

91-39

**UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
RATTLESNAKE RIDGE WATER DISTRICT  
WATERWORKS REVENUE BONDS,  
SERIES 2011 B**

No. BR-1

Interest Rate: 2.00%

\$1,146,000

KNOW ALL PERSONS BY THESE PRESENTS:

That the Rattlesnake Ridge Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Carter, Elliott, Morgan and Lawrence 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

ONE MILLION ONE HUNDRED FORTY-SIX THOUSAND DOLLARS (\$1,146,000),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2014	\$19,500	2027	\$26,000	2040	\$34,500
2015	20,000	2028	26,500	2041	35,500
2016	20,500	2029	27,000	2042	36,000
2017	21,000	2030	27,500	2043	37,000
2018	21,000	2031	28,500	2044	38,000
2019	21,500	2032	29,000	2045	38,500
2020	22,000	2033	29,500	2046	39,500
2021	22,500	2034	30,500	2047	40,500
2022	23,000	2035	31,000	2048	41,500
2023	23,500	2036	31,500	2049	42,500
2024	24,000	2037	32,500	2050	43,000
2025	25,000	2038	33,000	2051	44,000
2026	25,500	2039	34,000		

*The holder of this Bond has consented to the issuance of \$ 200,000 of bonds ranking on a parity as to security and source of payment with this bond.*

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 Series B Bond is issued by the District as part of an issue in the aggregate principal amount of \$2,482,000, consisting of \$1,336,000 of Series A Bonds and \$1,146,000 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").

This Bond is issued subject to the priority of the outstanding: (i) Rattlesnake Ridge Water District Water System Revenue Bonds, Series of 1989, dated June 6, 1989 (the "1989 Bonds"), authorized by a Resolution adopted by the Commission of the District on February 3, 1989 (the "1989 Bond Resolution"); (ii) Rattlesnake Ridge Water District Water System Revenue Bonds, Series of 1992, dated September 2, 1992 (the "1992 Bonds"), authorized by a Resolution adopted by the Commission of the District on May 4, 1992 (the "1992 Bond Resolution"); (iii) Rattlesnake Ridge Water District Water System Revenue Bonds, 1994 Series A and B, dated May 8, 1995 (the "1994 Bonds"), authorized by a Resolution adopted by the Commission of the District on October 7, 1994 (the "1994 Bond Resolution"); (iv) Rattlesnake Ridge Water District Waterworks Revenue Bonds, 1995 Series A and B, dated September 6, 1996 (the "1995 Bonds"), authorized by a Resolution adopted by the Commission of the District on November 6, 1995 (the "1995 Bond Resolution"); (v) Rattlesnake Ridge Water District Waterworks Revenue Bonds, Series 2000A and B, dated October 2, 2001 (the "2000 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 21, 2000 (the "2000 Bond Resolution"); (vi) Rattlesnake Ridge Water District Waterworks Revenue Bonds, Series 2001A and B, dated June 21, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the Commission of the District on January 26, 2001 (the "2001 Bond Resolution"); (vii) Rattlesnake Ridge Water District Waterworks Revenue Bonds, Series 2004A and B, dated June 4, 2004 (the "2004 Bonds"), authorized by a Resolution adopted by the Commission of the District on January 5, 2004 (the "2004 Bond Resolution"); (viii) Kentucky Area Development District Financing Trust Lease, dated April 14, 2005 (the "KADD Lease"); and (ix) Kentucky Rural Water Finance Corporation 2008C loan, dated May 29, 2008 (the "KRWFC Loan") [hereinafter the 1989 Bonds, 1992 Bonds, 1994 Bonds, 1995 Bonds, 2000 Bonds, 2001 Bonds, 2004 Bonds, KADD Lease and KRWFC Loan shall be collectively referred to as the "Prior Bonds", and the 1989 Bond Resolution, the 1992 Bond Resolution, the 1994 Bond Resolution, the 1995 Bond Resolution, the 2000 Bond Resolution, 2001 Bond Resolution and 2004 Bond Resolution

shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, together with any bonds ranking on a parity herewith, is payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current 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 are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Rattlesnake Ridge Water District Sinking Fund of 2011", created in the Current 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 Current Bonds 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 Current Bonds 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 Current Bonds, and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The 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 registration 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, 2020, 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 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.

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 Rattlesnake Ridge 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 June 12, 2012.

RATTLESNAKE RIDGE WATER DISTRICT

By Billy A. Gillent  
Chairman


Attest:

Larry Cowell  
Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
June 12, 2012	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: \_\_\_\_\_