,333
10-15 Years	Replace Front and Back Door	2,000	-	133
10-15 Years	Replace Backhoe	36,000	-	2,400
10-15 Years	Install Utilities & Heat to Garage	6,000	-	400
10-15 Years				
Subtotal 10-15 Years				$ 17,267
Replacement Reserve - Short Lived Assets				$ 27,419

EXHIBIT F

Notice of Proposed Rate Change

NOTICE OF PROPOSED RATE CHANGE

On or about March 27, 2023, Montgomery County Water District #1 ("District") anticipates filing an application with the Kentucky Public Service Commission ("PSC") pursuant to KRS 278.023 requesting approval of an increase in its rates for water service. The changes in water rates are required by the U.S. Department of Agriculture, acting through Rural Development ("RD") in connection with a loan by RD to the District in the principal amount of $225,000 to be evidenced by the issuance by the District of its waterworks revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Current Monthly Water Rates

First 2,000 gallons	$24.21 Minimum Bill
Next 3,000 gallons	$0.00796 Per Gallon
Next 5,000 gallons	$0.00724 Per Gallon
Over 10,000 gallons	$0.00652 Per Gallon
Wholesale	$0.00377 Per Gallon

Proposed Monthly Water Rates

	Monthly Rate	Dollar Amount of Change	Percentage Change
First 2,000 gallons	$26.46 Minimum Bill	$2.25	9.3%
Next 3,000 gallons	$0.00856 Per Gallon	$0.00060	7.5%
Next 5,000 gallons	$0.00775 Per Gallon	$0.00051	7.0%
Over 10,000 gallons	$0.00694 Per Gallon	$0.00042	6.5%
Wholesale	$0.00384 Per Gallon	$0.00070	18.5%

Customer Class	Average Monthly Usage Per Customer (Gallons)	Average Monthly Bill (Present Rates)	Average Monthly Bill (Proposed Rates)	Increase in Average Monthly Bill ($)	Increase in Average Monthly Bill (Per Gallon)	Increase in Average Monthly Bill (%)
All meters	5,000	$48.09	$52.14	$4.05	$0.00081	8.42%

The proposed monthly water rates shall be effective for water sold after the date of the final approving Order of the PSC, which Order is expected to be issued no later than 30 days of the filing of the Application and the meeting of the minimum filing requirements. Such date is expected to be on or about April 27, 2023. The Application for approval of the rate change will be filed with the PSC and may be examined during normal business hours at the following locations: (i) Montgomery County Water District #1 Office, 4412 Camargo Road, Mt. Sterling, KY 40353; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at http://psc.ky.gov. Comments regarding the Application may be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement. The RD loan proceeds will be used to finance the costs of new radio read meters, a utility dump truck and trailer, and new fire hydrants.

Signed: Steve Hall, Chairman, Montgomery County Water District #1.

EXHIBIT G

Bid Documentation

M&M NEWSPAPERS, INC.
d/b/a
MT. STERLING ADVOCATE
219 Midland Trl., P.O. Box 406, Mt. Sterling, KY 40353
Phone: 859-498-2222 • Fax: 859-498-2228

I, Matt Hall, publisher of the Mt. Sterling Advocate Newspaper, a newspaper printed and published in the State of Kentucky, County of Montgomery, hereby certify that the attached legal notice for Montgomery County Water District #1 appeared in the Sept. 1, 2022 edition.

Matt Hall

Subscribed and sworn to before me, a Notary Public within and for the State and County aforesaid, by Matt Hall to me personally known, this 1 day of September, 2022.

My commission expires the 7 day of September, 2025.

County of Montgomery Notary Public Martha Bohree

00 LEGAL NOTICES

Commonwealth of Kentucky
Menifee Circuit Court
Division I
Action No 22-CI-00002
BANK OF THE MOUNTAINS
PETITIONER
vs. Notice of Commissioner's Sale
ROBERT PECK, ET AL
RESPONDENT

By virtue of a judgment and Order of Sale entered in Menifee Circuit Court [illegible] Book 83, Page 318, the Last Will and Testament for Earl Peck recorded in Will Book E, Page 583, lodged August 7, 2001, Morgan County Court Clerk's Records. See also Quit Claim Deed to Robert Peck, single from Shirley Peck and Linda Peck, husband and wife, dated the 6th day of October, 2016, recorded in Deed Book 123, Page 689, Menifee County Court Clerk's Records.

This property is sold subject to all real estate taxes, easements, and of sales of record; and reference is hereby made to the office of the Menifee County Clerk.

The terms of the sale shall be ten (10%) percent cash or check at the time of sale and the balance on credit of thirty (30) days with privilege of the successful bidder to pay in full at the time of sale. The successful bidder requesting credit must execute bond with approved surety bearing interest at the rate of twelve (12%) per annum from date of sale until paid, which bond shall have the full force and effect of a judgment and should execution be issued thereon, no replevy shall be allowed. A lien shall exist and shall be retained by the Commissioner on the property sold as security for the purchase price.

Howard Stone
Master Commissioner
Menifee Circuit Court

Vishal Ma Inc./Owner Ashokkumar Patel, mailing address, 207 E. Main St., Mt. Sterling, KY 40353 hereby declares intention(s) to apply for a beer license/retail drink license convenience store and gas station license(s) no later than September 1, 2022. The business to be licensed will be located at 207 E. Main St., Mt. Sterling, KY 40353 doing business as Mount Sterling Food Mart.

The owner is Ashokkumar Patel of 30 W. Oak St., Sharpsburg, KY 40374.

Any person may protest the approval of the license by writing the Department of Alcoholic Beverage Control within thirty (30) days of the date of legal publication.

PUBLIC NOTICE

In accordance with KRS 355 Whitaker Bank is accepting sealed bids on the following vehicles. Whitaker Bank reserves the right to reject any and all bids and the vehicles will be sold as is. For further information, call 859.498.3600.

2018 Dodge 3500 Ram chassis and crew cab
VIN#3C7WRTCL2DG611935

ADVERTISEMENT FOR BIDS
CONTRACT 254-17-04
HINKSTON CREEK WASTEWATER

00 LEGAL NOTICES

TREATMENT PLANT UPGRADE
MT. STERLING WATER AND SEWER SYSTEM
MONTGOMERY COUNTY, KENTUCKY

Sealed proposals for the following work will be received by the Mt. Sterling Water and Sewer System, Montgomery County, Kentucky at 300 East Main Street, Mt. Sterling, Kentucky 40353, until 2:00 p.m., local time, Thursday, September 15, 2022, for [illegible] as follows:

CONTRACT 254-17-04–$400.00
(electronic or hard copy)

Sealed proposals for this Contract shall be clearly marked on the outside of the envelope as follows:

"Sealed Proposal for Contract 254-17-04, Not to be opened until 2:00 p.m., local time, Thursday, September 15, 2022."

If forwarded by mail, the sealed envelope containing the proposal must be enclosed in another envelope and mailed to the Mt. Sterling Water and Sewer System, allowing sufficient time for such mailing to reach this address prior to the scheduled closing time for receipt of proposals.

Bid security shall be furnished in accordance with the instructions to Bidders.

A NON-MANDATORY PREBID CONFERENCE will be held at the Hinkston Creek Wastewater Treatment Plant, 2775 Hinkston Pike, Mt. Sterling, Kentucky 40353, at 10:00 a.m. local time, Friday, August 19, 2022, for the purpose of reviewing the Project and answering Bidder's questions. Attendance at the prebid conference is highly recommended for all General Contractors.

The attention of all contractors is called to the fact that any contract awarded under this Advertisement for Bids is expected to be funded in part by a loan from the Kentucky Infrastructure Authority.

The OWNER's share will be provided from current funds on hand and/or from revenue bonds.

Work to be performed by contractors involved in this project is subject to the Division of Water Procurement Guidance, including minimum wage rates established by the U.S. Department of Labor under the provisions of the Davis-Bacon Act and the Kentucky Department of Labor, as set forth in Chapter 337 of the Kentucky Revised Statutes (per amendments adopted by the 1970 General Assembly). Contractors will be required to pay whichever minimum wage rate is higher for the individual crafts.

Both federal and state wage rate determinations will be incorporated into the Specifications by an addendum issued prior to the scheduled bidding date.

Bidders must comply with the President's Executive Order Nos. 11246 and 11375, which prohibit discrimination in employment regarding race, creed, color, sex or national origin. Where the President's Executive Order No. 11246 is shown, Executive Order No. 11375 also applies.

Bidders must make positive efforts to secure small or minority owned business enterprise participation in this

00 LEGAL NOTICES

Project.

Bidders must comply with Title VI of the Civil Rights Act of 1964, the Anti-Kickback Act, the Contract Work Hours Standard Act, and the Davis-Bacon Act.

Bidders must certify that they do not and will not maintain or provide for their employees any facilities that are segregated or based on race, color, creed, or national origin.

Bidders must show a certification of

Montgomery County Water District #1
Sealed Bids

Sealed bids for the Montgomery County Water District #1 Radio Read Equipment Project will be received at the Montgomery County Water District Office located at 4412 Camargo Road, Mt. Sterling, KY 40353 until 5:00 p.m. local time, on Sept. 13, 2022. Bids will be opened and read aloud at the meeting of the Montgomery County Water District #1 Board of Directors to be held on Sept. 13, 2022 at 5:00 p.m. local time.

Item to be bid on is 735 number of Neptune Radio Read Meters and all necessary supporting equipment and software necessary to integrate meter readings with the Districts current utility billing software, which is United Systems.

The items by bid are as listed:

1. T-10Reader integrated wireless radio meter quantity of 735.
2. MRX 360 Mobile Reading System with Bluetooth connectivity to work with a meter reading app and to be complete with pad or tablet.
3. 360 Mobile hosted software to interface with billing and meter reading and store at minimum two years of meter reading data.
4. On site training and implementation of reading system.

This project is being funded by USDA Rural Development.

No bidder may withdraw their bid within 90 (Ninety) days after the actual date of bid opening. Bidders will be required to comply with Title VI of the Civil Rights Act of 1964, the Anti-Kickback Act, and the Contract Work Hours Standard Act. Bidders must comply with the President's Executive Order No. 11246 and No. 11375 and any amendments or supplements to those Executive Orders.

Bidders must certify they do not and will not maintain or provide for their employees any facilities that are segregated or based on race, color, creed, or national origin. Minorities and small businesses are encouraged to submit bids on the project.

The Montgomery County Water District #1 reserves the right to waive any bidding informalities and to reject any or all bids, for any reason deemed advisable by the District.

The bid will be awarded on the basis of the low evaluated responsive, responsible, best and qualified bidder, unless all bids are rejected.

The sealed bid for the project shall be clearly marked on the outside of the envelope, "Sealed Bid for the Montgomery County Water District #1 Radio Read Equipment Project". Bids may be dropped off at the Montgomery County Water District #1 Office located at 4412 Camargo Road, Mt. Sterling, KY 40353 or mailed to the District at the same address. Phone number 859-498-0521.

Montgomery County Water District #1
Steve Hill, Chairman
Advertisement Date: 8-1-22

The Montgomery County Board of Education will hold a public hearing per KRS 160.470(1) at the Clay Community C

To Whom It May Concern:

We (MCWD#1) only recieved 1 bid. The bid was from NECO Water. The bid was for $180,723.46.

MONTGOMERY COUNTY WATER DISTRICT #1
4412 Camargo Road
Mt. Sterling, KY 40353
Phone: 859-498-0521 **Fax Phone 859-498-0872**

Minutes
September 13, 2022

The meeting of the Montgomery County Water District #1 was called to order at 5:20 P.M. at the water office by Chairman, Steve Hall.

Roll Call:

Staff members present at meeting were Steve Hall, Kevin Shackelford, DeWayne Williams and Jessica Williamson.

Approval of August 09, 2022 Minutes:

Kevin Shackelford made a motion to approve the minutes for August 09, 2022. DeWayne Williams seconded the Motion. Motion carried.

Guests Present:

None

Comments:

None

Old Business:

A. **Rural Development Loan and Rate Increase**

Jessica let Commissioner's know that we are waiting to open sealed bids for new meters.

New Business:

A. **Approve Managers Report, Financial Report, Adjustments, Billing summary, Account Write Offs, Budget Variances, Cash Receipt Report, and Pay Bills .**

DeWayne Williams made a Motion to Approve the Managers/Treasurers Report. Steve Hall seconded the Motion. Motion carried.

B. Open Sealed Bids

Jessica let Commissioner's know that only one sealed bid was dropped off. Chairman Steve Hall opened the sealed bid. The bid was from Neco Water and the amount was $180,723.46. Kevin Shackelford made a Motion to approve the bid from Neco Water. Steve Hall seconded the Motion. Motion carried.

C. Comments:

Jessica told Commissioner's that Montgomery County Sanitation District # 2 will be doing a rate increase. The City of Camargo has agreed to pay $7.00 per customer , that has city sewer, due to this increase.

D. **Adjourn: Motion By:**

DeWayne Williams made a Motion to adjourn. Steve Hall seconded the Motion. Motion carried. Time 5:45P.M.

NECO

Smart Solutions, Water Powered

Montgomery County Water District #1
4412 Camargo Road
Mt Sterling, KY 40353

September 21, 2022

Sandra,

Thank you for the opportunity to submit our bid on the Neptune 360 R900i Mobile Meter Reading System.

Per our bid response we agree to supply the Montgomery County Water District #1 with 735 residential Neptune T-10 ProCoder)R900i radio read meters in shipments of (100) delivered monthly until completion of the project in 2023.

The ProCoder)R900i radio read devices are warranted for 20 years after shipment. The warranty is 10 years full coverage followed by 10 years of prorated coverage thru year 20. The warranty excludes vandalism and damage not caused by the manufacturer.

We will also supply the Neptune 360 Reading System including the 360 hosted meter reading software and the mobile MRX920 reading unit with iPad tablet. We will provide on site implementation and training for the office staff and field personnel on the system.

The Montgomery County Water District #1 will not be invoiced for the reading system components including software, meter reading hardware, and on-site implementation and training, until the set up of the system and training is complete.

The Montgomery County Water District #1 will not be invoiced for any water meters until after they have been shipped to MCWD #1. NECO Water's payment terms are Net 30 after receipt of the service and/or product.

We look forward to speaking with you further about implementing the Neptune 360 system and in the meantime if you have any questions please do not hesitate to contact me.

Sincerely,

Bill Howell
NECO Water
502-424-5429
bhowell@necowater.com