

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 04 2009

PUBLIC SERVICE
COMMISSION

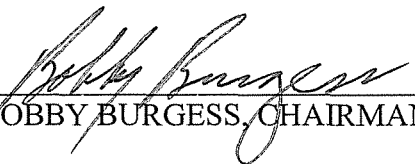
In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2008-00170
PROPOSED WATERWORKS IMPROVEMENT)
PROJECT AND FOR APPROVAL OF PROPOSED)
PLAN OF FINANCING, INCREASE IN RATES,)
NONRECURRING CHARGES, AND TARIFF)
REVISIONS)

BULLOCK PEN WATER DISTRICT'S RESPONSE TO
COMMISSION STAFF'S SECOND INFORMATION REQUEST

Comes now the Bullock Pen Water District ("Bullock Pen"), by and through its Chairman, Bobby Burgess, and pursuant to the Commission's request of May 19, 2009 submits the attached Response. Chairman Burgess states that he had reviewed the attached Response and that the statements and documents contained therein are true and correct to the best of his knowledge and belief.

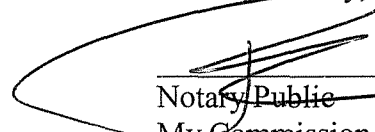
BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said Bobby Burgess, Chairman, Bullock Pen Water District this 29th day of May, 2009.


Notary Public
My Commission Expires: 3/21/12

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER)
 DISTRICT FOR A CERTIFICATE OF PUBLIC)
 CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2008-00170
 PROPOSED WATERWORKS IMPROVEMENT)
 PROJECT AND FOR APPROVAL OF PROPOSED)
 PLAN OF FINANCING, INCREASE IN RATES,)
 NONRECURRING CHARGES, AND TARIFF)
 REVISIONS)

BULLOCK PEN WATER DISTRICT'S RESPONSE TO
COMMISSION STAFF'S SECOND INFORMATION REQUEST

Comes now the Bullock Pen Water District ("Bullock Pen"), by and through its Chairman, Bobby Burgess, and pursuant to the Commission's request of May 19, 2009 submits the attached Response. Chairman Burgess states that he had reviewed the attached Response and that the statements and documents contained therein are true and correct to the best of his knowledge and belief.

BULLOCK PEN WATER DISTRICT

BY: Bobby Burgess
 BOBBY BURGESS, CHAIRMAN

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said Bobby Burgess, Chairman, Bullock Pen Water District this 29th day of May, 2009.

[Signature]
 Notary Public
 My Commission Expires: 3/21/12

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2008-00170
PROPOSED WATERWORKS IMPROVEMENT)
PROJECT AND FOR APPROVAL OF PROPOSED)
PLAN OF FINANCING, INCREASE IN RATES,)
NONRECURRING CHARGES, AND TARIFF)
REVISIONS)

RESPONSE

1. Provide a copy of the audited financial statements for the 12-month period ending December 31, 2008. Include copies of the accountant's workpapers and year-end adjusting journal entries. If audited financial statements are not currently available, give an estimated date that this information will be submitted to the Commissioner.

RESPONSE:

See attached Exhibit "22". On May 21, 2009, VanGorder, Walker & Co., Inc. delivered to the District its initial audited Financial Statement for year ending December 31, 2008. The Financial Statement presented to the District is marked "DRAFT COPY PRELIMINARY AND TENTATIVE FOR DISCUSSION PURPOSES ONLY". The final draft of the year end Financial Statement cannot be finalized until the Management Discussion and Analysis portion is included. VanGorder, Walker & Co., Inc. has informed the District that the final audited Financial Statement should be available no later than June 20, 2009. As soon as a final copy of the audited Financial Statement is received, copies will be forwarded to the Commission.

2. Provide a copy of Bullock Pen's 2008 Annual Report covering the 12 months ending December 31, 2008.

RESPONSE: See attached Exhibit "23".

3. Refer to Exhibit 5 of Bullock Pen's Application, the pro forma income statement for the calendar year 2007.

a. Provide a revised pro forma income statement using the operating revenues and expenses for the calendar year 2008. Provide a complete copy of the workpapers, calculations, and assumptions Bullock Pen used to develop its 2008 pro forma test-period financial information.

RESPONSE:

See attached Exhibit "24", revised Pro Forma Income Statement. No Workpaper Calculation and Assumption documentation exists.

b. Using the Revised pro forma income statement from the response to item 1, calculate Bullock Pen's revenue requirement. Provide a complete copy of the workpapers, calculations, and assumptions Bullock Pen used to develop its 2008 pro forma test-period financial information.

RESPONSE:

See attached Exhibit "25", revised Revenue Requirement Statement, including workpapers, calculations and assumptions.

c. Bullock Pen included a debt payment of \$754,827 on its 2007 pro forma income statement. Provide a schedule showing the principal and interest payments Bullock Pen included in its debt payment of \$745,827.

RESPONSE: See attached Exhibit "26".

4. Refer to Exhibit 7 of the Application, the test-year billing analysis. Provide a billing analysis for the calendar year 2008.

RESPONSE: See attached Exhibit "27".

5. Provide a copy of the monthly billing registers for January 2008 through December 2008. The billing registers should show individual customers usage, and amount billed. Provide the customer billing information on a computer disk in Microsoft Office Excel format.

RESPONSE:

See attached Exhibit "28", customer monthly billing register for calendar year 2008. This Exhibit is provided in 3 ½ inch floppy disk format. Bullock Pen does not have the requested information available in Microsoft Office Excel format. Only one set of the 3 ½ inch floppy disk format is being provided with this filing.

6. Provide a schedule, by customer, of water leak allowances or any other adjustments to customers' usage during the calendar year 2008.

RESPONSE:

No water leak allowances or other adjustments to customer usage during the calendar year 2008 were made.

7. Provide monthly water loss reports since January, 2008. Provide a worksheet summarizing total test-period water loss if available.

RESPONSE:

See attached Exhibit "29", Water Loss Report Worksheet for the period beginning January, 2008 through the present.

8. Provide a copy of the minutes of the Board of Directors meetings held since January, 2008.

RESPONSE: See attached Exhibit "30".

9. Provide a calendar year 2008 general ledger showing account number, Subaccount number, account title, subaccount title, and all entries to each account. For each entry, state the date paid, vendor name, check number used to make payment, and the amount. The general ledger should include all asset, liability, capital, income, and expense accounts used by Bullock Pen. All accounts should show activity for 12 months. Show the balance in each control account and all underlying subaccounts per company books. The 2008 general ledger should be provided on a computer disk in Microsoft Office Excel format.

RESPONSE:

See attached Exhibit "31".

This information is provided in Microsoft Office Excel format. Only one computer disk is provided with this filing.

10. For each cash account used by Bullock Pen during the calendar year 2008, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount. The 2008 cash disbursements ledger should be provided on a computer disk in Microsoft Office Excel format.

RESPONSE:

See attached Exhibit "31", 2008 Cash Disbursements Ledger in Microsoft Office Excel format. Only one computer disk is provided with this filing.

11. Reconcile the test-period general ledger expense accounts to the expense amounts reported on reference page 28 of Bullock Pen's 2008 Annual Report.

RESPONSE: See attached Exhibit "32".

12. a. Provide a list of all employees employed during the calendar year 2008. For each employee listed, provide the following:

RESPONSE:

See attached Exhibit "31".

Only one computer disk is provided with this filing.

- (1) Name.
 - (2) Title.
 - (3) Length of employment with Bullock Pen.
 - (4) Job Duties.
 - (5) The pay rate in effect during the calendar year 2008 and the pay rate that is currently in effect. Also, state the date the current pay rates became effective.
 - (6) The regular time worked and overtime worked during the calendar year 2008.
 - (7) Percentage of the calendar year 2008 payroll that Bullock Pen capitalized. Provide a detailed explanation if Bullock Pen did not capitalize any of its payroll during the calendar year 2008.
 - (8) Total calendar year 2008 payroll expensed and capitalized.
 - (9) Type of employee benefits (i.e. health insurance, dental insurance, vision insurance, pension, etc.) and amounts paid for each by Bullock Pen.
- b. Provide a copy of the employee information requested in 12(a) on a computer disk in Microsoft Office Excel format.

RESPONSE:

See attached Exhibit "31", Employee Census Schedule in Microsoft Office Excel format. Only one computer disk is provided with this filing.

c. Identify any employees listed in response to 12(a) that are no longer employed by Bullock Pen. State whether the vacant position has been filled and provide the information requested in 12(a) for the new employee. If the position has not been filled, state when you expect to hire a new employee or if the position will remain vacant.

RESPONSE:

On December 31, 2008, William R. Catlett retired. At the time of his retirement, William R. Catlett was the District Superintendent. Upon retirement, his duties were assumed by the then Assistant Superintendent, William L. Catlett. William L. Catlett has performed all functions and responsibilities of the retired Superintendent since December 31, 2008. Bullock Pen did not hire any other employees to assume the responsibilities of the then Assistant Superintendent, William L. Catlett.

On October 31, 2008, Bullock Pen Water District's Office Manager, Paula Massie, retired. Her duties and responsibilities were assumed by the then Assistant Office Manager, Gail Bowling. Since Paula Massie's retirement, Gail Bowling has assumed all responsibilities of the retired Paula Massie. In an effort to assist in the performance of office duties previously performed, in part, by Gail Bowling, an entry level temporary employee was hired by the District (Crystal Lower).

At this time, it is not anticipated by Bullock Pen that a replacement employee will be hired in the foreseeable future to replace or assume those responsibilities of the Assistant Superintendent and/or Assistant Office Manager position. Bullock Pen is considering the possibility of hiring a part-time Director that would assume various management and administrative functions of the District.

d. Provide the notification Bullock Pen received from the Kentucky Retirement Systems of the employer contribution rate that will be effective for the fiscal year July 1, 2009 through June 30, 2010.

RESPONSE: See attached Exhibit "33".

13. Provide a detailed list of all fringe benefits available to Bullock Pen employees, the actual cost of each benefit for the calendar year 2008, and the current cost of each fringe benefit. Indicate which fringe benefits, if any, are limited to management or full-time employees. Explain any changes in fringe benefits that have occurred since December 31, 2008.

RESPONSE:

See attached Exhibit "34".

The only fringe benefits offered to employees are health care coverage, dental, and life insurance. Health Insurance is provided equally to all permanent full-time employees. In 2008, substantial changes in health care coverage provided to Bullock Pen employees was instituted. An outline of the previous health insurance coverage provided employees and the current health insurance coverage provided employees, including the cost thereof, is contained in Exhibit "34".

14. Provide the most recent vendor invoice for health insurance. The invoice should list employees individually by name and state clearly the type and cost of the coverage provided. Identify whether the employee is responsible for paying for a portion of his health insurance coverage and identify the amount each employee is responsible for paying.

RESPONSE:

See attached Exhibit "34", health insurance, dental, and life insurance invoices.

Currently, Bullock Pen is paying the cost of health insurance coverage for all employees, excluding co-pays and deductibles. Bullock Pen is also paying the cost of dental insurance coverage for all employees, excluding deductibles and co-pays. Employee life insurance premiums are paid entirely by Bullock Pen.

15. a. Provide a schedule detailing all test-period expenditures related to the application filed in this current proceeding. Provide in the schedule the nature and amounts of all charges and provide a copy of vendor invoices. The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged .

RESPONSE:

- (i) Bullock Pen engaged the services of three professionals relating to the filing of the subject Rate Increase Application. Lee Utility Consulting, Ms. Carryn Lee was engaged. A copy of her Services Contract is attached as Exhibit “35”. This Contract outlines expected fees for Lee’s services rendered to date. Lee has been paid \$7,363.19. It is not anticipated that any additional cost or expense will be incurred.
- (ii) Counsel Thomas R. Nienaber has been engaged by Bullock Pen to provide legal services regarding the current Rate Increase Application. A detailed current statement for services rendered is attached as Exhibit “36”. This Exhibit outlines all hourly rates, fees for services charged to date, etc. Projected additional fees should not exceed \$1,000.00 after the filing of this Response to the Commission’s second request for information.
- (iii) Accountant, Peggy Gamble, Morris & Bressler, has been engaged by Bullock Pen to provide accounting services regarding the current Rate Increase Application. A statement regarding her charges for services rendered regarding this Rate Increase Application is attached hereto as Exhibit “37”.

b. Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor with supporting documentation for each.

RESPONSE: See attached Exhibits “35”, “36” and “37” per 15(a).

c. **Provide a monthly update of the schedule requested in 15(a) showing all of the costs incurred as of that date. Include the supporting detailed vendor invoices as requested in 15(a).**

RESPONSE: See attached Exhibits “35”, “36” and “37”.

16. **Provide a schedule listing Bullock Pen’s insurance coverage, including type of coverage, annual premiums, and effective dates. Include copies of invoices received in 2008 and 2009.**

RESPONSE:

See attached Exhibit “38”. Prior to October 15, 2008, Bullock Pen received insurance services through Wethington Insurance. In September, 2008, Bullock Pen advertised for bids from insurance carriers for the upcoming insurance coverage period. As a result of that bidding process, Bullock Pen awarded an insurance services contract to the Chas. H. Bilz Agency, Covington, Kentucky. The cost and extent of coverage provided by Wethington Insurance and the Chas. H. Bilz Agency Insurance is contained in Exhibit “38”.

17. **Provide a copy of Bullock Pen’s depreciation schedule supporting the calendar year 2008 depreciation expense.**

RESPONSE: See attached Exhibit “39”

18. **For each debt of Bullock Pen currently outstanding or outstanding during the calendar year 2008, provide the following:**

a. **The bond ordinance or resolution authorizing each bond issuance or long-term loan.**

RESPONSE: See attached Exhibit “40”

b. A current amortization schedule for each bond, lease, or note payable listed on reference page 22 of Bullock Pen's 2008 Annual Report. The amortization schedules should be for the entire life of each debt listed and should detail the payment amounts, principal retirements, interest payments, interest rates, and outstanding balances.

RESPONSE: See attached Exhibit "40".

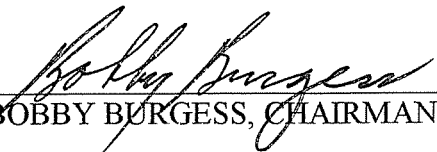
c. For each long-term debt listed on reference page 22 of Bullock Pen's 2008 Annual Report that has a term that exceeds two years, cite the proceeding in which Commission approval of the financing was granted.

RESPONSE: See attached Exhibit "40".

d. A description of the use of the borrowed funds.

RESPONSE: See attached Exhibit "40".

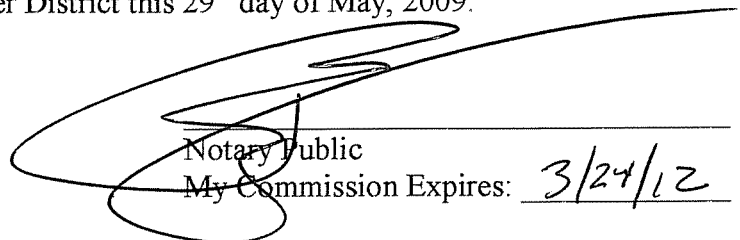
BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

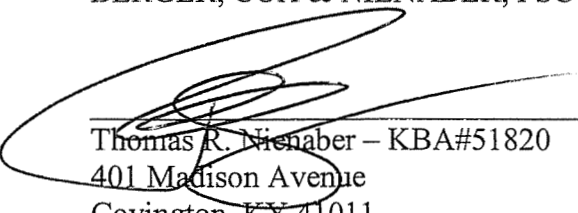
COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said Bobby Burgess, Chairman, Bullock Pen Water District this 29th day of May, 2009.


Notary Public
My Commission Expires: 3/24/12

BERGER, COX & NIENABER, PSC



Thomas R. Nienaber – KBA#51820
401 Madison Avenue
Covington, KY 41011
(859) 491-9088

CERTIFICATE OF SERVICE

I, Thomas R. Nienaber, do hereby certify that a copy of the foregoing was mailed by regular U.S. Mail, postage prepaid, this 5th day of June, 2009 to:

Public Service Commission
Attn: Mr. Jeff Derouen, Executive Director
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

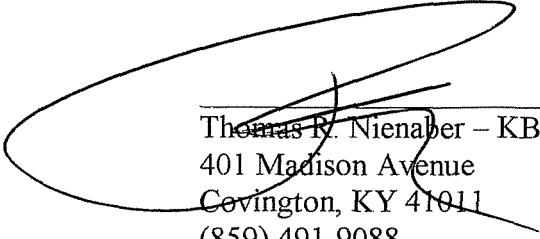
Public Service Commission
Attn: Mr. Ryan Gatewood
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Kentucky Attorney General
700 Capitol Avenue, Suite 118
Frankfort, KY 40601



Thomas R. Nienaber

BERGER, COX & NIENABER, PSC



Thomas R. Nienaber – KBA#51820
401 Madison Avenue
Covington, KY 41011
(859) 491-9088

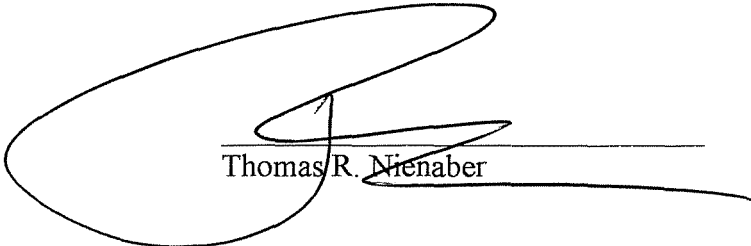
CERTIFICATE OF SERVICE

I, Thomas R. Nienaber, do hereby certify that a copy of the foregoing was mailed by regular U.S. Mail, postage prepaid, this 5th day of June, 2009 to:

Public Service Commission
Attn: Mr. Jeff Derouen, Executive Director
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Public Service Commission
Attn: Mr. Ryan Gatewood
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Kentucky Attorney General
700 Capitol Avenue, Suite 118
Frankfort, KY 40601



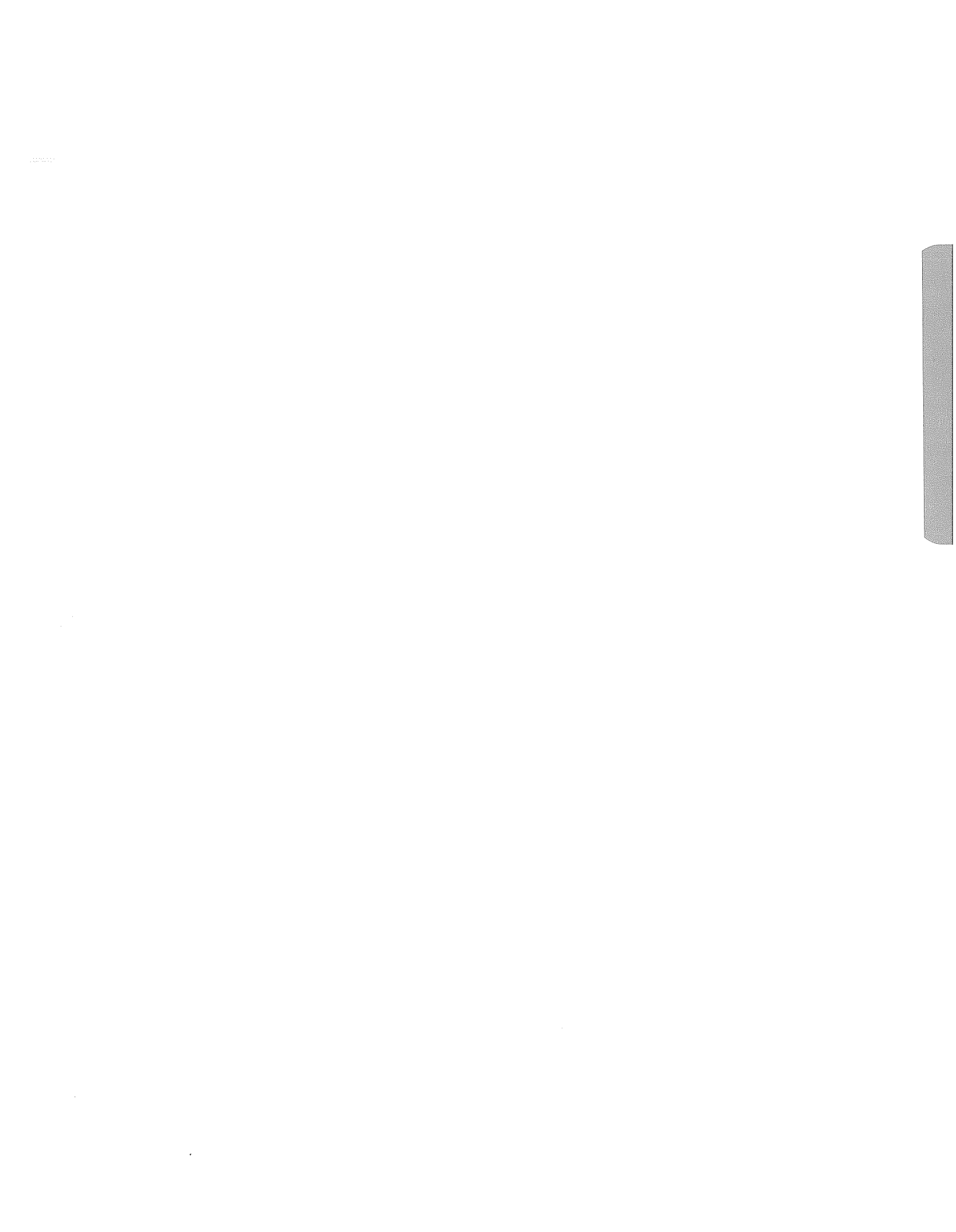
Thomas R. Nienaber



INDEX OF EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
22	Bullock Pen Water District Audited Financial Statement (draft) year-end December 31, 2008
23	Bullock Pen 2008 Annual Report period ending December 31, 2008
24	Revised Pro Forma Income Statement
25	Revised Revenue Requirement Statement, including Workpapers, Calculations and Assumptions.
26	\$754,827.00 Debt Payment Schedule
27	2008 Calendar Year Billing Analysis
28	Customer Monthly Billing Register for Calendar Year 2008 (3 ½ inch floppy disk format)
29	Monthly Water Loss Report
30	Board of Directors Minutes for all monthly meetings from January, 2008 through April, 2009
31	2008 Calendar Year General Ledger (Microsoft Office Excel format)
31	2008 Cash Disbursements Ledger (Microsoft Office Excel format)
32	Bullock Pen 2008 Annual Report Reconciliation
31	Employee Census Schedule (Microsoft Office Excel format)
33	Kentucky Retirement Systems Notification of Contribution rate, fiscal year ending June 30, 2010
34	Employee Census Schedule outlining “fringe benefits”
34	Health, Dental and Life Insurance Vendor invoices
35	Lee Utility Consulting Services Contract
36	Counsel Thomas R. Nienaber’s invoices
37	Accountant Peggy Gamble’s Affidavit

38	Insurance coverage schedule, 2008 and 2009
39	2008 Depreciation Schedule
40	Bullock Pen Water District's current Debt Obligation Schedule
40	Bullock Pen Water District's current Debt Obligation Amortization Schedules
40	Debt Description/Authorization Schedule
41	Affidavit of Gail Bowling, Bullock Pen Office Manager
42	Affidavit of William Catlett, Bullock Pen Superintendent
43	Bond Resolutions



BULLOCK PEN WATER DISTRICT
FINANCIAL STATEMENTS

For the Years Ended December 31, 2008 and 2007

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

BULLOCK PEN WATER DISTRICT

FINANCIAL STATEMENTS

December 31, 2008 and 2007

Table of Contents

	<u>Page</u>
Board of Commissioners	1
Independent Auditor's Report	2
Management's Discussion and Analysis	3-7
Balance Sheets	8-9
Statements of Revenues, Expenses, and Changes in Net Assets	10
Statements of Cash Flows	11
Notes to the Financial Statements	12-24
Schedules of Operations, Maintenance and Administrative Expenses	25
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	26-28

BULLOCK PEN WATER DISTRICT
FINANCIAL STATEMENTS
December 31, 2008 and 2007

Board of Commissioners

Bobby Burgess, Chairman

Charles Givin, Treasurer

Jimmie King, Secretary

Billy Frank Simpson, Commissioner

Andrea Walton, Commissioner

Of Counsel

Thomas R. Nienaber, Esq.

Administration

William L. Catlett, General Manager

Independent Auditor's Report

To the Board of Commissioners Bullock Pen Water District

We have audited the accompanying balance sheets of the Bullock Pen Water District (District) as of December 31, 2008 and 2007 and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bullock Pen Water District as of December 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 24, 2009 on our consideration of the Bullock Pen Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3-7 and the supplementary schedules on page 25 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Van Gorder, Walker & Company, Inc.
Erlanger, Kentucky
April 24, 2009

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

BULLOCK PEN WATER DISTRICT BALANCE SHEETS December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 152,120	\$ 184,057
Certificates of deposit	20,000	268,775
Accounts receivable		
Customers, net of allowance	365,467	368,145
Other	40,759	79,105
Inventories	139,568	139,064
Prepays	36,381	47,609
Accrued interest receivable	283	2,291
Unamortized expenses	11,775	15,455
Total Current Assets	<u>766,353</u>	<u>1,104,501</u>
Restricted Assets		
Loan proceeds fund	1,158	1,139
Debt service reserve fund - Kentucky Infrastructure Authority	18,562	16,147
Current reserve fund - USDA Rural Development	145,325	166,145
Debt payment account	316,243	314,970
Grants receivable	72,295	105,107
Construction fund	116,691	41,507
Accounts receivable - surcharges	9,916	9,718
Customer deposits	133,381	127,452
Maintenance and replacement reserve	272,934	221,304
Total Restricted Assets	<u>1,086,505</u>	<u>1,003,489</u>
Noncurrent Assets		
Miscellaneous deferred charges		
Unamortized issue costs	78,826	87,481
Unamortized tap-in expense	51,845	53,478
Deferred rate case expense	8,430	-
Total Noncurrent Assets	<u>139,101</u>	<u>140,959</u>
Capital Assets		
Land, building, transmission system, equipment, and vehicles	23,042,607	21,892,244
Construction in progress	201,958	860,012
Total utility plant in service	23,244,565	22,752,256
Less: accumulated depreciation	(5,542,930)	(5,045,622)
Total Capital Assets, net of depreciation	<u>17,701,635</u>	<u>17,706,634</u>
TOTAL ASSETS	<u><u>\$ 19,693,594</u></u>	<u><u>\$ 19,955,583</u></u>

The accompanying notes are an integral part of these financial statements.

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

BULLOCK PEN WATER DISTRICT**BALANCE SHEETS**

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 160,126	\$ 152,412
Accrued liabilities	79,425	68,119
Line of credit - Forcht Bank	115,000	-
Total Current Liabilities	<u>354,551</u>	<u>220,531</u>
Current Liabilities Payable From Restricted Assets		
Revenue bonds - current portion	157,000	152,000
Notes payable - current portion	121,509	119,444
Lease obligations - current portion	165,387	162,725
Customer deposits	117,165	110,896
Accrued interest payable	49,228	52,550
Accounts payable - construction	221,016	183,262
Total Current Liabilities Payable From Restricted Assets	<u>831,305</u>	<u>780,877</u>
Long-Term Obligations		
Bonds	2,701,000	2,858,000
Notes payable	1,356,849	1,478,357
Capital lease obligations	1,323,062	1,494,570
Total Long-Term Obligations	<u>5,380,911</u>	<u>5,830,927</u>
TOTAL LIABILITIES	<u>6,566,767</u>	<u>6,832,335</u>
NET ASSETS		
Invested in capital assets, net of related debt	11,808,704	11,537,672
Restricted	515,063	457,265
Unrestricted	803,060	1,128,311
TOTAL NET ASSETS	<u>13,126,827</u>	<u>13,123,248</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,693,594</u>	<u>\$ 19,955,583</u>

The accompanying notes are an integral part of these financial statements.

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

BULLOCK PEN WATER DISTRICT STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS For the Years Ended December 31, 2008 and 2007
--

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Water revenue	\$ 2,784,496	\$ 2,876,797
Management fees	114,174	110,004
TOTAL OPERATING REVENUES	<u>2,898,670</u>	<u>2,986,801</u>
OPERATING EXPENSES		
Water purchased	870,316	766,310
Operation and maintenance expense	1,748,494	1,685,926
Depreciation and amortization	498,961	462,650
TOTAL OPERATING EXPENSES	<u>3,117,771</u>	<u>2,914,886</u>
OPERATING INCOME	<u>(219,101)</u>	<u>71,915</u>
NON-OPERATING INCOME (EXPENSE)		
Investment income	20,582	44,786
Gain/(loss) on sale of assets	-	6,149
Interest on long-term obligations	(285,668)	(302,423)
Amortization of bond discounts and expenses	(8,654)	(8,654)
NET NON-OPERATING INCOME (EXPENSE)	<u>(273,740)</u>	<u>(260,142)</u>
NET INCOME	<u>(492,841)</u>	<u>(188,227)</u>
CAPITAL CONTRIBUTIONS	<u>496,420</u>	<u>1,195,661</u>
CHANGE IN NET ASSETS	3,579	1,007,434
NET ASSETS, JANUARY 1	<u>13,123,248</u>	<u>12,115,814</u>
NET ASSETS, DECEMBER 31	<u>\$ 13,126,827</u>	<u>\$ 13,123,248</u>

The accompanying notes are an integral part of these financial statements.

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

BULLOCK PEN WATER DISTRICT STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 2,939,694	\$ 2,987,862
Paid to suppliers for goods and services	(1,419,155)	(1,369,725)
Paid to or on behalf of employees for services	(1,169,911)	(1,079,783)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>350,628</u>	<u>538,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	22,590	44,319
Proceeds from certificates of deposit	248,775	97,849
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>271,365</u>	<u>142,168</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of fixed assets	(449,407)	(1,329,655)
Contributed capital received	529,232	1,092,292
Increase in customer deposits and restricted payables	6,269	9,991
Interest paid on long term debt	(288,990)	(304,518)
Loan proceeds	115,000	-
Principal paid on long term debt	(440,289)	(444,494)
Proceeds from disposal of assets	-	16,000
Payment of rate case expenses	(9,917)	-
(Increase) / decrease in restricted assets	(115,828)	131,558
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(653,930)</u>	<u>(828,826)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,937)	(148,304)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	184,057	332,361
CASH AND CASH EQUIVALENTS-END OF YEAR	<u>\$ 152,120</u>	<u>\$ 184,057</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income/(loss)	\$ (219,101)	\$ 71,915
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	498,961	462,650
Change in operating assets and liabilities		
Decrease (increase) in receivables	41,024	1,061
Decrease (increase) in inventories	(504)	(34,992)
Decrease (increase) in prepaid assets	11,228	8,452
Increase (decrease) in accounts payable	7,714	49,765
Increase (decrease) in other accrued liabilities	11,306	(20,497)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 350,628</u>	<u>\$ 538,354</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 288,990</u>	<u>\$ 304,518</u>
Non-cash contribution to fixed assets	<u>\$ 5,148</u>	<u>\$ 176,173</u>

The accompanying notes are an integral part of these financial statements.

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

NOTE 1 – GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The Bullock Pen Water District (District) is a water utility, which provides service to residential and commercial customers in Grant, Boone, Kenton, Pendleton and Gallatin Counties in Kentucky. The District was created by the Grant County Fiscal Court under the provisions of chapter 74 of the Kentucky Revised Statutes (KRS) in 1957.

Regulatory Requirements

The District is subject to the regulatory authority of the Kentucky Public Service Commission (PSC) pursuant to KRS 278.040.

Basis of Accounting

The District's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) Opinions of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The District has adopted GASB Statements 33 through 49, and related interpretations issued through December 31, 2008. Statement No. 33 required capital contributions to be recorded in the statement of revenues, expenses and changes in net assets. Statement 34 and subsequent statements and interpretations required certain other changes in terminology, format and content, as well as inclusion of the management's discussion and analysis as required supplementary information.

All activities of the District are accounted for within a single proprietary (enterprise) reporting entity. Proprietary entities are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheets. Net assets (i.e., total assets net of total liabilities) are segregated into "invested in capital assets, net of related liabilities"; "restricted"; and "unrestricted" components.

Cash Equivalents

For purposes of the balance sheets and the statements of cash flows, the District considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

Inventories

Inventories are stated at the lower of cost or market. Cost is determined under the First-In, First-Out (FIFO) method. Market is determined on the basis of estimated realizable market values.

Distribution System, Building, and Equipment

Property, plant, transmission lines and equipment are recorded at cost and depreciated over their estimated useful lives using the straight line method. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in the "Non-Operating Income (Expense)" portion of results of operations.

Construction in Progress

Capitalizable costs incurred on projects which are not in use or ready for use at year end are held as "Construction in Progress". When the asset under construction is ready for use, related costs are transferred to the asset account. The Construction in Progress account was \$201,958 and \$860,012 at December 31, 2008 and 2007, respectively.

Miscellaneous Deferred Charges

The costs of issuance of the District's Revenue Bonds are deferred and recorded as unamortized issue costs and are being amortized over the life of the bond issues.

Capital Contributions

In conformity with the provisions of Governmental Accounting Standards Board Statement No. 33 – *Accounting and Financial Reporting for Non-Exchange Transactions*, amounts related to customer contributions in aid of construction have been reported as other income in the District's income statement. These contributions represent customer tap-in fees and other contributions to recover the costs of extensions of the distribution system. The District also includes estimated cost figures for those lines contributed by outside contractors. During 2008 and 2007 these contributions consisted of the following:

<u>Source</u>	<u>2008</u>	<u>2007</u>
Tap in fees and construction costs paid by new customers	\$ 156,275	\$ 199,339
Federal funding passed through Grant County Fiscal Court	37,957	154,943
Construction funding from the State of Kentucky	-	65,961
Construction funding from other sources	234,569	603,588
Surcharges - Phases 5, 7, 8, and 10	67,619	76,669
Total income received in aid of construction	<u>496,420</u>	<u>1,100,500</u>
Waterlines and related infrastructure received without cost	-	95,161
Total capital contributions	<u>\$ 496,420</u>	<u>\$ 1,195,661</u>

Income Tax Status

The District is exempt from federal and state income taxes since it is a governmental entity. Accordingly, the financial statements include no provision for income taxes.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets,

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Operating Revenues and Non-operating Revenues

Revenues have been classified as operating and non-operating. Operating revenues are those revenues that are directly generated from the sale of water to customers. Non-operating revenues are those revenues that arise from the overall function of the entity. Examples of non-operating revenues are grant revenues, sales of fixed assets and interest income.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits consist of checking accounts and certificates of deposit. They are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the balance sheets as "Cash and Cash Equivalents" and "Restricted Assets". At December 31, 2008 and 2007, the bank balances were \$1,176,414 and \$1,341,496, respectively, which were the same as the carrying amount.

Funds in excess of current expenses or obligations of the District are invested in certificates of deposit issued by, or other interest bearing accounts of, banks that are insured by the Federal Deposit Insurance Corporation.

The District has amounts on deposit with two banks in excess of FDIC insured amounts. The banks have pledged collateral agreements to cover such excess amounts. At December 31, 2008, all amounts held on deposit by the District were sufficiently collateralized.

Effective January 1, 1998, investments are reported at fair value which is determined using the selected basis. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair market value. The District's investments are categorized to give an indication of the level of risk assumed by the District at December 31, 2008. The categories are described as follows:

Category 1 – Insured and registered, with securities held by the entity or its agent in the entity's name;

Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name;

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the entity's name.

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

	Category 1	Category 2	Category 3	Fair Value/ Carrying Cost	Cost
Operation and maintenance	\$ 172,120	\$ -	\$ -	\$ 172,120	\$ 172,120
Customer deposits	133,381	-	-	133,381	133,381
Debt payment accounts	133,298	-	182,945	316,243	316,243
Current and replacement reserve	418,259	-	18,562	436,821	436,821
Construction funds	116,691	-	-	116,691	116,691
Loan proceeds funds	-	-	1,158	1,158	1,158
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 973,749</u>	<u>\$ -</u>	<u>\$ 202,665</u>	<u>\$ 1,176,414</u>	<u>\$ 1,176,414</u>

In accordance with GASB 40, the District has \$184,103 in bond sinking funds and unused construction funds held in investments in federally backed US Treasury Obligations rated AAA/Aaa. The market risk on these investments is negligible. The District also has \$18,562 held in fiduciary trust by the Kentucky Infrastructure Authority.

NOTE 3 – RESTRICTED NET ASSETS

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net assets. Invested in capital assets, net of related debt consists of all capital assets net of accumulated depreciation and reduced by outstanding debts, that is attributable to the acquisition, construction and improvement of those assets. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net assets consist of all other net assets not included in the above categories. Included in restricted net assets at December 31,

	2008	2007
Accounts receivable	\$ 3,505	\$ 3,780
Construction accounts payable	(221,016)	(183,261)
Construction fund	100,071	25,417
Current reserve fund - USRDA	143,400	143,400
Debt payment account	195,406	192,988
Grant receivable	72,295	105,107
Accrued interest payable	(42,598)	(44,166)
Loan proceeds fund	-	-
Maintenance and replacement	264,000	214,000
Note payable	-	-
	<u> </u>	<u> </u>
Total Restricted Net Assets	<u>\$ 515,063</u>	<u>\$ 457,265</u>

NOTE 4 – UTILITY PLANT IN SERVICE

All property, plant and equipment including infrastructure assets are recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss included in the results of operations. Repair and

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

maintenance charges, which do not increase the useful lives of the assets, are charged to income as incurred. Interest incurred on construction funding during the period of construction is capitalized and is added to the item under construction rather than charged to expense as incurred.

Asset Type	December 31, 2007	Additions	Retirements	December 31, 2008
Land	\$ 161,757	\$ -	\$ -	\$ 161,757
Buildings and improvements	1,481,052	6,271	-	1,487,323
Construction in progress	860,012	382,785	(1,040,839)	201,958
Distribution reservoirs and standpipes	2,127,209	-	-	2,127,209
Furniture and fixtures	65,476	4,375	-	69,851
Hydrants	1,007,908	100,752	-	1,108,660
Meter system and installation	3,563,404	111,416	-	3,674,820
Other plant and misc. equipment	258,320	20,341	-	278,661
Pumping equipment	78,893	-	-	78,893
Tools and lab equipment	59,370	-	-	59,370
Transmission mains	12,743,032	895,185	-	13,638,217
Transportation equipment	257,401	7,424	-	264,825
Water treatment equipment	88,422	4,599	-	93,021
Subtotal	22,752,256	1,533,148	(1,040,839)	23,244,565
Accumulated depreciation	(5,045,622)	(497,308)	-	(5,542,930)
Fixed Assets, net	<u>\$ 17,706,634</u>	<u>\$ 1,035,840</u>	<u>\$(1,040,839)</u>	<u>\$ 17,701,635</u>

During 2008, the District capitalized \$5,148 of the depreciation expense on the backhoe used for setting meters, reducing the depreciation expense from \$497,308 to \$492,160.

NOTE 5 – BONDED INDEBTEDNESS

Water Works System Revenue Bonds, U.S. Department of Agriculture 1978

On December 21, 1978, the District sold \$1,330,000 of revenue bonds for the purpose of financing the costs of major water system facilities. All bonds mature on January 1st of each year beginning in 1981 and ending in 2018. Interest is payable on January 1st and July 1st of each year and principal is due in annual installments on January 1st through 2018. The remaining debt service is as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2009	5.00%	\$ 51,000	\$ 28,050	\$ 79,050
2010	5.00%	54,000	25,500	79,500
2011	5.00%	56,000	22,800	78,800
2012	5.00%	59,000	20,000	79,000
2013	5.00%	62,000	17,050	79,050
2014-2018	5.00%	279,000	35,700	314,700
Totals		<u>\$ 561,000</u>	<u>\$ 149,100</u>	<u>\$ 710,100</u>

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

Water Works System Revenue Bonds, U.S. Department of Agriculture 1982

On August 6, 1982, the District sold \$125,000 of revenue bonds for the purpose of financing the costs of major water system facilities. All bonds mature on January 1st of each year beginning in 1984 and ending in 2022. Interest is payable on January 1st and July 1st of each year and principal is due in annual installments on January 1st through 2022. The remaining debt service is as follows:

<u>Year</u>	<u>Interest Rates</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2009	5.00%	\$ 4,000	\$ 3,550	\$ 7,550
2010	5.00%	4,000	3,350	7,350
2011	5.00%	4,000	3,150	7,150
2012	5.00%	5,000	2,950	7,950
2013	5.00%	5,000	2,700	7,700
2014-2022	5.00%	49,000	11,700	60,700
Totals		<u>\$ 71,000</u>	<u>\$ 27,400</u>	<u>\$ 98,400</u>

Kentucky Rural Water Finance Corporation Bonds, Series 2001C - Surcharge

On May 15, 2002, the District participated in the Kentucky Rural Water Finance Corporation's first Flexible Term Finance Program Remarketing. The District's total share of the bond proceeds was \$715,000 for Phase V of the District's waterline extension; \$374,000 of that amount was funded by customer surcharges. These surcharges are paid by customers who benefited from the waterline extension and are used to provide refunding for the bonds. All surcharge bonds mature on February 1st of each year beginning in 2004 and ending in 2027. Interest is payable on February 1st and August 1st of each year and principal is due in annual installments on February 1st through 2027. The remaining debt service is as follows:

<u>Year</u>	<u>Interest Rates</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2009	5.15-5.45%	\$ 10,000	\$ 17,107	\$ 27,107
2010	5.15-5.45%	10,000	16,592	26,592
2011	5.15-5.45%	10,000	16,077	26,077
2012	5.15-5.45%	14,000	15,459	29,459
2013	5.15-5.45%	14,000	14,738	28,738
2014-2027	5.15-5.45%	267,000	113,567	380,567
Totals		<u>\$ 325,000</u>	<u>\$ 193,540</u>	<u>\$ 518,540</u>

Kentucky Rural Water Finance Corporation Revenue Bonds, Series 2001C - Phase V

As mentioned above, on May 15, 2002, the District participated in the Kentucky Rural Water Finance Corporation's first Flexible Term Finance Program Remarketing. The District's total share of the bond proceeds was \$715,000 for Phase V of the District's waterline extension; \$341,000 of that amount was funded by District revenue. The Revenue Bonds are refunded by District water revenue. All bonds mature on February 1st of each year beginning in 2004 and ending in 2027. Interest is payable on February 1st and August 1st of each year and principal is due in annual installments on February 1st through 2027. The remaining debt service is as follows:

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2009	5.15-5.45%	\$ 10,000	\$ 15,508	\$ 25,508
2010	5.15-5.45%	10,000	14,993	24,993
2011	5.15-5.45%	10,000	14,478	24,478
2012	5.15-5.45%	11,000	13,937	24,937
2013	5.15-5.45%	11,000	13,371	24,371
2014-2027	5.15-5.45%	243,000	103,471	346,471
Totals		<u>\$ 295,000</u>	<u>\$ 175,758</u>	<u>\$ 470,758</u>

Kentucky Rural Water Finance Corporation Revenue Bonds, Series 2001C - Refinancing

On July 31, 2002, the District sold \$574,000 of revenue bonds for the purpose of refinancing existing obligations. All bonds mature on February 1st of each year beginning in 2003 and ending in 2021. Interest is payable on February 1st and August 1st of each year and principal is due in annual installments on February 1st through 2021. The remaining debt service is as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2009	3.15-5.00%	\$ 27,000	\$ 18,697	\$ 45,697
2010	3.15-5.00%	28,000	17,675	45,675
2011	3.15-5.00%	29,000	16,581	45,581
2012	3.15-5.00%	29,000	15,432	44,432
2013	3.15-5.00%	30,000	14,226	44,226
2014-2021	3.15-5.00%	292,000	59,474	351,474
Totals		<u>\$ 435,000</u>	<u>\$ 142,085</u>	<u>\$ 577,085</u>

Kentucky Rural Water Finance Corporation Revenue Bonds, Series 2001G - Dry Ridge Tank

On July 29, 2003, the District sold \$460,000 of revenue bonds for the purpose of installing a water tower in Dry Ridge, Kentucky. All bonds mature on February 1st of each year beginning in 2004 and ending in 2018. Interest is payable on February 1st and August 1st of each year and principal is due in annual installments on February 1st. The remaining debt service is as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2009	1.47-4.52%	\$ 27,000	\$ 13,733	\$ 40,733
2010	1.47-4.52%	28,000	12,758	40,758
2011	1.47-4.52%	29,000	11,661	40,661
2012	1.47-4.52%	31,000	10,447	41,447
2013	1.47-4.52%	32,000	9,085	41,085
2014-2018	1.47-4.52%	185,000	21,357	206,357
Totals		<u>\$ 332,000</u>	<u>\$ 79,041</u>	<u>\$ 411,041</u>

Kentucky Rural Water Finance Corporation Revenue Bonds, Series 2004D - Phase 7

On October 19, 2004, the District sold \$98,000 of revenue bonds for the purpose of funding its Phase 7 waterline extension project. All bonds mature on February 1st of each year beginning in 2005 and ending in 2019. Interest is payable on February 1st and August 1st of each year and

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

principal is due in annual installments on February 1st through 2019. The remaining debt service is as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2009	3.12-4.12%	\$ 6,000	\$ 2,741	\$ 8,741
2010	3.12-4.12%	6,000	2,538	8,538
2011	3.12-4.12%	6,000	2,336	8,336
2012	3.12-4.12%	6,000	2,131	8,131
2013	3.12-4.12%	7,000	1,898	8,898
2014-2019	3.12-4.12%	43,000	5,418	48,418
Totals		<u>\$ 74,000</u>	<u>\$ 17,062</u>	<u>\$ 91,062</u>

Kentucky Rural Water Finance Corporation Revenue Bonds, Series 2005B - Phase 8

On October 19, 2005, the District sold \$514,000 of revenue bonds for the purpose of funding its Phase 8 waterline extension project. All bonds mature on February 1st of each year beginning in 2007 and ending in 2031. Interest is payable on February 1st and August 1st of each year and principal is due in annual installments on February 1st through 2031. The remaining debt service is as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2009	4.09-4.59%	\$ 14,000	\$ 20,735	\$ 34,735
2010	4.09-4.59%	14,000	20,162	34,162
2011	4.09-4.59%	14,000	19,589	33,589
2012	4.09-4.59%	15,000	18,997	33,997
2013	4.09-4.59%	15,000	18,383	33,383
2014-2031	4.09-4.59%	417,000	186,734	603,734
Totals		<u>\$ 489,000</u>	<u>\$ 284,600</u>	<u>\$ 773,600</u>

Kentucky Rural Water Finance Corporation Revenue Bonds, Series 2005B - Phase 10

On October 19, 2005, the District sold \$290,000 of revenue bonds for the purpose of funding its Phase 10 waterline extension project. All bonds mature on February 1st of each year beginning in 2007 and ending in 2031. Interest is payable on February 1st and August 1st of each year and principal is due in annual installments on February 1st through 2031. The remaining debt service is as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2009	4.09-4.59%	\$ 8,000	\$ 11,699	\$ 19,699
2010	4.09-4.59%	8,000	11,371	19,371
2011	4.09-4.59%	8,000	11,044	19,044
2012	4.09-4.59%	8,000	10,717	18,717
2013	4.09-4.59%	9,000	10,369	19,369
2014-2031	4.09-4.59%	235,000	105,041	340,041
Totals		<u>\$ 276,000</u>	<u>\$ 160,241</u>	<u>\$ 436,241</u>

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

NOTE 6 – NOTES PAYABLE

Kentucky Infrastructure Authority - 1991

On August 29, 1991, the District signed a note from the Kentucky Infrastructure Authority for \$437,655. Water system revenues serve as collateral for this loan. This note was refunded and refinanced on December 19, 2002 and again on August 1, 2004. The most recent note carries a variable interest rate between 2.25-4.84% and matures on June 1, 2011. The remaining debt service is as follows:

<u>Year</u>	<u>Interest Rates</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2009	4.34-4.84%	\$ 25,000	\$ 2,905	\$ 27,905
2010	4.61-4.84%	25,000	1,786	26,786
2011	4.84%	12,500	605	13,105
Totals		<u>\$ 62,500</u>	<u>\$ 5,296</u>	<u>\$ 67,796</u>

Kentucky Infrastructure Authority - 1993

On April 7, 1993, the District signed a note from the Kentucky Infrastructure Authority for \$582,599. Water system revenues serve as collateral for this loan. This note was refunded and refinanced on December 19, 2002 and again on August 1, 2004. The most recent note carries a variable interest rate between 2.25-5.19% and matures on June 1, 2013. The remaining debt service is as follows:

<u>Year</u>	<u>Interest Rates</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2009	4.34-5.19%	\$ 30,000	\$ 7,067	\$ 37,067
2010	4.61-5.19%	30,000	5,724	35,724
2011	4.84-5.19%	32,500	4,307	36,807
2012	5.04-5.19%	35,000	2,698	37,698
2013	5.19%	17,500	908	18,408
Totals		<u>\$ 145,000</u>	<u>\$ 20,704</u>	<u>\$ 165,704</u>

Kentucky Infrastructure Authority - Drinking Water Supply Project 2002

On February 1, 2002, the District signed a note from the Kentucky Infrastructure Authority for \$350,367 to fund waterline replacement and extension projects. Water system revenues serve as collateral for this loan. The note carries an interest rate of 3.8% and matures on June 1, 2022. The remaining debt service is as follows:

<u>Year</u>	<u>Interest Rates</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2009	3.80%	\$ 15,000	\$ 10,169	\$ 25,169
2010	3.80%	15,575	9,594	25,169
2011	3.80%	16,173	8,996	25,169
2012	3.80%	16,793	8,376	25,169
2013	3.80%	17,438	7,731	25,169
2014-2022	3.80%	190,335	36,182	226,517
Totals		<u>\$ 271,314</u>	<u>\$ 81,048</u>	<u>\$ 352,362</u>

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

Kentucky Infrastructure Authority - Drinking Water Supply Project 2003

On November 1, 2003, the District signed a note from the Kentucky Infrastructure Authority for \$1,210,604 to fund waterline extension projects and the Mt. Zion water tank installation. Water system revenues serve as collateral for this loan. The note carries an interest rate of 3.0% and matures on June 1, 2024. The remaining debt service is as follows:

<u>Year</u>	<u>Interest Rates</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2009	3.00%	\$ 51,509	\$ 29,603	\$ 81,112
2010	3.00%	53,065	28,047	81,112
2011	3.00%	54,669	26,443	81,112
2012	3.00%	56,322	24,790	81,112
2013	3.00%	58,024	23,088	81,112
2014-2024	3.00%	<u>725,955</u>	<u>125,714</u>	<u>851,669</u>
Totals		<u>\$ 999,544</u>	<u>\$ 257,685</u>	<u>\$ 1,257,229</u>

Eagle Bank - Line of Credit

On April 1, 2004, the District opened a \$300,000 line of credit from Forcht Bank (formerly Eagle Bank) in anticipation of a 2005 bond issue. The loan was used as interim financing to fund early portions of the Phase 10 waterline extension project. System revenues serve as collateral for this loan. The loan carries an interest rate of prime minus 1.725%. During 2008, the District borrowed money on the line of credit to cover operating expenses. The line of credit carried balances of \$115,000 and \$0, respectively, at December 31, 2008 and 2007.

NOTE 7 – CAPITAL LEASES

Kentucky Association of Counties Leasing Trust - 1995

On September 7, 1995, the District signed a capital lease agreement for \$1,500,000 for a water tower, waterlines and associated infrastructure. The leased assets are included on the fixed asset summary in Note 4. The lease matures on January 20, 2019. Amortization of the lease is included in the depreciation expense. Future minimum lease payments are as follows:

<u>Year</u>	<u>Rent Amount</u>	<u>Interest Amount</u>	<u>Total Lease Payment</u>
2009	\$ 65,000	\$ 57,126	\$ 122,126
2010	68,000	52,740	120,740
2011	72,000	48,101	120,101
2012	76,000	43,202	119,202
2013	80,000	38,045	118,045
2014-2019	<u>581,000</u>	<u>103,155</u>	<u>684,155</u>
Totals	<u>\$ 942,000</u>	<u>\$ 342,369</u>	<u>\$ 1,284,369</u>

Kentucky Association of Counties Leasing Trust - 1996

On November 20, 1996 the District signed a capital lease agreement for \$336,000 for water lines, meters, and hydrants. The fixed assets are included in transmission mains, meters, and hydrants on the fixed asset summary in Note 4. The lease matures on January 20, 2016.

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

Amortization of the lease is included in the depreciation expense. Future minimum lease payments are as follows:

<u>Year</u>	<u>Rent Amount</u>	<u>Interest Amount</u>	<u>Total Lease Payment</u>
2009	\$ 18,000	\$ 10,564	\$ 28,564
2010	19,000	9,405	28,405
2011	20,000	8,186	28,186
2012	22,000	6,849	28,849
2013	23,000	5,446	28,446
2014-2016	87,000	6,630	93,630
Totals	<u>\$ 189,000</u>	<u>\$ 47,080</u>	<u>\$ 236,080</u>

Old National Bank - 2003

On September 1, 2003 the District signed a capital lease agreement for \$477,050 for water meter automated read heads. The interest rate is 4.5%. These read heads are included in meters on the fixed asset summary in Note 4. The lease matures on February 5, 2014. Amortization of the lease is included in the depreciation expense. Future minimum lease payments are as follows:

<u>Year</u>	<u>Rent Amount</u>	<u>Interest Amount</u>	<u>Total Lease Payment</u>
2009	\$ 44,943	\$ 10,476	\$ 55,419
2010	51,186	9,271	60,457
2011	53,537	6,920	60,457
2012	55,996	4,461	60,457
2013	58,569	1,888	60,457
2014	10,019	56	10,075
Totals	<u>\$ 274,250</u>	<u>\$ 33,072</u>	<u>\$ 307,322</u>

Old National Bank - 2004

On March 5, 2004 the District signed a capital lease agreement for \$170,450 for water meter automated read heads. The interest rate is 4.5%. These read heads are included in meters on the fixed asset summary in Note 4. The lease matures on March 5, 2011. Amortization of the lease is included in the depreciation expense. Future minimum lease payments are as follows:

<u>Year</u>	<u>Rent Amount</u>	<u>Interest Amount</u>	<u>Total Lease Payment</u>
2009	\$ 23,841	\$ 1,658	\$ 25,499
2010	26,985	832	27,817
2011	6,910	44	6,954
Totals	<u>\$ 57,736</u>	<u>\$ 2,534</u>	<u>\$ 60,270</u>

Daimler Chrysler Corporation

On October 17, 2005 the District signed a capital lease agreement for \$64,371 for the purchase of a dump truck. The interest rate is 4.94%. This dump truck is included in transportation equipment on the fixed asset summary in Note 4. The lease matures on October 17, 2010. Amortization of the lease is included in the depreciation expense. Future minimum lease payments are as follows:

BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007
--

Year	Rent Amount	Interest Amount	Total Lease Payment
2009	\$ 13,603	\$ 953	\$ 14,556
2010	11,860	270	12,130
Totals	<u>\$ 25,463</u>	<u>\$ 1,223</u>	<u>\$ 26,686</u>

NOTE 8 – INDEBTEDNESS SUMMARY

The changes in long-term indebtedness for 2008 are as follows:

Debt Instrument	Balance at December 31, 2007	Additions	Retirements	Balance at December 31, 2008
USDA revenue bonds of 1978	\$ 610,000	\$ -	\$ (49,000)	\$ 561,000
USDA revenue bonds of 1982	75,000	-	(4,000)	71,000
KRW series 2001C bonds - Surcharge	335,000	-	(10,000)	325,000
KRW series 2001C bonds - Phase V	305,000	-	(10,000)	295,000
KRW series 2001C bonds - Refinancing	461,000	-	(26,000)	435,000
KRW series 2004D bonds - Phase 7	80,000	-	(6,000)	74,000
KRW series 2001G bonds - Dry Ridge	359,000	-	(27,000)	332,000
KRW series 2005B bonds - Phase 8	502,000	-	(13,000)	489,000
KRW series 2005B bonds - Phase 10	283,000	-	(7,000)	276,000
Line of Credit - Forcht Bank	-	115,000	-	115,000
Note payable - KIA 1991	87,500	-	(25,000)	62,500
Note payable - KIA 1993	175,000	-	(30,000)	145,000
Note payable - KIA 2002	285,759	-	(14,445)	271,314
Note payable - KIA 2003	1,049,541	-	(49,997)	999,544
Capitalized lease - KACoLT 1995	1,003,000	-	(61,000)	942,000
Capitalized lease - KACoLT 1996	206,000	-	(17,000)	189,000
Capitalized lease - Old National 2003	325,033	-	(50,783)	274,250
Capitalized lease - Old National 2004	84,851	-	(27,115)	57,736
Capitalized lease - Diamler Chrysler	38,412	-	(12,949)	25,463
Subtotal	<u>6,265,096</u>	<u>\$ 115,000</u>	<u>\$ (440,289)</u>	<u>5,939,807</u>
Less: current portion of long-term debt	<u>(434,169)</u>			<u>(558,896)</u>
Total Long-Term Indebtedness	<u>\$ 5,830,927</u>			<u>\$ 5,380,911</u>

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM

County Employees Retirement System

Employees who work an average of 100 hours per month participate in the County Employees Retirement System of Kentucky (CERS). It is a cost sharing multiple-employer defined benefit pension plan created by and operated under Kentucky law. CERS covers substantially all regular full-time employees of each county and school board, and any additional local agencies electing to participate in the system. The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments are provided at the discretion of the State Legislature. For the years ended December 31, 2008 and 2007 plan members were required to contribute 5% of their annual creditable compensation.

<p>BULLOCK PEN WATER DISTRICT NOTES TO THE FINANCIAL STATEMENTS December 31, 2008 and 2007</p>

Employer contribution rates are actuarially determined. Such contribution rates are determined by the Board of Trustees of the Kentucky Retirement System. They may amend contribution rates as of the first day of July, if it is determined necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. From January until July 2008 the employer contribution rate was 16.17%. From July until December 2008, the employer rate was 13.50%. From January until July 2007 the employer contribution rate was 13.19%. From July until December 2007, the employer rate was 16.17%.

The District has made 100% of all required contributions for each of the years ended December 31, 2008, 2007, 2006, 2005, and 2004. Information about the contributions made by the District and the employees, as well as gross payroll and covered payroll follows:

	2008	2007	2006	2005	2004
Gross Payroll - All Employees	\$763,492	\$703,985	\$638,702	\$612,902	\$587,769
Gross Payroll - Covered Employees	721,020	660,940	613,099	588,815	551,348
Employee Contribution	36,051	33,047	30,655	29,316	27,568
Employer Contribution (expense)	106,700	97,345	74,280	54,396	43,815

NOTE 10 – RELATED PARTY TRANSACTIONS

The District rented excavation equipment from Billy Catlett Bobcat Service, whose owner, William L. Catlett, is the Assistant General Manager of the Water District. The District paid \$4,500 in January 2008 and \$4,495 in February 2008 for services provided in 2007. Billy Catlett Bobcat Service provided additional services for the District in 2008 in the amount of \$9,250. This balance has not yet been paid by the District at December 31, 2008.

The staff of the Bullock Pen Water District operates the Grant County Sewer District as well. The District receives a management fee from the Grant County Sewer District for these services. This fee was \$114,174 and \$110,004 in 2008 and 2007, respectively. The Chairman of the Board of Commissioners and two other commissioners of the District serve on the boards of both the Bullock Pen Water District and the Grant County Sewer District.

NOTE 11 – ECONOMIC DEPENDENCY/CREDIT RISK

Bullock Pen Water District is a government agency operating with one office in Crittenden, Kentucky. It grants credit to customers who are primarily local residents and businesses. The District receives all of its operating revenues from customers in Grant, Pendleton, Kenton, Boone and Gallatin Counties in Kentucky.

NOTE 12 – CONCENTRATIONS

The District has agreements to purchase water from the Cities of Walton and Williamstown, Kentucky and the Northern Kentucky Water District.

BULLOCK PEN WATER DISTRICT**SCHEDULES OF OPERATIONS, MAINTENANCE AND ADMINISTRATIVE EXPENSES**

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operations, Maintenance and Administrative Expenses		
Salaries and wages - employees	\$ 741,478	\$ 642,594
Employee pension and benefits	425,739	402,892
Advertising	167	884
Bad debt expense	9,076	31,519
Chemicals	67,587	73,153
Commissioners' fees	14,000	13,800
Contractual services - accounting	38,862	37,435
Contractual services - engineering	13,506	28,070
Contractual services - legal	17,349	29,237
Contractual services - management	2,679	4,193
Contractual services - water test	20,555	15,824
Contractual services - other	53,923	47,925
Insurance - general liability	16,321	17,584
Insurance - other	6,738	7,061
Insurance - vehicle	10,073	12,178
Insurance - workers' compensation	20,876	18,627
Materials and supplies	101,695	125,122
Miscellaneous	411	1,268
Payroll taxes	54,167	49,275
Purchased power	70,094	71,820
Rental of property and equipment	11,613	10,876
Transportation	46,973	40,028
Utility regulatory assessment	4,612	4,561
	<u>\$ 1,748,494</u>	<u>\$ 1,685,926</u>
Total Operations, Maintenance and Administrative Expenses		

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

**To the Board of Commissioners
Bullock Pen Water District**

We have audited the financial statements of the Bullock Pen Water District as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bullock Pen Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Bullock Pen Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bullock Pen Water District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bullock Pen Water District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bullock Pen Water District's financial statements that is more than inconsequential will not be prevented or detected by the Bullock Pen Water District's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Lack of Segregation of Duties

Condition: We noted that due to the size of the District and financial considerations, some of the executing and recording of transactions are performed by the same person.

Criteria: Segregation of duties is a necessary part of any system of internal control. Segregating the processes of authorizing, executing and recording transactions is essential.

Effect: Lack of segregation of duties could allow for receipts to be diverted away from the District and expenses not attributed to the District could be paid for from the District's cash account. The District has determined that the cost of mitigation is not justified when compared to the risk of the related transactions.

Recommendation: Due to the size of the District and other financial considerations, internal controls should be implemented, to the highest appropriate level, to segregate the duties of the personnel. Controls should then be monitored to ascertain that they are sufficient to reduce the risk of material misstatement to an acceptable level.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Bullock Pen Water District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance

As part of obtaining reasonable assurance about whether the Bullock Pen Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. Noncompliance could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

The District is not in compliance with Section 11 of the 2005 Bond Resolution which requires that the net annual revenue be at least 1.20 times the average annual debt service requirement for principal and interest on all outstanding bonds payable from pledged receipts.

A summary of the balances at December 31, 2008 follows:

<u>Bond</u>	<u>Average Debt Service</u>	<u>Resolution Multiplier</u>	<u>Required Net Revenue</u>		
1978	\$ 71,010	1.20	\$ 85,212		
1982	7,029	1.20	8,435		
2001 Phase V	24,777	1.20	29,732		
2001 Dry Ridge	41,104	1.20	49,325		
2001 Surcharge	27,292	1.20	32,750		
2002 Refinance	44,391	1.20	53,269		
2004 Phase 7	8,278	1.20	9,934		
2005 Phase 8	33,635	1.20	40,362	Total	
2005 Phase 10	18,967	1.20	22,760	Net Revenue	Deficit
			<u>\$ 331,780</u>	<u>\$ 300,442</u>	<u>\$ (31,338)</u>

A proposed rate increase has been initiated which will enable the District to meet this requirement.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Van Gorder, Walker & Co., Inc.
Erlanger, KY
April 24, 2009

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

**BULLOCK PEN WATER DISTRICT
ACCOUNTANT'S WORKPAPERS**

**IN LIEU OF ACCOUNTANT'S WORKPAPERS AND YEAR END ADJUSTING ENTRIES WE
HAVE TRACED AMOUNTS APPEARING ON PAGES 8, 9, 10, & 25 OF THE 2008 AUDIT
REPORT TO THE DISTRICT'S FINANCIAL STATEMENTS THROUGH THE USE OF A KEY.**

ASSETS

LETTERS A THRU W

LIABILITIES & EQUITY

LETTERS AA THRU PP

STATEMENT OF REVENUE NUMBERS 1 THRU 31

BULLOCK PEN WATER DISTRICT BALANCE SHEETS December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 152,120 ^A	\$ 184,057
Certificates of deposit	20,000 ^B	268,775
Accounts receivable		
Customers, net of allowance	365,467 ^C	368,145
Other	40,759 ^D	79,105
Inventories	139,568 ^E	139,064
Prepays	36,381 ^F	47,609
Accrued interest receivable	283 ^G	2,291
Unamortized expenses	11,775 ^H	15,455
Total Current Assets	<u>766,353</u>	<u>1,104,501</u>
Restricted Assets		
Loan proceeds fund	1,158 ^I	1,139
Debt service reserve fund - Kentucky Infrastructure Authority	18,562 ^J	16,147
Current reserve fund - USDA Rural Development	145,325 ^K	166,145
Debt payment account	316,243 ^L	314,970
Grants receivable	72,295 ^M	105,107
Construction fund	116,691 ^N	41,507
Accounts receivable - surcharges	9,916 ^O	9,718
Customer deposits	133,381 ^P	127,452
Maintenance and replacement reserve	272,934 ^Q	221,304
Total Restricted Assets	<u>1,086,505</u>	<u>1,003,489</u>
Noncurrent Assets		
Miscellaneous deferred charges		
Unamortized issue costs	78,826 ^R	87,481
Unamortized tap-in expense	51,845 ^S	53,478
Deferred rate case expense	8,430 ^T	-
Total Noncurrent Assets	<u>139,101</u>	<u>140,959</u>
Capital Assets		
Land, building, transmission system, equipment, and vehicles	23,042,607 ^U	21,892,244
Construction in progress	201,958 ^V	860,012
Total utility plant in service	23,244,565	22,752,256
Less: accumulated depreciation	(5,542,930) ^W	(5,045,622)
Total Capital Assets, net of depreciation	<u>17,701,635</u>	<u>17,706,634</u>
TOTAL ASSETS	<u>\$ 19,693,594</u>	<u>\$ 19,955,583</u>

The accompanying notes are an integral part of these financial statements.

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

BULLOCK PEN WATER DISTRICT BALANCE SHEETS December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 160,126 <i>AA</i>	\$ 152,412
Accrued liabilities	79,425 <i>BB</i>	68,119
Line of credit - Forcht Bank	115,000 <i>CC</i>	-
Total Current Liabilities	<u>354,551</u>	<u>220,531</u>
Current Liabilities Payable From Restricted Assets		
Revenue bonds - current portion	157,000 <i>DD</i>	152,000
Notes payable - current portion	121,509 <i>EE</i>	119,444
Lease obligations - current portion	165,387 <i>FF</i>	162,725
Customer deposits	117,165 <i>HH</i>	110,896
Accrued interest payable	49,228 <i>II</i>	52,550
Accounts payable - construction	221,016 <i>JJ</i>	183,262
Total Current Liabilities Payable From Restricted Assets	<u>831,305</u>	<u>780,877</u>
Long-Term Obligations		
Bonds	2,701,000 <i>KK</i>	2,858,000
Notes payable	1,356,849 <i>LL</i>	1,478,357
Capital lease obligations	1,323,062 <i>MM</i>	1,494,570
Total Long-Term Obligations	<u>5,380,911</u>	<u>5,830,927</u>
TOTAL LIABILITIES	<u>6,566,767</u>	<u>6,832,335</u>
NET ASSETS		
Invested in capital assets, net of related debt	11,808,704 <i>NN</i>	11,537,672
Restricted	515,063 <i>OO</i>	457,265
Unrestricted	803,060 <i>PP</i>	1,128,311
TOTAL NET ASSETS	<u>13,126,827</u>	<u>13,123,248</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,693,594</u>	<u>\$ 19,955,583</u>

The accompanying notes are an integral part of these financial statements.

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

BULLOCK PEN WATER DISTRICT STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS For the Years Ended December 31, 2008 and 2007
--

	2008	2007
OPERATING REVENUES		
Water revenue	\$ 2,784,496 ¹	\$ 2,876,797
Management fees	114,174 ²	110,004
TOTAL OPERATING REVENUES	<u>2,898,670</u>	<u>2,986,801</u>
OPERATING EXPENSES		
Water purchased	870,316 ⁴	766,310
Operation and maintenance expense <i>See Page 25 of Report</i>	1,748,494	1,685,926
Depreciation and amortization	498,961 ³	462,650
TOTAL OPERATING EXPENSES	<u>3,117,771</u>	<u>2,914,886</u>
OPERATING INCOME	<u>(219,101)</u>	<u>71,915</u>
NON-OPERATING INCOME (EXPENSE)		
Investment income	20,582 ⁵	44,786
Gain/(loss) on sale of assets	-	6,149
Interest on long-term obligations	(285,668) ⁶	(302,423)
Amortization of bond discounts and expenses	(8,654) ⁷	(8,654)
NET NON-OPERATING INCOME (EXPENSE)	<u>(273,740)</u>	<u>(260,142)</u>
NET INCOME	<u>(492,841)</u>	<u>(188,227)</u>
CAPITAL CONTRIBUTIONS	<u>496,420 ⁸</u>	<u>1,195,661</u>
CHANGE IN NET ASSETS	<u>3,579</u>	<u>1,007,434</u>
NET ASSETS, JANUARY 1	<u>13,123,248</u>	<u>12,115,814</u>
NET ASSETS, DECEMBER 31	<u>\$ 13,126,827</u>	<u>\$ 13,123,248</u>

The accompanying notes are an integral part of these financial statements.

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

<p>BULLOCK PEN WATER DISTRICT SCHEDULES OF OPERATIONS, MAINTENANCE AND ADMINISTRATIVE EXPENSES For the Years Ended December 31, 2008 and 2007</p>
--

	<u>2008</u>	<u>2007</u>
Operations, Maintenance and Administrative Expenses		
Salaries and wages - employees	\$ 741,478 9	\$ 642,594
Employee pension and benefits	425,739 10	402,892
Advertising	167 11	884
Bad debt expense	9,076 12	31,519
Chemicals	67,587 13	73,153
Commissioners' fees	14,000 14	13,800
Contractual services - accounting	38,862 15	37,435
Contractual services - engineering	13,506 16	28,070
Contractual services - legal	17,349 17	29,237
Contractual services - management	2,679 18	4,193
Contractual services - water test	20,555 19	15,824
Contractual services - other	53,923 20	47,925
Insurance - general liability	16,321 21	17,584
Insurance - other	6,738 22	7,061
Insurance - vehicle	10,073 23	12,178
Insurance - workers' compensation	20,876 24	18,627
Materials and supplies	101,695 25	125,122
Miscellaneous	411 24	1,268
Payroll taxes	54,167 27	49,275
Purchased power	70,094 28	71,820
Rental of property and equipment	11,613 29	10,876
Transportation	46,973 30	40,028
Utility regulatory assessment	4,612 31	4,561
	<u>\$ 1,748,494</u>	<u>\$ 1,685,926</u>
Total Operations, Maintenance and Administrative Expenses		

DRAFT COPY
PRELIMINARY & TENTATIVE
for DISCUSSION PURPOSES ONLY

11:04 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT
Balance Sheet
 As of December 31, 2008

Dec 31, 08

ASSETS

Current Assets

Checking/Savings

126 · RESTRICTED CASH

126.01 · CIB - CUSTOMER DEPOSITS	133,381.42 P
126.10 · CIB - REPLACEMENT RESERVE-GCDB	272,934.27 Q
126.11 · CIB - CURRENT RESERVE	145,324.94 K
126.12 · CIB - DEBT SERVICE RES - KIA #1	5,659.09 J
126.13 · CIB - DEBT SERVICE RES - KIA#2	12,902.54 I
126.15 · CIB - LOAN PAYMENT ACCOUNT	96,709.57 L
126.16 · CIB--BOONE CO PHASES 7 & 10	16,609.04 N
126.19 · CIB - PHASE 7 SURCHARGE	2,864.37 L
126.20 · CIB - PHASE V SURCHARGE	23,727.49 L
126.22 · CIB - PHASE V CONSTRUCTION	10.82 N
126.24 · CIB-REGIONS BANK-DRY RIDGE TANK	44,345.63 L
126.25 · CIB -REGIONS BANK-SURCHG LN PMT	21,660.08 L
126.26 · CIB -REGIONS BANK-PHASE V BONDS	20,743.59 L
126.27 · CIB -REGIONS BANK-BOND REFINANC	41,015.58 L
126.28 · CIB - REGIONS-PHASE 10	18,192.27 L
126.29 · CIB-REGIONS-PHASE 8	28,307.65 L
126.32 · CIB - AGENCY ACCT - PHASE 7	1,158.40 I
126.41 · CIB-REGIONS BANK PHASE 7	8,678.77 L
126.43 · CIB - BULLOCK PEN PHASE 11	20,797.62 N
126.45 · CIB-PHASE 8 SURCHARGE	6,313.21 L
126.46 · CIB-PHASE 10 SURCHARGE	3,684.36 L
126.47 · CIB-PH 6 CONST/TAP ON FEES	79,273.16 N

Total 126 · RESTRICTED CASH 1,004,293.87

131.01 · CIB - MAINTENANCE & OPERATION	57,704.51 A
131.02 · CIB - REVENUE	37,008.52 A
131.03 · CIB - REVENUE #3	18,601.73 A
131.04 · CIB - EMPLOYEE FUND	288.47 A
135 · CERTIFICATES OF DEPOSIT	58,516.47
	<i>20,000.00 + 38,516.47</i>

Total Checking/Savings 1,176,413.57

Other Current Assets

141 · CUSTOMER ACCOUNTS RECEIVABLE	288,688.29 C
141.01 · ACCOUNTS REC-SURCHARGE-PH 5	3,504.99 O
141.02 · ACCOUNTS RECEIVABLE-UNBILLED	98,279.16 C
141.03 · ALLOWANCE FOR DOUBTFUL ACCOUNTS	-21,500.00 C
141.07 · ACCOUNTS REC-SURCHARGE-PH 7	776.58 O
141.08 · ACCOUNTS REC- SURCHARGE-PH 8	4,144.79 O
141.10 · ACCOUNTS REC-SURCHARGE-PH 10	1,489.19 O
142.02 · ACCOUNTS RECEIVABLE - OTHER	26,273.23 D
142.08 · ACCOUNTS RECEIVABLE-GCSSD	14,486.36 D
142.10 · GRANTS RECEIVABLE	72,294.60 M
151 · MATERIAL & SUPPLY INVENTORY	139,568.35 E
162 · PREPAYMENTS	
162.01 · PREPAID INSURANCE	4,256.17
162.02 · PREPAID EXP-R/R LICENSE AGRMTS	32,125.00

Total 162 · PREPAYMENTS 36,381.17 F

171 · ACCRUED INTEREST RECEIVABLE 283.28 G

174 · CURR PORTION OF UNAMORTIZED EX	
174.01 · UNAMORTIZED DEBT EXPENSE	8,653.87
174.02 · UNAMORTIZED TAP-IN EXPENSE	1,632.92
174.03 · UNAMORTIZED RATE CASE EXP	1,487.70

Total 174 · CURR PORTION OF UNAMORTIZED EX 11,774.49 H

Total Other Current Assets 676,444.48

Total Current Assets 1,852,858.05

11:04 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT

Balance Sheet

As of December 31, 2008

	Dec 31, 08
Fixed Assets	
105 · CONSTRUCTION IN PROGRESS	
105.23 · CIP-KENTON CO PHASE 6	161,850.89
105.24 · CIP-KENTON CO PHASE 9	5,000.00
105.26 · CIP-BOONE CO PIT	9,083.60
105.29 · CIP – GREENVILLE RD EXTENSION	18,387.29
105.30 · CIP – NEW RAW WATER INTAKE STR	7,635.75
Total 105 · CONSTRUCTION IN PROGRESS	201,957.53 ✓
303.2 · S O S - LAND & LAND RIGHTS	4,211.00
303.3 · W.T.P. - LAND & LAND RIGHTS	8,000.00
303.4 · T & D- LAND & LAND RIGHTS	60,943.73
303.5 · G.P. - LAND & LAND RIGHTS	88,602.65
304.2 · S.O.S. - STRUCTURES & IMPROVE	97,609.50
304.3 · W.T.P. - STRUCTURES & IMPROVE	1,171,047.83
304.4 · T&D - STRUCTURES & IMPROVE	13,727.13
304.5 · G.P. - STRUCTURES & IMPROVE	204,937.84
311.2 · S.O.S - PUMPING EQUIPMENT	78,893.29
320.3 · W.T.P. - WATER TREATMENT EQUIP	93,020.51
330.4 · T & D - DIST REVERV & STANDPIPE	2,127,209.24
331.4 · T & D - MAINS	13,638,216.86
334.4 · T & D - METERS & METER INSTALL	3,674,820.30
335.4 · T & D - HYDRANTS	1,108,661.46
339.2 · W.T.P. - OTHER PLANT & MISC EQ	36,468.10
339.4 · T & D - OTHER PLANT & MISC EQ	242,191.94
340.5 · G.P. - OFFICE FURNITURE & EQUIP	69,851.46
341.5 · G.P. - TRANSPORTATION EQUIPMENT	264,825.75
343.5 · G.P. - TOOLS, SHOP & GARAGE EQ	55,804.63
344.5 · G.P. - LABORATORY EQUIP	3,564.59
108.1 · ACCUMULATED DEPRECIATION	-5,542,930.00 w
Total Fixed Assets	17,701,635.34
Other Assets	
181 · UNAMORTIZED DEBT EXPENSES	78,826.43 R
186 · UNAMORTIZED TAP-IN EXPENSE	51,844.97 S
186.1 · DEFERRED RATE CASE EXPENSE	8,430.13 T
Total Other Assets	139,101.53
TOTAL ASSETS	19,693,594.92
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
231 · ACCOUNTS PAYABLE	160,126.39 A A
Total Accounts Payable	160,126.39
Other Current Liabilities	
224.02 · NOTES PAYABLE-FORCHT BANK	115,000.00 C C
230 · A/PAYABLE	23,067.30 B E
236 · ACCRUED PAYROLL TAXES	
242.12 · WITHHELD DEFERRED COMPENSATION	450.00
236 · ACCRUED PAYROLL TAXES - Other	2,675.13
Total 236 · ACCRUED PAYROLL TAXES	3,125.13 B B
241 · TAX COLLECTIONS PAYABLE	
241.1 · WITHHELD SCHOOL TAX	5,698.89
241.2 · WITHHELD SALES TAX	746.70
241.3 · WITHHELD FICA	2,675.13
241.4 · WITHHELD FEDERAL	4,633.00
241.5 · WITHHELD STATE	3,369.39
Total 241 · TAX COLLECTIONS PAYABLE	17,123.11 B B

11:04 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT

Balance Sheet

As of December 31, 2008

	Dec 31, 08	
242 · MISC CURRENT & ACCRUED LIAB.		
242.01 · WITHHELD RETIREMENT	3,452.61	
242.03 · WITHHELD AFLAC ACCIDENT- PR TX	181.80	
242.04 · WITHHELD AFLAC DISABILITY-AF TX	255.84	
242.05 · WITHHELD AFLAC LIFE - AF TAX	24.18	
242.10 · ACCRUED WAGES	22,874.18	
242.11 · ACCRUED RETIREMENT	9,321.61	
Total 242 · MISC CURRENT & ACCRUED LIAB.	36,110.22	<i>BB</i>
245 · CUR LIAB PAY FR RESTRICT ASSETS		
231.02 · A/PAY - CONSTRUCTION	221,016.21	<i>J J</i>
235 · CUSTOMER DEPOSITS	116,079.50	<i>H H</i>
235.1 · ABANDONED DEPOSITS	1,085.24	<i>H H</i>
237 · ACCRUED INTEREST EXPENSE		
237.21 · ACCRUED INT-DWSRF #1	859.16	
237.22 · ACCRUED INT-DWSRF #2	2,498.86	
237.31 · ACCRUED INT-KIA #1	287.30	
237.32 · ACCRUED INT-KIA #2	643.12	
237.51 · ACCRUED INT-KACOLT #1	1,694.79	
237.52 · ACCRUED INT-KACOLT #2	321.54	
237.55 · ACCRUED INT - DAIMLER CHRYSLER	45.42	
237.61 · ACCRUED INT-KRW BPWD CONTRIB	6,568.95	
237.62 · ACCRUED INT-KRW SURCHARGE	7,235.20	
237.63 · ACCRUED INT-KRW REFINANCE FHA	7,995.52	
237.64 · ACCRUED INT-KRW DRY RIDGE TANK	5,911.83	
237.65 · ACCRUED INT-KRW - PHASE 7	1,184.00	
237.66 · ACCRUED INT-KRW PHASE 8	8,758.69	
237.67 · ACCRUED INT-KRW PHASE 10	4,942.57	
237.90 · ACCRUED INT-CUST. DEP	280.86	
Total 237 · ACCRUED INTEREST EXPENSE	49,227.81	<i>I I</i>
243 · CUR PORTION OF LONG TERM DEBT	443,896.13	<i>See Attached Schedule</i>
Total 245 · CUR LIAB PAY FR RESTRICT ASSETS	831,304.89	
Total Other Current Liabilities	1,025,730.65	
Total Current Liabilities	1,185,857.04	
Long Term Liabilities		
221 · BONDS		
221.01 · BONDS - FHA #1	561,000.00	
221.02 · BONDS - FHA #2	71,000.00	
221.07 · BONDS - KRW SURCHARGE	325,000.00	
221.08 · BONDS - KRW BPWD CONTRIB	295,000.00	
221.09 · BONDS - KRW REFINANCE FHA	435,000.00	
221.10 · BONDS-KRW DRY RIDGE TANK	332,000.00	
221.11 · BONDS - KRW - PHASE 7	74,000.00	
221.12 · BONDS-KRW-PHASE 10	276,000.00	
221.13 · BONDS-KRW-PHASE 8	489,000.00	
Total 221 · BONDS	2,858,000.00	
224.11 · NOTE PAYABLE - KIA #1	62,500.04	
224.12 · NOTE PAYABLE - KIA #2	145,000.00	
224.21 · NOTE PAYABLE - DWSRF #1	271,313.92	
224.22 · NOTE PAYABLE - DWSRF #2	999,543.58	
224.50 · CAPITALIZED LEASE OBLIGATION		
224.51 · CAP LEASE - KACOLT #1	942,000.00	
224.52 · CAP LEASE - KACOLT #2	189,000.00	
224.53 · CAP LEASE - OLD NAT'L #1	274,250.15	
224.54 · CAP LEASE - OLD NAT'L #2	57,736.31	
224.55 · CAPITAL LEASE - CHRYSLER	25,463.03	
Total 224.50 · CAPITALIZED LEASE OBLIGATION	1,488,449.49	

*SEE
 ATTACHED
 SCHEDULE*

11:04 AM

05/29/09

Accrual Basis

BULLOCK PEN WATER DISTRICT

Balance Sheet

As of December 31, 2008

	<u>Dec 31, 08</u>
224.90 · LESS-CUR PORTION OF L TERM DEBT	-443,896.13
Total Long Term Liabilities	<u>5,380,910.90</u>
Total Liabilities	6,566,767.94
Equity	
214 · RESTRICTED NET ASSETS	515,062.66 <i>OO</i>
215 · UNRESTRICTED NET ASSETS	799,481.72 <i>PP</i>
271 · INVST IN CAP ASSTS LESS REL DBT	11,808,703.78 <i>NN</i>
Net Income	3,578.82 <i>PP</i>
Total Equity	<u>13,126,826.98</u>
TOTAL LIABILITIES & EQUITY	<u><u>19,693,594.92</u></u>

**Bullock Pen Water District
Current Portion of Long Term Debt
12/31/2008**

	Current Portion	Long Term Portion	Total Due 12/31/2008
Bonds			
FHA #1	51,000.00	510,000.00	561,000.00
FHA #2	4,000.00	67,000.00	71,000.00
FHA Total	55,000.00	577,000.00	632,000.00
KRW Surcharge	10,000.00	315,000.00	325,000.00
KRW District	10,000.00	285,000.00	295,000.00
KRW Refinance	27,000.00	408,000.00	435,000.00
KRW Dry Ridge Tank	27,000.00	305,000.00	332,000.00
KRW Phase 7	6,000.00	68,000.00	74,000.00
KRW Phase 8	14,000.00	475,000.00	489,000.00
KRW Phase 10	8,000.00	268,000.00	276,000.00
KRW Total	102,000.00	2,124,000.00	2,226,000.00
Bond Totals	157,000.00	2,701,000.00	2,858,000.00
Notes Payable			
KIA #1	25,000.00	37,500.00	62,500.00
KIA #2	30,000.00	115,000.00	145,000.00
DWSRF #1	14,999.99	256,313.93	271,313.92
DWSRF #2	51,508.70	948,034.88	999,543.58
Note Payable Total	121,508.69	1,356,848.81	1,478,357.50
Capitalized Leases			
KACOLT #1	65,000.00	877,000.00	942,000.00
KACOLT #2	18,000.00	171,000.00	189,000.00
Old Nat'l Bank #1	44,942.69	229,307.46	274,250.15
Old Nat'l Bank #2	23,841.47	33,894.84	57,736.31
Daimler Chrysler	13,603.28	11,859.75	25,463.03
Capitalized Lease Total	165,387.44	1,323,062.05	1,488,449.49
Grand Total	443,896.13		

11:04 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT
Profit & Loss
 January through December 2008

Jan - Dec 08

Ordinary Income/Expense
 Income

461 · METERED WATER REVENUE	
461.1 · SALES TO RESIDENTIAL CUSTOMERS	2,467,002.44
461.11 · BILLING ERRORS	-6,112.19
461.12 · ACCOUNTS RECEIVABLE ADJUSTMENTS	3,721.58
461.2 · SALES TO COMMERCIAL CUSTOMERS	191,079.98
461.3 · SALES TO INDUSTRIAL CUSTOMERS	8,628.07
461.6 · SALES AT BULK LOAD STATIONS	29,774.12
461 · METERED WATER REVENUE - Other	192.50
Total 461 · METERED WATER REVENUE	2,694,286.50
470 · FORFEITED DISCOUNTS	60,195.92
471 · MISCELLANEOUS SERVICE REVENUE	26,138.71
472 · MISCELLANEOUS SVC REV-MGT FEE	114,173.83 (2)
474 · OTHER WATER REVENUES	3,874.38

Total Income 2,898,669.34 - 114,173.83 =

Expense

403 · DEPRECIATION EXPENSE	492,160.00 3	2784495.51
406 · AMORTIZATION OF RATE CASE EXP	5,168.53 3	(1)
407 · AMORTIZATION OF TAP IN EXPENSE	1,632.96 3	
408 · TAXES OTHER THAN INCOME		
408.10 · UTILITY REGULATORY ASSESS FEE	4,611.51 31	
408.12 · PAYROLL TAXES	54,166.52 27	
Total 408 · TAXES OTHER THAN INCOME	58,778.03	
601 · SALARIES & WAGES - EMPLOYEES	741,478.41 9	
603 · SALARIES & WAGES - COMMISSIONER	14,000.00 14	
604 · EMPLOYEE PENSIONS & BENEFITS		
604.1 · MEDICAL INSURANCE	320,471.75	
604.2 · RETIREMENT	104,044.30	
604.3 · OTHER EMPLOYEE BENEFITS	1,222.84	

Total 604 · EMPLOYEE PENSIONS & BENEFITS 425,738.89 10

610 · PURCHASED WATER	870,316.81 4
615 · PURCHASED POWER	70,094.02 28
618 · CHEMICALS	67,586.95 13
620 · MATERIALS & SUPPLIES	101,694.69 25
631 · CONTRACTUAL SERVICE -ENGINEERS	13,505.93 16
632 · CONTRACTUAL SERVICE -ACCOUNTING	38,862.07 15
633 · CONTRACTUAL SERVICE -LEGAL	17,348.51 17
634 · CONTRACTUAL SERVICE -MANAGEMENT	2,678.64 18
635 · CONTRACTUAL SERVICE -OTHER	53,922.60 20
636 · CONTRACTUAL SERVICES-WATER TEST	20,554.78 19
641 · RENT OF BUILDING/REAL PROPERTY	4,075.00 29
642 · RENT OF EQUIPMENT	7,538.16 29
650 · TRANSPORTATION EXPENSE	46,973.05 30
656 · INSURANCE - VEHICLE	10,073.43 23
657 · INSURANCE - GENERAL LIABILITY	16,320.72 21
658 · INSURANCE - WORKER'S COMP	20,875.70 24
659 · INSURANCE - OTHER	6,738.51 22
660 · ADVERTISING EXPENSE	166.76 11
670 · BAD DEBT EXPENSE	9,076.21 12
675 · MISCELLANEOUS EXPENSE	365.02 26

Total Expense 3,117,724.38

Net Ordinary Income -219,055.04

Other Income/Expense

Other Income	
419 · INTEREST INCOME	20,582.14 5

11:04 AM
05/29/09
Accrual Basis

BULLOCK PEN WATER DISTRICT
Profit & Loss
January through December 2008

	<u>Jan - Dec 08</u>
432 · PROCEEDS FROM CAPITAL CONTRIB	
432.01 · CUSTOMER CONTRIBUTIONS	156,275.00
432.02 · FEDERAL GRANTS	37,956.87
432.04 · OTHER GRANTS	234,568.49
432.05 · SURCHARGES—PHASE 5	25,960.00
432.07 · SURCHARGES—PHASE 7	7,524.52
432.08 · SURCHARGES - PHASE 8	21,817.37
432.10 · SURCHARGES—PHASE 10	12,317.28
Total 432 · PROCEEDS FROM CAPITAL CONTRIB	<u>496,419.53</u> 8
Total Other Income	517,001.67
Other Expense	
427 · INTEREST EXPENSE	
427.3 · INTEREST ON LONG TERM DEBT	
427.301 · INTEREST ON FHA #1	30,500.00
427.302 · INTEREST ON FHA #2	3,750.00
427.321 · INTEREST ON KIA #1	3,868.40
427.322 · INTEREST ON KIA #2	8,222.49
427.331 · INTEREST ON DWSRF #1	10,677.18
427.332 · INTEREST ON DWSRF #2	30,989.05
427.341 · INTEREST ON KRW BPWD CONTRIB	15,808.40
427.342 · INTEREST ON KRW SURCHARGE	17,407.40
427.343 · INTEREST ON KRW REFINANCE FHA	19,262.93
427.345 · INTEREST ON KRW TANK LOAN	14,258.58
427.346 · INTEREST ON KRW-PHASE 7	2,857.70
427.347 · INTEREST ON KRW PHASE 8	21,065.15
427.348 · INTEREST ON KRW PHASE 10	11,886.03
427.361 · INTEREST ON KACOLT #1	61,232.05
427.362 · INTEREST ON KACOLT #2	11,633.16
427.363 · INTEREST ON FORCHT BANK LOAN	3,589.66
427.370 · INTEREST ON OLD NAT'L BANK #1	13,696.97
427.371 · INTEREST ON OLD NAT'L BANK #2	2,794.10
427.372 · INT ON CHRYSLER LEASE	1,583.86
Total 427.3 · INTEREST ON LONG TERM DEBT	<u>285,083.11</u> 6
427.4 · INTEREST ON CUSTOMER DEPOSITS	584.65 4
428 · AMORTIZATION OF DEBT EXPENSE	8,653.92 7
Total 427 · INTEREST EXPENSE	<u>294,321.68</u>
800 · PENALTIES	46.13 24
Total Other Expense	<u>294,367.81</u>
Net Other Income	<u>222,633.86</u>
Net Income	<u><u>3,578.82</u></u>



KENTUCKY PUBLIC SERVICE COMMISSION
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 20 08

BULLOCK PEN WATER DISTRICT, P. O. BOX 188, CRITTENDEN, KY 41030

(Utility Reporting)

(Address)

FEIN # (Federal Employer Identification Number)

6 1 - 6 0 1 7 2 9 2

(DO NOT INCLUDE TAXES COLLECTED)

- (1) Gross Revenues of Electric Utility...\$
(2) Gross Revenues of Gas Utility...\$
(3) Gross Revenues of Water Utility...\$ 2,784,496
(4) Gross Revenues of Sewer Utility...\$
(5) Other Operating Revenues...\$
*** TOTAL GROSS REVENUES...\$ 2,784,496

OATH

State of... KENTUCKY
County of... GRANT) ss.

CHARLES GIVIN being duly sworn, states that he/she is
(Officer)

TREASURER of the BULLOCK PEN WATER DISTRICT that the above
(Official Title) (Utility Reporting)

report of gross revenues is in exact accordance with BULLOCK PEN WATER DISTRICT, and that such
(Utility Reporting)

books accurately show the gross revenues of: BULLOCK PEN WATER DISTRICT, derived from
(Utility Reporting)

Intra-Kentucky business for the calendar year ending December 31, 20 08.

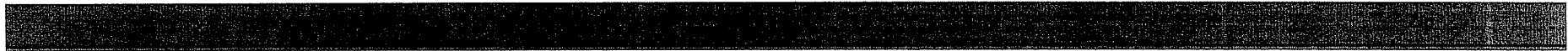
(Officer) (Title)
This the day of , 20

(Notary Public) (County) (Commission Expires)

NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE
ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE
RECONCILED ON THE REVERSE OF THIS REPORT.

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Title Page



Water
Districts/Associations

Annual Report of

Respondent	BULLOCK PEN WATER DISTRICT	1 FARRELL DRIVE	P.O. BOX 188	CRITTENDEN	KY	41030
------------	-------------------------------	-----------------	--------------	------------	----	-------

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Principal Payment and Interest Information



Amount of Principal Payment During Calendar Year \$450,016.79

Is Principal Current? Y

Is Interest Current? Y

Has all long-term debt been approved by the Public Service Commission? Y

Services Performed by Independent CPA

Are your financial statements examined by a Certified Public Accountant?

Enter Y for Yes or N for No

Y

If yes, which service is performed?

Enter an X on each appropriate line

Audit

X

Compilation

Review

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Additional Requested Information



Name of Utility and Web Address

BULLOCK PEN WATER DISTRICT

NONE

Contact Name and Email Address

WILLIAM L. CATLETT

BULLOCKPEN@FUSE.NET

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Additional Information Required

2007-00339

02/14/2005

PHASE 7-50 CUSTOMERS 12/31/08
7524.52 SURCHG BILLED 2008
22598.60 SURCHG BILLED SINCE DATE OF
ORDER \$74,000.00 REMAINING DEBT
SERVICE ON KRWFC LOAN

2005-00231

02/12/2005

PHASE 8-152 CUSTOMERS 12/31/08 \$
21,831.30 SURCHG BILLED 2008 \$54,503.76
SURCHG BILLED SINCE DATE OF ORDER
\$489,000.00 REMAINING DEBT SERVICE ON
KRWFC LOAN

2005-00231

02/12/2005

PHASE 10-96 CUSTOMERS 12/31/08
\$12,317.28 SURCHG BILLED 2008 \$28,515.18
SURCHG BILLED SINCE DATE OF ORDER
\$276,000 REMAINING DEBT SERVICE ON
KRWFC LOAN

Major Water Projects

Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service commission.

For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and will increase your current utilityplant by at least 20 percent.

Brief Project Description: (improvement, replacement, building construction, expansion. If expansion, provide the estimated number of new customers):

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

History-Legal Name (Ref Page: 4)



1. Exact name of utility making this report.

(Use the words "The", "Company" or "Incorporated" only when part of the corporate name.)

BULLOCK PEN WATER DISTRICT

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

History-Location (Ref Page: 4)



Give the location, including street and number, and TELEPHONE NUMBER of the principal office in KY.

principal office in KY	CRITTENDEN OFFICE	1 FARRELL DRIVE	P.O. BOX 188	CRITTENDEN	KY	41030	8594282112
------------------------	-------------------	-----------------	--------------	------------	----	-------	------------

Give name, title, address and TELEPHONE NUMBER of the officer

to whom correspondence concerning this report should be addressed.

	BOBBY BURGESS	160 CHOCTAW DRIVE		DRY RIDGE	KY	41030	8598245088
--	---------------	-------------------	--	-----------	----	-------	------------

Location where books are located	CRITTENDEN OFFICE	1 FARRELL DRIVE	P.O. BOX 188	CRITTENDEN	KY		8594282112
----------------------------------	-------------------	-----------------	--------------	------------	----	--	------------

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

History-Date Organized (Ref Page: 4)



Date of Organization

1957

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

History-Laws of Organization (Ref Page: 4)

If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same

Date and Authority for each consolidation and each merger.

History-Departments (Ref Page: 4)



State whether respondent is a water district or association

WATER DISTRICT

Name all operating departments other than water

NONE

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

History - Counties (Ref Page: 5)

Boone, Gallatin, Grant, Kenton, Pendleton

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

History - Number of Employees (Ref Page: 5)



Number of Full-time employees 16

Number of Part-time employees 1

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Contacts (Ref Page: 6)

Person to send correspondence:	OFFICE MANAGER	BOWLING	GAIL	P.O. BOX 188, CRITTENDEN, KY 41030
Person who prepared this report	CPA	MORRIS & BRESSLER PSC		P.O. BOX 545, FLORENCE, KY 41022-0545

Officers and Managers

CHAIRPERSON	BURGESS	BOBBY	DRY RIDGE, KY	\$3,800.00 02/05/2012
TREASURER	GIVIN	CHARLES	DRY RIDGE, KY	\$2,600.00 02/13/2011
SECRETARY	KING	JIMMIE	VERONA, KY	\$2,600.00 07/31/2010
COMMISSIONER	SIMPSON	BILLY F.	WILLIAMSTOWN, KY	\$2,600.00 02/15/2012
COMMISSIONER	WALTON	ANDREA	VERONA, KY	\$2,400.00 12/31/2009
GENERAL MANAGER	CATLETT	WILLIAM L.	CRITTENDEN, KY	\$72,436.47
OFFICE MANAGER	BOWLING	GAIL	CRITTENDEN, KY	\$69,288.60

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Balance Sheet - Assets and Other Debits (Ref Page: 7)

UTILITY PLANT

Utility Plant (101-106)	\$22,752,256.00	\$23,244,565.00
Less: Accumulated Depreciation and Amortization (108-110)	\$5,045,622.00	\$5,542,930.00
Net Plant	\$17,706,634.00	\$17,701,635.00
Utility Plant Acquisition Adjustments (Net) (114-115)		
Other Utility Plant Adjustments (116)		
Total Net Utility Plant	\$17,706,634.00	\$17,701,635.00

OTHER PROPERTY AND INVESTMENTS

Nonutility Property (121)		
Less: Accumulated Depreciation and Amortization (122)		
Net Nonutility Property		
Investment in Associated Companies (123)		
Utility and Other Investments (124-125)		
Sinking Funds (126)	\$260,157.00	\$279,653.00
Other Special Funds (127)	\$607,829.00	\$695,159.00
Total Other Property and Investments	\$867,986.00	\$974,812.00

CURRENT AND ACCRUED ASSETS

Cash (131)	\$166,781.00	\$143,085.00
Special Deposits (132)		
Other Special Deposits (133)		
Working Funds (134)		
Temporary Cash Investments (135)	\$306,729.00	\$58,517.00
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts (141-144)	\$562,075.00	\$488,437.00
Accounts Receivable from Associated Companies (145)		
Notes Receivable from Associated Companies (146)		
Materials and Supplies (151-153)	\$139,064.00	\$139,569.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Balance Sheet - Assets and Other Debits (Ref Page: 7)

Stores Expense (161)		
Prepayments (162)	\$47,609.00	\$36,381.00
Accrued Interest and Dividends Receivable (171)	\$2,291.00	\$283.00
Rents Receivable (172)		
Accrued Utility Revenues (173)		
Misc. Current and Accrued Assets (174)		
Total Current and Accrued Assets	\$1,224,549.00	\$866,272.00
DEFERRED DEBITS		
Unamortized Debt Discount and Expense (181)	\$96,134.00	\$87,480.00
Extraordinary Property Losses (182)		
Preliminary Survey and Investigation Charges (183)		
Clearing Accounts (184)		
Temporary Facilities (185)		
Misc. Deferred Debits (186)	\$60,280.00	\$63,396.00
Research and Development Expenditure (187)		
Total Deferred Debits	\$156,414.00	\$150,876.00
TOTAL ASSETS AND OTHER DEBITS	\$19,955,583.00	\$19,693,595.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)

EQUITY CAPITAL		
Appropriated Retained Earnings (214)		
Retained Earnings From Income before contributions (215.1)	\$1,444,068.00	\$951,242.00
Donated Capital (215.2)	\$11,679,180.00	\$12,175,600.00
Total Equity Capital	\$13,123,248.00	\$13,126,842.00
LONG-TERM DEBT		
Bonds (221)	\$3,010,000.00	\$2,858,000.00
Reaquired Bonds (222)		
Advances from Associated Companies (223)		
Other Long-Term Debt (224)	\$3,255,096.00	\$2,966,807.00
Total Long Term Debt	\$6,265,096.00	\$5,824,807.00
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable (231)	\$353,927.00	\$404,195.00
Notes Payable (232)	\$0.00	\$115,000.00
Accounts Payable to Associated Co. (233)		
Notes Payable to Associated Co (234)		
Customer Deposits (235)	\$110,896.00	\$117,165.00
Accrued Taxes (236)	\$2,080.00	\$2,675.00
Accrued Interest (237)	\$52,550.00	\$49,228.00
Matured Long-Term Debt (239)		
Matured Interest (240)		
Tax Collections Payable (241)	\$21,185.00	\$17,123.00
Misc. Current and Accrued Liabilities (242)	\$26,601.00	\$36,560.00
Total Current and Accrued Liabilities	\$567,239.00	\$741,946.00
DEFFERRED CREDITS		
Unamortized Premium on Debt (251)		
Advances for Construction (252)		

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008
Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)

Other Deferred Credits (253)

Total Deferred Credits

OPERATING RESERVES

Accumulated Provision For:

Property Insurance (261)

Injuries and Damages (262)

Pensions and Benefits (263)

Miscellaneous Operating Reserves (265)

Total Operating Reserves

Total Equity Capital and Liabilities

\$19,955,583.00

\$19,693,595.00

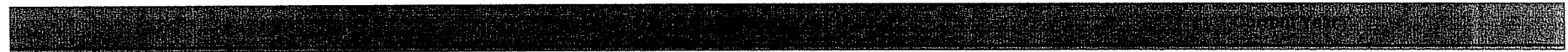
19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Comparative Operating Statement (Ref Page: 11)

UTILITY OPERATING INCOME		
Operating Revenues (400)	\$2,876,797.00	\$2,784,496.00
Operating Expenses (401)	\$2,399,143.00	\$2,560,017.00
Depreciation Expenses (403)	\$455,849.00	\$492,160.00
Amortization of Utility Plant Acquisition Adjustment (406)		
Amortization Expense (407)	\$6,801.00	\$6,801.00
Taxes Other Than Income (408.10-408.13)	\$53,836.00	\$58,778.00
Utility Operating Expenses	\$2,915,629.00	\$3,117,756.00
Utility Operating Income	(\$38,832.00)	(\$333,260.00)
Income From Utility Plant Leased to Others (413)		
Gains (Losses) from Disposition of Utility Property (414)	\$6,149.00	
Total Utility Operating Income	(\$32,683.00)	(\$333,260.00)
OTHER INCOME AND DEDUCTIONS		
Revenues From Merchandising, Jobbing and contract work (415)	\$110,004.00	\$114,174.00
Costs and Expenses of Merchandising, Jobbing and Contract Work (416)		
Interest and Dividend Income (419)	\$44,786.00	\$20,582.00
Allowance for funds Used During Constructions (420)		
Nonutility Income (421)		
Miscellaneous Nonutility Expenses (426)		
Total Other Income and Deductions	\$154,790.00	\$134,756.00
TAXES APPLICABLE TO OTHER INCOME		
Taxes Other Than Income (408.20)		
Total Taxes Applic. to Other Income		
INTEREST EXPENSE		
Interest Expense (427)	\$301,680.00	\$285,668.00
Amortization of Debt Discount and Exp. (428)	\$8,654.00	\$8,654.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Comparative Operating Statement (Ref Page: 11)



Amortization of Premium on Debt (429)

Total Interest Expense	\$310,334.00	\$294,322.00
------------------------	--------------	--------------

EXTRAORDINARY ITEMS

Extraordinary Income (433)

Extraordinary Deductions (434)

Total Extraordinary Items

NET INCOME BEFORE CONTRIBUTIONS	(\$188,227.00)	(\$492,826.00)
---------------------------------	----------------	----------------

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Statement of Retained Earnings 2002 (Ref Page: 12)

Appropriated Retained earnings (214)

(state balance and purpose of each appropriated amount at year end:)

Total Appropriated Retained Earnings

Retained Earnings From Income Before Contributions (215.1)

Balance beginning of year	\$1,444,068.00
---------------------------	----------------

Balance transferred from Net Income Before Contributions (435)	(\$492,826.00)
--	----------------

Changes to account:

Appropriations of Retained Earnings (436)

Adjustments to Retained Earnings (439)

(requires Commission approval prior to use):

Credits

Debits


Balance End of Year	\$951,242.00
---------------------	--------------

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008
Statement of Retained Earnings (cont. 215.2) (Ref Page: 12)

Donated Capital (215.2)				
Balance Beginning of the Year	\$4,951,432.00	\$3,942,439.00	\$2,785,309.00	\$11,679,180.00
Credits				
Proceeds from capital contributions (432)	\$223,894.00	\$37,957.00	\$234,569.00	\$496,420.00
Other Credits (explain)				
Debits (explain - requires Commission Approval)				
Balance End of Year	\$5,175,326.00	\$3,980,396.00	\$3,019,878.00	\$12,175,600.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Net Utility Plant (Accts. 101-106) (Ref Page: 13)



Utility Plant in Service (101)	\$23,042,607.00
Utility Plant Leased to Others (102)	
Property Held for Future Use (103)	
Utility Plant Purchased or Sold (104)	
Construction Work in Progress (105)	\$201,958.00
Completed Construction Not Classified (106)	
Total Utility Plant	\$23,244,565.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Accumulated Depreciation (Acct. 108) (Ref Page: 13)

Balance First of Year	\$5,045,622.00
Credit during year	
Accruals Charged to Account 108.1	\$497,308.00
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	
(specify)	
Salvage Value Recovered on Plant Retired	
Other Credits	
(specify)	
Total Credits	\$497,308.00
Debits during year:	
Book Cost of Plant Retired	
Cost of Removal	
Other Debits	
(specify)	
Total Debits	
Balance at End of Year	\$5,542,930.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Utility Plant Accounts (Ref Page: 14)

[REDACTED]									
Organization (301)									
Franchises (302)									
Land and Land Rights (303)	\$161,757.00	\$0.00	\$0.00	\$161,757.00	\$0.00	\$4,211.00	\$8,000.00	\$60,944.00	\$88,602.00
Structures and Improvements (304)	\$1,481,052.00	\$6,270.00	\$0.00	\$1,487,322.00	\$0.00	\$97,610.00	\$1,171,049.00	\$13,726.00	\$204,937.00
Collecting and Impounding Reservoirs (305)									
Lakes, Rivers and Other Intakes (306)									
Wells and Springs (307)									
Infiltration Galleries and Tunnels (308)									
Supply Mains (309)									
Power Generation Equipment (310)									
Pumping Equipment (311)	\$78,893.00	\$0.00	\$0.00	\$78,893.00	\$0.00	\$78,893.00	\$0.00	\$0.00	\$0.00
Water Treatment Equipment (320)	\$68,422.00	\$4,599.00	\$0.00	\$93,021.00	\$0.00	\$0.00	\$93,021.00	\$0.00	\$0.00
Distribution Reservoirs and Standpipes (330)	\$2,127,209.00	\$0.00	\$0.00	\$2,127,209.00	\$0.00	\$0.00	\$0.00	\$2,127,209.00	\$0.00
Transmission and Distribution Mains (331)	\$12,743,033.00	\$895,184.00	\$0.00	\$13,638,217.00	\$0.00	\$0.00	\$0.00	\$13,638,217.00	\$0.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Utility Plant Accounts (Ref Page: 14)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Services (333)									
Meters and Meter Installations (334)	\$3,563,404.00	\$111,416.00	\$0.00	\$3,674,820.00	\$0.00	\$0.00	\$0.00	\$3,674,820.00	\$0.00
Hydrants (335)	\$1,007,908.00	\$100,753.00	\$0.00	\$1,108,661.00	\$0.00	\$0.00	\$0.00	\$1,108,661.00	\$0.00
Backflow Prevention Devices (336)									
Other Plant and Misc. Equipment (339)	\$258,320.00	\$20,340.00	\$0.00	\$278,660.00	\$0.00	\$0.00	\$36,468.00	\$242,192.00	\$0.00
Office Furniture and Equip. (340)	\$65,476.00	\$4,376.00	\$0.00	\$69,852.00	\$0.00	\$0.00	\$0.00	\$0.00	\$69,852.00
Transportation Equipment (341)	\$257,402.00	\$7,424.00	\$0.00	\$264,826.00	\$0.00	\$0.00	\$0.00	\$0.00	\$264,826.00
Stores Equipment (342)									
Tools, Shop and Garage Equip (343)	\$55,805.00	\$0.00	\$0.00	\$55,805.00	\$0.00	\$0.00	\$0.00	\$0.00	\$55,805.00
Laboratory Equipment (344)	\$3,564.00	\$0.00	\$0.00	\$3,564.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,564.00
Power Operated Equipment (345)									
Communication Equipment (346)									
Miscellaneous Equipment (347)									
Other Tangible Plant (348)									
Total Water Plant	\$21,892,245.00	\$1,150,362.00	\$0.00	\$23,042,607.00	\$0.00	\$180,714.00	\$1,308,538.00	\$20,865,769.00	\$687,586.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Analysis of Accumulated Depreciation and Amortization by Primary Acct (Ref Page: 15)

Organization (301)						
Franchises (302)						
Land and Land Rights (303)						
Structures and Improvements (304)	\$721,340.00	\$30,793.00	\$0.00	\$0.00	\$0.00	\$752,133.00
Collecting and Impounding Reservoirs (305)						
Lake, River and Other Intakes (306)						
Wells and Springs (307)						
Infiltration Galleries and Tunnells (308)						
Supply Mains (309)						
Power Generating Equipment (310)						
Pumping Equipment (311)	\$42,465.00	\$5,434.00	\$0.00	\$0.00	\$0.00	\$47,899.00
Water Treatment Equipment (320)	\$52,642.00	\$6,511.00	\$0.00	\$0.00	\$0.00	\$59,153.00
Distributions Reservoirs and Standpipes (330)	\$441,403.00	\$48,347.00	\$0.00	\$0.00	\$0.00	\$489,750.00
Transmission and Distribution Mains (331)	\$2,669,645.00	\$268,261.00	\$0.00	\$0.00	\$0.00	\$2,937,906.00
Services (333)						
Meters and Meter Installations (334)	\$577,193.00	\$72,134.00	\$0.00	\$0.00	\$0.00	\$649,327.00
Hydrants (335)	\$103,877.00	\$21,677.00	\$0.00	\$0.00	\$0.00	\$125,554.00
Backflow Prevention Devices (336)						

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Analysis of Accumulated Depreciation and Amortization by Primary Acct (Ref Page: 15)

Other Plant and Miscellaneous Equipment (339)	\$173,510.00	\$14,142.00	\$0.00	\$0.00	\$0.00	\$187,652.00
Office Furniture and Equip. (340)	\$55,151.00	\$4,761.00	\$0.00	\$0.00	\$0.00	\$59,912.00
Transportation Equipment (341)	\$154,365.00	\$24,116.00	\$0.00	\$0.00	\$0.00	\$178,481.00
Stores Equipment (342)						
Tools, Shop and Garage Equip (343)	\$50,467.00	\$1,132.00	\$0.00	\$0.00	\$0.00	\$51,599.00
Laboratory Equipment (344)						
Power Operated Equipment (345)						
Communication Equipment (346)						
Miscellaneous Equipment (347)						
Other Tangible Plant (348)	\$3,564.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,564.00
Totals	\$5,045,622.00	\$497,308.00	\$0.00	\$0.00	\$0.00	\$5,542,930.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Accumulated Amortization (Acct. 110) (Ref Page: 16)



Balance First of Year

Credit during year

Accruals Charged to Account 110.1

Accruals Charged to Account 110.2

Other Credits

(specify)

Total Credits

Debits during year:

Book Cost of Plant Retired

Other Debits

(specify)

Total Debits

Balance end of Year

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Utility Plant Acquisition Adjustments (Accts. 114-115) (Ref Page: 16)



Acquisition Adjustments (114)

(specify)

Total Plant Acquisition Adjustments

Accumulated Amortization (115)

(specify)

Total Accumulated Amortization

Net Acquisition Adjustments

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Investments and Special Funds (Ref Page: 17)



Investment in Associated Companies (123)

Total Investment in Associated Companies

Utility Investments (124)

Total Utility Investments

Other Investments (125)

Total Other Investments

Sinking Funds (126)

SINKING FUNDS

\$279,653.00

\$279,653.00

Total Sinking Funds

\$279,653.00

\$279,653.00

Other Special Funds (127)

CUSTOMER DEPOSITS

\$133,381.00

\$133,381.00

RESERVE FUND

\$163,887.00

\$163,887.00

CONSTRUCTION FUNDS

\$100,071.00

\$100,071.00

REPLACEMENT RESERVE

\$272,934.00

\$272,934.00

SURCHARGE FUNDS

\$23,728.00

\$23,728.00

LOAN PROCEEDS AVAILABLE FOR DRAW

\$1,158.00

\$1,158.00

Total Other Special Funds

\$695,159.00

\$695,159.00


19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Accounts and Notes Receivable - Net (Accts 141-144) (Ref Page: 18)

Accounts and Notes Receivable		
Customer Accounts Receivable (141)		\$396,883.00
Other Accounts Receivable (142)		
	REIMBURSEMENTS RECEIVABLE	\$26,273.00
	MANAGEMENT FEES RECEIVABLE	\$14,486.00
	GRANTS RECEIVABLE	\$72,295.00
Total Other Accounts Receivable		\$113,054.00
Notes Receivable (144)		
Total Notes Receivable		
Total Accounts and Notes Receivable		\$509,937.00
Accumulated Provision for Uncollectible Accounts (143)		
Balance First of Year		\$29,500.00
Add:		
Provision for uncollectibles for current year		\$9,076.00
Collections of account previously written off		\$2,444.00
Other		
(specify)		
Total Additions		\$11,520.00
Deduct accounts written off during year:		
Other		
(specify)	ACCOUNTS WRITTEN OFF DURING THE YEAR	\$19,520.00
Total Deductions		\$19,520.00
Balance end of Year		\$21,500.00
Total Accounts and Notes Receivable - Net		\$488,437.00


19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Materials and Supplies (151-153) (Ref Page: 19)

	
Plant Materials and Supplies (151)	\$139,569.00
Merchandise (152)	
Other Materials and Supplies (153)	
Total Materials and Supplies	\$139,569.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Prepayments (Acct. 162) (Ref Page: 19)



Prepaid Insurance		\$4,256.00
Prepaid Rents		
Prepaid Interest		
Prepaid Taxes		
Other Prepayments		
(Specify)	PREPAID RAILROAD LICENSE AGREEMENTS	\$32,125.00
Total Prepayments		\$36,381.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Miscellaneous Deferred Debits (Acct. 186) (Ref Page: 20)



Miscellaneous Deferred Debits (186)	
Deferred Rate Case Expense (186.1)	\$9,918.00
Other Deferred Debits (186.2)	\$53,478.00
Regulatory Assets (186.3)	
Total Miscellaneous Deferred Debits	\$63,396.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Unamortized Debt Discount and Expense and Premium on Debt (Accts 181 and 251) (Ref Page: 20)



Unamortized Debt Discount and Expense (181)

1991 BONDS	\$374.00	\$900.00
1993 BONDS	\$662.00	\$2,926.00
2002 BONDS	\$5,084.00	\$45,701.00
2003 BONDS	\$1,096.00	\$9,863.00
2004 BONDS	\$306.00	\$3,085.00
2005 BONDS	\$1,132.00	\$25,005.00
Total Unamortized Debt Discount and Expense	\$8,654.00	\$87,480.00

Unamortized Premium on Debt (251)



Total Unamortized Premium on Debt

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Extraordinary Property Losses (Acct. 182) (Ref Page: 21)



Extraordinary Property Losses (182)



(Specify)

Total Extraordinary Property Losses

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Advances for Construction (Acct. 252) (Ref Page: 21)



Balance First of Year

Add credits during year

Deduct charges during year

Balance end of year

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Long Term Debt (Ref Page: 22)

KACOLT-GRANT FISCAL CT./ BPWD, SUBLEASEE \$1500000.	09-07-95	02-01-2019	6.4740	\$61,232.00	\$942,000.00
KACOLT-GRANT FISCAL CT./BPWD, SUBLEASEE \$336,000	10-04-96	02-01-2016	6.1300	\$11,633.00	\$189,000.00
NOTE PAYABLE-KIA-REFINANC ED	09-01-04	06-01-2011	2.5000	\$3,868.00	\$62,500.00
FINANCING LEASE WITH PUBLIC FINANCE.COM \$477,050	09-01-03	02-05-2014	4.5000	\$13,697.00	\$274,250.00
FINANCING LEASE WITH PUBLIC FINANCE.COM \$170,450	03-05-04	03-05-2011	3.8500	\$2,794.00	\$57,736.00
NOTE PAYABLE KIA/DWSRF TRUST \$350,367	12-01-02	12-01-2022	3.8000	\$10,677.00	\$271,314.00
NOTE PAYABLE KIA/DWSRF TRUST \$1,210,604	11-01-03	06-01-2024	3.0000	\$30,989.00	\$999,544.00
FINANCING LEASE/DIAMLER CHRYSLER AND BPWD \$64,371	10-17-05	10-17-2010	4.9400	\$1,584.00	\$25,463.00
NOTE PAYABLE-KIA-REFINANC ING	09-01-04	06-01-2013	2.2500	\$8,223.00	\$145,000.00
Total			0.0000	\$144,697.00	\$2,966,807.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Bonds - Account 221 (Ref Page: 23)

	\$125,000.00	\$125,000.00	\$0.00	\$71,000.00	\$3,750.00	\$3,750.00
	\$574,000.00	\$574,000.00	\$0.00	\$435,000.00	\$19,263.00	\$19,631.00
	\$1,330,000.00	\$1,330,000.00	\$0.00	\$561,000.00	\$30,500.00	\$30,500.00
	\$374,000.00	\$375,831.00	\$0.00	\$325,000.00	\$17,407.00	\$17,622.00
	\$341,000.00	\$341,773.00	\$0.00	\$295,000.00	\$15,808.00	\$16,023.00
	\$460,000.00	\$444,200.00	\$0.00	\$332,000.00	\$14,259.00	\$14,609.00
	\$98,000.00	\$93,258.00	\$0.00	\$74,000.00	\$2,858.00	\$2,938.00
	\$514,000.00	\$495,658.00	\$0.00	\$489,000.00	\$21,065.00	\$21,287.00
	\$290,000.00	\$279,658.00	\$0.00	\$276,000.00	\$11,886.00	\$12,005.00
Total	\$4,106,000.00	\$4,059,378.00	\$0.00	\$2,858,000.00	\$136,796.00	\$138,365.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Schedule of Bond Maturities (Ref Page: 23)

PH 8 1-12	01-01-07	4.0900	\$12,000.00	\$12,000.00	\$0.00
13-25	01-01-08	4.0900	\$13,000.00	\$13,000.00	\$0.00
26-39	01-01-09	4.0900	\$14,000.00	\$0.00	\$14,000.00
40-53	01-01-10	4.0900	\$14,000.00	\$0.00	\$14,000.00
54-67	01-01-11	4.0900	\$14,000.00	\$0.00	\$14,000.00
68-82	01-01-12	4.0900	\$15,000.00	\$0.00	\$15,000.00
83-97	01-01-13	4.0900	\$15,000.00	\$0.00	\$15,000.00
98-113	01-01-14	4.0900	\$16,000.00	\$0.00	\$16,000.00
114-130	01-01-15	4.0900	\$17,000.00	\$0.00	\$17,000.00
131-147	01-01-16	4.0900	\$17,000.00	\$0.00	\$17,000.00
148-166	01-01-17	4.0900	\$19,000.00	\$0.00	\$19,000.00
167-185	01-01-18	4.0900	\$19,000.00	\$0.00	\$19,000.00
186-205	01-01-19	4.0900	\$20,000.00	\$0.00	\$20,000.00
206-225	01-01-20	4.1900	\$20,000.00	\$0.00	\$20,000.00
226-246	01-01-21	4.2150	\$21,000.00	\$0.00	\$21,000.00
247-267	01-01-22	4.2900	\$21,000.00	\$0.00	\$21,000.00
268-289	01-01-23	4.3400	\$22,000.00	\$0.00	\$22,000.00
290-312	01-01-24	4.3400	\$23,000.00	\$0.00	\$23,000.00
313-337	01-01-25	4.3900	\$25,000.00	\$0.00	\$25,000.00
338-363	01-01-26	4.4400	\$26,000.00	\$0.00	\$26,000.00
364-391	01-01-27	4.4650	\$28,000.00	\$0.00	\$28,000.00
392-419	01-01-28	4.4650	\$28,000.00	\$0.00	\$28,000.00
420-450	01-01-29	4.4900	\$31,000.00	\$0.00	\$31,000.00
451-481	01-01-30	4.5900	\$31,000.00	\$0.00	\$31,000.00
482-514	01-01-31	4.5900	\$33,000.00	\$0.00	\$33,000.00
PH 10 1-7	01-01-07	4.0900	\$7,000.00	\$7,000.00	\$0.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Schedule of Bond Maturities (Ref Page: 23)

8-14	01-01-08	4.0900	\$7,000.00	\$7,000.00	\$0.00	
15-22	01-01-09	4.0900	\$8,000.00	\$0.00	\$8,000.00	
23-30	01-01-10	4.0900	\$8,000.00	\$0.00	\$8,000.00	
31-38	01-01-11	4.0900	\$8,000.00	\$0.00	\$8,000.00	
39-46	01-01-12	4.0900	\$8,000.00	\$0.00	\$8,000.00	
47-55	01-01-13	4.0900	\$9,000.00	\$0.00	\$9,000.00	
56-64	01-01-14	4.0900	\$9,000.00	\$0.00	\$9,000.00	
65-73	01-01-15	4.0900	\$9,000.00	\$0.00	\$9,000.00	
74-83	01-01-16	4.0900	\$10,000.00	\$0.00	\$10,000.00	
84-94	01-01-17	4.0900	\$11,000.00	\$0.00	\$11,000.00	
95-105	01-01-18	4.0900	\$11,000.00	\$0.00	\$11,000.00	
106-116	01-01-19	4.0900	\$11,000.00	\$0.00	\$11,000.00	
117-127	01-01-20	4.1900	\$11,000.00	\$0.00	\$11,000.00	
128-139	01-01-21	4.2150	\$12,000.00	\$0.00	\$12,000.00	
140-151	01-01-22	4.2900	\$12,000.00	\$0.00	\$12,000.00	
153-163	01-01-23	4.3400	\$12,000.00	\$0.00	\$12,000.00	
164-177	01-01-24	4.3400	\$14,000.00	\$0.00	\$14,000.00	
178-191	01-01-25	4.3900	\$14,000.00	\$0.00	\$14,000.00	
192-206	01-01-26	4.4400	\$15,000.00	\$0.00	\$15,000.00	
207-221	01-01-27	4.4650	\$15,000.00	\$0.00	\$15,000.00	
222-237	01-01-28	4.4650	\$16,000.00	\$0.00	\$16,000.00	
238-254	01-01-29	4.4900	\$17,000.00	\$0.00	\$17,000.00	
255-272	01-01-30	4.5900	\$18,000.00	\$0.00	\$18,000.00	
273-290	01-01-31	4.5900	\$18,000.00	\$0.00	\$18,000.00	
PH 7 1-6	01-01-05	3.1200	\$6,000.00	\$6,000.00	\$0.00	
7-12	01-01-06	3.1200	\$6,000.00	\$6,000.00	\$0.00	

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Schedule of Bond Maturities (Ref Page: 23)

13-18	01-01-07	3.1200	\$6,000.00	\$6,000.00	\$0.00	
19-24	01-01-08	3.2200	\$6,000.00	\$6,000.00	\$0.00	
25-30	01-01-09	3.3700	\$6,000.00	\$0.00	\$6,000.00	
31-36	01-01-10	3.3700	\$6,000.00	\$0.00	\$6,000.00	
37-42	01-01-11	3.3700	\$6,000.00	\$0.00	\$6,000.00	
43-48	01-01-12	3.5000	\$6,000.00	\$0.00	\$6,000.00	
49-55	01-01-13	3.6200	\$7,000.00	\$0.00	\$7,000.00	
56-62	01-01-14	4.1200	\$7,000.00	\$0.00	\$7,000.00	
63-69	01-01-15	4.1200	\$7,000.00	\$0.00	\$7,000.00	
70-76	01-01-16	4.1200	\$7,000.00	\$0.00	\$7,000.00	
77-83	01-01-17	4.1200	\$7,000.00	\$0.00	\$7,000.00	
84-90	01-01-18	4.1200	\$7,000.00	\$0.00	\$7,000.00	
91-98	01-01-19	4.1200	\$8,000.00	\$0.00	\$8,000.00	
BNDS # 1	1985	5.0000	\$1,000.00	\$1,000.00	\$0.00	
2	1986	5.0000	\$1,000.00	\$1,000.00	\$0.00	
3	1987	5.0000	\$1,000.00	\$1,000.00	\$0.00	
4	1988	5.0000	\$1,000.00	\$1,000.00	\$0.00	
5	1989	5.0000	\$1,000.00	\$1,000.00	\$0.00	
6	1990	5.0000	\$1,000.00	\$1,000.00	\$0.00	
7	1991	5.0000	\$1,000.00	\$1,000.00	\$0.00	
8-9	1992	5.0000	\$2,000.00	\$2,000.00	\$0.00	
10-11	1993	5.0000	\$2,000.00	\$2,000.00	\$0.00	
12-13	1994	5.0000	\$2,000.00	\$2,000.00	\$0.00	
14-15	1995	5.0000	\$2,000.00	\$2,000.00	\$0.00	
16-17	1996	5.0000	\$2,000.00	\$2,000.00	\$0.00	
18-19	1997	5.0000	\$2,000.00	\$2,000.00	\$0.00	

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Schedule of Bond Maturities (Ref Page: 23)

Schedule of Bond Maturities (Ref Page: 23)						
20-21	1998	5.0000	\$2,000.00	\$2,000.00		\$0.00
22-23	1999	5.0000	\$2,000.00	\$2,000.00		\$0.00
24-25	2000	5.0000	\$2,000.00	\$2,000.00		\$0.00
26-28	2001	5.0000	\$3,000.00	\$3,000.00		\$0.00
29-31	2002	5.0000	\$3,000.00	\$3,000.00		\$0.00
32-34	2003	5.0000	\$3,000.00	\$3,000.00		\$0.00
35-37	2004	5.0000	\$3,000.00	\$3,000.00		\$0.00
28-40	2005	5.0000	\$3,000.00	\$3,000.00		\$0.00
41-43	2006	5.0000	\$3,000.00	\$3,000.00		\$0.00
44-46	2007	5.0000	\$3,000.00	\$3,000.00		\$0.00
47-50	2008	5.0000	\$4,000.00	\$4,000.00		\$0.00
51-54	2009	5.0000	\$4,000.00	\$4,000.00		\$0.00
55-58	2010	5.0000	\$4,000.00	\$0.00		\$4,000.00
59-62	2011	5.0000	\$4,000.00	\$0.00		\$4,000.00
63-66	2012	5.0000	\$4,000.00	\$0.00		\$4,000.00
67-71	2013	5.0000	\$5,000.00	\$0.00		\$5,000.00
72-76	2014	5.0000	\$5,000.00	\$0.00		\$5,000.00
77-81	2015	5.0000	\$5,000.00	\$0.00		\$5,000.00
82-86	2016	5.0000	\$5,000.00	\$0.00		\$5,000.00
87-92	2017	5.0000	\$6,000.00	\$0.00		\$6,000.00
93-98	2018	5.0000	\$6,000.00	\$0.00		\$6,000.00
99-104	2019	5.0000	\$6,000.00	\$0.00		\$6,000.00
105-111	2020	5.0000	\$7,000.00	\$0.00		\$7,000.00
112-118	2021	5.0000	\$7,000.00	\$0.00		\$7,000.00
119-125	2022	5.0000	\$7,000.00	\$0.00		\$7,000.00
2002 BONDS	01-01-03	3.1500	\$21,000.00	\$21,000.00		\$0.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Schedule of Bond Maturities (Ref Page: 23)

	01-01-04	3.1500	\$23,000.00	\$23,000.00	\$0.00
	01-01-05	3.1500	\$23,000.00	\$23,000.00	\$0.00
	01-01-06	3.1500	\$23,000.00	\$23,000.00	\$0.00
	01-01-07	3.1500	\$23,000.00	\$23,000.00	\$0.00
	01-01-08	3.4000	\$26,000.00	\$26,000.00	\$0.00
	01-01-09	3.6500	\$27,000.00	\$0.00	\$27,000.00
	01-01-10	3.7800	\$28,000.00	\$0.00	\$28,000.00
	01-01-11	3.9000	\$29,000.00	\$0.00	\$29,000.00
	01-01-12	4.0200	\$29,000.00	\$0.00	\$29,000.00
	01-01-13	4.1500	\$30,000.00	\$0.00	\$30,000.00
	01-01-14	4.1500	\$31,000.00	\$0.00	\$31,000.00
	01-01-15	4.4000	\$33,000.00	\$0.00	\$33,000.00
	01-01-16	4.5000	\$33,000.00	\$0.00	\$33,000.00
	01-01-17	4.6000	\$35,000.00	\$0.00	\$35,000.00
	01-01-18	4.7000	\$37,000.00	\$0.00	\$37,000.00
	01-01-19	4.8000	\$39,000.00	\$0.00	\$39,000.00
	01-01-20	4.9000	\$41,000.00	\$0.00	\$41,000.00
	01-01-21	5.0000	\$43,000.00	\$0.00	\$43,000.00
1978 BONDS	FHA	0.0000	\$0.00	\$0.00	\$0.00
1-12	1981	5.0000	\$12,000.00	\$12,000.00	\$0.00
13-25	1982	5.0000	\$13,000.00	\$13,000.00	\$0.00
26-39	1983	5.0000	\$14,000.00	\$14,000.00	\$0.00
40-53	1984	5.0000	\$14,000.00	\$14,000.00	\$0.00
54-68	1985	5.0000	\$15,000.00	\$15,000.00	\$0.00
69-84	1986	5.0000	\$16,000.00	\$16,000.00	\$0.00
85-101	1987	5.0000	\$17,000.00	\$17,000.00	\$0.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Schedule of Bond Maturities (Ref Page: 23)

Schedule of Bond Maturities (Ref Page: 23)						
Bond Range	Year	Face Amount	Original Issue Price	Original Issue Amount	Original Issue Date	Original Issue Term
102-118	1988	5.0000	\$17,000.00	\$17,000.00		\$0.00
119-136	1989	5.0000	\$18,000.00	\$18,000.00		\$0.00
137-155	1990	5.0000	\$19,000.00	\$19,000.00		\$0.00
156-175	1991	5.0000	\$20,000.00	\$20,000.00		\$0.00
176-196	1992	5.0000	\$21,000.00	\$21,000.00		\$0.00
197-218	1993	5.0000	\$22,000.00	\$22,000.00		\$0.00
219-241	1994	5.0000	\$23,000.00	\$23,000.00		\$0.00
242-265	1995	5.0000	\$24,000.00	\$24,000.00		\$0.00
266-291	1996	5.0000	\$26,000.00	\$26,000.00		\$0.00
292-318	1997	5.0000	\$27,000.00	\$27,000.00		\$0.00
319-346	1998	5.0000	\$28,000.00	\$28,000.00		\$0.00
347-376	1999	5.0000	\$30,000.00	\$30,000.00		\$0.00
377-407	2000	5.0000	\$31,000.00	\$31,000.00		\$0.00
408-440	2001	5.0000	\$33,000.00	\$33,000.00		\$0.00
441-474	2002	5.0000	\$34,000.00	\$34,000.00		\$0.00
475-510	2003	5.0000	\$36,000.00	\$36,000.00		\$0.00
511-548	2004	5.0000	\$38,000.00	\$38,000.00		\$0.00
549-588	2005	5.0000	\$40,000.00	\$40,000.00		\$0.00
589-630	2006	5.0000	\$42,000.00	\$42,000.00		\$0.00
631-674	2007	5.0000	\$44,000.00	\$44,000.00		\$0.00
675-720	2008	5.0000	\$46,000.00	\$46,000.00		\$0.00
721-769	2009	5.0000	\$49,000.00	\$49,000.00		\$0.00
770-820	2010	5.0000	\$51,000.00	\$0.00		\$51,000.00
821-874	2011	5.0000	\$54,000.00	\$0.00		\$54,000.00
875-930	2012	5.0000	\$56,000.00	\$0.00		\$56,000.00
931-989	2013	5.0000	\$59,000.00	\$0.00		\$59,000.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Schedule of Bond Maturities (Ref Page: 23)

990-1051	2014	5.0000	\$62,000.00	\$0.00	\$62,000.00	
1052-1116	2015	5.0000	\$65,000.00	\$0.00	\$65,000.00	
1117-1184	2016	5.0000	\$68,000.00	\$0.00	\$68,000.00	
1185-1255	2017	5.0000	\$71,000.00	\$0.00	\$71,000.00	
1256-1330	2018	5.0000	\$75,000.00	\$0.00	\$75,000.00	
PH 5 & 5 A	02-01-03	5.1500	\$10,000.00	\$10,000.00	\$0.00	
	02-01-04	5.1500	\$15,000.00	\$15,000.00	\$0.00	
	02-01-05	5.1500	\$15,000.00	\$15,000.00	\$0.00	
	02-01-06	5.1500	\$15,000.00	\$15,000.00	\$0.00	
	02-01-07	5.1500	\$20,000.00	\$20,000.00	\$0.00	
	02-01-08	5.1500	\$20,000.00	\$20,000.00	\$0.00	
	02-01-09	5.1500	\$20,000.00	\$0.00	\$20,000.00	
	02-01-10	5.1500	\$20,000.00	\$0.00	\$20,000.00	
	02-01-11	5.1500	\$20,000.00	\$0.00	\$20,000.00	
	02-01-12	5.1500	\$25,000.00	\$0.00	\$25,000.00	
	02-01-13	5.1500	\$25,000.00	\$0.00	\$25,000.00	
	02-01-14	5.1500	\$25,000.00	\$0.00	\$25,000.00	
	02-01-15	5.1500	\$25,000.00	\$0.00	\$25,000.00	
	02-01-16	5.1500	\$30,000.00	\$0.00	\$30,000.00	
	02-01-17	5.1500	\$30,000.00	\$0.00	\$30,000.00	
	02-01-18	5.4500	\$30,000.00	\$0.00	\$30,000.00	
	02-01-19	5.4500	\$35,000.00	\$0.00	\$35,000.00	
	02-01-20	5.4500	\$35,000.00	\$0.00	\$35,000.00	
	02-01-21	5.4500	\$35,000.00	\$0.00	\$35,000.00	
	02-01-22	5.4500	\$40,000.00	\$0.00	\$40,000.00	
	02-01-23	5.4500	\$40,000.00	\$0.00	\$40,000.00	

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Schedule of Bond Maturities (Ref Page: 23)

	02-01-24	5.4500	\$45,000.00	\$0.00	\$45,000.00
	02-01-25	5.4500	\$45,000.00	\$0.00	\$45,000.00
	02-01-26	5.4500	\$45,000.00	\$0.00	\$45,000.00
	02-01-27	5.4500	\$50,000.00	\$0.00	\$50,000.00
2003 BONDS	01-01-04	1.4700	\$25,000.00	\$25,000.00	\$0.00
	01-01-05	1.9200	\$25,000.00	\$25,000.00	\$0.00
	01-01-06	2.3700	\$25,000.00	\$25,000.00	\$0.00
	01-01-07	2.7200	\$26,000.00	\$26,000.00	\$0.00
	01-01-08	3.1200	\$27,000.00	\$27,000.00	\$0.00
	01-01-09	3.3700	\$27,000.00	\$0.00	\$27,000.00
	01-01-10	3.7200	\$28,000.00	\$0.00	\$28,000.00
	01-01-11	3.9700	\$29,000.00	\$0.00	\$29,000.00
	01-01-12	4.1200	\$31,000.00	\$0.00	\$31,000.00
	01-01-13	4.5200	\$32,000.00	\$0.00	\$32,000.00
	01-01-14	4.5200	\$35,000.00	\$0.00	\$35,000.00
	01-01-15	4.5200	\$35,000.00	\$0.00	\$35,000.00
	01-01-16	4.5200	\$40,000.00	\$0.00	\$40,000.00
	01-01-17	4.5200	\$35,000.00	\$0.00	\$35,000.00
	01-01-18	4.5200	\$40,000.00	\$0.00	\$40,000.00
Total			\$4,106,000.00	\$1,248,000.00	\$2,858,000.00

(The total of Column 12 must agree with the total of col 4)

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Notes Payable (Accts 232 and 234) (Ref Page: 24)

							Original Amt	Per Bal
Account 232 - Notes Payable								
	LINE OF CREDIT-5/03/08	5/03/08	5/03/09	3.5000		\$3,590.00	\$115,000.00	
	FORGHT BANK							
Total Account 232						\$3,590.00	\$115,000.00	
Account 234 - Notes Payable to Associated Companies								
				0				
Total Account 234								

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Accounts Payable to Associated Companies (Acct. 233) (Ref Page: 24)



Show Payable to Each Associated Company Separately

(Specify)	NONE	\$0.00
-----------	------	--------

Total

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Taxes Accrued (Acct. 236) (Ref Page: 25)

Balance First of Year	\$2,080.00
Accruals Charged:	
Utility regulatory assessment fees (408.10)	\$4,611.00
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$54,167.00
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total taxes accrued	\$58,778.00
Taxes paid during year:	
Utility regulatory assessment fees (408.10)	\$4,611.00
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$53,572.00
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total Taxes Paid	\$58,183.00
Balance end of year	\$2,675.00


19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Accrued Interest (Account 237) 2002 (Ref Page: 25)

Long Term Debt:				
BONDS	44166.0000	\$136,796.00	\$138,365.00	\$42,597.00
LONG TERM DEBT	8111.0000	\$144,697.00	\$146,458.00	\$6,350.00
		\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00
Notes Payable:				
LINE OF CREDIT		\$3,590.00	\$3,590.00	\$0.00
Customer Deposits:				
CUSTOMER DEPOSITS	273.0000	\$585.00	\$577.00	\$281.00
Other				
		\$0.00	\$0.00	\$0.00
Total Acct. No 237	52550.0000	\$285,668.00	\$288,990.00	\$49,228.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Miscellaneous Current and Accrued Liabilities (Acct. 242) (Ref Page: 26)

	
WITHHELD & ACCRUED RETIREMENT	\$12,774.00
ACCRUED VACATION PAY	\$22,874.00
WITHHELD INSURANCE	\$462.00
WITHHELD DEFERRED COMPENSATION	\$450.00
Total Miscellaneous Current and Accrued Liabilities	\$36,560.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Regulatory Commission Expense(Acct 666 and 667) (Ref Page: 26)

	DEFERRED RATE CASE	\$9,918.00	\$9,918.00 666	\$0.00
	EXPENSE			
Total		\$9,918.00	\$9,918.00	\$0.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Operating Revenue (Ref Page: 27)

Operating Revenues			
Unmetered Water Revenue (460)	0	0	\$4,067.00
Metered Water Revenue (461)			
Sales to Residential Customers (461.1)	6,233	6,255	\$2,464,612.00
Sales to Commercial Customers (461.2)	322	331	\$191,080.00
Sales to Industrial Customers (461.3)	4	4	\$8,628.00
Sales to Public Authorities (461.4)			
Sales to Multiple Family Dwellings (461.5)			
Sales through Bulk Loading Stations (461.6)	0	0	\$29,774.00
Total Metered Sales	6,559	6,590	\$2,694,094.00
Fire Protection Revenue (462)			
Public Fire Protection (462.1)			
Private Fire Protection (462.2)			
Total Fire Protection Revenue			
Other Sales to Public Authorities (464)			
Sales to Irrigation Customers (465)			
Sales for Resale (466)			
Interdepartmental Sales (467)			
Total Sales of Water	6,559	6,590	\$2,698,161.00
Other Water Revenues			
Guaranteed Revenues (469)			
Forfeited Discounts (470)			\$60,196.00
Miscellaneous Service Revenues (471)			\$26,139.00
Rents from Water Property (472)			
Interdepartments Rents (473)			
Other Water Revenues (474)			
Total Other Water Revenues			\$86,335.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Operating Revenue (Ref Page: 27)



Total Water Operating Revenues

\$2,784,496.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Utility Expense Accounts (Ref Page: 28)

Salaries and Wages-Employees (601)	\$741,478.00	\$46,585.00	\$0.00	\$29,464.00	\$58,089.00	\$80,569.00	\$214,315.00	\$163,513.00	\$148,943.00
Salaries and Wages-Officers, Directors and Majority Stockholders (603)	\$14,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14,000.00
Employee Pensions and Benefits (604)	\$425,739.00	\$30,249.00	\$0.00	\$33,998.00	\$31,892.00	\$47,637.00	\$104,654.00	\$108,231.00	\$69,078.00
Purchased Water (610)	\$870,317.00	\$870,317.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Purchased Power (615)	\$70,094.00	\$32,607.00	\$0.00	\$8,152.00	\$0.00	\$25,809.00	\$0.00	\$2,558.00	\$968.00
Fuel for Power Production (616)									
Chemicals (618)	\$67,587.00	\$0.00	\$0.00	\$67,587.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Materials and Supplies (620)	\$101,680.00	\$2,709.00	\$2,710.00	\$10,049.00	\$7,655.00	\$8,071.00	\$18,778.00	\$38,243.00	\$13,465.00
Contractual Services - Eng. (631)	\$13,506.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,506.00
Contractual Services - Acct. (632)	\$38,862.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38,862.00
Contractual Services - Legal (633)	\$17,349.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,349.00
Contractual Services - Management Fees (634)	\$2,679.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,679.00	\$0.00	\$0.00	\$0.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Utility Expense Accounts (Ref Page: 28)

Contractual Serves - Water Testing (635)	\$20,555.00	\$0.00	\$0.00	\$20,555.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Other (636)	\$53,923.00	\$802.00	\$84.00	\$10,985.00	\$0.00	\$1,897.00	\$9,234.00	\$10,094.00	\$20,827.00
Rental of Bld./Real Property (641)	\$4,075.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,075.00	\$0.00	\$0.00	\$0.00
Rental of Equipment (642)	\$7,538.00	\$0.00	\$0.00	\$0.00	\$336.00	\$0.00	\$6,514.00	\$0.00	\$688.00
Transportation Expenses (650)	\$46,973.00	\$163.00	\$8,726.00	\$0.00	\$0.00	\$2,986.00	\$19,461.00	\$8,105.00	\$7,532.00
Insurance - Vehicle (656)	\$10,073.00	\$0.00	\$1,529.00	\$0.00	\$0.00	\$589.00	\$4,584.00	\$1,781.00	\$1,590.00
Insurance - General Liability (657)	\$16,321.00	\$1,855.00	\$1,207.00	\$1,855.00	\$1,207.00	\$6,428.00	\$1,207.00	\$1,281.00	\$1,281.00
Insurance - Worker's Compensation (658)	\$20,876.00	\$1,381.00	\$0.00	\$868.00	\$1,586.00	\$2,764.00	\$5,299.00	\$4,708.00	\$4,270.00
Insurance - Other (659)	\$6,739.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$430.00	\$6,309.00
Advertising Expenses (660)	\$167.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$167.00
Regulatory Commission Exp.									
- Amortization of Rate Case (666)									
-Other (667)									

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Utility Expense Accounts (Ref Page: 28)

Water Resource Conservation Expense (668)									
Bad Debt (670)	\$9,076.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,076.00	\$0.00
Miscellaneous Expenses (675)	\$410.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.00	\$398.00
Total	\$2,560,017.00	\$986,668.00	\$14,256.00	\$183,513.00	\$100,765.00	\$183,504.00	\$384,046.00	\$348,032.00	\$359,233.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Pumping and Water Statistics - part one (Ref Page: 29)

Month	Value 1	Value 2	Value 3	Value 4
January	32,904	14,696	47,600	27,815
February	23,901	11,870	35,771	25,341
March	23,509	10,867	34,376	27,995
April	22,398	10,499	32,897	24,865
May	20,928	12,815	33,743	30,839
June	22,705	19,234	41,939	30,331
July	24,874	17,253	42,127	32,891
August	25,326	17,480	42,806	35,265
September	27,515	13,752	41,267	31,657
October	24,687	10,363	35,050	29,463
November	20,187	12,820	33,007	30,718
December	16,623	16,870	33,493	26,157
Total for the year	285,557	168,519	454,076	353,337

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Pumping and Water Statistics - part two (Ref Page: 29)



Maximum Gallons pumped by all methods in any one day (Omit 901
000's)

06/01/2008

Minimum Gallons pumped by all methods in any one day (Omit 216
000's)

04/03/2008

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Pumping and Water Statistics - part three (Ref Page: 29)

If water is purchased indicate the following:

Vendor

BOONE COUNTY WATER DISTRICT, CITY OF WILLIAMSTOWN, CITY OF WALTON,
NORTHERN KY WATER SERVICE DIST

Point of Delivery

SW CORNER US 42 & HWY 338, BATON ROUGE METER, SALEM CREEK METER, US 25 &
BRACHT PINER RD

If water is sold to other water utilities for redistribution, identify all entities with whom the utility has a water sales contract and the maximum quantity the utility is under contract

to provide daily and monthly. If unlimited then list "unlimited" otherwise list in thousands of gallons.

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Sales For Resale (466) (Ref Page: 30)



Total

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Statistics (Ref Page: 30)

1. Water Produced, Purchased and Distributed		
2. Water Produced		168,519
3. Water Purchased		285,557
4. Total Produced and Purchased		454,076
6. Water Sales:		
7. Residential		321,794
8. Commercial		24,931
9. Industrial		1,522
10. Bulk Loading Stations		5,090
11. Resale		
12. Other Sales		
13. Total Water Sales		353,337
15. Other Water Used		
16. Utility/water treatment plant		17,345
17. Wastewater plant		
18. System flushing		14,219
19. Fire department		3,850
20. Other		24
21. Total Other Water Used		35,438
23. Water Loss:		
24. Tank Overflows		
25. Line Breaks		2,498
26. Line Leaks		
27. Other		62,803
28. Total Line Loss		65,301

Note: Line 13 + Line 21 + Line 28 must equal Line 4

32. Water Loss Percentage

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Statistics (Ref Page: 30)



33. Line 28 divided by Line 4

14.3811

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Plant Statistics (Ref Page: 31)

Number of fire hydrants, by size	603 2 1/2" AND 6" ON 4" AND 6" LINES
Number of private fire hydrants, by size	NONE
If produced whether water supply is river, impounded streams, well, springs, artificial lake, or collector well	ARTIFICIAL LAKE
If produced whether supply is by gravity, pumping or a combination	PUMPING
Type, capacity, and elevation of reservoirs at overflow and ground level	A. MAN MADE LAKE, B. SIX ELEVATED STORAGE TANKS, CAPACITY 120,000 GALLONS, 150,000 GALLONS, 3 @ 200,000 GALLONS, 300,000 GALLONS
Miles of main by size and kind	5.22 MILES 12" MAIN, 11 MILES 10" MAIN, 259.57 MILES 6" MAIN, 49.02 MILES 8" MAIN, 8.37 MILES 4" MAIN, 8.69 MILES 3" MAIN, 9.0 MILES 2" MAIN
Types of filters: gravity or pressure, number of units and total rated in capacity in gal. per min.	MIXED MEDIA, GRAVITY, 4 UNITS, 512 GPM
Type of disinfectant, number of units and capacity in pounds per 24 hours	GAS, 2 UNITS, 5 LBS/UNIT HOUR
Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/ low duty	2-100 HPVS ELEC TYP RV 4 HIGH THRUST 1 MGD, 1-50HPGE ELEC TYP K HIGH THRUST 360,000 PD, 1-5 HPUS ELEC TYP AVH LOW THRUST, 1-7 HPUS ELEC TYP AVH LOW THRUST, 1MGD, 1-5 HPUS ELEC TYP AVH LOW THRUST, 720,000 PD, 2-3 HP MASTER METERS TYP PB LOW THRUST, 360,000 PD, 4-5 GP ELEC TYP PB LOW THRUST, 150,000 PD, 2-30 HP ELEC TYP CENTRIF PUMPS 542 GPM @ 154 FEET
Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in-KWH	ELECTRIC
Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report	ONE PROJECT ADDED .86 MILES OF 4" MAIN AND 14.36 MILES OF 6" MAIN, 52 METERS, AND 34 FIRE HYDRANTS AT A COST OF 1,040,839
Capacity of clear well	130,000 GALLONS
Peak month, in gallons of water sold	AUGUST
Peak day, in gallons of water sold	SUNDAY 6/01/08

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Plant Statistics - Part B (Ref Page: 31)



Choose one to indicate the type of Water Supply

Art. Lake

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Plant Statistics - Part C (Ref Page: 31)



Choose one to indicate the type of Water Supply Method

Pumping

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
NOTE: Any mention of page numbers or Line items refers to the annual report published and distributed for the 2002 report period.				
Identifications pages (ref 4-6) have been completed.				
Balance Sheet - Assets and Other Debts (ref. pg 7)				
Utility Plant (Accts 101-106) agrees with Sched: Net Utility Plants Accts 101-106 (ref pg 13) Line: Total Utility Plant	23244565.00	23244565.00	OK	
Accts 108-110 Acc. Depreciation and Amort. agrees with Sched: Analysis of Acc. Dep. and Amort. (ref pg 15) Line: Total 301-348 Col h	5542930.00	5542930.00	OK	
Accts 114-115 Utility Plant Acquisition Adjustments agrees with Sched: Utility Plant Acquisition Adjustments (ref pg 16) Line: Net Acquisition Adjustments (114-115)	0	0	OK	
Accts 123 Investment in Assoc. Companies agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total Investment in Associated Companies	0	0	OK	
Accts 124-125 Utility Investments agrees with Sched: Investments and Spec. Funds (ref pg 17) Sum of Lines: 124 Total Utility Investments and 125 Total Other Investments	0	0	OK	
Accts 126 Sinking Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: 126 Total Sinking Funds	279653.00	279653.00	OK	
Accts 127 Other Special Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total 127 Other Special Funds	695159.00	695159.00	OK	
Accts 141-144 Accounts and Notes Receivable agrees with Sched: Accts and Notes Receivable (ref pg 18) Line: Net Balance 141-144	488437.00	488437.00	OK	
Accts 151-153 Material and Supplies agrees with Sched: Material and Supplies (ref pg 19) Line: Total 151-153	139569.00	139569.00	OK	

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 162 Prepayments agrees with Sched: Prepayments (ref pg 19) Line: Total 162	36381.00	36381.00	OK	
Accts 181 Unamortized Debt Discount and Expense agrees with Sched: Unamortized Debt Discount and Exp. (ref pg 20) Line: Total 181	87480.00	87480.00	OK	
Accts 182 Extraordinary Prop. losses agrees with Sched: Extraordinary Property Losses (ref pg 21) Line: Total 182	0	0	OK	
Accts 186 Misc. Deferred Debits agrees with Sched: Misc. Deferred Debits (ref pg 20) Line: Total 186	63396.00	63396.00	OK	
Balance Sheet - Equity Capitol and Liabilities (ref. pg 9)				
Accts 214 Appropriated Retained Earnings agrees with Sched: Statement of Retained Earnings (ref pg 12) Line: Total Appropriated Retained Earnings 214	0	0	OK	
Accts 215.1 Retained Earnings from Income before Contributions with Sched: Statement of Retained Earnings (ref pg 12) Line: Balance End of Year 215.1	951242.00	951242.00	OK	
Accts 215.2 Donated Capital with Sched: Statement of Retained Earnings (cont. 215.2) (ref pg 12) Line: Balance End of Year 215.2	12175600.00	12175600.00	OK	
Accts 221 Bonds agrees with Sched: Account 221 (ref pg 23) Line: Total Outstanding Bonds Col 4	2858000.00	2858000.00	OK	
Accts 221 Bonds agrees with Sched: Schedule of Bond Maturities (ref pg 23) Line: Total Remaining Bonds (Col 12)	2858000.00	2858000.00	OK	
Accts 224 Other Long Term Debt agrees with Sched: Long Term Debt (ref pg 22) Line: Total Acct 224 col f	2966807.00	2966807.00	OK	
Accts 232 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 232	115000.00	115000.00	OK	

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 233 Accounts Payable to Associated Co. agrees with Sched: Accounts Payable to Assoc. Companies (Accts 233) (ref pg 24) Line: Total Acct 233	0	0	OK	
Accts 234 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 234	0	0	OK	
Accts 236 Taxes Accrued Balance First of Year agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Beginning Balance	2080.00	2080.00	OK	
Accts 236 Taxes Accrued agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Ending Balance	2675.00	2675.00	OK	
Accts 237 Accrued Interest Balance from Prev Year agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance Beginning of Year -Col b	52550.00	52550.00	OK	
Accts 237 Accrued Interest agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance End of Year -Col e	49228.00	49228.00	OK	
Accts 242 Misc. Current and Accrued Liabilities agrees with Sched: Misc current and Accrued Liabilities (Accts 242) (ref pg 26) Line: Total Miscellaneous and Current Accrued Liabilities	36560.00	36560.00	OK	
Accts 251 Unamortized Premium on Debt agrees with Sched: Unamorted Debt Discount and Expense and Premium on Debt (Accts 181 - 251) (ref pg 20) Line: Total 251	0	0	OK	
Accts 252 Advances for Contruction agrees with Sched: Advances for Conststruction (Accts 252) (ref pg 21) Line: Total 252	0	0	OK	
Total Equity Capital and Liabilities agrees with Balance Sheet - Assets and Other Debits: Total Assets and Other Debits	19693595.00	19693595.00	OK	
Comparitive Operating Statement (ref pg 10)				

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 400 Operating Revenues agrees with Sched: Water Operating Revenue (Accts 400) (ref pg 27) Line: Total Water Operating Revenues - Col e	2784496.00	2784496.00	OK	
Accts 401 Operating Expenses agrees with Sched: Water Utility Expense Accounts (ref pg 28) Line: Total Accts (601-675) - Col c	2560017.00	2560017.00	OK	
Accts 408.1 Taxes Other than Income agrees with Schedule Taxes Accrued (Acct 236) (ref pg 26) Sum of Accts 408.10 - 408.13	58778.00	58778.00	OK	
Sum of Accts 408.1 and 408.2 agrees with Sched: Taxes Accrued (Acct 236) (ref pg 25) Line: Total taxes Accrued	58778.00	58778.00	OK	
Accts 427 Interest Expense agrees with Sched: Accrued Interest (Acct 237) (ref pg 25) Line: Total Acct No 237 Col c - Interest Accrued	285668.00	285668.00	OK	
Net Income agrees with Sched: Retained Earnings (Acct 237) (ref pg 12) Line: Balance Transferred from Income (Acct 435)	-492826.00	-492826.00	OK	
Miscellaneous				
Schedule Net Utility Plant Accts 101 - 106 (ref pg 13) Utility Plant (101) agrees with Sched: Water Utility Plant Accounts (ref pg 14) Line: Total Water Plant Col f - Current Year	23042607.00	23042607.00	OK	
The analysis of water utility plant accounts Cols c through k has been completed (Ref pg 14)				
The analysis of accumulated depreciation and amortization by primary account has been completed. (Ref pg 14)				
Sched: Misc. Deferred Debits (Acct 186) Deferred Rate Case (Acct 186.1) agrees with Sched: Amort. of Rate Case (Acct 665 and 667) (ref pg 26) Line: Total Col c - Amt Transferred to 186.1	9918.00	9918.00	OK	
Schedule of Long Term Debt has been completed (ref pg 22)				

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Schedule of Bond Maturities has been completed (ref pg 23)				
Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue (Ref pg 29)				
The analysis of water opertating revenue Cols c,d and e have been completed. (Ref pg 28)				
The analysis of water utility expense accounts Cols c through k have been completed. (Ref pg 28)				
Schedule of Pumping and Purchased Water Statistics has been completed (Ref pg 29)				
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Total (d) agrees with Sched Water Statistics (ref pg 30) Line 4. Total Produced and Purchased Col Gallons	454076	454076	OK	
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Water Sold(e) agrees with Sched Water Statistics (ref pg 30) Line Total Water Sales Col Gallons	353337	353337	OK	
Sched Sales for Resale (ref pg 30) 466 Total Gal agrees with Sched Water Statistics (ref pg 30) Total Water Sales	0	0	OK	
Oath Page Has been Completed				

OATH

Commonwealth of KENTUCKY)
County of GRANT) ss:

CHARLES A. GIVIN makes oath and says
(Name of Officer)

that he/she is TREASURER of
(Official title of officer)

BULLOCK PEN WATER DISTRICT
(Exact legal title or name of respondent)

that it is her/his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he/she knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he/she has carefully examined the said report and to have the best of his/her knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he/she believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

JANUARY 1, 20 08, to and including DECEMBER 31, 20 08

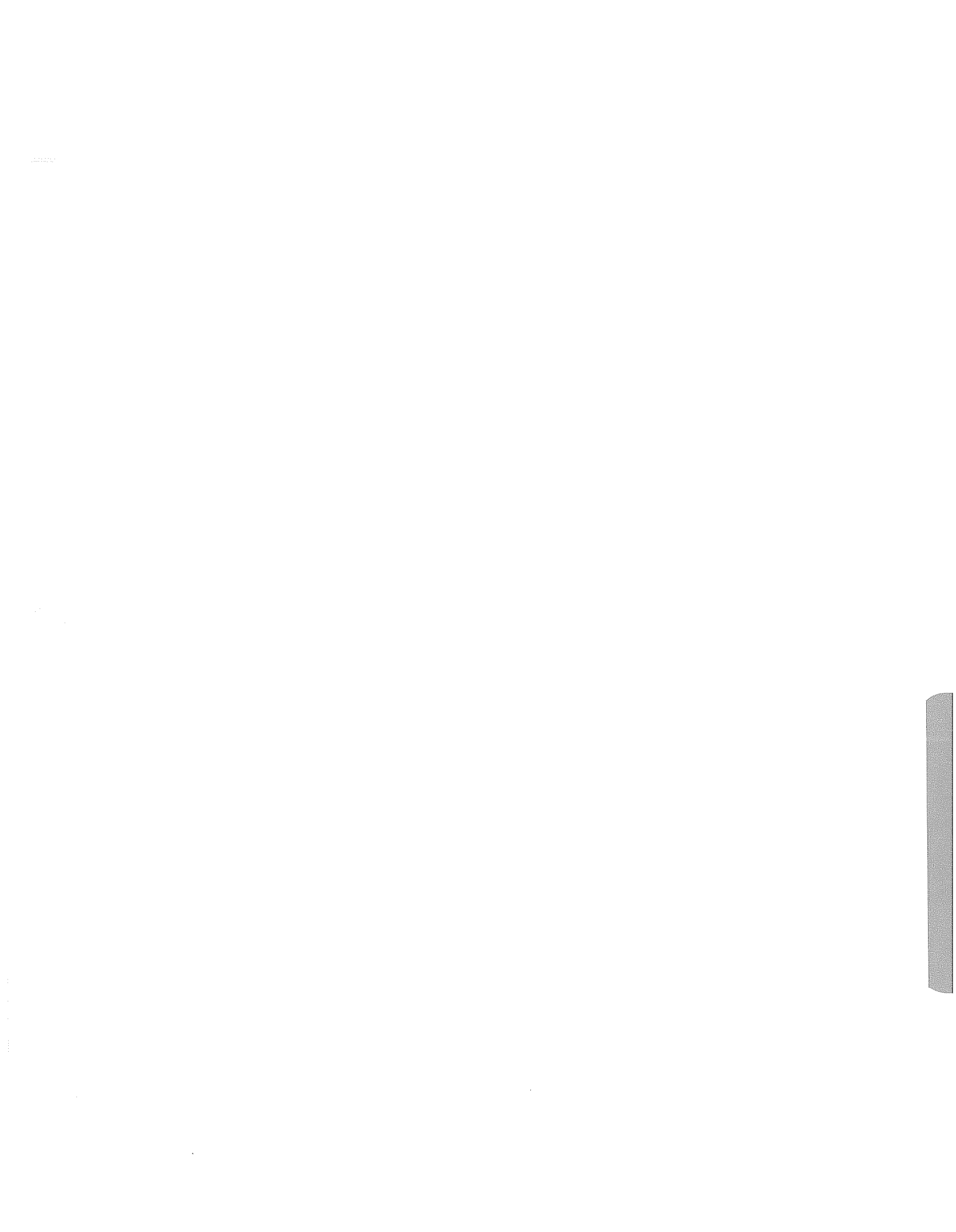
(Signature of Officer)

subscribed and sworn to before me, a _____, in and for
the State and County named in the above this _____ day of _____, 20_____

(Apply Seal Here)

My Commission expires _____

(Signature of officer authorized to administer oath)



BULLOCK PEN WATER DISTRICT

INCOME AND EXPENSES

Operating Income			
Water Sales	\$2,664,320		\$2,664,320
Unmetered Revenue	4,067		4,067
Bulk Sales	29,774		29,774
Penalties	60,196		60,196
Miscellaneous	26,139		26,139
Phase 6 Customers		71,935	71,935
Interest and Dividend	20,582		20,582
Total	\$2,805,078	\$71,935	\$2,877,013
Operating Expenses			
Salaries & Wages	\$741,478		\$741,478
Commissioners	14,000		14,000
Pensions and Benefits	425,739	-76,322	349,417
Purchased Water	870,317		870,317
Chemicals	67,587		67,587
Purchased Power	70,094		70,094
Materials & Supplies	101,680		101,680
Engineering	13,506		13,506
Accounting	38,862		38,862
Legal	17,349		17,349
Management Fees	2,679		2,679
Testing	20,555		20,555
Contractual - Other	53,923		53,923
Rental	4,075		4,075
Equipment Rental	7,538		7,538
Transportation	46,973		46,973
Insurance - Vehicles	10,073	-5,614	4,459
General Liability	16,321	-1,695	14,626
Workers Comp.	20,876	-5,644	15,232
Other Insurance	6,739	-142	6,597
Advertising	167		167
Bad Debt	9,076		9,076
Miscellaneous	411		411
Amortization	6,801		6,801
Taxes Other Than Income	58,778		58,778
Depreciation	492,160		492,160
Debt	734,611		734,611
Phase 6 Debt		154,447	154,447
.20 Coverage	146,922	30,889	177,812
Total Expenses	\$3,999,290	\$95,919	\$4,095,210

BULLOCK PEN WATER DISTRICT
Profit & Loss
 January through December 2008

	<u>Jan - Dec 08</u>			
Ordinary Income/Expense				
Income				
461 · METERED WATER REVENUE				
461.1 · SALES TO RESIDENTIAL CUSTOMERS	2,467,002.44			
461.11 · BILLING ERRORS	-6,112.19			
461.12 · ACCOUNTS RECEIVABLE ADJUSTMENTS	3,721.58			
461.2 · SALES TO COMMERCIAL CUSTOMERS	191,079.98			
461.3 · SALES TO INDUSTRIAL CUSTOMERS	8,628.07			
461.6 · SALES AT BULK LOAD STATIONS	29,774.12	BULK WTR		
Total 461 · METERED WATER REVENUE	2,694,094.00	-29,774.12		2,664,319.88
470 · FORFEITED DISCOUNTS	60,195.92			
471 · MISCELLANEOUS SERVICE REVENUE	26,138.71			
472 · MISCELLANEOUS SVC REV-MGT FEE	114,173.83	OMITTED		
474 · OTHER WATER REVENUES	4,066.88		INT INCOME	
Total Income	2,898,669.34	-114,173.83	20,582.14	2,805,077.65
Expense				
403 · DEPRECIATION EXPENSE	492,160.00			
406 · AMORTIZATION OF RATE CASE EXP	5,168.53			
407 · AMORTIZATION OF TAP IN EXPENSE	1,632.96			
408 · TAXES OTHER THAN INCOME				
408.10 · UTILITY REGULATORY ASSESS FEE	4,611.51			
408.12 · PAYROLL TAXES	54,166.52			
Total 408 · TAXES OTHER THAN INCOME	58,778.03			
601 · SALARIES & WAGES - EMPLOYEES	741,478.41			
603 · SALARIES & WAGES - COMMISSIONER	14,000.00			
604 · EMPLOYEE PENSIONS & BENEFITS				
604.1 · MEDICAL INSURANCE	320,471.75			
604.2 · RETIREMENT	104,044.30			
604.3 · OTHER EMPLOYEE BENEFITS	1,222.84			
Total 604 · EMPLOYEE PENSIONS & BENEFITS	425,738.89			
610 · PURCHASED WATER	870,316.81			
615 · PURCHASED POWER	70,094.02			
618 · CHEMICALS	67,586.95			
620 · MATERIALS & SUPPLIES	101,679.69			
631 · CONTRACTUAL SERVICE -ENGINEERS	13,505.93			
632 · CONTRACTUAL SERVICE -ACCOUNTING	38,862.07			
633 · CONTRACTUAL SERVICE -LEGAL	17,348.51			
634 · CONTRACTUAL SERVICE -MANAGEMENT	2,678.64			
635 · CONTRACTUAL SERVICE -OTHER	53,922.60			
636 · CONTRACTUAL SERVICES-WATER TEST	20,554.78			
641 · RENT OF BUILDING/REAL PROPERTY	4,075.00			
642 · RENT OF EQUIPMENT	7,538.16			
650 · TRANSPORTATION EXPENSE	46,973.05			
656 · INSURANCE - VEHICLE	10,073.43			
657 · INSURANCE - GENERAL LIABILITY	16,320.72			
658 · INSURANCE - WORKER'S COMP	20,875.70			
659 · INSURANCE - OTHER	6,738.51			

BULLOCK PEN WATER DISTRICT
Profit & Loss
 January through December 2008

	<u>Jan - Dec 08</u>	
660 · ADVERTISING EXPENSE	166.76	
670 · BAD DEBT EXPENSE	9,076.21	
675 · MISCELLANEOUS EXPENSE	411.15	
Total Expense	<u>3,117,755.51</u>	3,117,755.51
Net Ordinary Income	-219,086.17	
Other Income/Expense		
Other Income		
419 · INTEREST INCOME	20,582.14	
432 · PROCEEDS FROM CAPITAL CONTRIB		
432.01 · CUSTOMER CONTRIBUTIONS	156,275.00	
432.02 · FEDERAL GRANTS	37,956.87	
432.04 · OTHER GRANTS	234,568.49	
432.05 · SURCHARGES--PHASE 5	25,960.00	
432.07 · SURCHARGES--PHASE 7	7,524.52	
432.08 · SURCHARGES - PHASE 8	21,817.37	
432.10 · SURCHARGES--PHASE 10	12,317.28	
Total 432 · PROCEEDS FROM CAPITAL CONTRIB	<u>496,419.53</u>	
Total Other Income	517,001.67	
Other Expense		
427 · INTEREST EXPENSE		
427.3 · INTEREST ON LONG TERM DEBT		
427.301 · INTEREST ON FHA #1	30,500.00	
427.302 · INTEREST ON FHA #2	3,750.00	
427.321 · INTEREST ON KIA #1	3,868.40	
427.322 · INTEREST ON KIA #2	8,222.49	
427.331 · INTEREST ON DWSRF #1	10,677.18	
427.332 · INTEREST ON DWSRF #2	30,989.05	
427.341 · INTEREST ON KRW BPWD CONTRIB	15,808.40	
427.342 · INTEREST ON KRW SURCHARGE	17,407.40	
427.343 · INTEREST ON KRW REFINANCE FHA	19,262.93	
427.345 · INTEREST ON KRW TANK LOAN	14,258.58	
427.346 · INTEREST ON KRW-PHASE 7	2,857.70	
427.347 · INTEREST ON KRW PHASE 8	21,065.15	
427.348 · INTEREST ON KRW PHASE 10	11,886.03	
427.361 · INTEREST ON KACOLT #1	61,232.05	
427.362 · INTEREST ON KACOLT #2	11,633.16	
427.363 · INTEREST ON FORCHT BANK LOC	3,589.66	
427.370 · INTEREST ON OLD NAT'L BANK #1	13,696.97	
427.371 · INTEREST ON OLD NAT'L BANK #2	2,794.10	
427.372 · INT ON CHRYSLER LEASE	1,583.86	
Total 427.3 · INTEREST ON LONG TERM DEBT	<u>285,083.11</u>	
427.4 · INTEREST ON CUSTOMER DEPOSITS	584.65	
428 · AMORTIZATION OF DEBT EXPENSE	8,653.92	
Total 427 · INTEREST EXPENSE	<u>294,321.68</u>	294,321.68

BULLOCK PEN WATER DISTRICT
Profit & Loss
 January through December 2008

	<u>Jan - Dec 08</u>	
Total Other Expense	<u>294,321.68</u>	
Net Other Income	<u>222,679.99</u>	
Net Income	<u><u>3,593.82</u></u>	
PRINCIPAL PAYMENTS ON LONG-TERM DEBT		
PRINCIPAL ON FHA #1	49,000.00	
PRINCIPAL ON FHA #2	4,000.00	
PRINCIPAL ON KIA #1	25,000.00	
PRINCIPAL ON KIA #2	30,000.00	
PRINCIPAL ON DWSRF #1	14,445.83	
PRINCIPAL ON DWSRF #2	49,997.52	
PRINCIPAL ON KRW BPWD CONTRIB	10,000.00	
PRINCIPAL ON KRW SURCHARGE	10,000.00	
PRINCIPAL ON KRW REFINANCE FHA	26,000.00	
PRINCIPAL ON KRW TANK LOAN	27,000.00	
PRINCIPAL ON KRW-PHASE 7	6,000.00	
PRINCIPAL ON KRW PHASE 8	13,000.00	
PRINCIPAL ON KRW PHASE 10	7,000.00	
PRINCIPAL ON KACOLT #1	61,000.00	
PRINCIPAL ON KACOLT #2	17,000.00	
PRINCIPAL ON FORCHT BANK LOC	0.00	
PRINCIPAL ON OLD NAT'L BANK #1	50,782.59	
PRINCIPAL ON OLD NAT'L BANK #2	27,114.34	
PRINCIPAL ON CHRYSLER LEASE	<u>12,948.92</u>	
TOTAL PRINCIPAL ON LONG TERM DEBT	<u>440,289.20</u>	440,289.20
.20 COVERAGE (294,321.68 + 440,289.20) X .2		<u>146,922.18</u>
TOTAL EXPENSES		3,999,288.57

Bullock Pen Water District

Projected Revenue From Customers Added by Phase 6 Construction

Meter Size = 5/8 Inch

		Bills	Gallons	2	3	5	10	20
First 2,000		703	894	894				
Next 3,000		972	3,764	1,943	1,821			
Next 5,000		429	3,077	858	1,287	932		
Next 10,000		75	1,021	151	226	377	267	
Next 20,000		17	595	33	50	83	165	264
Total		2,196	9,351	3,879	3,384	1,392	432	264

		Bills	Gallons	Rate	Revenue
First 2,000		2,196	3,879	18.28	40,143
Next 3,000			3,384	6.15	20,812
Next 5,000			1,392	5.54	7,712
Next 10,000			432	4.93	2,130
Next 20,000			264	4.31	1,138
Total			9,351		71,935

Bullock Pen Water District
Employee Insurance
2009 Projection

	Health Insurance Premium	Deductable Reimbursement \$750/Employee	BMS, LLC Coordination of Benefits	Delta Dental	Anthem Life
Monthly Premium	18,356.11		56.00	948.12	110.60
Times 12 Monthly Premiums	220,273.32		672.00	11,377.44	1,327.20
Times 14 Covered Employees		10,500.00			
Expected 2009 Employee Insurance Cost	220,273.32	10,500.00	672.00	11,377.44	1,327.20
Total Estimated 2009 Cost	244,149.96				
2008 Insurance Cost	<u>327,382.79</u>	2008 Expense	320,471.75	Plus Amt Capitalized	6,911.04
Expected Decrease	<u><u>76,321.79</u></u>				

9:06 AM

05/28/09

Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through December 2008

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
ANTHEM BLUE CROSS & BLUE SHIELD								
Bill	1/1/2008	01-08 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	26,824 32		26,824 32
Bill	2/1/2008	02-08 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	29,425 80		56,250 12
Bill	3/1/2008	03-08 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,078 70		74,328 82
Bill	4/1/2008	04-08 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	23,752 25		98,081 07
Bill	5/1/2008	05-08 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	23,752 25		121,833 32
Bill	6/1/2008	044444910	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	23,752 25		145,585 57
Bill	7/1/2008	07-08 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	23,752 25		169,337 82
Bill	8/1/2008	08-01 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	24,295 41		193,633 23
Bill	9/1/2008	09-08 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	24,023 83		217,657 06
Bill	10/1/2008	10-08 STMT	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	24,023 83		241,680 89
Bill	10/20/2008	00001306-0000/11/08	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	24,023 83		265,704 72
Bill	11/17/2008	050160223	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	24,023 83		289,728 55
Bill	12/11/2008	00001306-000/EMPINS	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	24,023 83		313,752 38
Total ANTHEM BLUE CROSS & BLUE SHIELD						313,752 38	0 00	313,752 38
ANTHEM LIFE								
Bill	2/1/2008	02-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	99 94		99 94
Bill	3/1/2008	03-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	99 94		199 88
Bill	3/22/2008	04-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	99 94		299 82
Bill	5/1/2008	05-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	163 14		462 96
Bill	5/22/2008	06-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	107 84		570 80
Bill	7/1/2008	07-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	107 84		678 64
Bill	8/1/2008	08-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	107 84		786 48
Bill	9/1/2008	1002778	-MULTIPLE-	EMPLOYEES	231 ACCOUN	107 84		894 32
Bill	10/1/2008	10-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	107 84		1,002 16
Bill	10/21/2008	1035242/EMPLIFEINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	107 84		1,110 00
Bill	11/17/2008	000000001050940	-MULTIPLE-	EMPLOYEES	231 ACCOUN	107 84		1,217 84
Total ANTHEM LIFE						1,217 84	0 00	1,217 84
DELTA DENTAL								
Bill	1/1/2008	01-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	1,247 41		1,247 41
Bill	2/1/2008	02-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	954 78		2,202 19
Bill	3/1/2008	03-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	954 78		3,156 97
Bill	3/22/2008	04-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	773 72		3,930 69
Bill	5/1/2008	05-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	922 52		4,853 21
Bill	6/1/2008	06-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	922 52		5,775 73
Bill	7/1/2008	07-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	922 52		6,698 25
Bill	8/1/2008	08-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	922 52		7,620 77
Bill	9/1/2008	09-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	999 32		8,620 09
Bill	10/1/2008	10-08 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948 12		9,568 21
Bill	10/20/2008	509640	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948 12		10,516 33
Bill	11/24/2008	509640/EMPDENTALINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948 12		11,464 45
Bill	12/30/2008	509640/GROUPDENALINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948 12		12,412 57
Total DELTA DENTAL						12,412 57	0 00	12,412 57
No name								
General Jo	3/30/2008	1ST QTR MTR		1ST QTR 200	334 4 T & D -		1,290 44	-1,290 44
General Jo	6/30/2008	2ND QTR 08			334 4 T & D -		2,497 76	-3,788 20
General Jo	9/30/2008	3/4" MTR 3R		QUARTERLY	334 4 T & D -		2,206 36	-5,994 56
General Jo	9/30/2008	1" MTR 3RD		QUARTERLY	334 4 T & D -		228 98	-6,223 54
General Jo	12/31/2008	3/4" MTR 4T		QUARTERLY	334 4 T & D -		687 50	-6,911 04
Total no name						0 00	6,911 04	-6,911 04
TOTAL						327,382 79	6,911 04	320,471 75

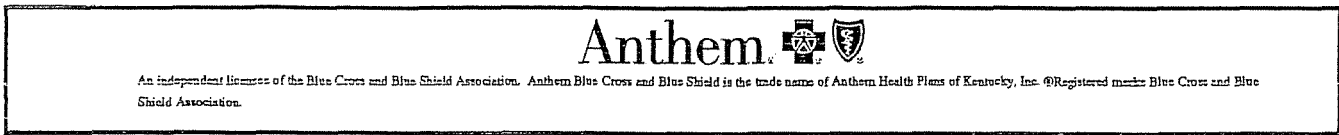
9:06 AM
 05/28/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through May 2009

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
ANTHEM BLUE CROSS & BLUE SHIELD								
Bill	2/1/2009		-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,829 53		18,829 53
Bill	3/1/2009	053091934/EMPLOYEEHE	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,829 53		37,659 06
Bill	3/1/2009	053091934/EMPLOYEEHE	ANTHEM BLUE CR	REFUND FR	231 ACCOUN		5,212 14	32,446 92
Bill	4/1/2009	00001306-0000/HEALTH	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	17,882 69		50,329 61
Bill	5/1/2009	00001306-0000/EMPINS	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,357 80		68,687 41
Bill	5/18/2009	00001306-0000/MEDINS	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,354 42		87,041 83
Total ANTHEM BLUE CROSS & BLUE SHIELD						92,253 97	5,212 14	87,041 83
ANTHEM LIFE								
Bill	1/2/2009	000000001066877	-MULTIPLE-	EMPLOYEES	231 ACCOUN	161 16		161 16
Bill	2/1/2009	2/09STATEMENT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	113 76		274 92
Bill	2/17/2009	03/09 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	113 76		388 68
Bill	3/30/2009	000000001114624	-MULTIPLE-	EMPLOYEES	231 ACCOUN	110 60		499 28
Bill	3/30/2009	000000001114624	ANTHEM LIFE	WRCATLETT/	231 ACCOUN		9 48	489 80
Bill	4/21/2009	000000001130048	-MULTIPLE-	EMPLOYEES	231 ACCOUN	110 60		600 40
Total ANTHEM LIFE						609 88	9 48	600 40
BMS LLC								
Bill	2/15/2009	16839/HEALTHREIMB	BMS LLC	MONTHLY/SE	231 ACCOUN	556 00		556 00
Bill	3/15/2009	17275/MONTHLYFEE	BMS LLC	MONTHLY FEE	231 ACCOUN	56 00		612 00
Bill	4/15/2009	17713	BMS LLC	MONTHLY H	231 ACCOUN	56 00		668 00
Bill	4/20/2009	620883/BRIANSIMPSON	BMS LLC	CLAIM # 6208	231 ACCOUN	750 00		1,418 00
Bill	4/24/2009	625746/625747	BMS LLC	SIMPSON/BO	231 ACCOUN	1,500 00		2,918 00
Bill	5/15/2009	18158/HRAREIMBASSOC	BMS LLC	HRA MONTH	231 ACCOUN	56 00		2,974 00
Total BMS LLC						2,974 00	0 00	2,974 00
DELTA DENTAL								
Bill	1/23/2009	509640/DENTALINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948 12		948 12
Bill	2/24/2009		-MULTIPLE-	EMPLOYEES	231 ACCOUN	948 12		1,896 24
Bill	3/25/2009	509640/EMPDENTALINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948 12		2,844 36
Bill	3/25/2009	509640/EMPDENTALINS	DELTA DENTAL	MASSIE/CAT	231 ACCOUN		172 92	2,671 44
Bill	4/21/2009	509640/DENTALINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948 12		3,619 56
Bill	4/21/2009	509640/DENTALINS	DELTA DENTAL	CHANGES IN	231 ACCOUN		423 54	3,196 02
Total DELTA DENTAL						3,792 48	596 46	3,196 02
No name								
General Jo	3/31/2009			1ST QTR 3/4"	334 4 T & D -		1,352 78	-1,352 78
Total no name						0 00	1,352 78	-1,352 78
TOTAL						99,630.33	7,170.86	92,459.47

Group ID: 00001306
SubGroup ID: 0000

Invoice Number: 055932468



Billing for: Bullock Pen Water District
1 Farrell Drive
PO Box 188
Crittenden, KY 41030-0188

Due Date: 06/01/2009
Billing Date: 05/11/2009
Coverage Period From: 06/01/2009
Through: 06/30/2009

Group ID: 00001306
SubGroup ID: 0000

Invoice Number: 055932468

Account Summary

05/08/2009 Previous Total Due \$18,356.11
Payment (\$18,357.80)

Outstanding Balance as of 05/11/2009 (\$1.69)
Current Invoice \$18,356.11
Total Due \$18,354.42

Please Pay This Amount



For billing questions, please call 1-866-912-3278.

- + Remember to PAY AS BILLED - pay the total amount shown as due on the bill.
- + Do not add or delete members by writing on your bill - your payment goes to an automatic deposit box that cannot read your changes.
- + Submit membership changes to Anthem as they occur. We will adjust your premiums, when applicable, on a future bill.

Fax your Membership ADDITIONS/CHANGES/TERMINATIONS to 1-800-433-1360

IMPORTANT NOTICE REGARDING PAYMENT OF PREMIUM

Please be advised that if Anthem does not receive the group premium payment within the 30 day grace period following the premium payment due date, the group health coverage will be terminated effective on the last date through which full premiums were paid. This notice serves as the 30-day notice of termination required by law.

IMPORTANT NOTICE: If this bill reflects an outstanding premium balance for the prior month's bill, Anthem's issuance of this invoice does not waive Anthem's contractual right to automatically terminate your group's coverage for failure to timely pay premiums.

Group ID: 00001306
SubGroup ID: 0000

Invoice Number: 055932468

Current Subscriber Details

SubGroup ID: 0000

SubGroup Name: Bullock Pen Water District

Subscriber	Subscriber ID	Plan	Volume	Subscriber	Dependent	Total
Bowling, Janet G		Health 3		\$789.93	\$789.93	\$1,579.86
Caldwell, Aaron E		Health 3		\$301.42	\$1,211.05	\$1,512.47
Catlett, William L		Health 3		\$378.52	\$1,482.81	\$1,861.33
Cook, Dianne K		Health 3		\$779.69	\$1,061.69	\$1,841.38
Duley, Michael R		Health 3		\$789.93	\$789.93	\$1,579.86
Epperson, Betty S		Health 3		\$655.13	\$543.52	\$1,198.65
Harp, Paul E		Health 3		\$246.96	\$0.00	\$246.96
Johnson, Amy G		Health 3		\$655.13	\$543.52	\$1,198.65
Mason, J M		Health 3		\$378.52	\$926.89	\$1,305.41
Ryan, Ernest L		Health 3		\$246.96	\$0.00	\$246.96
Simpson, Brian D		Health 3		\$378.52	\$1,198.65	\$1,577.17
Simpson, Gordon D		Health 3		\$789.93	\$789.93	\$1,579.86
Thomas, Rebecca		Health 3		\$685.87	\$815.28	\$1,501.15
Workman, Joshua A		Health 3		\$259.90	\$866.50	\$1,126.40
Subtotal for 0000				\$7,336.41	\$11,019.70	\$18,356.11



**Bullock Pen Water District
District Insurance
2009 Projection**

	2009 Premiums		2009 Premiums	2008 Expense	Projected Savings
Commercial Insurance	23,143.33	Auto	4,459.10	10,073.00	5,614
Worker's Comp	15,232.00				
Surety Bond	2,030.00	Liability	14,625.71	16,321.00	1,695
Errors & Omissions	105.56				
Fidelity Bond	<u>402.96</u>	Other Ins	6,597.04	6,739.00	142
Total Premiums	40,913.85	W C	<u>15,232.00</u>	<u>20,876.00</u>	<u>5,644</u>
			40,913.85	54,009.00	13,095

Initial Loan Values

Amount of Loan:	\$2,320,700.00	Number of Payments:	240
Annual Interest Rate:	3.0000%	Periodic Payment:	\$12,870.55
Loan Date:	06/01/2010	1st Payment Date:	07/01/2010
Payment Frequency:	Monthly	Compounding:	Monthly
Points (%):	0.0000%	Amortization Method:	Normal

Pmt #/Yr	Date	Payment	Principal	Interest	Balance
Init/1	06/01/2010	0.00	0.00	0.00	2,320,700.00
1/01	07/01/2010	12,870.55	7,068.80	5,801.75	2,313,631.20
2/01	08/01/2010	12,870.55	7,086.47	5,784.08	2,306,544.73
3/01	09/01/2010	12,870.55	7,104.19	5,766.36	2,299,440.54
4/01	10/01/2010	12,870.55	7,121.95	5,748.60	2,292,318.59
5/01	11/01/2010	12,870.55	7,139.75	5,730.80	2,285,178.84
6/01	12/01/2010	12,870.55	7,157.60	5,712.95	2,278,021.24
Y-T-D	12/31/2010	77,223.30	42,678.76	34,544.54	
Running	12/31/2010	77,223.30	42,678.76	34,544.54	
7/01	01/01/2011	12,870.55	7,175.50	5,695.05	2,270,845.74
8/01	02/01/2011	12,870.55	7,193.44	5,677.11	2,263,652.30
9/01	03/01/2011	12,870.55	7,211.42	5,659.13	2,256,440.88
10/01	04/01/2011	12,870.55	7,229.45	5,641.10	2,249,211.43
11/01	05/01/2011	12,870.55	7,247.52	5,623.03	2,241,963.91
12/01	06/01/2011	12,870.55	7,265.64	5,604.91	2,234,698.27
13/02	07/01/2011	12,870.55	7,283.80	5,586.75	2,227,414.47
14/02	08/01/2011	12,870.55	7,302.01	5,568.54	2,220,112.46
15/02	09/01/2011	12,870.55	7,320.27	5,550.28	2,212,792.19
16/02	10/01/2011	12,870.55	7,338.57	5,531.98	2,205,453.62
17/02	11/01/2011	12,870.55	7,356.92	5,513.63	2,198,096.70
18/02	12/01/2011	12,870.55	7,375.31	5,495.24	2,190,721.39
Y-T-D	12/31/2011	154,446.60	87,299.85	67,146.75	
Running	12/31/2011	231,669.90	129,978.61	101,691.29	
19/02	01/01/2012	12,870.55	7,393.75	5,476.80	2,183,327.64
20/02	02/01/2012	12,870.55	7,412.23	5,458.32	2,175,915.41
21/02	03/01/2012	12,870.55	7,430.76	5,439.79	2,168,484.65
22/02	04/01/2012	12,870.55	7,449.34	5,421.21	2,161,035.31
23/02	05/01/2012	12,870.55	7,467.96	5,402.59	2,153,567.35
24/02	06/01/2012	12,870.55	7,486.63	5,383.92	2,146,080.72
25/03	07/01/2012	12,870.55	7,505.35	5,365.20	2,138,575.37
26/03	08/01/2012	12,870.55	7,524.11	5,346.44	2,131,051.26

27/03	09/01/2012	12,870.55	7,542.92	5,327.63	2,123,508.34
28/03	10/01/2012	12,870.55	7,561.78	5,308.77	2,115,946.56
29/03	11/01/2012	12,870.55	7,580.68	5,289.87	2,108,365.88
30/03	12/01/2012	12,870.55	7,599.64	5,270.91	2,100,766.24
Y-T-D	12/31/2012	154,446.60	89,955.15	64,491.45	
Running	12/31/2012	386,116.50	219,933.76	166,182.74	
31/03	01/01/2013	12,870.55	7,618.63	5,251.92	2,093,147.61
32/03	02/01/2013	12,870.55	7,637.68	5,232.87	2,085,509.93
33/03	03/01/2013	12,870.55	7,656.78	5,213.77	2,077,853.15
34/03	04/01/2013	12,870.55	7,675.92	5,194.63	2,070,177.23
35/03	05/01/2013	12,870.55	7,695.11	5,175.44	2,062,482.12
36/03	06/01/2013	12,870.55	7,714.34	5,156.21	2,054,767.78
37/04	07/01/2013	12,870.55	7,733.63	5,136.92	2,047,034.15
38/04	08/01/2013	12,870.55	7,752.96	5,117.59	2,039,281.19
39/04	09/01/2013	12,870.55	7,772.35	5,098.20	2,031,508.84
40/04	10/01/2013	12,870.55	7,791.78	5,078.77	2,023,717.06
41/04	11/01/2013	12,870.55	7,811.26	5,059.29	2,015,905.80
42/04	12/01/2013	12,870.55	7,830.79	5,039.76	2,008,075.01
Y-T-D	12/31/2013	154,446.60	92,691.23	61,755.37	
Running	12/31/2013	540,563.10	312,624.99	227,938.11	
43/04	01/01/2014	12,870.55	7,850.36	5,020.19	2,000,224.65
44/04	02/01/2014	12,870.55	7,869.99	5,000.56	1,992,354.66
45/04	03/01/2014	12,870.55	7,889.66	4,980.89	1,984,465.00
46/04	04/01/2014	12,870.55	7,909.39	4,961.16	1,976,555.61
47/04	05/01/2014	12,870.55	7,929.16	4,941.39	1,968,626.45
48/04	06/01/2014	12,870.55	7,948.98	4,921.57	1,960,677.47
49/05	07/01/2014	12,870.55	7,968.86	4,901.69	1,952,708.61
50/05	08/01/2014	12,870.55	7,988.78	4,881.77	1,944,719.83
51/05	09/01/2014	12,870.55	8,008.75	4,861.80	1,936,711.08
52/05	10/01/2014	12,870.55	8,028.77	4,841.78	1,928,682.31
53/05	11/01/2014	12,870.55	8,048.84	4,821.71	1,920,633.47
54/05	12/01/2014	12,870.55	8,068.97	4,801.58	1,912,564.50
Y-T-D	12/31/2014	154,446.60	95,510.51	58,936.09	
Running	12/31/2014	695,009.70	408,135.50	286,874.20	
55/05	01/01/2015	12,870.55	8,089.14	4,781.41	1,904,475.36
56/05	02/01/2015	12,870.55	8,109.36	4,761.19	1,896,366.00
57/05	03/01/2015	12,870.55	8,129.63	4,740.92	1,888,236.37
58/05	04/01/2015	12,870.55	8,149.96	4,720.59	1,880,086.41

59/05	05/01/2015	12,870.55	8,170.33	4,700.22	1,871,916.08
60/05	06/01/2015	12,870.55	8,190.76	4,679.79	1,863,725.32
61/06	07/01/2015	12,870.55	8,211.24	4,659.31	1,855,514.08
62/06	08/01/2015	12,870.55	8,231.76	4,638.79	1,847,282.32
63/06	09/01/2015	12,870.55	8,252.34	4,618.21	1,839,029.98
64/06	10/01/2015	12,870.55	8,272.98	4,597.57	1,830,757.00
65/06	11/01/2015	12,870.55	8,293.66	4,576.89	1,822,463.34
66/06	12/01/2015	12,870.55	8,314.39	4,556.16	1,814,148.95
Y-T-D	12/31/2015	154,446.60	98,415.55	56,031.05	
Running	12/31/2015	849,456.30	506,551.05	342,905.25	
67/06	01/01/2016	12,870.55	8,335.18	4,535.37	1,805,813.77
68/06	02/01/2016	12,870.55	8,356.02	4,514.53	1,797,457.75
69/06	03/01/2016	12,870.55	8,376.91	4,493.64	1,789,080.84
70/06	04/01/2016	12,870.55	8,397.85	4,472.70	1,780,682.99
71/06	05/01/2016	12,870.55	8,418.84	4,451.71	1,772,264.15
72/06	06/01/2016	12,870.55	8,439.89	4,430.66	1,763,824.26
73/07	07/01/2016	12,870.55	8,460.99	4,409.56	1,755,363.27
74/07	08/01/2016	12,870.55	8,482.14	4,388.41	1,746,881.13
75/07	09/01/2016	12,870.55	8,503.35	4,367.20	1,738,377.78
76/07	10/01/2016	12,870.55	8,524.61	4,345.94	1,729,853.17
77/07	11/01/2016	12,870.55	8,545.92	4,324.63	1,721,307.25
78/07	12/01/2016	12,870.55	8,567.28	4,303.27	1,712,739.97
Y-T-D	12/31/2016	154,446.60	101,408.98	53,037.62	
Running	12/31/2016	1,003,902.90	607,960.03	395,942.87	
79/07	01/01/2017	12,870.55	8,588.70	4,281.85	1,704,151.27
80/07	02/01/2017	12,870.55	8,610.17	4,260.38	1,695,541.10
81/07	03/01/2017	12,870.55	8,631.70	4,238.85	1,686,909.40
82/07	04/01/2017	12,870.55	8,653.28	4,217.27	1,678,256.12
83/07	05/01/2017	12,870.55	8,674.91	4,195.64	1,669,581.21
84/07	06/01/2017	12,870.55	8,696.60	4,173.95	1,660,884.61
85/08	07/01/2017	12,870.55	8,718.34	4,152.21	1,652,166.27
86/08	08/01/2017	12,870.55	8,740.13	4,130.42	1,643,426.14
87/08	09/01/2017	12,870.55	8,761.98	4,108.57	1,634,664.16
88/08	10/01/2017	12,870.55	8,783.89	4,086.66	1,625,880.27
89/08	11/01/2017	12,870.55	8,805.85	4,064.70	1,617,074.42
90/08	12/01/2017	12,870.55	8,827.86	4,042.69	1,608,246.56
Y-T-D	12/31/2017	154,446.60	104,493.41	49,953.19	
Running	12/31/2017	1,158,349.50	712,453.44	445,896.06	

91/08	01/01/2018	12,870.55	8,849.93	4,020.62	1,599,396.63
92/08	02/01/2018	12,870.55	8,872.06	3,998.49	1,590,524.57
93/08	03/01/2018	12,870.55	8,894.24	3,976.31	1,581,630.33
94/08	04/01/2018	12,870.55	8,916.47	3,954.08	1,572,713.86
95/08	05/01/2018	12,870.55	8,938.77	3,931.78	1,563,775.09
96/08	06/01/2018	12,870.55	8,961.11	3,909.44	1,554,813.98
97/09	07/01/2018	12,870.55	8,983.52	3,887.03	1,545,830.46
98/09	08/01/2018	12,870.55	9,005.97	3,864.58	1,536,824.49
99/09	09/01/2018	12,870.55	9,028.49	3,842.06	1,527,796.00
100/09	10/01/2018	12,870.55	9,051.06	3,819.49	1,518,744.94
101/09	11/01/2018	12,870.55	9,073.69	3,796.86	1,509,671.25
102/09	12/01/2018	12,870.55	9,096.37	3,774.18	1,500,574.88
Y-T-D	12/31/2018	154,446.60	107,671.68	46,774.92	
Running	12/31/2018	1,312,796.10	820,125.12	492,670.98	
103/09	01/01/2019	12,870.55	9,119.11	3,751.44	1,491,455.77
104/09	02/01/2019	12,870.55	9,141.91	3,728.64	1,482,313.86
105/09	03/01/2019	12,870.55	9,164.77	3,705.78	1,473,149.09
106/09	04/01/2019	12,870.55	9,187.68	3,682.87	1,463,961.41
107/09	05/01/2019	12,870.55	9,210.65	3,659.90	1,454,750.76
108/09	06/01/2019	12,870.55	9,233.67	3,636.88	1,445,517.09
109/10	07/01/2019	12,870.55	9,256.76	3,613.79	1,436,260.33
110/10	08/01/2019	12,870.55	9,279.90	3,590.65	1,426,980.43
111/10	09/01/2019	12,870.55	9,303.10	3,567.45	1,417,677.33
112/10	10/01/2019	12,870.55	9,326.36	3,544.19	1,408,350.97
113/10	11/01/2019	12,870.55	9,349.67	3,520.88	1,399,001.30
114/10	12/01/2019	12,870.55	9,373.05	3,497.50	1,389,628.25
Y-T-D	12/31/2019	154,446.60	110,946.63	43,499.97	
Running	12/31/2019	1,467,242.70	931,071.75	536,170.95	
115/10	01/01/2020	12,870.55	9,396.48	3,474.07	1,380,231.77
116/10	02/01/2020	12,870.55	9,419.97	3,450.58	1,370,811.80
117/10	03/01/2020	12,870.55	9,443.52	3,427.03	1,361,368.28
118/10	04/01/2020	12,870.55	9,467.13	3,403.42	1,351,901.15
119/10	05/01/2020	12,870.55	9,490.80	3,379.75	1,342,410.35
120/10	06/01/2020	12,870.55	9,514.52	3,356.03	1,332,895.83
121/11	07/01/2020	12,870.55	9,538.31	3,332.24	1,323,357.52
122/11	08/01/2020	12,870.55	9,562.16	3,308.39	1,313,795.36
123/11	09/01/2020	12,870.55	9,586.06	3,284.49	1,304,209.30
124/11	10/01/2020	12,870.55	9,610.03	3,260.52	1,294,599.27
125/11	11/01/2020	12,870.55	9,634.05	3,236.50	1,284,965.22

126/11	12/01/2020	12,870.55	9,658.14	3,212.41	1,275,307.08
Y-T-D	12/31/2020	154,446.60	114,321.17	40,125.43	
Running	12/31/2020	1,621,689.30	1,045,392.92	576,296.38	
127/11	01/01/2021	12,870.55	9,682.28	3,188.27	1,265,624.80
128/11	02/01/2021	12,870.55	9,706.49	3,164.06	1,255,918.31
129/11	03/01/2021	12,870.55	9,730.75	3,139.80	1,246,187.56
130/11	04/01/2021	12,870.55	9,755.08	3,115.47	1,236,432.48
131/11	05/01/2021	12,870.55	9,779.47	3,091.08	1,226,653.01
132/11	06/01/2021	12,870.55	9,803.92	3,066.63	1,216,849.09
133/12	07/01/2021	12,870.55	9,828.43	3,042.12	1,207,020.66
134/12	08/01/2021	12,870.55	9,853.00	3,017.55	1,197,167.66
135/12	09/01/2021	12,870.55	9,877.63	2,992.92	1,187,290.03
136/12	10/01/2021	12,870.55	9,902.32	2,968.23	1,177,387.71
137/12	11/01/2021	12,870.55	9,927.08	2,943.47	1,167,460.63
138/12	12/01/2021	12,870.55	9,951.90	2,918.65	1,157,508.73
Y-T-D	12/31/2021	154,446.60	117,798.35	36,648.25	
Running	12/31/2021	1,776,135.90	1,163,191.27	612,944.63	
139/12	01/01/2022	12,870.55	9,976.78	2,893.77	1,147,531.95
140/12	02/01/2022	12,870.55	10,001.72	2,868.83	1,137,530.23
141/12	03/01/2022	12,870.55	10,026.72	2,843.83	1,127,503.51
142/12	04/01/2022	12,870.55	10,051.79	2,818.76	1,117,451.72
143/12	05/01/2022	12,870.55	10,076.92	2,793.63	1,107,374.80
144/12	06/01/2022	12,870.55	10,102.11	2,768.44	1,097,272.69
145/13	07/01/2022	12,870.55	10,127.37	2,743.18	1,087,145.32
146/13	08/01/2022	12,870.55	10,152.69	2,717.86	1,076,992.63
147/13	09/01/2022	12,870.55	10,178.07	2,692.48	1,066,814.56
148/13	10/01/2022	12,870.55	10,203.51	2,667.04	1,056,611.05
149/13	11/01/2022	12,870.55	10,229.02	2,641.53	1,046,382.03
150/13	12/01/2022	12,870.55	10,254.59	2,615.96	1,036,127.44
Y-T-D	12/31/2022	154,446.60	121,381.29	33,065.31	
Running	12/31/2022	1,930,582.50	1,284,572.56	646,009.94	
151/13	01/01/2023	12,870.55	10,280.23	2,590.32	1,025,847.21
152/13	02/01/2023	12,870.55	10,305.93	2,564.62	1,015,541.28
153/13	03/01/2023	12,870.55	10,331.70	2,538.85	1,005,209.58
154/13	04/01/2023	12,870.55	10,357.53	2,513.02	994,852.05
155/13	05/01/2023	12,870.55	10,383.42	2,487.13	984,468.63
156/13	06/01/2023	12,870.55	10,409.38	2,461.17	974,059.25
157/14	07/01/2023	12,870.55	10,435.40	2,435.15	963,623.85

158/14	08/01/2023	12,870.55	10,461.49	2,409.06	953,162.36
159/14	09/01/2023	12,870.55	10,487.64	2,382.91	942,674.72
160/14	10/01/2023	12,870.55	10,513.86	2,356.69	932,160.86
161/14	11/01/2023	12,870.55	10,540.15	2,330.40	921,620.71
162/14	12/01/2023	12,870.55	10,566.50	2,304.05	911,054.21
Y-T-D	12/31/2023	154,446.60	125,073.23	29,373.37	
Running	12/31/2023	2,085,029.10	1,409,645.79	675,383.31	
163/14	01/01/2024	12,870.55	10,592.91	2,277.64	900,461.30
164/14	02/01/2024	12,870.55	10,619.40	2,251.15	889,841.90
165/14	03/01/2024	12,870.55	10,645.95	2,224.60	879,195.95
166/14	04/01/2024	12,870.55	10,672.56	2,197.99	868,523.39
167/14	05/01/2024	12,870.55	10,699.24	2,171.31	857,824.15
168/14	06/01/2024	12,870.55	10,725.99	2,144.56	847,098.16
169/15	07/01/2024	12,870.55	10,752.80	2,117.75	836,345.36
170/15	08/01/2024	12,870.55	10,779.69	2,090.86	825,565.67
171/15	09/01/2024	12,870.55	10,806.64	2,063.91	814,759.03
172/15	10/01/2024	12,870.55	10,833.65	2,036.90	803,925.38
173/15	11/01/2024	12,870.55	10,860.74	2,009.81	793,064.64
174/15	12/01/2024	12,870.55	10,887.89	1,982.66	782,176.75
Y-T-D	12/31/2024	154,446.60	128,877.46	25,569.14	
Running	12/31/2024	2,239,475.70	1,538,523.25	700,952.45	
175/15	01/01/2025	12,870.55	10,915.11	1,955.44	771,261.64
176/15	02/01/2025	12,870.55	10,942.40	1,928.15	760,319.24
177/15	03/01/2025	12,870.55	10,969.75	1,900.80	749,349.49
178/15	04/01/2025	12,870.55	10,997.18	1,873.37	738,352.31
179/15	05/01/2025	12,870.55	11,024.67	1,845.88	727,327.64
180/15	06/01/2025	12,870.55	11,052.23	1,818.32	716,275.41
181/16	07/01/2025	12,870.55	11,079.86	1,790.69	705,195.55
182/16	08/01/2025	12,870.55	11,107.56	1,762.99	694,087.99
183/16	09/01/2025	12,870.55	11,135.33	1,735.22	682,952.66
184/16	10/01/2025	12,870.55	11,163.17	1,707.38	671,789.49
185/16	11/01/2025	12,870.55	11,191.08	1,679.47	660,598.41
186/16	12/01/2025	12,870.55	11,219.05	1,651.50	649,379.36
Y-T-D	12/31/2025	154,446.60	132,797.39	21,649.21	
Running	12/31/2025	2,393,922.30	1,671,320.64	722,601.66	
187/16	01/01/2026	12,870.55	11,247.10	1,623.45	638,132.26
188/16	02/01/2026	12,870.55	11,275.22	1,595.33	626,857.04
189/16	03/01/2026	12,870.55	11,303.41	1,567.14	615,553.63

190/16	04/01/2026	12,870.55	11,331.67	1,538.88	604,221.96
191/16	05/01/2026	12,870.55	11,360.00	1,510.55	592,861.96
192/16	06/01/2026	12,870.55	11,388.40	1,482.15	581,473.56
193/17	07/01/2026	12,870.55	11,416.87	1,453.68	570,056.69
194/17	08/01/2026	12,870.55	11,445.41	1,425.14	558,611.28
195/17	09/01/2026	12,870.55	11,474.02	1,396.53	547,137.26
196/17	10/01/2026	12,870.55	11,502.71	1,367.84	535,634.55
197/17	11/01/2026	12,870.55	11,531.46	1,339.09	524,103.09
198/17	12/01/2026	12,870.55	11,560.29	1,310.26	512,542.80
Y-T-D	12/31/2026	154,446.60	136,836.56	17,610.04	
Running	12/31/2026	2,548,368.90	1,808,157.20	740,211.70	
199/17	01/01/2027	12,870.55	11,589.19	1,281.36	500,953.61
200/17	02/01/2027	12,870.55	11,618.17	1,252.38	489,335.44
201/17	03/01/2027	12,870.55	11,647.21	1,223.34	477,688.23
202/17	04/01/2027	12,870.55	11,676.33	1,194.22	466,011.90
203/17	05/01/2027	12,870.55	11,705.52	1,165.03	454,306.38
204/17	06/01/2027	12,870.55	11,734.78	1,135.77	442,571.60
205/18	07/01/2027	12,870.55	11,764.12	1,106.43	430,807.48
206/18	08/01/2027	12,870.55	11,793.53	1,077.02	419,013.95
207/18	09/01/2027	12,870.55	11,823.02	1,047.53	407,190.93
208/18	10/01/2027	12,870.55	11,852.57	1,017.98	395,338.36
209/18	11/01/2027	12,870.55	11,882.20	988.35	383,456.16
210/18	12/01/2027	12,870.55	11,911.91	958.64	371,544.25
Y-T-D	12/31/2027	154,446.60	140,998.55	13,448.05	
Running	12/31/2027	2,702,815.50	1,949,155.75	753,659.75	
211/18	01/01/2028	12,870.55	11,941.69	928.86	359,602.56
212/18	02/01/2028	12,870.55	11,971.54	899.01	347,631.02
213/18	03/01/2028	12,870.55	12,001.47	869.08	335,629.55
214/18	04/01/2028	12,870.55	12,031.48	839.07	323,598.07
215/18	05/01/2028	12,870.55	12,061.55	809.00	311,536.52
216/18	06/01/2028	12,870.55	12,091.71	778.84	299,444.81
217/19	07/01/2028	12,870.55	12,121.94	748.61	287,322.87
218/19	08/01/2028	12,870.55	12,152.24	718.31	275,170.63
219/19	09/01/2028	12,870.55	12,182.62	687.93	262,988.01
220/19	10/01/2028	12,870.55	12,213.08	657.47	250,774.93
221/19	11/01/2028	12,870.55	12,243.61	626.94	238,531.32
222/19	12/01/2028	12,870.55	12,274.22	596.33	226,257.10
Y-T-D	12/31/2028	154,446.60	145,287.15	9,159.45	
Running	12/31/2028	2,857,262.10	2,094,442.90	762,819.20	

223/19	01/01/2029	12,870.55	12,304.91	565.64	213,952.19
224/19	02/01/2029	12,870.55	12,335.67	534.88	201,616.52
225/19	03/01/2029	12,870.55	12,366.51	504.04	189,250.01
226/19	04/01/2029	12,870.55	12,397.42	473.13	176,852.59
227/19	05/01/2029	12,870.55	12,428.42	442.13	164,424.17
228/19	06/01/2029	12,870.55	12,459.49	411.06	151,964.68
229/20	07/01/2029	12,870.55	12,490.64	379.91	139,474.04
230/20	08/01/2029	12,870.55	12,521.86	348.69	126,952.18
231/20	09/01/2029	12,870.55	12,553.17	317.38	114,399.01
232/20	10/01/2029	12,870.55	12,584.55	286.00	101,814.46
233/20	11/01/2029	12,870.55	12,616.01	254.54	89,198.45
234/20	12/01/2029	12,870.55	12,647.55	223.00	76,550.90
Y-T-D	12/31/2029	154,446.60	149,706.20	4,740.40	
Running	12/31/2029	3,011,708.70	2,244,149.10	767,559.60	
235/20	01/01/2030	12,870.55	12,679.17	191.38	63,871.73
236/20	02/01/2030	12,870.55	12,710.87	159.68	51,160.86
237/20	03/01/2030	12,870.55	12,742.65	127.90	38,418.21
238/20	04/01/2030	12,870.55	12,774.50	96.05	25,643.71
239/20	05/01/2030	12,870.55	12,806.44	64.11	12,837.27
240/20	06/01/2030	12,869.36	12,837.27	32.09	0.00
Y-T-D	12/31/2030	77,222.11	76,550.90	671.21	
Running	12/31/2030	3,088,930.81	2,320,700.00	768,230.81	

11/11/11



BULLOCK PEN WATER DISTRICT

INCOME REQUIREMENT					
Operating Expenses	Total	Commodity	Demand	Customer	Adm. and General
Salaries	\$741,478		\$429,022	\$163,513	\$148,943
Salaries - Commissioners	14,000				14,000
Pensions and Benefits	349,417		203,894	88,828	56,694
Purchased Water	870,317	870,317			
Purchased Power	70,094	67,536		2,558	
Chemicals	67,587	67,587			
Material and Supplies	101,680		49,972	38,243	13,465
Contractual Services - Eng.	13,506				13,506
Contractual Services - Acct.	38,862				38,862
Contractual Services - Legal	17,349				17,349
Management Fees	2,679		2,679		
Testing	20,555		20,555		
Contractual - Other	53,923		23,002	10,094	20,827
Rental	4,075		4,075		
Equipment Rental	7,538		6,850		688
Transportation	46,973		31,336	8,105	7,532
Insurance -Vehicles	4,459		2,967	788	704
Insurance - General Liability	14,626		12,330	1,148	1,148
Workers Comp.	15,232		8,681	3,435	3,116
Advertising	167				167
Other Insurance	6,597			421	6,176
Bad Debt	9,076			9,076	
Amortization	6,801		1,633	5,168	
Depreciation	492,160		411,107	81,053	
Taxes Other than Income	58,778		35,952	11,945	10,881
Miscellaneous	411			13	398
Debt (Includes new debt)	889,058		755,337	133,721	
.20 Coverage	177,812		151,068	26,744	
Total Expenses	\$4,095,210	\$1,005,440	\$2,150,460	\$584,854	\$354,456

BULLOCK PEN WATER DISTRICT**ALLOCATION OF PLANT VALUE**

Item	Amount	Community	Demand	Customer
Land and Land Rights	161,757		161,757	
Structures and Improvements	1,481,052		1,481,052	
Pumping Equipment	78,893		78,893	
Water Treatment Equipment	88,422		88,422	
Dist. Reservoirs and Standpipes	2,127,209		2,127,209	
Transmission and Distribution Mains	12,743,033		12,743,033	
Meters and Installations	3,563,404			3,563,404
Hydrants	1,007,908		1,007,908	
Other Plant and Equipment	258,319		258,319	
Office Furniture	65,476			65,476
Laboratory Equipment	3,565		3,565	
Subtotal	21,579,038		17,950,158	3,628,880
Percentage			0.8318	0.1682
Transportation Equipment	257,402		214,116	43,286
Tools Shop and Garage	55,805		46,420	9,385
Total	21,892,245		18,210,694	3,681,551

BULLOCK PEN WATER DISTRICT**ALLOCATION OF DEPRECIATION**

Item	Amount	Community	Demand	Customer
Land and Land Rights				
Structures and Improvements	721,340		721,340	
Pumping Equipment	42,465		42,465	
Water Treatment Equipment	52,642		52,642	
Dist. Reservoirs and Standpipes	441,403		441,403	
Transmission and Distribution Mains	2,669,645		2,669,645	
Meters and Installations	577,193			577,193
Hydrants	103,877		103,877	
Other Plant and Equipment	173,510		173,510	
Office Furniture	55,151			55,151
Laboratory Equipment	3,564		3,564	
Subtotal	4,840,790		4,208,446	632,344
Percentage			0.8694	0.1306
Transportation Equipment	154,365		134,201	20,164
Tools Shop and Garage	50,467		43,875	6,592
Total	5,045,622		4,386,521	659,101

BULLOCK PEN WATER DISTRICT			
SUMMARY OF PROPOSED REVENUE			
Meter Size	Bills	Gallons	Revenue
5/8 Inch	78,172	332,866	3,247,808
1 Inch	612	5,184	43,004
1 1/2 Inch	92	1,532	13,235
2 Inch	279	8,833	69,885
3 Inch	17	1,334	7,924
Total	79,172	349,749	3,381,856
Surcharge			
Phase 5	2,695	10.00	26,950
Phase 7	601	12.52	7,525
Phase 8	1,904	11.46	21,820
Phase 10	1,149	10.72	12,317
KIA Surcharge	2,196	20.00	43,920
Total Revenue from Sales			3,494,388
Other Revenue Including Bulk Sales			140,758
Total			3,635,146

Bullock Pen Water District

Test Year Billing Analysis

Meter Size = 5/8 Inch

2008 Customers Per Billing Analysis

	Bills	Gallons	2	3	5	10	20
First 2,000	25,041	31,823	31,823				
Next 3,000	34,588	133,980	69,176	64,804			
Next 5,000	15,271	109,547	30,542	45,813	33,192		
Next 10,000	2,684	36,353	5,368	8,052	13,420	9,513	
Over 20,000	588	21,163	1,176	1,764	2,940	5,880	9,403
Total	78,172	332,866	138,085	120,433	49,552	15,393	9,403

Projected Revenue From Customers Added by Phase 6 Construction

183 Customers X 12 Bills Per Year = 2,196 Bills

	Bills	Gallons	2	3	5	10	20
First 2,000	703	894	894				
Next 3,000	972	3,764	1,944	1,820			
Next 5,000	429	3,077	858	1,287	932		
Next 10,000	75	1,021	150	225	375	271	
Over 20,000	17	595	34	51	85	170	255
Total	2,196	9,351	3,880	3,383	1,392	441	255

Projected Billing Based on 2008 Billings Plus Phase 6 Projection

	Bills	Gallons	Proposed Rates	Revenue	Current Rates	\$ Increase	% Increase
First 2,000	80,368	141,965	23.75	1,908,740	18.28	5.47	30%
Next 3,000		123,816	6.92	856,807	6.15	0.77	13%
Next 5,000		50,944	6.45	328,589	5.54	0.91	16%
Next 10,000		15,834	6.32	100,071	4.93	1.39	28%
Over 20,000		9,658	5.55	53,602	4.31	1.24	29%
Total		342,217		3,247,808			

Bullock Pen Water District

Test Year Billing Analysis

Meter Size = 1 Inch

	Bills	Gallons	5	5	10	20	
First 5,000	366	1,356	1,356				
Next 5,000	136	1,000	680	320			
Next 10,000	58	790	290	290	210		
Over 20,000	52	2,038	260	260	520	998	
Total	612	5,184	2,586	870	730	998	

	Bills	Gallons	Proposed Rates	Revenue	Current Rates	\$ Increase	% Increase
First 5,000	612	2,586	44.51	27,240	36.73	7.78	21%
Next 5,000		870	6.45	5,612	5.54	0.91	16%
Next 10,000		730	6.32	4,614	4.93	1.39	28%
Over 20,000		998	5.55	5,539	4.31	1.24	29%
Total		5,184		43,004			

Bullock Pen Water District

Test Year Billing Analysis

Meter Size = 1 1/2 Inch

	Bills	Gallons	10	10	20		
First 10,000	55	100	100				
Next 10,000	2	32	20	12			
Over 20,000	35	1,400	350	350	700		
Total	92	1,532	470	362	700		

	Bills	Gallons	Proposed Rates	Revenue	Current Rates	\$ Increase	% Increase
First 5,000	92	470	76.76	7,062	64.93	11.83	18%
Next 5,000		362	6.32	2,288	4.93	1.39	28%
Over 20,000		700	5.55	3,885	4.31	1.24	29%
Total		1,532		13,235			

Bullock Pen Water District

Test Year Billing Analysis

Meter Size = 2 Inch

	Bills	Gallons	20	20			
First 20,000	160	897	897				
Over 20,000	119	7,936	2,380	5,556			
Total	279	8,833	3,277	5,556			

	Bills	Gallons	Rate	Revenue	Current Rates	\$ Increase	% Increase
First 20,000	279	3,277	139.96	39,049	113.70	26.26	23%
Over 20,000		5,556	5.55	30,836	4.31	1.24	29%
Total		8,833		69,885			

Bullock Pen Water District

Test Year Billing Analysis

Meter Size = 3 Inch

	Bills	Gallons	20	20			
First 20,000	1	15	15				
Over 20,000	16	1,319	320	999			
Total	17	1,334	335	999			

	Bills	Gallons	Rate	Revenue	Current Rates	\$ Increase	% Increase
First 20,000	17	335	139.96	2,379	113.73	26.23	23%
Over 20,000		999	5.55	5,544	4.31	1.24	29%
Total		1,334		7,924			



BULLOCK PEN WATER DISTRICT - CASE No. 2008-00170
REQUEST # 3c
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS INCLUDED IN 2007 PRO FORMA

427.3 · INTEREST ON LONG TERM DEBT	
427.301 · INTEREST ON FHA #1	32,800.00
427.302 · INTEREST ON FHA #2	3,950.00
427.310 · INTEREST ON INTEGRA BANK	30.43
427.321 · INTEREST ON KIA #1	4,831.45
427.322 · INTEREST ON KIA #2	9,378.31
427.331 · INTEREST ON DWSRF #1	11,212.56
427.332 · INTEREST ON DWSRF #2	32,459.56
427.341 · INTEREST ON KRW BPWD CONTRIB	16,323.40
427.342 · INTEREST ON KRW SURCHARGE	17,922.40
427.343 · INTEREST ON KRW REFINANCE FHA	20,133.61
427.345 · INTEREST ON KRW TANK LOAN	15,089.75
427.346 · INTEREST ON KRW-PHASE 7	3,050.40
427.347 · INTEREST ON KRW PHASE 8	21,593.46
427.348 · INTEREST ON KRW PHASE 10	12,172.31
427.361 · INTEREST ON KACOLT #1	65,172.15
427.362 · INTEREST ON KACOLT #2	12,670.88
427.363 · INTEREST ON FORCHT BANK LOAN	882.05
427.370 · INTEREST ON OLD NAT'L BANK #1	15,584.45
427.371 · INTEREST ON OLD NAT'L BANK #2	3,706.92
427.372 · INT ON CHRYSLER LEASE	<u>2,207.85</u>
Total 427.3 · INTEREST ON LONG TERM DEBT	301,171.94
427.4 · INTEREST ON CUSTOMER DEPOSITS	508.25
428 · AMORTIZATION OF DEBT EXPENSE	<u>8,653.89</u>
Total 427 · INTEREST EXPENSE	310,334.08

PRINCIPAL PAYMENTS ON LONG-TERM DEBT	
PRINCIPAL ON FHA #1	46,000.00
PRINCIPAL ON FHA #2	4,000.00
PRINCIPAL ON INTEGRA BANK	2,302.89
PRINCIPAL ON KIA #1	25,000.00
PRINCIPAL ON KIA #2	30,000.00
PRINCIPAL ON DWSRF #1	13,912.15
PRINCIPAL ON DWSRF #2	48,530.67
PRINCIPAL ON KRW BPWD CONTRIB	10,000.00
PRINCIPAL ON KRW SURCHARGE	10,000.00
PRINCIPAL ON KRW REFINANCE FHA	23,000.00
PRINCIPAL ON KRW TANK LOAN	26,000.00
PRINCIPAL ON KRW-PHASE 7	6,000.00
PRINCIPAL ON KRW PHASE 8	12,000.00
PRINCIPAL ON KRW PHASE 10	7,000.00
PRINCIPAL ON KACOLT #1	58,000.00
PRINCIPAL ON KACOLT #2	16,000.00
PRINCIPAL ON FORCHT BANK LOC	25,642.63
PRINCIPAL ON OLD NAT'L BANK #1	44,732.86
PRINCIPAL ON OLD NAT'L BANK #2	24,045.99
PRINCIPAL ON CHRYSLER LEASE	<u>12,326.04</u>
TOTAL PRINCIPAL ON LONG TERM DEBT	<u>444,493.23</u>

TOTAL DEBT PAYMENT ON 2007 PRO FORMA 754,827.31



BULLOCK PEN WATER DISTRICT

TEST YEAR BILLING ANALYSIS

METER SIZE = 5/8 INCH

	Bills	Gallons	2	3	5	10	20
First 2,000	25,041	31,823	31,823				
Next 3,000	34,588	133,980	69,176	64,804			
Next 5,000	15,271	109,547	30,542	45,813	33,192		
Next 10,000	2,684	36,353	5,368	8,052	13,420	9,513	
Over 20,000	588	21,163	1,176	1,764	2,940	5,880	9,403
Total	78,172	332,866	138,085	120,433	49,552	15,393	9,403

	Bills	Gallons	Rate	Revenue			
First 2,000	78,172	138,085	18.28	1,428,984			
Next 3,000		120,433	6.15	740,663			
Next 5,000		49,552	5.54	274,518			
Next 10,000		15,393	4.93	75,887			
Over 20,000		9,403	4.31	40,527			
Total		332,866		2,560,580			

BULLOCK PEN WATER DISTRICT

TEST YEAR BILLING ANALYSIS

METER SIZE = 1 INCH

	Bills	Gallons	5	5	10	20	
First 5,000	366	1,356	1,356				
Next 5,000	136	1,000	680	320			
Next 10,000	58	790	290	290	210		
Next 20,000	52	2,038	260	260	520	998	
Total	612	5,184	2,586	870	730	998	

	Bills	Gallons	Rate	Revenue			
First 5,000	612	2,586	36.73	22,479			
Next 5,000		870	5.54	4,820			
Next 10,000		730	4.93	3,599			
Next 20,000		998	4.31	4,301			
Total		5,184		35,199			

BULLOCK PEN WATER DISTRICT

TEST YEAR BILLING ANALYSIS

METER SIZE = 1 1/2 INCH

	Bills	Gallons	10	10	20	
First 10,000	55	100	100			
Next 10,000	2	32	20	12		
Over 20,000	35	1,400	350	350	700	
Total	92	1,532	470	362	700	
	Bills	Gallons	Rate	Revenue		
First 10,000	92	470	64.93	5,974		
Next 10,000		362	4.93	1,785		
Over 20,000		700	4.31	3,017		
Total		1,532		10,776		

BULLOCK PEN WATER DISTRICT

TEST YEAR BILLING ANALYSIS

METER SIZE = 2 INCH

	Bills	Gallons	20	20		
First 20,000	160	897	897			
Over 20,000	119	7,936	2,380	5,556		
Total	279	8,833	3,277	5,556		
	Bills	Gallons	Rate	Revenue		
First 20,000	279	3,277	113.70	31,722		
Over 20,000		5,556	4.31	23,946		
Total		8,833		55,668		

BULLOCK PEN WATER DISTRICT

TEST YEAR BILLING ANALYSIS

METER SIZE = 3 INCH

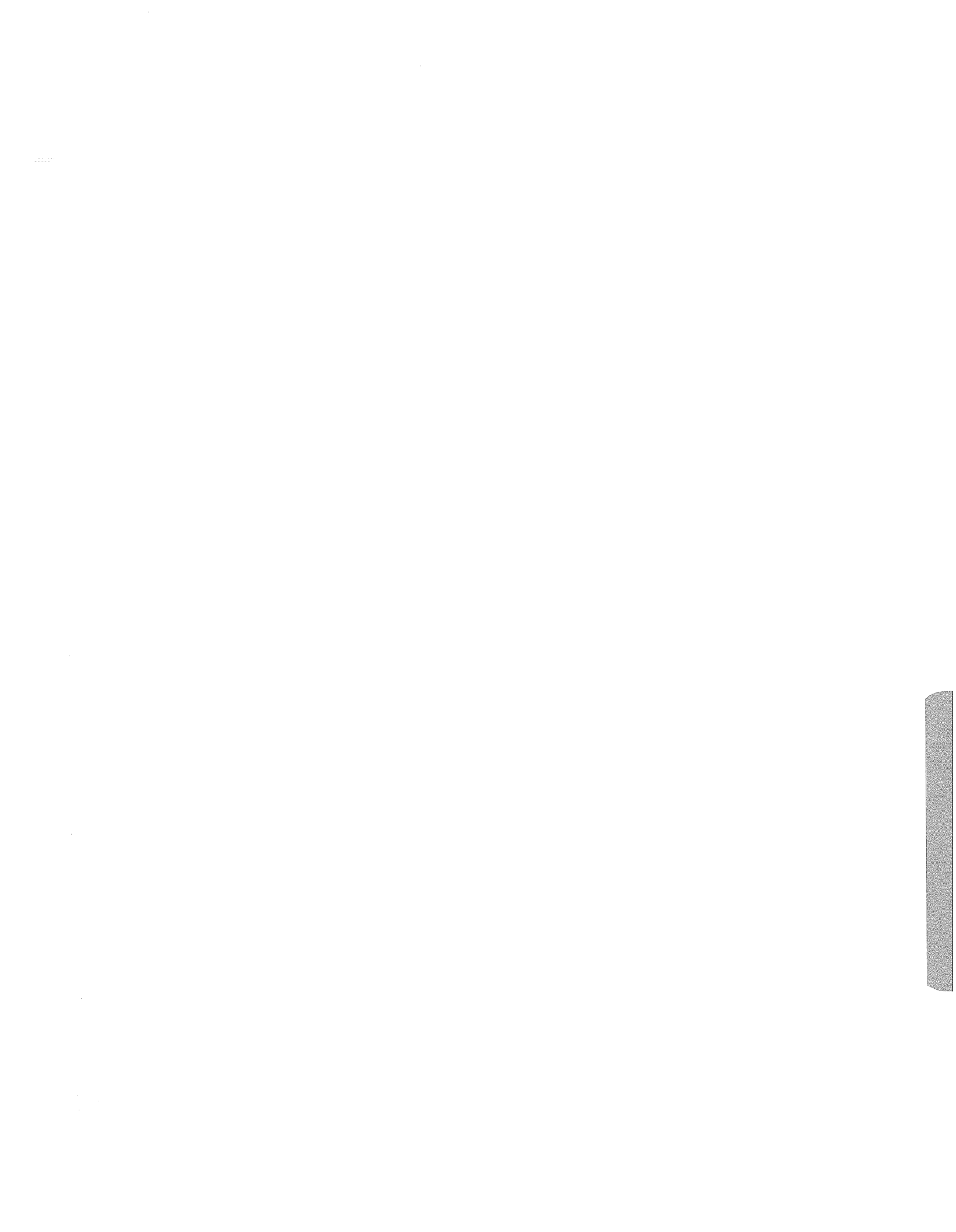
	Bills	Gallons	20	20		
First 20,000	1	15	15			
Over 20,000	16	1,319	320	999		
Total	17	1,334	335	999		
	Bills	Gallons	Rate	Revenue		
First 20,000	17	335	113.73	1,933		
Over 20,000		999	4.31	4,306		
Total		1,334		6,239		



EXHIBIT “28”

CUSTOMER MONTHLY BILLING REGISTER CALENDAR YEAR 2008

(On 3 1/2 inch floppy disk format)



2008 WATER LOSS

Month	January
Water Produced	14696000
Purchased	25073836
Total	39769836
Water Sold	
Water Sold	28604000
Loading Station	563200
Total Water Sales	29167200
Other Water Used	
Treatment Plant	1250000
System Flushing	1000000
Fire Department	300000
Backwash Water	76800
Total	2626800
Total Water Used	31794000
Unaccounted Water	7975836
% of Water Loss	20.05498841

2008 WATER LOSS

Month	Febuary
Water Produced	11870000
Purchaced	26504768
Total	38374768
Water Sold	
Water Sold	25092000
Loading Station	276300
Total Water Sales	25368300
Other Water Used	
Treatment Plant	1250000
System Flushing	2000000
Fire Department	1200000
Backwash Water	115200
Total	4565200
Total Water Used	29933500
Unaccounted Water	8441268
% of Water Loss	21.99692256

2008 WATER LOSS

Month	March
Water Produced	10867000
Purchased	25358516
Total	36225516
Water Sold	
Water Sold	27787000
Loading Station	320300
Total Water Sales	28107300
Other Water Used	
Treatment Plant	1250000
System Flushing	1208500
Fire Department	550000
Backwash Water	115200
Total	3123700
Total Water Used	31231000
Unaccounted Water	4994516
% of Water Loss	13.78728739

2008 WATER LOSS

Month	April
Water Produced	10499000
Purchased	20440952
Total	30939952
Water Sold	
Water Sold	24625000
Loading Station	371500
Total Water Sales	24996500
Other Water Used	
Treatment Plant	1250000
System Flushing	1135000
Fire Department	250000
Backwash Water	115200
Total	2750200
Total Water Used	27746700
Unaccounted Water	3193252
% of Water Loss	10.32080463

2008 WATER LOSS

Month	May
Water Produced	12815000
Purchased	20908758
Total	33723758
Water Sold	
Water Sold	30480000
Loading Station	460800
Total Water Sales	30940800
Other Water Used	
Treatment Plant	1050000
System Flushing	125000
Fire Department	100000
Backwash Water	76800
Total	1351800
Total Water Used	32292600
Unaccounted Water	1431158
% of Water Loss	4.243767851

2008 WATER LOSS

Month	June
Water Produced	19234000
Purchaced	20274922
Total	39508922
Water Sold	
Water Sold	29782000
Loading Station	575000
Total Water Sales	30357000
Other Water Used	
Treatment Plant	1250000
System Flushing	1250000
Fire Department	350000
Backwash Water	163200
Total	3013200
Total Water Used	33370200
Unaccounted Water	6138722
% of Water Loss	15.53755883

2008 WATER LOSS

Month	July
Water Produced	17253000
Purchased	22980276
Total	40233276
Water Sold	
Water Sold	32394000
Loading Station	447000
Total Water Sales	32841000
Other Water Used	
Treatment Plant	1250000
System Flushing	500000
Fire Department	250000
Backwash Water	153600
Total	2153600
Total Water Used	34994600
Unaccounted Water	5238676
% of Water Loss	13.02075426

2008 WATER LOSS

Month	Aug
Water Produced	17480000
Purchased	21958652
Total	39438652
Water Sold	
Water Sold	34737000
Loading Station	481700
Total Water Sales	35218700
Other Water Used	
Treatment Plant	1050000
System Flushing	75000
Fire Department	50000
Backwash Water	115200
Total	1290200
Total Water Used	36508900
Unaccounted Water	2929752
% of Water Loss	7.428631181

2008 WATER LOSS

Month	Sept
Water Produced	13752000
Purchased	29439228
Total	43191228
Water Sold	
Water Sold	31081000
Loading Station	600500
Total Water Sales	31681500
Other Water Used	
Treatment Plant	1350000
System Flushing	275000
Fire Department	250000
Backwash Water	115200
Total	1990200
Total Water Used	33671700
Unaccounted Water	9519528
% of Water Loss	22.04041987

2008 WATER LOSS

Month	October
Water Produced	10363000
Purchased	25791088
Total	36154088
Water Sold	
Water Sold	28884000
Loading Station	523500
Total Water Sales	29407500
Other Water Used	
Treatment Plant	1050000
System Flushing	500000
Fire Department	250000
Backwash Water	124800
Total	1924800
Total Water Used	31332300
Unaccounted Water	4821788
% of Water Loss	13.33677121

2008 WATER LOSS

Month	<i>November</i>
Water Produced	12820000
Purchased	20951644
Total	33771644
Water Sold	
Water Sold	30439000
Loading Station	559100
Total Water Sales	30998100
Other Water Used	
Treatment Plant	1050000
System Flushing	50000
Fire Department	50000
Backwash Water	115200
Total	1265200
Total Water Used	32263300
Unaccounted Water	1508344
% of Water Loss	4.466303151

2008 WATER LOSS

Month	Dec.
Water Produced	16870000
Purchased	16593384
Total	33463384
Water Sold	
Water Sold	25478000
Loading Station	357700
Total Water Sales	25835700
Other Water Used	
Treatment Plant	1050000
System Flushing	1250000
Fire Department	250000
Backwash Water	192000
Total	2742000
Total Water Used	28577700
Unaccounted Water	4885684
% of Water Loss	14.60008946

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
JANUARY, 2008 MEETING**

The January, 2008 meeting of the Bullock Pen Water District was called to order on January 17, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Office Manager Paula Massie and Attorney Thomas R. Nienaber.

The first order of business was a review of the December, 2007 Minutes. Upon motion of Billy Frank Simpson and second by Jimmie King, it was unanimously,

"RESOLVED: that the December, 2007 Minutes be approved as presented."

The next order of business was a presentation of the profit and loss statement and warrants for December, 2007. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for December, 2007 be and the same are hereby approved."

The next order of business was a review of the VanGorder, Walker & Co., Inc. Engagement Letter for the 2007 calendar year Audit Report. Paula Massie pointed out to the Commissioners that the charge for the Audit is \$9,800.00 maximum fee. Mr. Nienaber indicated that he had looked over the Engagement Letter and it was essentially the same that we had signed last year. Commissioner Givin inquired as to whether or not there was a price increase from last year. Paula Massie reported that the cost of the audit from 2006 was \$9,400.00. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the December 19, 2007 Engagement Letter submitted by VanGorder, Walker & Company, Inc. be approved and signed by Bobby Burgess on behalf of the District."

The next order of business was a report by the Health Insurance Committee regarding health insurance renewal options. Commissioner Givin reported that Superintendent Catlett, Paula Massie and he had met with a representative of Arison regarding upcoming options for the February 1, 2008 renewal for health insurance for District employees. Commissioner Givin submitted to the Commissioners a summary of the various options. Commissioner Givin reported that the current monthly insurance premium for the District would be \$29,425.80. Commissioner Givin reviewed with the Commissioners the three additional options with Arison as outlined on the attached schedule. After a review of the plan benefits and costs, Commissioner Givin reported that the Committee recommends Option Blue Access PPO, Option 14 RX-H. This plan would cost the District \$22,883.56 without creating a significant loss in benefits. If the District

MINUTES
JANUARY, 2008 MEETING
(PAGE 2)

adopts this plan, the annual savings to the District based upon premiums projected for the upcoming coverage period beginning February 1, 2008 would be \$78,500.00. Commissioner Givin indicated that he had spoken with Paula Massie and Superintendent Catlett, the two most affected employees by a change in coverage, and reported that they did not have any problem with the reduced coverage option. Assistant Superintendent Catlett indicated that he did not have any problems either with the reduced coverage plan. Commissioner Givin reported that with the skyrocketing health insurance costs, the District should change its policy with respect to providing health insurance for its employees; however, change should not be drastic and should be gradual over a period of time. Commissioner Givin reported that due to the fact the coverage begins February 1, 2008, the Committee did not have sufficient time to investigate other insurance carrier plans and costs. Commissioner Givin reported that the Committee will continue working on exploring alternatives for health insurance coverage and submit those reports to the full Board over the next year. Perhaps the District could realize additional savings by securing health insurance coverage from other providers. After considerable discussion, upon motion of Jimmie King and second by Andrea Walton, it was unanimously,

"RESOLVED: that the District adopt Option Blue Access PPO, Option 14 RX-H plan from Arison at a monthly premium of \$22,883.56 for its employees. This coverage shall extend for a period of 12 months effective February 1, 2008. The District Committee on health insurance coverage is further authorized to continue its review of other health insurance options. The Committee shall report periodically with its findings."

The next order of business was a report by Paula Massie and Tom Nienaber regarding the rate increase from Northern Kentucky Water District. Paula Massie distributed to the Commissioners a letter from NKWD indicating that the new rate of \$2.97 per 1,000 gallons becomes effective February 29, 2008. Mr. Nienaber reported that the District was aware of the pending rate increase and that the rate increase approved by the PSC is substantially in line with that rate increase which NKWD reported would be approved. Chairman Burgess acknowledged that fact as well.

The next order of business was a report by Kerry Odle as follows:

1. Kerry Odle reported that the Phase XI Project is moving along very well. The contractor has stopped final cleanup due to inclement weather. Kerry Odle projects that the final cleanup will commence in March, 2008 when weather permits. Kerry Odle reported that most of the lines are in and are currently being pressure tested and flushed. Assistant Superintendent Catlett reported that water samples are being taken from various lines in the project to permit water being turned on to customers.

MINUTES
JANUARY, 2008 MEETING
(PAGE 3)

2. Kerry Odle submitted to the Commissioners Pay Request No. 5 from Furnish Excavation in the amount of \$29,551.80 and CMW, Inc. invoice in the amount of \$4,548.38 as attached. Kerry Odle reported that the Pay Request is in order and should be approved. After discussion of Billy Frank Simpson and second by Jimmie King, it was unanimously,

"RESOLVED: that Pay Request No. 5 from Furnish Excavation and CMW, Inc. for the Phase XI Project in the amount of \$34,100.18 be approved as submitted."

3. Kerry Odle reported on that the status of the Phase VI Project. He indicated that a meeting was held on January 17, 2008 at 9:00 a.m. at the KIA building in Frankfort, Kentucky. This meeting included the Kentucky Infrastructure Authority and the Division of Water. Kerry Odle was provided the various project requirements from the various governmental agencies that will be involved in the Phase VI Project. Kerry Odle reported that KIA needs a copy of the Withdrawal Permit issued by the Kentucky Department of Fish and Wildlife relative to the District's withdrawal of water from Bullock Pen Lake. Kerry Odle reported that KIA wanted to confirm that the District has maxed out its authority to withdraw water from Bullock Pen. Kerry Odle reported that while financing for the project has not been approved he does want to go ahead and bid the pump station on US 25 which will be implemented in conjunction with the NKWD Water Supply Agreement. Kerry Odle reported that the State has given its preliminary approval to that move, however, the District does so at its own risk. That is to say, if the project, for whatever reason, does not come to fruition, the District will be responsible for paying for that project. Additionally, if any environmental studies later reveal that there may be environmental or other related issues, the District will have to deal with those at that time. Kerry Odle indicated that if the District pays for the pump station construction, reimbursement could be obtained from the Phase VI Project funds at a later date. Kerry Odle reported that the cost of the pump station is approximately \$85,000.00 to \$100,000.00 and an interim financing arrangement will be necessary. Kerry Odle did report it is important that the pump station be constructed as soon as possible in order to provide maximum water withdrawal efficiency from NKWD. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that Kerry Odle begin the bid process for the installation and construction of the pump station on US 25 to be implemented in conjunction with the NKWD Water Supply Agreement. The District shall pay the initial cost of the project and request reimbursement of those costs from the Phase VI Project funds at a later date."

3. Kerry Odle presented two invoices from CMW, Inc. in the total amount of \$1,309.68 as attached. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

MINUTES
JANUARY, 2008 MEETING
(PAGE 4)

"RESOLVED: that CMW, Inc.'s invoices in the amount of \$1,309.68 be paid as presented."

4. Kerry Odle reported that engineering services for the Phase VI Project must be sent out for bid due to the fact that federal monies are involved in the Phase VI Project. Kerry Odle indicated that he has prepared the engineering specifications for the Phase VI Project and would provide them to Paula Massie for advertisement. Mr. Nienaber reported that the Engineering Contract should be advertised for bid in the *Enquirer* as the *Kentucky Post* is no longer in publication. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the District begin advertising and solicitation of bids for Engineering Contracts on the Phase VI construction project."

5. Bobby Burgess inquired as to whether or not the District should begin thinking about holding a public hearing for residents in the Phase VI area. Paula Massie inquired of the Commissioners about the possibility of notifying customers in the area by mail that the tap in fees would be \$1,000.00. Chairman Burgess indicated that it would also be nice to begin the process of obtaining easements where necessary and having customers sign Water Supply Agreements. Kerry Odle indicated that this would be a good idea, however, at this time the District is not ready to hold a public hearing as all the documents are not complete. This matter will be reviewed on a meeting to meeting basis.

The next order of business was a report by Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that the NKWD Water Supply Agreement has been executed and submitted to the PSC for approval. Mr. Nienaber commented on the rate increase recently approved by the PSC for NKWD which raised the District's water rates to \$2.97 per 1,000 gallons.

2. Mr. Nienaber reported on the Boone County Water Purchase Agreement status. David Koenig reported to Mr. Nienaber approximately two weeks ago that the City of Cincinnati has approved Boone County's sale of water to the District. Mr. Nienaber reported that David Koenig will submit the proposed Water Purchase Agreement to the Boone County Water District for review and action at its January, 2008 meeting. Mr. Nienaber indicated that as soon as he hears something from Boone County Water District, he will report.

3. Mr. Nienaber reported on the status of the Bullock Pen Dam remediation project. Mr. Nienaber inquired of the Commissioners if anyone has heard comments from affected residents. No one has heard anything as of the meeting. Mr. Nienaber indicated that he had

MINUTES
JANUARY, 2008 MEETING
(PAGE 5)

spoken with Charles Bush, Division of Fish and Wildlife, who indicated that some easements are being received by Frankfort.

4. Mr. Nienaber reported that he had sent a letter to the City of Williamstown regarding the withholding of \$1,500.00 from the next City of Williamstown Water Invoice for reimbursement of publication costs relating to notification to its customers. Mr. Nienaber has not heard anything. Paula Massie reported that she has not heard anything from the City of Williamstown as well.

5. Chairman Burgess inquired as to whether or not the District could submit to the PSC a request for the pass through of water rate increases implemented by NKWD. Kerry Odle indicated that he would begin preparing documentation to submit that to the PSC to pass through that rate increase implemented by NKWD to the District's customers. Mr. Nienaber indicated that he would work with Kerry Odle in that regard. Mr. Nienaber also raised the issue of the upcoming rate increase required by KIA regarding the Phase VI Project. Mr. Nienaber submitted to Peggy Gamble, Kerry Odle and Paula Massie an outline of documentation needed for this upcoming rate increase. Paula Massie reported that she had contact with the Kentucky Rural Water Association ("KRWA") who has on-staff people who can help the District in preparing its rate increase Application. Paula spoke with Ms. Carryn Lee who could assist the District in preparing a rate study. Paula Massie also reported that Mr. Jack Kanenberg at the Public Service Commission could assist in preparing our Application. Chairman Burgess recommended that the District contact Karen Lee and Jack Kanenberg as soon as possible to begin the process of preparing the rate increase Application.

6. Mr. Nienaber submitted two invoices in the amount of \$2,406.25. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the two invoices from Thomas R. Nienaber in
the amount of \$2,406.25 be paid as presented."

The next order of business was a report by Superintendent Catlett:

1. Assistant Superintendent Catlett reported that he learned in the last few days that Duke Energy was installing a gas regulator station at Derby Drive and US 25. When installing that gas regulator station, Duke Energy had placed gas pipes and other appurtenances directly on and over an existing 8 inch transmission line of the District. Assistant Superintendent Catlett reported that the placement of these gas lines and related appurtenances will create difficulty for the District if repairs to this water line are necessary. Assistant Superintendent and Superintendent Catlett indicated that they had spoken with Jim Klump and Chris Anther of Duke Energy regarding this problem. Both Duke representatives indicated to Messrs. Catlett that there was nothing they could do. Assistant Superintendent Catlett requested that Counsel Nienaber

MINUTES
JANUARY, 2008 MEETING
(PAGE 6)

contact Duke Energy representatives to resolve this matter. Paula Massie reported that, in fact, the District does have a valid easement for the placement of that water line from the previous owner. Paula Massie reviewed her files and provided a copy of that easement to Counsel for presentation to Duke Energy representatives. Mr. Nienaber indicated that he would contact individuals at Duke Energy and report at the next meeting.

2. Assistant Superintendent Catlett reported on the status of obtaining generator information for the District's water treatment plant. Assistant Superintendent Catlett reported that the cost of a new generator of sufficient size to service the Water Treatment Plant in the event of an energy shut down would be approximately \$69,000.00. Assistant Superintendent Catlett also obtained various information regarding used generators. The cost of an adequate used generator would be between \$25,000.00 and \$35,000.00. The District would need a generator that could produce 400 amp and 250 kilowatts of power. Assistant Superintendent Catlett indicated that it would be a good idea to work in conjunction of the Grant County Sanitary Sewer District to obtain a portable generator for use at the plants in the event of an energy shut down. Assistant Superintendent Catlett and Kerry Odle reported that at some point the PSC and/or Division of Water will require the District to have some type of backup energy source for the plants. The Commissioners and Chairman Burgess all agree that it is time for the District to purchase a backup energy source. Assistant Superintendent Catlett indicated that he would continue his search for information on portable generators and report at the next meeting.

3. Commissioner Givin reported that he received a phone call from Mr. Mark Bingham, Violet Road, indicating that he had been getting a lot of surface water runoff onto his property. Mr. Bingham suspected that this additional water runoff is due to the water lines installed by the District. Commissioner Givin explained that the additional water run off is from Violet Road and not from anything that the District has done. Kerry Odle and Assistant Superintendent Catlett confirmed that Report. Commissioner Givin indicated that he had spoken with Mr. Bingham and advised him to contact KDOT representatives and voice his dissatisfaction with them. Kerry Odle reported that his on-site supervisor, Mr. Doug Tatum, has looked over the situation and reported to him that it is not a District issue or concern.

The next order of business was a report by Paula Massie as follows:

1. Ms. Massie indicated that the next meeting is scheduled for February 21, 2008 at 1:00 p.m. Chairman Burgess indicated that Gayle Cayton, Commissioner of the Grant County Sanitary Sewer District, would not be able to make that meeting date (the District and GCSSD meet on the same day). After discussion, it was determined that the next meeting should occur on February 21, 2008 at 1:00 p.m.

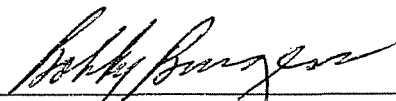
2. Ms. Massie reminded Chairman Burgess and Commissioner Simpson that their commissions expire on February 5, 2008. Chairman Burgess indicated that it was his

MINUTES
JANUARY, 2008 MEETING
(PAGE 7)

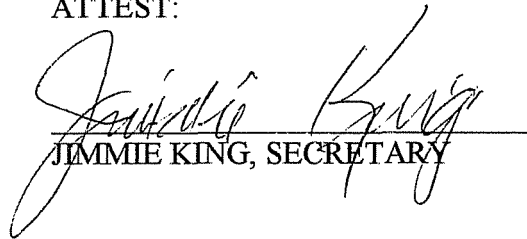
understanding that Judge Link was going to re-appoint both of them for an upcoming term. Mr. Nienaber indicated that both should be sworn in before the next meeting.

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
FEBRUARY, 2008 MEETING**

The February, 2008 meeting of the Bullock Pen Water District was called to order on February 21, 2008, at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson and Charles Givin, Engineer Kerry Odle and Assistant Office Manager Gail Bowling. Commissioner Andrea Walton, Office Manager Paula Massie and Attorney Thomas R. Nienaber were absent.

The first order of business was a review of the January, 2008 Minutes. Upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the January, 2008 Minutes be approved as presented."

The next order of business was a presentation of the profit and loss statement and warrants for January, 2008. After discussion, upon motion of Billy Frank Simpson and second by Jimmie King, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for January, 2008 be and the same are hereby approved."

The next order of business was a discussion regarding the appointment of a Committee to review the request for qualifications for engineering services relating to the Phase VI Project. After discussion, it was decided that the Committee be comprised of Commissioners King and Givin and Chairman Bobby Burgess. The Committee is to report on its recommendations at the next regular meeting of the District.

The next order of business was a report by Kerry Odle of CMW, Inc. as follows:

1. Mr. Odle presented three invoices totaling \$1,353.44 for services rendered by CMW, Inc. After discussion, upon motion of Charles Givin and second by Billy Frank Simpson, It was unanimously,

"RESOLVED: that the three invoices of CMW, Inc. in the total amount of \$1,353.44 as attached be paid."

2. Kerry Odle reported that the Phase XI Project had been shut down due to inclement weather. Mr. Odle reported that once the weather improves work will move forward to conclusion.

3. Mr. Odle reported the Napoleon Zion Station Bridge Replacement Project undertaken by the Kentucky Department of Transportation is now completed.

MINUTES
FEBRUARY, 2008 MEETING
(PAGE 2)

4. Mr. Odle reported that the Phase VI Project is moving forward. He indicated that Mr. Nienaber is going to be reviewing the Easements that will be necessary for this Project. Kerry Odle is hopeful that a public hearing will be held in April to begin the process of obtaining Easements and customer signups. The advertising for bids on this project should begin in April, 2008.

5. Kerry Odle reported that the new pump station on US 25 will require a three phase electric service which is not currently in place. Mr. Odle reported that he is working with Duke Energy in preparing a cost estimate and engineering drawings for this project. Mr. Odle indicated that the total additional cost for bringing Phase III electric to the pump station will be between \$30,000.00 and \$50,000.00. Mr. Odle will report at the next meeting.

The next order of business was a review of the Contract submitted by Carryn Lee for services to be rendered in connection with an upcoming Rate Increase Application to be filed with the Public Service Commission. The proposed Contract submitted by Carryn Lee contained an initial cost estimate of approximately \$6,000.00. After discussion amongst the Commissioners, upon motion of Charles Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the District engage the services of Carryn Lee for the purpose of providing assistance in filing a Rate Increase Application with the PSC."

The next order of business was a discussion of the current Dam Remediation Project. A report submitted by Mr. Nienaber on the status was distributed. There was no other new information to report on that project at this time.

The next order of business was a discussion of the response from the City of Williamstown regarding the District's request for \$1,500.00 to be reimbursed relating to advertising and related charges incurred by the District regarding two water quality notifications to District customers. Gail Bowling reported that the District deducted \$1,500.00 from the last City of Williamstown water bill as decided at the December, 2007, Board Meeting. Gail Bowling reported that the City of Williamstown is charging late fees on the \$1,500.00 deduction. After discussion, it was recommended that Counsel Thomas R. Nienaber contact the City of Williamstown and/or the Public Service Commission to see what relief can be obtained relating to this issue.

The next order of business was a Superintendent's Report as follows:

1. Superintendent Catlett indicated that he had met with representatives of Duke Energy and Counsel Nienaber regarding the work being done on US Highway 25 at Derby Lane

MINUTES
FEBRUARY, 20078 MEETING
(PAGE 3)

relating to the installation of a gas regulator station. Mr. Catlett reported that the representatives of Duke Energy are being cooperative and that the situation will be satisfactorily resolved.

2. Assistant Superintendent Catlett indicated that he has begun the process of obtaining price quotes from Mr. Calvin Thomas for the installation of a security system for the District. After discussion, it was recommended that this matter be brought back before the Board at the next meeting.

3. Assistant Superintendent Catlett gave an updated report relating to the purchase of a backup generator for the water treatment plant. Assistant Superintendent Catlett reported that the rental fee for a backup generator would be \$3,000.00 a month plus \$400.00 per day when in use. A used generator could be purchased anywhere from \$20,000.00 to \$40,000.00. Mr. Catlett reported that he would check on prices of a used generator with low hours. He will report at the next meeting. Assistant Superintendent Catlett also indicated that he would investigate the possibility of sharing a backup generator with the Grant County Sanitary Sewer District in an effort to reduce the cost of this item. After discussion, upon motion of Charles Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that Assistant Superintendent Catlett begin the process of looking for used generators in the range of \$20,000.00 to \$40,000.00. Assistant Superintendent Catlett should report at the next meeting."


The next order of business was a report on the Phase VI Project by Assistant Office Manager Gail Bowling. Ms. Bowling reported that she needs to open a Phase VI Construction and Tap-on Fee Account at Integra Bank. Gail Bowling presented signature cards and an Integra Bank Resolution. Upon motion of Billy Frank Simpson and second by Chuck Givin, it was unanimously,

"RESOLVED: that the attached Account Statement and accompanying Resolution be executed permitting the District to open a Phase VI Construction and Tap-on Fee Account with Integra Bank."

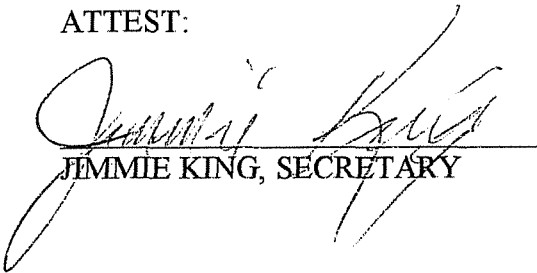
There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

MINUTES
FEBRUARY, 2008 MEETING
(PAGE 4)

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
MARCH, 2008 MEETING**

The March, 2008 meeting of the Bullock Pen Water District was called to order on March 20, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle , Office Manager Paula Massie and Attorney Thomas R. Nienaber.

The first order of business was a review of the February, 2008 Minutes. Upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the February, 2008 Minutes be approved as presented."

The next order of business was a review of the profit and loss statement and warrants for February, 2008 as attached. Commissioner King noted that the monthly health insurance line item payment reflected an approximate \$18,000.00 cost. Mr. King indicated that it was his recollection that the premiums increased that month. Office Manager Paula Massie reported that the line item on the warrant statement should read \$23,752.25. The change was so noted on the warrant statement. After discussion, upon motion of Jimmie King second by Andrea Walton, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for February, 2008 as attached be approved with the change reflecting an insurance premium line item cost of \$23,752.25."

The next order of business was a report from the Engineering Services Review Committee. Commissioner Givin reported that he, Jimmie King and Chairman Burgess met to review the Applications submitted for engineering services on the Phase VI Project. Commissioner Givin shared with the District a copy of the Committee Report (attached). Briefly, Commissioner Givin reported that four Applications were received: CMW, Inc., DLZ Engineering, The Corradino Group, Inc. and CDS Associates, Inc. Commissioner Given shared with the District the process which was followed in reviewing the Applications and the grading system. Overall, Commissioner Givin stated that of the four Applicants, only CMW, Inc. possessed a great deal of experience in water line projects. Commissioner Givin reported that the Committee recommended unanimously that the contract for engineering services be awarded to CMW, Inc. After considerable discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

"RESOLVED: that the District accept the recommendation of the engineering qualifications review Committee for the Phase VI Project and that the District negotiate a contract for engineering services with CMW, Inc. regarding the Phase VI Project."

MINUTES
MARCH 21, 2008
(PAGE 2)

The next order of business was a report by Kerry Odle as follows:

1. Kerry Odle reported that the Phase XI Project has been essentially shut down due to inclement weather. Kerry Odle reported that it would not be in anyone's best interest to continue cleanup and finalization of the Phase XI Project until weather conditions improve. Mr. Odle is hopeful that the cleanup process can begin sometime next week if the weather cooperates. As a result of the inclement weather, Mr. Odle submitted Change Order No. 2 for the Phase XI Project which would add to the completion calendar an additional 15 calendar days. Kerry Odle reported that this Change Order No. 2 is appropriate and should be approved. After discussion, upon motion of Jimmie King and second by Chuck Givin, it was unanimously,

"RESOLVED: that Change Order No. 2 on the Phase XI Project be approved as submitted."

2. Kerry Odle gave a report on the status of the Phase VI Project. Mr. Odle indicated that the process of obtaining Easements is underway. Approximately 30 Easements have been prepared. Mr. Odle expects there to be approximately 100 total Easements for this project. Chairman Burgess reported that at earlier meetings, the District was informed by Mr. Simpson that an Easement would be granted to the District for the location of the water pump station at US 25 and Bagby Road. Chairman Burgess was informed over the weekend that the Simpsons will not grant an Easement to the District for the construction and maintenance of the Water Pump Station. When Chairman Burgess was informed of that change in position, he contacted Mr. Zalla, the property owner across Bagby Road, to see if an Easement could be obtained for the placement and construction of the pump station. Chairman Burgess reported that he and Kerry Odle met with the property owner on the morning of March 20, 2008 to discuss an Easement for the construction and maintenance of the Water Pump Station. Chairman Burgess reported that Mr. Zalla has agreed to grant an Easement to the District for that purpose. Kerry Odle reported that he would prepare a legal description for the Easement and submit it to Mr. Nienaber as soon as possible. Kerry Odle reported that it was also his understanding that Phase 3 electric is not available to the new site. He will further investigate that issue and report at the next meeting. In any event, Phase 3 electric will need to be delivered to the site.

Mr. Nienaber reported on the Phase VI Project as well. Mr. Nienaber provided the Commissioners a copy of his February 27, 2008 letter directed to NKWD regarding the Phase VI Project. Mr. Nienaber reminded everyone that NKWD did reserve the right, under the Water Purchase Agreement, to review the Phase VI Project and to insure that it was constructed consistent with the specification and construction guidelines adopted by NKWD. In the spirit of that Water Purchase Agreement, Mr. Nienaber provided NKWD a status report. Mr. Nienaber indicated that he had not heard anything from NKWD until early March 20, 2008. Mr. Nienaber reported that he had spoken with Richard Harrison and Ron Lovan of NKWD. Mr. Nienaber was informed that by Mr. Lovan that the Phase VI contains 6 inch water lines which are not

MINUTES
MARCH, 2008 MEETING
(PAGE 3)

allowed under the NKWD construction guidelines. Kerry Odle indicated that NKWD does allow 6 inch lines in some areas. Mr. Nienaber also reported that Mr. Lovan requested a meeting with NKWD and District personnel. Mr. Nienaber will schedule that meeting as soon as possible. Mr. Nienaber also reported that Ron Lovan did not want the District to have a public meeting until after the meeting between NKWD representatives and the District. Chairman Burgess suggested that meeting be scheduled as quickly as possible. Commissioner Givin indicated that he would like to attend that meeting if possible. Mr. Nienaber also reported that he had sent a copy of the Water Purchase Agreement to the Public Service Commission for approval in December, 2007. Mr. Nienaber has not yet heard back from the PSC regarding the status of that approval. Mr. Nienaber also indicated that Ron Lovan of NKWD stated that we should not move forward on the Phase VI Project until the PSC approves the Water Purchase Agreement. Mr. Nienaber indicated that he would follow up on that issue as well.

Chairman Burgess gave the Commissioners an update on the Grant Application status regarding the Phase VI Project. Chairman Burgess reported that the District has not obtained any additional grant monies for this project. He would continue to contact various representatives and senators in the area to see if, in fact, some additional monies could be obtained.

3. Kerry Odle submitted a bill in the amount of \$688.08 on behalf of CMW, Inc. Upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

"RESOLVED: that the bill submitted on behalf of CMW, Inc. in the amount of \$688.08 be approved as presented."

4. Kerry Odle submitted to the District a proposed Agreement for engineering services (see attached). Mr. Odle reported that this is the same Engineering Services Agreement that was entered into between the District and CMW, Inc. on other engineering water line projects. Mr. Nienaber indicated that the Agreement was appropriate. Kerry Odle reported that the schedule of fees for services rendered is that which is normally charged by CMW, Inc. on projects similar to the Phase VI Project. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that Chairman Burgess be and he is hereby authorized to enter into an Agreement for engineering services on the Phase VI Project with CMW, Inc. as attached."

The next item of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber gave a report on the status of the Boone County Water District Water Purchase Agreement. A summary of a phone conversation Mr. Nienaber had with Dave

MINUTES
MARCH, 2008 MEETING
(PAGE 4)

Koenig was distributed to the Commissioners. Mr. Nienaber reported that the appropriate authorities and approvals have been received from the City of Cincinnati, Boone County Fiscal Court and a preliminary approval from the City of Florence. Mr. Nienaber reported that the City of Florence will have to pass an Ordinance approving the proposed sale. This will require two public readings of the proposed Ordinance. Mr. Koenig indicated that the appropriate authorities and approvals could be formally obtained within the next 60 to 90 days. Mr. Nienaber will report at the next meeting.

2. Mr. Nienaber reported on the status of the rate increase. Office Manager Paula Massie stated that a meeting is scheduled for April 14, 2008 with Carryn Lee to finalize the paperwork necessary for submitting the Application to the PSC. Anyone who would like to attend that meeting may do so.

3. Mr. Nienaber reported that there have been no major developments in the Bullock Pen Lake Dam Remediation Project.

4. Mr. Nienaber reported that he has not yet heard back from the City of Williamstown regarding the \$1,500.00 that was deducted from the Williamstown water invoice. Mr. Nienaber will report if he hears anything.

5. Mr. Nienaber submitted an invoice for general services in the amount of \$1,375.00. After discussion, upon motion of Andrea Walton and second by Chuck Givin, it was unanimously,

"RESOLVED: that the invoice submitted by Thomas R. Nienaber in the amount of \$1,375.00 be approved as presented."

The next order of business was an Assistant Superintendent Report as follows:

1. Assistant Superintendent Catlett reported that he received word from Diesel Services and Supplies, Inc., Brighton, Colorado regarding information concerning a used electric portable generator for use at the water treatment plant. Attached is a copy of the Order for this piece of equipment. It is a 2004 portable generator with 350 kw power. The piece of equipment has approximately 78 hours of service on it. The total purchase price was \$38,000.00 and \$1,600.00 for shipping. The equipment is currently at a hospital in California. Assistant Superintendent Catlett reported that he investigated this piece of equipment and it is a very good deal. Mr. Catlett stated that the price for this piece of equipment in its current condition is excellent. Mr. Catlett stated that the generator would work very well with the Water District Treatment Plant and provide all of its needs in the event of a power shortage. Mr. Catlett stated

MINUTES
MARCH, 2008 MEETING
(PAGE 5)

that it would be in the District's best interest to purchase this piece of equipment in conjunction with the Grant County Sanitary Sewer District. The generator is currently available; however, Mr. Catlett was informed by Diesel Service and Supply, Inc. that it would sell quickly. Mr. Nienaber indicated that since the piece of equipment exceeds \$20,000.00 we would need to advertise for bids. Commissioner Givin inquired if the Grant County Sanitary Sewer District purchase this piece of equipment in conjunction with the District, the cost would be under \$20,000.00 if it was shared on the basis of one-half each. Mr. Nienaber opined that nonetheless, it would have to be advertised for bid unless the purchase of the equipment needs to be made on an emergency basis. Mr. Catlett indicated that he was certain if the District did not act on this piece of equipment immediately someone else would purchase it. Assistant Superintendent Catlett indicated that it was definitely his recommendation that the District purchase the generator in connection with the Grant County Sanitary Sewer District. Mr. Catlett reported that the generator could be placed on an axle and stored at the water treatment plant for easy transportation to the sanitary sewer treatment plant if there was a power shortage. Commissioner Givin has stated that it was his opinion that the District needs to purchase this piece of equipment in conjunction with the Grant County Sanitary Sewer District immediately that in fact an emergency situation does exist. He indicated that we are quickly approaching tornado season. Moreover, in light of the recent extreme inclement weather conditions that we have faced, power shortages are becoming all too frequent in the Greater Cincinnati area. Moreover, Commissioner Givin indicated that the District has been investigating the purchase of a piece of equipment such as a portable generator for several months. Mr. Catlett reported that over the last few months he has received no comparable offers of equipment and that this piece of equipment by far and away represents the most favorable that he has found to date. A considerable discussion followed. After discussion, Commissioner Givin indicated that he believed an emergency situation presented itself in this particular case and that the portable generator should be purchased immediately. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the District purchase the 2004 350 kw portable generator for a price not to exceed \$39,600.00 (which includes shipping) provided the Grant County Sanitary Sewer District contributes one-half of the cost not to exceed \$19,800.00. As an emergency situation exists, the District is hereby authorized to purchase the generator without going through the public bidding process."

2. Mr. Catlett reported that he has followed up on the purchase of a security system and surveillance cameras for the District Headquarters. Mr. Catlett reported that he has received a bid for a 6 camera surveillance system. The cost is approximately \$2,595.00. He also received a bid for a keypad entry system at the Headquarters for approximately \$1,000.00. Mr. Catlett reported that since the District is storing a considerable amount of copper and brass products at

MINUTES
MARCH, 2008 MEETING
(PAGE 6)

the Headquarters, the District is becoming a more attractive target for theft and vandalism. Additionally, Mr. Catlett reported that with the storage of equipment, trucks, etc., we are also becoming a more attractive target for the theft of petroleum related product. Mr. Catlett stated that having a surveillance camera system in place and a keypad alarm system would definitely deter would be vandals and thieves. As the Grant County Sanitary Sewer District would receive some benefit for this equipment, it was Mr. Catlett's recommendation that the Grant County Sanitary Sewer District contribute one-third of the cost. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the District purchase a 6 camera surveillance system and keypad alarm system for the District at a cost not to exceed \$4,000.00 provided the Grant County Sanitary Sewer District agrees to contribute 1/3 of the cost."

The next order of business was a report by Office Manager Paula Massie as follows:

1. Paula Massie reported that a meeting has been scheduled with Carryn Lee at the District Headquarters for April 14, 2008 at 1:00 p.m. The purpose of this meeting is to review financial data for filing the rate increase Application with the PSC. Paula invited any of the Commissioners who wanted to attend.

2. Paula Massie reported that the District is facing a \$50,000.00 to \$70,000.00 shortfall for operating expenses the month of March, 2008. She indicated that she wanted to draw on our existing line of credit or to cash in Certificates of Deposit to cover this shortfall. She indicated that a short term Certificate of Deposit with the Bank of Kentucky in the amount of \$38,047.00 would be available. In addition, there is a \$300,000.00 line of credit (with a current 0 balance) with Forcht Bank. Paula Massie asked for direction from the District as to where she should take money from for operating expenses. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

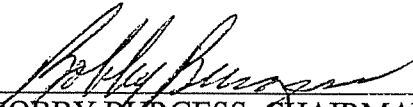
"RESOLVED: that Paula Massie be and she is hereby authorized to withdraw from the line of credit account with Forcht Bank, the sum of \$75,000.00 to meet operating expenses."

3. Paula Massie reported that the next meeting is scheduled for April 17, 2008 at 1:00 p.m.

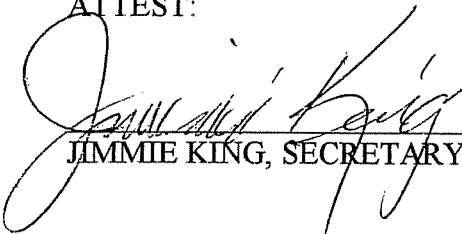
There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

MINUTES
MARCH, 2008 MEETING
(PAGE 7)

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
APRIL, 2008 MEETING**

The April, 2008 meeting of the Bullock Pen Water District was called to order on April 17, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle , Assistant Office Manager Gail Bowling and Attorney Thomas R. Nienaber.

The first order of business was a review of the March, 2008 Minutes. Upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the March, 2008 Minutes be approved as presented."

The next order of business was a review of the profit and loss statement and warrants for March, 2008 as attached. After discussion, upon motion of Billy Frank Simpson and second by Chuck Givin, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for March, 2008 be approved as presented."

The next order of business was a review of the Engineering Qualification Review Committee Minutes. A copy of the Minutes was distributed to the Commissioners and Committee Members. After discussion, upon motion of Committee Member Chuck Givin and second by Committee Member Bobby Burgess, it was unanimously,

"RESOLVED: that the Minutes of the Engineering Qualification Review Committee be accepted as presented."

The next order of business was a report by Engineer Kerry Odle as follows:

1. Mr. Odle presented Change Order No. 3 for the Phase XI Construction Project. This Change Order extends the construction period 93 days due to inclement weather. Kerry Odle reported that this Change Order is in order and should be approved. After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

"RESOLVED: that Change Order No. 3 for the Phase XI Project extending the construction period 93 days be approved as attached."

2. Mr. Odle reported that the cleanup on the Phase XI Project is now underway and should be completed in the near future. Everything is moving smoothly on this project.

MINUTES
APRIL, 2008 MEETING
(PAGE 2)

3. Mr. Odle gave a report on the Phase VI Project. The plans and engineering specifications are about 95% complete. Easements on the Kenton County portion of the project are also 95% complete. Mr. Nienaber has been reviewing the easements and confirming them. Easements for the US 25 portion of the project are not yet complete but should be resolved in the very near future. Otherwise, the Phase VI Project is moving along quite well.

4. Mr. Odle is reviewing plans for the pump station to be located at Bagby Road and US 25 with the property owner, Mr. Zalla. Mr. Odle indicated these should be completed in the next week or so. The property owner, Mr. Zalla, is being very cooperative in accommodating the District in locating the pump station on his property. Mr. Nienaber requested that as soon as the legal descriptions were completed on this easement, that he receive them as soon as possible for preparation and execution.

5. Mr. Odle reported that he has been unable to locate any grant monies for the Phase VI Project. As a result, the project will have to be funded completely from KIA loans. Mr. Odle reported that he will continue to investigate the possibility of obtaining a grant. Chairman Burgess indicated that he is working on finding grants for this project as well. Mr. Nienaber inquired as to what the surcharge might be. Kerry Odle indicated that it was still too early to identify precisely what the surcharge would be. Currently, it appears that the surcharge will probably be somewhere around \$10.00.

Chairman Burgess indicated that it is time that we schedule a public meeting for the Phase VI Project. The Commissioners discussed the best time to schedule that meeting. Gail Bowling stated that the Piner School is available but dates in May are a little more difficult to obtain due to the school schedules. The Commissioners unanimously agreed that early May would be the best time to schedule the meeting. Gail Bowling was instructed to call Piner School as soon as possible and attempt to schedule a meeting for the first week in May, 2008. Mr. Nienaber indicated that once a date is obtained, we should notify NKWD representatives immediately for their participation.

Mr. Odle reported that he is attempting to secure lower interest rates for the Phase VI Project through KIA; however, it does not appear as though the rate will be lower than 3%.

6. Mr. Odle submitted an invoice in the amount of \$1,447.15. After discussion, upon motion of Billy Frank Simpson and second by Chuck Givin, it was unanimously,

"RESOLVED: that the CMW, Inc. invoice in the amount of \$1,447.15 be paid as presented."

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

MINUTES
APRIL, 2008 MEETING
(PAGE 3)

1. Mr. Nienaber shared with the Commissioners a summary of the Joint Meeting held between NKWD and District representatives on April 11, 2008.

Mr. Nienaber distributed to the Commissioners Minutes of that proceeding (see attached). Mr. Nienaber reported that the meeting went very well with NKWD representatives. In summary, there were three issues which Richard Harrison noted with respect to the construction plans for the Phase VI Project. Those three items were: (a) backfill material; (b) easement width; and (c) the use of 6 inch pipe. As indicated in the Minutes of the Joint Meeting, it does not appear as though those issues will present a problem for this project. Mr. Odle is in the process of scheduling an inspection of the Phase VI area with Richard Harrison. Kerry Odle will report on the results of that meeting. Chairman Burgess indicated in addition to the Minutes, one other topic had been discussed at the Joint Meeting. Chairman Burgess noted that NKWD representatives wanted to have a two-way meter installed at the new meter pit on US 25. Chairman Burgess explained that NKWD representatives raised this issue for the possibility of either purchasing water from the District or allowing a loop flow of water between the two systems. Kerry Odle and Superintendent Catlett reported that there would be no problem with putting in a two-way meter, however, there will be additional costs. Chairman Burgess noted that if there is any additional cost for this meter, it should be paid for by NKWD. Kerry Odle indicated that he would follow up with NKWD representatives regarding that issue.

2. Mr. Nienaber inquired as to the status of the Rate Increase Application. Gail Bowling indicated that Carryn Lee visited the office on April 14, 2008 to gather documents for preparation of the Rate Increase Application. Gail Bowling indicated that Carryn Lee was pleased with the condition of the District's records and that the Application process is moving along. Mr. Nienaber inquired as to when the Application would be ready. Gail Bowling indicated that Carryn Lee was having medical problems and that the Application may be delayed somewhat. Chairman Burgess and Commission Givin commented that it is imperative that the Application process move quickly in that we are in need of additional revenues for operating funds. Gail Bowling indicated that she would follow up with Carryn Lee to determine a filing schedule.

3. Mr. Nienaber reported that the Water Purchase Agreement with NKWD has been approved by the Public Service Commission effective February 1, 2008. Mr. Nienaber presented to the District a signed copy of the approved Water Purchase Agreement entered with the PSC on April 10, 2008.

4. Mr. Nienaber reported that representatives of NKWD have requested various documents for the upcoming Phase VI Project. Mr. Nienaber indicated that he has forwarded to NKWD the proposed Water User Agreement for the Phase VI Project; a sample Water Line Easement; and sample Surcharge Brochure. Mr. Nienaber reported that NKWD representatives asked to see these documents for possible use in their future project.

MINUTES
APRIL, 2008 MEETING
(PAGE 4)

5. Mr. Nienaber gave a report on the status of the Dam Remediation Project. Mr. Nienaber distributed to the District a copy of his Memorandum memorializing an April 15, 2008 phone conversation between Charles Bush, Kentucky Department of Fish and Wildlife Resources, and Mr. Nienaber. In summary, Mr. Nienaber reported that the easement signature process for the Dam Remediation Project is not moving as quickly as state representatives had hoped. Mr. Bush indicated that at this time a public meeting would probably be in everyone's best interest. Mr. Nienaber indicated that Charles Bush inquired as to whether or not the District would be able to assist the state in organizing and presenting that meeting. A discussion followed. A venue for this meeting was discussed. Chairman Burgess indicated that Verona School would probably be the best location. Commissioner Givin indicated that the Lloyd Wildlife Reserve facility could also be used. Mr. Nienaber commented that the more convenient the venue, the more likely we would get greater citizen participation. Chairman Burgess inquired of the Commissioners as to what level of participation and support we would have for this project. The Commissioners unanimously agreed that the District should do anything in its power to assist in completing this project. After discussion, upon motion of Charles Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the District cooperate with the Kentucky Department of Fish and Wildlife Resources to schedule and participate in the presentation of a public meeting regarding easements signups and distribution of information regarding the Dam Remediation Project. IT IS FURTHER RESOLVED: that the District provide any support possible to assist the Kentucky Department of Fish and Wildlife Resources in the Dam Remediation Project."

6. Mr. Nienaber reported that he has heard from Jeff Shipp regarding the City of Williamstown water quality issue. Mr. Nienaber reported that Jeff Shipp indicated he would be getting back to him in the very near future with a firm answer from the City of Williamstown as to what amount of money they would reimburse the District.

7. Mr. Nienaber gave a report on the status of the Water Purchase Agreement negotiations with Boone County. Mr. Nienaber reported that he has received from David Koenig, counsel for Boone County, an April 7, 2008 letter indicating that the City of Cincinnati has agreed to allow the Boone County Water District to sell wholesale water to the District. Mr. Koenig reported preliminary approval has been given, however, formal approval has not yet been accomplished. Mr. Koenig indicated that due to the nature of this Agreement, a City Ordinance will have to be enacted approving this arrangement. Mr. Koenig indicated this would require two publications and other procedures regarding the adoption of resolutions by municipalities. While this may delay the formal approval, Mr. Koenig indicated that there should be no problem with

MINUTES
APRIL 18, 2008 MEETING
(PAGE 5)

the District moving forward in contract negotiations. Mr. Nienaber also shared with the District CMW, Inc.'s letter dated April 16, 2008. The purpose of this letter was in response to the Boone County Water District's request for information regarding storage capabilities of the District in the area to be serviced by Boone County Water. Mr. Nienaber indicated that the Water Purchase Agreement between Boone County and the City of Cincinnati requires that Boone County maintain a minimum 80% storage capability representing 80% of the average daily purchase from the City of Cincinnati. Mr. Koenig indicated that the sale of water to the District may bring Boone County under that 80% storage capability requirement. Mr. Odle's April 16, 2008 correspondence establishes the District's storage capabilities within the area serviced by Boone County Water. Mr. Nienaber indicated that in his conversations with David Koenig it was agreed that this should not be a problem.

8. Mr. Nienaber presented an invoice for general services in the amount of \$1,781.25. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the invoice of Thomas R. Nienaber in the amount of \$1,781.25 be paid as presented."

The next order of business was a Superintendent's Report as follows:

1. Assistant Superintendent Catlett reported that the generator has been delivered. Installation should be operational within the next few days.
2. Assistant Superintendent Catlett reported that the security system has been ordered and should be installed in the next 30 days.

The next order of business was a report by Gail Bowling as follows:

1. Gayle Bowling indicated that Paula Massie had requested authority to borrow against the Line of Credit with Forcht Bank for operating expenses as needed. A discussion followed. Chairman Burgess indicated that due to the cash flow issues facing the District, the filing of the Rate Increase Application should be accomplished as soon as possible. Gail Bowling once again indicated that she would contact Carryn Lee to establish a filing schedule. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that Paula Massie is authorized to draw down on the Line of Credit with Forcht Bank for the purpose of providing operating funds on an as needed basis."

MINUTES
April 21, 2008 MEETING
(PAGE 6)

2. Gail Bowling reported that the next meeting is scheduled for May 15, 2008 at 1:00 p.m.

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: *Bobby Burgess*
BOBBY BURGESS, CHAIRMAN

ATTEST:

Jimmie A. King
JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
MAY, 2008 MEETING**

The May, 2008 meeting of the Bullock Pen Water District was called to order on May 15, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle , Office Manager Paula Massie and Attorney Thomas R. Nienaber.

The first order of business was a request of Mr. Greg Winholt, owner of 465 Cash Drive, Williamstown, Kentucky. In late March, 2008, Mr. Winholt discovered a water leak at his lake house located on Williamstown Lake. Mr. Winholt reported that there was substantial damage to his summer home, including mold, flooding, furniture damage, etc. Mr. Winholt reported the damage and loss to his insurance company which was denied. Apparently, in March, 2008, a water pipe burst inside Mr. Winholt's summer home. The records reflect that the District terminated water service at the Winholt home in December, 2005. Mr. Winholt was not billed for water since that date nor has the water been turned back on by the District since December, 2005. Commissioner Givin calculated during the time that the summer home was occupied since December, 2005, the average usage was approximately 8,000 per month. Mr. Winholt reported that a rule for using the summer home was that the water be turned off at a shutoff valve located near the house foundation. When a user of the summer home would leave, it was customary practice that the water would be turned off at the valve leading into the house. Assistant Superintendent Catlett reported that apparently after the District had turned off the water for the resident at the meter in December, 2005, someone had returned to the meter and turned it back on without authorization by the District. Mr. Winholt believed that at the end of the summer season, 2005, the last person to use the summer home failed to turn the water off or someone used the summer home without authorization. In any event, the water was not turned off at the meter or at the house foundation and the water pipe burst during the early months of 2008. Mr. Winholt was requesting that the water bill of \$3,846.15 be abated or eliminated. Mr. Nienaber inquired as to whether the PSC regulations regarding notification of a property owner for excessively high water usage was complied with. Assistant Superintendent Catlett and Paula Massie indicated that Mr. Winholt informed the District of the water leak prior to sending out any bill. Again, Paula Massie noted that the resident had not been billed for water since December, 2005 when it was shut off. In any event, the District took immediate action as soon as the leak was discovered. Chairman Burgess suggested to the Board that he and Paula Massie review the situation and report at the next meeting with any formal recommendation as to what action the District might take. A considerable discussion followed. Commissioner Givin stated that under the circumstances, he did not believe that abatement or relief should be granted. The other Commissioners agreed. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

MINUTES
MAY, 2008 MEETING
(PAGE 2)

"RESOLVED: that no reduction in the water bill for 465 Cash Drive, Williamstown, Kentucky be given and that the customer be required to pay the balance at the rate of \$160.25 per month until the full balance is paid. Mr. Nienaber is hereby directed to forward a letter to the customer explaining the District's position. A copy of the District Tariff relating to relief from water bills due to water leaks should be provided the customer."

The next order of business was a presentation by the Hon. Darrell Link, Grant County Judge Executive. Judge Link reported that during the last General Assembly, the Kentucky Legislature allocated \$50,000.00 to the Grant County Fiscal Court for water line projects. This money will become available July 1, 2008. Judge Link suggested that the money be applied to the Heekin Clarks Creek Road Water Line Extension Project. Judge Link indicated that it was his understanding that approximately one mile of line is yet to be laid on that road. Superintendent Catlett reported that currently the District is draining lines and discharging water in that area due to the low number of customers. Superintendent Catlett reported that construction of an additional one mile of line in that area would probably result in more water being discharged by the District. Commissioner Givin suggested that the District install lines smaller than 6 inches to help reduce that problem. Kerry Odle reported that in that area, C-900 or Class 250 PVC pipe be used. After discussion, it was recommended that Kerry Odle prepare an engineering analysis for this water line extension and report at the next meeting.

Judge Link next commented on a request made by Chairman Burgess for additional monies to help fund the US 25/Bagby Road Pump Station. Judge Link indicated that there were no monies available through the last Kentucky Legislature. Judge Link did report that had he known earlier that monies were necessary for this project, he would have attempted to obtain additional grants.

The next order of business was a report by Mr. John Chamberlin, Audit Manager for VanGorder, Walker & Co., Inc. to review the District's Annual Audit. Mr. Chamberlin reported that the Audit Opinion is an unqualified Opinion which represents the highest level of assurance given. Overall, Mr. Chamberlin reported that the District had a very good Audit. There were no elements of financial reporting or operations that represented material weaknesses according to GAS. Mr. Chamberlin did report one issue involving the lack of segregation of duties which was a deficiency but not a material deficiency. At page 6 of the overview of the Financial Performance Report, Mr. Chamberlin recommended changes in the receipt and processing of revenues which could address the issue of internal controls. Mr. Chamberlin reviewed with the District, the revenue and expense trends since 2004. At page 12 of the overview, Mr. Chamberlin reported that the District's expenses were increasing at a greater rate than the District's Revenues. It was suggested that the District maintain a close watch on this trend to insure that it does not continue at its current pace. As Mr. Chamberlin reported this trend does cause him a little

MINUTES
MAY, 2008 MEETING
(PAGE 3)

"nervousness". Chairman Burgess reported to Mr. Chamberlin that the District is currently in the process of obtaining an approximate 18% rate increase which should have some effect on this trend. The Commissioners also indicated they would review operation expenses.

After discussion, Chairman Burgess requested that all of the Commissioners review the Audit Report for final action at the next meeting.

The first order of business was a review of the April, 2008 Minutes. Upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the April, 2008 Minutes be approved as presented."

The next order of business was a review of the profit and loss statement and warrants for April, 2008 as attached. After discussion, upon motion of Jimmie King and second by Chuck Givin, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for April, 2008 be approved as presented."

The next order of business was a request by Paula Massie for the District to extend the Forcht Bank line of credit for an additional term. Paula Massie reported that the line of credit expired May 3, 2008. Forcht Bank had submitted to the District a Renewal Agreement as attached. Mr. Nienaber indicated that this was standard procedure for the bank and that there is no problem with extending the line of credit. After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

"RESOLVED: that the District, by and through its authorized agent, extend the Forcht Bank line of credit account and that Chairman Burgess be and he is hereby authorized to execute any and all documents, including the attached Renewal Statement, to effectuate that line of credit extension."

Chairman Burgess submitted to the Commissioners a letter from the Public Service Commission dated May 9, 2008 regarding a Public Hearing that would be held at the Public Service Commission regarding Title 807, Kentucky Administrative Regulations, Chapter 5. This letter offered representatives of the District the opportunity to attend a Public Meeting to discuss various amendments to Title 807 Kentucky Administrative Regulations. Chairman Burgess indicated that he may attend that meeting.

The next order of business was a report by Kerry Odle as follows:

MINUTES
MAY, 2008 MEETING
(PAGE 4)

1. Mr. Odle reported that the Contractor is doing final cleanup work on the Phase XI Project. Due to the weather, the Arnolds Creek line extension is a mess. There are other issues on the project regarding clean up. Chairman Burgess and Superintendent Catlett reported that there are "settlement" issues on the lines. Apparently, the contractor is not mounding dirt in the areas where water lines are being installed. Due to the settling of the dirt, there are significant holes. Kerry Odle reported he would have the on-site superintendent Mr. Tatum to look into this matter.

2. Kerry Odle submitted Pay Request No. 7 for the Phase XI Project in the amount of \$45,054.99 as attached. Mr. Odle reported that this Pay Request No. 7 is in order and should be approved. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RSEOLVED: that Pay Request No. 7 for the Phase XI Project in
the amount of \$45,054.99 be approved as submitted."

3. Kerry Odle reported on the Phase VI Water Line Meeting which occurred at Piner Elementary School. Mr. Nienaber also reported on that meeting as well. Overall, the turnout was excellent. Approximately 225-250 people attended. Mr. Nienaber reported that overall, the meeting was well accepted by the residents. Everyone seemed to be very excited about the water line project. Mr. Nienaber reported that the possible surcharge was one area of concern for the residents. While the District was hesitant to project the amount of the surcharge, the residents wanted the District to identify within reason what the surcharge may be. Mr. Nienaber indicated that the audience was informed that the surcharge could be between \$20.00 and \$25.00. He also informed the residents that amount was an estimate only. This did not seem to be a major issue with the residents in the area. Paula Massie reported that as of May 15, 2008, there have been 36 signups. Kerry Odle reported that it would be best for the project that 180 people sign up for water. Mr. Odle reported that of the 110 easements, approximately 30 have been signed and returned to the District. Engineering plans for the Phase VI Project are currently in the final stage of review for completion. Chairman Burgess reported that he is continuing his search for grant monies on this project. Chairman Burgess reported that he has been calling various legislatures to see if any monies would be available.

Kerry Odle reported that he had completed his Phase VI line inspection with Richard Harrison from the Northern Kentucky Water District. Kerry Odle reported this was simply a meeting whereby NKWD was requesting various information on the Phase VI Project. Mr. Harrison also inquired as to various procedures employed by the District on past water line extension projects, including the use of easements, back filling procedures and the like.

MINUTES
MAY, 2008 MEETING
(PAGE 5)

Chairman Burgess indicated that perhaps a second meeting with Phase VI residents would be in order. Paula Massie reported that she had received a number of phone calls from residents who wanted to know what the deadline was for submitting their Water User Agreement and tap-in fee check. Chairman Burgess and the Commissioners unanimously acknowledged that it would be best to have a deadline so that residents would have some objective criteria for signing up and participation in the Phase VI Project. After discussion, it was determined that July 7, 2008 should be the deadline for residents to participate in the Phase VI Project. Paula Massie was instructed to inform residents on the Phase VI Water Line Extension Project that they should have their Water User Agreement and tap-in fee to the District no later than that date. Chairman Burgess suggested that we wait and see how this deadline would effect signups. If signups are not going at a better rate than currently, Chairman Burgess recommended that the District schedule a second meeting. It was determined that a wait and see approach should be maintained with respect to scheduling a second meeting.

4. Kerry Odle reported that the Zalla Easement is currently being negotiated. Mr. Nienaber indicated (see attached correspondence) that he spoke with Mr. Zalla regarding the execution of an Easement. Mr. Nienaber reported that the land owner is not requiring free water as previously stated. However, Mr. Zalla is requesting that the District pay for the easement. Mr. Nienaber reported that it is perfectly reasonable for Mr. Zalla to request some type of payment for the pump station easement in that this easement creates a significantly greater burden on his property versus a regular water line easement which runs parallel to a project road. Mr. Zalla requested that the sum of \$2,000.00 be paid for the easement. Mr. Nienaber reported the formal procedure for payment of an easement would be to have real estate appraisals made to insure that the amount requested is reasonable. Mr. Nienaber reported that under the circumstances, the District should go ahead and enter into an Agreement with Mr. Zalla to pay \$2,000.00 for the easement without benefit of an appraisal. Mr. Nienaber reported that under the circumstances, the cost of appraisals and related expenses would exceed the amount being requested for the easement. Mr. Nienaber asked that Kerry Odle prepare the final drawings for the easement so that the easement could be prepared for signature. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the District offer to Mr. Zalla the sum of \$2,000.00 representing payment for the easement of the pump station to be located at the intersection of Bagby Road and US Highway 25. The District is hereby authorized to execute any and all documents, including easements to conclude that matter. The District is hereby authorized to issue a draft to Mr. Zalla in the amount of \$2,000.00 representing payment therefore."

Mr. Odle submitted a general invoice for CMW, Inc. in the amount of \$1,016.13. After discussion, upon motion of Jimmie King and second by Andrea Walton, it was unanimously,

MINUTES
MAY, 2008 MEETING
(PAGE 6)

"RESOLVED: that the invoice for CMW, Inc. in the amount of \$1,016.13 be approved as presented."

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that the City of Florence is continuing the process of obtaining authority through Resolution and Ordinance to enter into a Water Purchase Agreement with Boone County Water District. As Mr. Nienaber reported earlier, the City of Florence will need to approve the Boone County Water District's sale of water to the District. Once that approval is obtained, the District can then begin negotiations to finalize a Water Purchase Agreement with the Boone County Water District. Mr. Nienaber will report at the next meeting.

2. Mr. Nienaber reported that he had received various documents from Carryn Lee regarding the Rate Increase Application to be filed with the PSC. Mr. Nienaber indicated that upon receipt of the proposed rate increase numbers, he discovered that the rate to be requested as contained in Carryn Lee's Report represented a 13% to 15% increase in water rates. Mr. Nienaber reported that he had a long discussion with Carryn Lee indicating that those proposed rate increases were low. Mr. Nienaber learned in his phone conversation with Carryn Lee that she had failed to consider the DWSRF Loan for the Phase VI Project and failed to properly include the recent rate increase of NKWD. Mr. Nienaber reported that Carryn Lee would rework her numbers and report back as soon as possible. Mr. Nienaber indicated that he had requested a meeting with Carryn Lee (by phone or in person) in order to review the numbers regarding the amount of rate increase. Carryn Lee reported that she was on vacation this week and would get back to the District upon her return.

3. Mr. Nienaber reported on the status of the Dam Remediation Project. Mr. Nienaber reported he had spoken with Charles Bush from the Division of Fish and Wildlife regarding the status of this project. There has been no formal movement toward scheduling a meeting with residents, however, Charles Bush, indicated that the Department is, in fact, intending to have such meeting. Mr. Nienaber indicated that he had continued to tell the Department that the District is willing to cooperate in any way possible to schedule such a meeting. Assistant Superintendent Catlett also reported that he had various discussions with Charles Bush regarding the dam project. Mr. Bush indicated that the District could withdraw up to 1,100,000 gallons of water a day during the dam construction project in an effort to keep water levels down during construction. Assistant Superintendent Catlett also discussed various issues with Mr. Bush regarding the District intake valves to be constructed, water levels and similar issues.

4. Mr. Nienaber has nothing to report with respect to the District's request for reimbursement by the City of Williamstown for water notification charges.

MINUTES
MAY, 2008 MEETING
(PAGE 7)

5. The next order of business was a discussion of the District's constructing a website. Mr. Nienaber reported that Chairman Burgess and Assistant Superintendent Catlett had discussed a website for the District during the return trip from Frankfort. Everyone agreed that constructing a website for the District would be beneficial. It was suggested that the District contact the Grant County Judge Executive's office to see who constructed the Grant County's website. It was also suggested that the District inquire from any other source as to what the possible cost of constructing a website would be. Mr. Nienaber submitted to all Commissioners a list of items that he believes should be included on the website. The Commissioners were asked to review that list and supplement it for discussion at the next meeting.

6. Mr. Nienaber reported that Carryn Lee had prepared a Tariff compilation of the existing Tariff, Rules and Regulations of the District. Ms. Lee has requested that when we file for our Rate Increase, we also file for any and all other changes to the Rules and Regulations which the District may deem appropriate. Mr. Nienaber has distributed to all of the Commissioners a compilation of the existing and current Rules and Regulations of the District. Mr. Nienaber requested that the Commissioners review these existing Rules and Regulations with the intention of discussing them at the next meeting. Any changes, alterations or additions to the Rules and Regulations of the District should be discussed at the next meeting.

The next order of business was a report by Office Manager Paula Massie.

1. Ms. Massie distributed information regarding the ICARE Program. Ms. Massie reported under this program she could submit a request for a partial refund of premiums paid. Ms. Massie reported that based upon the number of employees in the District receiving healthcare insurance, the refund would be approximately \$900.00. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the District, by and through Paula Massie, submit any and all applications and sign any and all other documentation to participate in the ICARE Program."

2. Ms. Massie reported that the next meeting is scheduled for June 19, 2008 at 1:00 p.m.


3. Ms. Massie requested from the District authority to transfer the Forcht Bank Certificates of Deposit in the amount of \$116,751.25 to the Revenue No. 3 Account. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the District, by and through Paula Massie, be authorized to transfer the Forcht Bank Certificates of Deposit in the amount of \$116,751.24 to the Revenue No. 3 Account."

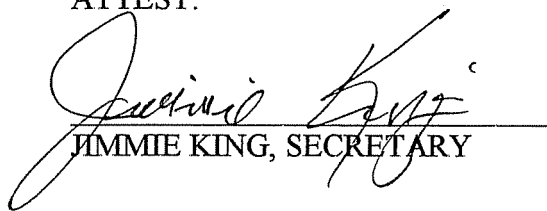
MINUTES
MAY, 2008 MEETING
(PAGE 8)

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
JUNE, 2008 MEETING**

The June, 2008 meeting of the Bullock Pen Water District was called to order on June 19, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Office Manager Paula Massie and Attorney Thomas R. Nienaber. Secretary Jimmie King was absent.

The first order of business was a presentation by Ms. Carryn Lee regarding the upcoming Rate Increase Application to be filed with the PSC. Ms. Lee distributed to the Commissioners a draft of the Rate Increase Application ("Application"). Ms. Lee also provided a Summary of the Test Year Income and Expenses as attached. Ms. Lee also provided a Summary of Proposed Revenue. Based upon the Test Year Income Expenses, Ms. Lee recommended the water rate adjustments as set forth in the attached Notice. The proposed rates are:

<u>Increments</u>	<u>Proposed Rates</u>	<u>Current Rates</u>	<u>Percentage Increase</u>
First 2,000	\$23.75	\$18.28	30
Next 3,000	\$ 6.92	\$ 6.15	13
Next 5,000	\$ 6.45	\$ 5.54	18
Next 10,000	\$ 6.32	\$ 4.93	28
Over 20,000	\$ 5.55	\$ 4.31	29

Ms. Lee reported that her calculations are based upon a Phase VI \$20.00 surcharge. Ms. Lee was informed that the surcharge should be recalculated at \$25.00. It does not appear as though that will change the proposed rate increase schedule. Ms. Lee will be provided a copy of the District's official Annual Audit Report which will be approved later at the meeting, as soon as it is available from the auditor. This Audit Report is for year end December 31, 2007. Ms. Lee indicated that she had received the request for additional information from the PSC that was forwarded to her by Mr. Nienaber. Mr. Nienaber provided to Ms. Lee Resolutions of Grant and Boone Counties authorizing the monthly Commissioners' fees. Carryn Lee proposed that everyone at the District review the proposed Application and get back to her with any changes or modifications on or before Friday, June 27, 2008. Ms. Lee will make any modifications to the Application. Ms. Lee provided Mr. Nienaber a Public Notice which needs to be published for three consecutive weeks. Once the Application is filed with the PSC, Mr. Nienaber will follow up.

Mr. Nienaber inquired as to the status of the collection of data and information requested by the PSC in the First Request for Additional Information. Paula Massie indicated that she has been working with Carryn Lee and would provide that information.

Ms. Lee indicated that if the Application is filed with the PSC on or about July 1, 2008, an answer should be received from the PSC as to the rate increase around December 1, 2008. Ms. Lee indicated that she would follow up with Paula regarding the filing of the Application during the week of June 22, 2008.

MINUTES
JUNE, 2008 MEETING
(PAGE 2)

The next order of business was a review of the May, 2008 Minutes. Upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the May, 2008 Minutes be approved as presented."

The next order of business was a review of the profit and loss statement and warrants for May, 2008 as attached. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for May, 2008 be approved as presented."

The next order of business was a review of the Annual Audit for the year end December 31, 2007 prepared by VanGorder, Walker and Company. Chairman Burgess inquired of the Commissioners if any comments, changes or revisions were needed. All of the Commissioners were in agreement with the Audit Report. After discussion, upon motion of Andrea Walton and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the year end Audit Report for December 31, 2007 as submitted by VanGorder, Walker and Company be and the same is hereby approved and accepted as filed."

The next order of business was a report by Paula Massie regarding James Samuels, 211 Bingham Lane, Crittenden, Kentucky. Paula Massie and Assistant Superintendent Catlett reported that Mr. Samuels had called the District with complaints about standing water in his yard. Mr. Samuels claims that the standing water is the result of construction work done on or near his property by the District. A discussion was held. Commissioner Givin asked as to whether or not Mr. Samuels was going to appear at the meeting. Paula Massie indicated that Mr. Samuels said he would probably be at the meeting. After discussion, Chairman Burgess recommended that the matter be tabled until Mr. Samuels appears at a meeting.

The next order of business was a report by Kerry Odle as follows:

1. Mr. Odle reported that the Phase XI Project should be completed by the weekend on Burgess Road and Salem Creek. The contractor will then move to Heekin Clarks Creek Road by the following week. Kerry Odle reported that the contractor is doing a good job overall. Once Heekin Clarks Creek Road is complete, only Jameson Road would be left on the project.
2. Mr. Odle presented Pay Request No. 8 for the Phase XI Project in the amount of \$59,966.47. This pay request is for payment to Furnish Contracting in the amount of

MINUTES
JUNE, 2008 MEETING
(PAGE 3)

\$53,004.51; CMW, Inc. payment in the amount of \$3,211.96; and reimbursement to Bullock Pen Water District in the amount of \$3,750.00. Mr. Odle reported that this pay request is in order and should be approved. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that Pay Request No. 8 in the total amount of \$59,966.47 be paid as presented."

3. Mr. Odle submitted Change Order No. 4 for the Phase XI Project which adds an additional 28 days to the project completion schedule. This would provide for a final construction date of July 5, 2008. Mr. Odle reported that this Change Order is in order and should be approved. After discussion, upon motion of Andrea Walton and second by Chuck Givin, it was unanimously,

"RESOLVED: that Change Order No. 4 for the Phase XI project be approved as presented."

4. Mr. Odle presented Change Order No. 5 for the Phase XI Project which adds 15 days to the completion time on the contract thereby extending the construction deadline to July 20, 2008 and adding \$63,220.00 to the contract for the inclusion of Jameson Road. Mr. Odle reported that these change orders are in order and should be approved. After discussion, upon motion of Andrea Walton and second by Chuck Givin, it was unanimously,

"RESOLVED: that Change Order No. 5 for the Phase XI Project be approved as presented."

5. Mr. Odle presented to the Commissioners a proposed bid received for the 4,200 foot water line extension on Heekin Clarks Creek Road. Mr. Odle reported that Furnish Contractors submitted two bids, \$55,045.00 for a 6 inch line and \$46,045.00 for a 4 inch line. Mr. Odle reported that the construction bids are too high and he recommended that they be rejected. Mr. Odle indicated that he would go back to the contractor and renegotiate a better construction price. Mr. Odle believes that since Furnish Contractors submitted such a low bid on the other portions of the Phase XI Project, his bid for this last minute extension addition is high. Kerry Odle will report at the next meeting.

6. Mr. Odle presented a letter to the Commissioners which was received from Grant County Judge Executive, Darrell Link, dated June 14, 2008. This letter addressed construction issues on the Heekin Clarks Creek Road Project. Kerry Odle indicated that the contractor has been made aware of this June 14, 2008 letter and that the construction project will require compliance therewith. Kerry Odle then raised the issue of whether or not 4 inch waterlines could

MINUTES
JUNE, 2008 MEETING
(PAGE 4)

be used on the Heekin Clarks Creek Project. Kerry Odle indicated due to the length of the line extension (approximately 4,200 feet) and only one customer, it would be in the District's best interest to install 4 inch rather than 6 inch lines. Kerry Odle reported that the growth potential in this area is minimal at best and it does not appear that 6 inches lines would be needed in the foreseeable future. Assistant Superintendent Catlett agreed with this assessment. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the Heekin Clarks Creek Road extension of approximately 4,200 feet use 4 inch waterlines rather than 6 inch waterlines due the unique and unusual circumstances regarding this particular project."

7. Kerry Odle reported that he had inspected the Phase XI Project with the contractor and has prepared a punch list. This punch list should be completed in the near future.

8. Kerry Odle next gave a report on the status of the Phase VI Project. He reported that the plans are now complete and will be reviewed by Assistant Superintendent Catlett in the upcoming week. Mr. Odle reported that easement signings for the project are very slow. In addition, Paula Massie reported that to date, there are only 52 signups for water service. The project needless to say, is not going as previously anticipated. Chairman Burgess solicited suggestions from the Commissioners as to how the project could be moved along. Kerry Odle suggested that perhaps the District send a letter to all of the homeowners in the area. Mr. Nienaber and Commissioner Givin raised the issue of having a second meeting. Chairman Burgess suggested that a letter be sent to the homeowners located within the Phase VI Project. It was recommended that a letter be mailed. The Commissioners made a few suggestions of items that should be included in that letter, including the following:

- A. The letter should be in a newsletter format outlining the "status" of the Phase VI Project.
- B. The newsletter should indicate that signups are going very slow. Paula Massie provided a list of signups by road. The breakdown should be included in the newsletter.
- C. The newsletter should indicate to the homeowners that the project is at risk in that if additional signups are not received quickly, the entire project or various roads in the project area could be eliminated.

MINUTES
JUNE, 2008 MEETING
(PAGE 5)

- D. Customers in the Phase VI area should be reminded that at the May meeting, a tentative deadline for signups and easement signing was established at July 7, 2008. Customers should be informed that this deadline is now upon us and participation has not met our objectives.
- E. Customers should be encouraged to sign up immediately and where easements are required, those individuals should come to the District's office to sign same.

It was recommended that Mr. Nienaber and Paula draft a "newsletter" for distribution to customers within the Phase VI area.

9. Kerry Odle gave a report on the status of the Zalla easement for the pump station to be located at the corner of Bagby Road and US 25. Mr. Nienaber indicated that Kerry Odle provided plans and drawings for the proposed station. Those have been forwarded to Mr. Zalla by Mr. Nienaber as attached. Mr. Nienaber indicated that he had spoken with Mr. Zalla. It appears as though Mr. Zalla is good to go with respect to the pump station easement. Mr. Nienaber will report as soon as he hears from Mr. Zalla.

10. Kerry Odle submitted a general invoice in the amount of \$976.91. Upon motion of Andrea Walton and second by Chuck Givin, it was unanimously,

"RESOLVED: that the general invoice of CMW, Inc. in the amount of \$976.91 be paid as presented."

The next order of business was a report by Counsel Thomas R. Nienaber:

1. Mr. Nienaber reported that he has not heard final word from the Boone County Water District regarding the status of the Water Purchase Agreement. Mr. Nienaber will report at the next meeting.

2. Mr. Nienaber reported that he has not yet heard from Mr. Charles Bush, Division of Fish and Natural Resources, State of Kentucky regarding the dam remediation project. Mr. Nienaber stated that the last he had heard from Charles Bush was that the Division of Fish and Wildlife wanted to schedule a public hearing as soon as possible. Mr. Nienaber reported that he has not yet heard from Charles Bush as to when the Division of Fish and Wildlife would like to schedule that meeting. Mr. Nienaber will follow up with Mr. Charles Bush.

3. Mr. Nienaber reported that he has not heard back from Mr. Jeff Shipp regarding the City of Williamstown water quality reimbursement issue.

MINUTES
JUNE, 2008 MEETING
(PAGE 6)

4. Mr. Nienaber reported on the status of the Zalla easement for the US 25 pump station (see above).

5. Mr. Nienaber indicated that he had sent a letter to Mr. Greg Winholt on May 16, 2008 regarding the District's position concerning his request for a water bill refund. Mr. Nienaber reported that he had spoken with Mr. Greg Winholt and had a lengthy discussion regarding the Board's position. Mr. Nienaber indicated that Mr. Winholt understood and appreciated the District's position but that he would graciously appreciate any and all other relief that the District could give Mr. Winholt. Commissioner Givin once again responded that under the circumstances, no additional relief should be granted other than that set forth in Mr. Nienaber's May 16, 2008 correspondence. All Commissioners agreed.

6. Mr. Nienaber presented two invoices in the amount of \$2,593.75. After discussion, upon motion of Andrea Walton and second by Billy F. Simpson, it was unanimously,

"RESOLVED: that the two invoices in the amount of \$2,593.75 be paid as presented."

The next order of business was a Superintendent's Report as follows:

1. Assistant Superintendent Catlett reported that a complaint had been received by Mr. King, a resident on US Highway 25 near Sherman and the Grant County School. Mr. Catlett reported that when the District began tapping into the live water main (C-900 pipe), the line exploded causing water to flood into Mr. King's garage and basement. Superintendent Catlett resolved the issue with the homeowner by paying him \$1,500.00. Mr. King complained that the school construction project is using dynamite and that it cracked his foundation. Assistant Superintendent Catlett indicated that as a result of that cracked foundation, water did invade Mr. King's basement at the time the water main broke. Assistant Superintendent Catlett indicated he had bermed some dirt around the residence of Mr. King in order to prevent further flooding. Assistant Superintendent Catlett indicated that any further damage which Mr. King may incur is not due to any action on the part of the District but rather on the part of the contractors who are working on the Grant County School project. Assistant Superintendent Catlett indicated that the District may have been partially at fault in the initial leak into Mr. King's basement when the waterline broke, however, since then the District has taken all preventative action to stop any further infiltration of water from the District. Superintendent Catlett indicated that the \$1,500.00 has been paid to Mr. King.

2. Assistant Superintendent Catlett indicated that Mr. Paul Harp had been working with the District as a co-op student over the last few months. Assistant Superintendent Catlett

MINUTES
JUNE, 2008 MEETING
(PAGE 7)

reminded the Board that several months ago he was authorized to hire two new employees. The second position for an entry level employee was never filled due to the fact that the job offer as made to two candidates was declined by both. Assistant Superintendent Catlett inquired of the Commissioners as to whether or not he could hire Mr. Paul Harp as an entry level employee. All rules regarding employee hiring would apply, including the six month probationary trial employment period. After considerable discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that Assistant Superintendent Catlett be and he is hereby authorized to employ to Mr. Paul Harp as an entry level employee for a six month probationary period at which time employment will be re-evaluated."

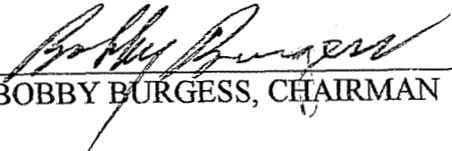
The next order of business was a report by Office Manager Paula Massie as follows:

1. Ms. Massie announced that the next meeting is scheduled for July 17, 2008 at 1:00 p.m.
2. Ms. Massie reported that she has filed the I Care Application with Anthem.
3. Ms. Massie reported that insurance renewals are coming up. Paula Massie requested of the Commissioners as to whether or not the District should advertise for insurance services. The Commissioners recommended that would be a good idea. It was suggested that Paula Massie obtain the insurance declaration page from the current insurance provider and prepare a bid specification package for potential insurer applications. It was recommended by Mr. Nienaber that the request for insurance bids be advertised in the *Kentucky Enquirer*. Commissioner Givin also recommended that the advertisement provide a date when all prospective applicants could be at the District in order to conduct a review of the assets and facilities of the District for preparation of the insurance bid package. Mr. Nienaber indicated that the District should send a personal notice to any insurance carriers in the area who have requested the opportunity to provide bids in the past. Mr. Nienaber also indicated that the District could send copies of the notice to local insurance providers, including but not limited to Chas. Bilz Agency; KACo; Wethington Insurance; Tri-City Insurance; Crawford Insurance; and the like.

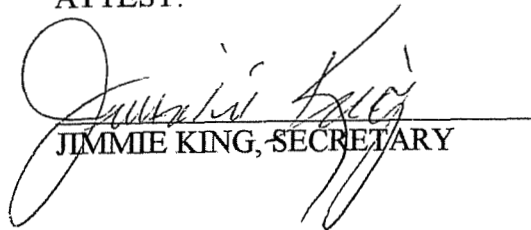
There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

MINUTES
JUNE, 2008 MEETING
(PAGE 8)

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
JULY, 2008 MEETING**

The July, 2008 meeting of the Bullock Pen Water District was called to order on July 17, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson and Charles Givin, Engineer Kerry Odle, Office Manager Paula Massie and Attorney Thomas R. Nienaber. Commissioner Andrea Walton was absent.

The first order of business was a review of the June, 2008 Minutes. Commissioner King indicated that the Minutes reflect that he was present at the June, 2008 meeting. Commissioner King recommended that the Minutes be modified to reflect that he was not present at the June, 2008 meeting. Otherwise, the Minutes appear to be in order. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the June, 2008 Minutes be approved as presented with the modification that they be changed to reflect that Commissioner King was absent."

The next order of business was a review of the profit and loss statement and warrants for June, 2008 as attached. After discussion, upon motion of Jimmie King and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for June, 2008 be approved as presented."

Paula Massie reported that she was contacted by Mr. James Samuels, 211 Bingham Lane, regarding various issues with the District. Paula Massie has not heard from him regarding his intentions to attend the July 17, 2008 Meeting. Chairman Burgess indicated that the issue be tabled until Mr. Samuels attends a meeting and addresses an issue he may have with the District.

The next order of business was a discussion of Nancy Wethington's request for water service. Paula Massie reported that Nancy Wethington inquired if she could obtain water service at 205 East Rogers Road. Ms. Wethington lives approximately 2/10ths of a mile from the end of Rogers Road line. Paula Massie indicated to Ms. Wethington that if she wants water service she should attend a District meeting and make a formal request. Paula Massie reported that she had briefly explained with Ms. Wethington the process of obtaining water service. There is an issue as to whether or not Ms. Wethington is located in the authorized and approved territory of the District. Paula Massie reported that Ms. Wethington lives in Pendleton County. Kerry Odle reported that it is his opinion that the Wethington residence is located within the approved territory of the District. After discussion, Chairman Burgess suggested that Paula Massie request Ms. Wethington to attend a meeting to present her case to the Commissioners.

MINUTES
JULY, 2008 MEETING
(PAGE 2)

The next order of business was a discussion of Kentucky Rural Water Association Technical Conference and Exhibition scheduled for August 25, 2008 through August 27, 2008. Chairman Burgess indicated that he may want to attend this meeting. Paula Massie submitted information to all of the Commissioners. Commissioner Givin inquired as to whether or not the District would reimburse the Commissioners' registration fees and travel expenses and the like. Counsel Nienaber indicated that the District could and should reimburse all Commissioners who want to attend this important meeting.

The next order of business was a discussion of the scheduled Public Service Commission water personnel training seminars. Paula Massie provided an informational brochure for the Commissioners regarding this meeting. Chairman Burgess indicated that any Commissioner who wanted to attend may do so and be reimbursed any costs and related travel expenses.

The next order of business was a report by Kerry Odle as follows:

1. Kerry Odle gave a report on the Phase XI Project. He reported that all lines on the original portion of Heekin Clark Creek Road have been completed. Only a portion of Jameison Road remains.

2. Kerry Odle presented a Change Order for the Heekin Clark Creek extension. Kerry Odle reported that this is the portion of the road that Judge Executive Link indicated the County Fiscal Court would cover. Kerry Odle reported that a 4 inch line has been included in the extension covered by this Change Order. Kerry Odle reported that the contract bid for this add-on was \$48,670.00. It will add an additional 15 calendar days to the construction project. Kerry Odle reported that this Change Order is in order and should be approved. After discussion, upon motion of Jimmie King and second by Chuck Givin, it was unanimously

"RESOLVED: that the Change Order for the Heekin Clark Creek extension be approved as presented."

3. The next order of business was a presentation of Pay Request No. 9 for the Phase XI Project. Kerry Odle reported that the Pay Request is in the total amount of \$35,778.67. He reported that the Change Order is appropriate and should be approved. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that Pay Request No. 9 on the Phase XI Project be approved as presented."

4. Chairman Burgess inquired of Kerry Odle as to the project completion status for the Phase XI Project. Mr. Odle reported that the total current expenditures on the Phase XI

MINUTES
JULY, 2008 MEETING
(PAGE 3)

Project total \$714,000.00 out of a total construction cost of \$856,000.00. Kerry Odle reported that the contractor is a little slow and that sufficient monies will be withheld to cover any deficiencies or substandard workmanship.

5. Kerry Odle reported he has been communicating with various representatives from the Boone County Water District regarding the status of the Water Purchase Agreement with Boone County. Mr. Nienaber indicated that he had spoken with David Koenig, counsel for Boone County Water District, on a number of occasions regarding the status of the Contract. Kerry Odle reported that there are apparently some technical issues that need to be addressed before the contract can be concluded. Mr. Nienaber concurred with that assessment indicating that David Koenig had represented to him that there were technical issues that need to be worked out with the engineers. Kerry Odle reported that Carl Cassel wanted to schedule a meeting to discuss technical storage capacity issues in the area to be served with water purchased by Boone County. That meeting is currently scheduled for July 29, 2008 at 2:00 p.m. Kerry Odle reported that the City of Cincinnati is requesting that there be set aside 280,000 gallons of storage capacity in the area to be served by water purchased from Boone County. Kerry Odle indicated that the storage capacity of the District in that area does not meet that capacity level. Kerry Odle was confident that the storage issues could be worked out with alternative solutions. It was recommended that Assistant Superintendent Catlett attend that meeting on July 29, 2008. Mr. Nienaber reported that the Public Service Commission is anxious to see that a formal Agreement is presented to them for approval. Therefore, the District should act as quickly as possible in this regard.

6. Kerry Odle gave a report on the status of the Phase VI Project. He reported that all of the engineering plans and specifications have been completed. They are currently being reviewed by Assistant Superintendent Catlett. Kerry Odle reported that there will be two bores on U.S. 25 under the railroad. Kerry Odle indicated that an Application will have to be submitted to DJMJ Harris, representatives for Norfolk Southern Railway. The cost of each Application is \$2,100.00. Kerry Odle requested authorization for payment of the Application fee. After discussion, upon motion of Jimmie King and second by Chuck Givin it was unanimously,

"RESOLVED: that CMW, Inc. submit to DJMJ Harris Applications for two railroad bores under the Norfolk Southern Railroad located off U.S. 25. Paula Massie is hereby authorized to issue drafts for the Application fees."

The next order of business was a discussion of the Phase VI Project. As of July 17, 2008, the District has received 57 signups for water service out of a potential 199. Paula Massie distributed a list of all customer signups received to date. Kerry Odle reported that he had spoken

MINUTES
JULY, 2008 MEETING
(PAGE 4)

with a representative from Carli Court. Apparently, there are a total of 16 lots located on Carli Court. The question was raised as to whether or not the District could set meters on each of these lots. Mr. Nienaber reported that in order for a meter to be set and counted towards the total number of signups, a water bill and surcharge will need to be paid. Kerry Odle reported that on Carli Court, there are currently 6 lots occupied who have each signed up for water service. The developer wants to install water meters at the additional 10 lots which are currently vacant. Mr. Nienaber was emphatic in his position that a water meter cannot be set and counted in the total participation numbers unless an individual is willing to sign a Water User Agreement for each lot and pay the minimum water bill and surcharge as required. Kerry Odle reported that the Carli Court residents are meeting to discuss that issue. Paula Massie was informed that residents on Carli Court intend to make contacts with Courtney Road residents to encourage water signups.

There are a total of 116 easements necessary for this project. To date, there have been 47 easements signed. The issue based upon the very low customer participation levels is "what does the District do to move forward with this project?". Chairman Burgess suggested that another public meeting be scheduled. Commissioner Given concurred as did counsel Thomas R. Nienaber. It was suggested by Chairman Burgess that a meeting be scheduled as quickly as possible, preferably July 28, 29 or 31. Paula Massie indicated that she will secure Piner Elementary School on the first available date and schedule a Public Hearing once again. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that Paula Massie schedule a second public hearing to be held at Piner Elementary for July 28, 29 or 31. It was recommended that Paula Massie use her discretion in advertising this meeting. All Commissioners were encouraged to attend."

The next order of business was presentation of an invoice from CMW, Inc. in the amount of \$819.04. After discussion, upon motion of Billy Frank Simpson and second by Chuck Givin, it was unanimously,

"RESOLVED: that the invoice of CMW, Inc. in the amount of \$819.04 be paid as presented."

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that earlier in the week he had heard from Mr. Martin Zalla regarding the granting of the Easement for construction of the pump station at the intersection of Bagby Road and U.S. Highway 25. Mr. Nienaber reported that in his conversation with Mr. Zalla, he was informed that an easement would not be signed. Mr. Zalla indicated to counsel that the District should get an easement from someone else. Mr. Zalla reported that he "did not want

MINUTES
JULY, 2008 MEETING
(PAGE 5)

that thing in his front yard". Mr. Nienaber reported that this is a complete turn of events. Mr. Zalla had previously reported to counsel that an easement would be signed. In fact, counsel forwarded all of the necessary documents to Mr. Zalla on June 17, 2008. When counsel had not heard from Mr. Zalla, a phone call was made at which time Mr. Zalla reported that he would not agree to any easements. Mr. Nienaber explained to the District the various options that are available. As to the Zalla easement, the District could file a condemnation proceeding. Mr. Nienaber explained the two-stage process of the condemnation proceeding. Mr. Nienaber indicated that approval for this condemnation proceeding would have to be obtained and prosecuted in the name of the Kenton County Fiscal Court. Mr. Nienaber explained that in a condemnation proceeding the measure of damages would be the difference in the fair market value of the individual's property before and after the taking. Mr. Nienaber opined that the damages in this particular case should not be too great in that the delivery of water service to the Zalla property would invariably increase the value thereof thereby minimizing any damages for the taking contemplated by the District. Mr. Nienaber recommended that the process of condemnation would be first to obtain approval of the Kenton County Fiscal Court. With the foregoing said a considerable discussion followed. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED as follows:

1. That Counsel Nienaber contact the Kenton County Fiscal Court through the Kenton County Attorney's Office for the purpose of obtaining authority to pursue and initiate a condemnation proceeding against A. Martin Zalla, Jr., Managing Member, Bagby Road, LLC;
2. Counsel Thomas R. Nienaber is hereby authorized to initiate a condemnation proceeding against Bagby Road, LLC for the purpose of obtaining both permanent and temporary construction easements for the placement of water lines and construction of a water pump station on properties owned by Bagby Road, LLC;
3. Counsel Thomas R. Nienaber is hereby granted all authority to prosecute a condemnation proceeding against Bagby Road, LLC in the name of Kenton County Fiscal Court, ex rel and to take any and all necessary action to obtain sufficient permanent and temporary construction easements for the placement of water lines and construction of a pump station."

2. Mr. Nienaber reported on the status of the Boone County Water District's Water Purchase Agreement. Again, counsel Nienaber reported that he had spoken with David Koenig and that he was assured that the Agreement would be approved. Mr. Nienaber confirmed Kerry Odle's Report that there are currently technical storage capacity issues that need to be worked out.

MINUTES
JULY, 2008 MEETING
(PAGE 6)

3. Mr. Nienaber provided a report on the status of the rate increase. Mr. Nienaber reported that the Application for a rate increase was filed with the Public Service Commission. This Rate Increase Application also contained the request for approval of the Phase VI Project. Mr. Nienaber presented to the Commissioners proposed Answers to the First Request for Information submitted by the PSC in the rate increase action. Mr. Nienaber indicated that he had forwarded these documents and responses to Carryn Lee for ultimate preparation and delivery to the PSC. Mr. Nienaber reported that he will be out of the office on vacation through July 29, 2008. Any inquiries regarding these issues should be directed to his paralegal, Carolyn Brummer, in his absence. Mr. Nienaber reported that in his discussions with Carryn Lee, she reported that all of the information requested in the PSC's First Request for Additional Information was available and ready for presentation to the PSC.

Mr. Nienaber shared with the Commissioners the information that he had submitted to NKWD regarding both the rate increase and the Phase VI Project.

4. Mr. Nienaber next discussed with the Commissioners the status of the Bullock Pen Dam Remediation Project. Mr. Nienaber once again reported that he had made contact with Charles Bush, Department of Fish and Wildlife, regarding the status of the Dam Remediation Project. Mr. Nienaber was informed that the project is still moving forward and that a meeting with the residents along and around Bullock Pen Lake would be scheduled in the near future. Mr. Nienaber reported that he has once again indicated to the Department that full cooperation would be provided by the District in scheduling and organizing a meeting with the residents.

5. Mr. Nienaber indicated to the Commissioners that he had written Mr. Jeff Shipp, counsel for the City of Williamstown, a Memorandum of Understanding regarding the reimbursement of costs incurred by the District regarding water quality issues. Paula Massie reported that she is continuing to receive invoices from the City of Williamstown with interest and penalties. It was recommended that Mr. Nienaber forward additional correspondence to Mr. Jeff Shipp regarding that issue.

The next order of business was a report by Paula Massie as follows:

1. Paula Massie indicated that she had spoken earlier with counsel in order to prepare and submit to the Commissioners a request for insurance proposals for the upcoming insurance coverage period. Mr. Nienaber provided the Commissioners a draft of his proposed advertisement. After discussion and various changes, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the proposed advertisement for insurance bids as submitted be issued. It was confirmed that all proposals for insurance coverage should be submitted to the District no later than September 15, 2008 at 2:00 p.m. prevailing time and that the bid

MINUTES
JULY, 2008 MEETING
(PAGE 7)

opening would be held on September 18, 2008 at 10:00 a.m. prevailing time."

2. Paula Massie presented Counsel Thomas R. Nienaber's invoice. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

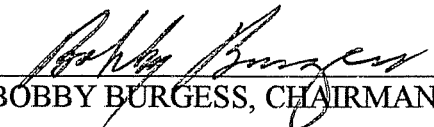
"RESOLVED: that the invoice of Berger, Cox & Nienaber, P.S.C. in the amount of \$881.25 be paid as presented."

3. Paula Massie reported that she had submitted an Application for I-Care which was denied. Ms. Massie reported that she filed an Appeal to that decision. Paula Massie indicated that the reason for the denial was that Bullock Pen Water District is a governmental agency and not a qualifying "special district" within the terms and meaning of the program.

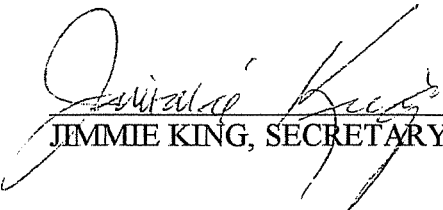
4. Paula Massie presented an invoice from Carryn Lee of Lee Consulting for services rendered on the Rate Increase Application in the amount of \$4,901.94. Mr. Nienaber indicated that these fees for services rendered were already approved and that additional action is not necessary.

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
AUGUST, 2008 MEETING**

The August, 2008 meeting of the Bullock Pen Water District was called to order on August 21, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Assistant Office Manager Gail Bowling and Attorney Thomas R. Nienaber. Office Manager Paula Massie was absent.

The first order of business was a presentation by Mr. Jimmy Luttrell of Messmer Road. Mr. Luttrell informed the District that he has a cattle farm which adjoins Bullock Pen Lake. Due to erosion and the build up of sedimentation in various areas of Bullock Pen Lake, his cattle are able to escape his fenced areas. Mr. Luttrell states that he has complained on a number of occasions to other individuals and agencies that his cattle are getting out of the fenced pasture areas causing him to lose cattle. Superintendent Catlett indicated that there are a number of small coves around Bullock Pen Lake that have filled with sedimentation over the years. As a result, fence lines that once met the lake are now leaving areas exposed for cattle to escape when lake water levels are low (usually in the drier summer months). Chairman Burgess explained to Mr. Luttrell that the District has no control over the lake and that it is owned by the Kentucky Department of Fish and Wildlife. It was recommended that Mr. Luttrell contact the Kentucky Department of Fish and Wildlife to lodge a complaint with that agency.

The next item of business was a presentation by Mr. Wethington, 205 East Rogers Road. Mr. Wethington addressed the District requesting water service. He indicated that there is a current water line approximately one quarter mile from his home. Kerry Odle reported that he met with the Northern Kentucky Water District to see if it is feasible to run a water line extension past Mr. Wethington's home to better service the District with water supplies from NKWD. Kerry Odle and Chairman Burgess explained to Mr. Wethington that if he wanted to bring water service to his home it would be his responsibility to cover the cost thereof. In this instance, Kerry Odle reported that it may be in the District's best interest to extend a water line in the area being requested by Mr. Wethington. Kerry Odle indicated that he would follow up with NKWD for their thoughts. Kerry Odle will also prepare a cost estimate for the water line extension and present it at the next meeting.

The next order of business was a presentation by Greg Staggs, Cleek Lane. Mr. Staggs reported that a fire hydrant was installed in front of his home. The placement of the fire hydrant is directly behind a parking pad which Mr. Staggs uses during the winter when his driveway is snow covered. Mr. Staggs reported that he is concerned that due to the placement of the fire hydrant near his parking pad, he will receive a ticket or citation since his truck would block the fire hydrant. Mr. Staggs presented photographs of the fire hydrant's location in proximity to his parking pad. Mr. Staggs requested that the fire hydrant be relocated. Assistant Superintendent Catlett reported that this should not be a problem in relocating the fire hydrant 4 to 6 feet which would alleviate the problem. Assistant Superintendent Catlett did indicate that due to the

MINUTES
AUGUST, 2008 MEETING
(PAGE 2)

topography of the area, the fire hydrant replacement would require some work. Assistant Superintendent Catlett reported that the District could handle the work involved. After discussion, upon motion of Billy Frank Simpson and second by Andrea Walton, it was unanimously,

"RESOLVED: that the fire hydrant on Cleek Lane be moved by District personnel approximately 6 feet to accommodate the Staggs parking pad."

The next order of business was a presentation by a contingent of residents from Carli Court. The contingent spokesperson, Mr. Mark Hicks, requested a commitment from the District that water lines would be installed on Carli Court. Chairman Burgess distributed to the Commissions a status report on Phase VI water signups as of August 21, 2008. According to the most recent records of the District, eight residents on Carli Court have signed up for water. Chairman Burgess acknowledged that Carli Court, if provided water, would be a dead end line. Mr. Hicks reported that there are several vacant lots remaining (approximately 7) on Carli Court, however, there is no assurance that those lots will be developed in the near future. Kerry Odle indicated that on the Phase VI Project, the minimum number of residents per mile required to make the project feasible would be ten. Carli Court would satisfy this minimum requirement. Kerry Odle reported that as of August 21, 2008, Courtney Road has eleven customers signed. This would leave an average customer per mile of 8.9 for Courtney Road. However, Kerry Odle indicated that inclusion of Courtney Road in the Phase VI Project is essential in order that the water service lines be looped to avoid a "dead-end" situation. With the inclusion of Courtney Road, the District would be in a better position to shift water flows in both directions in the event of a water line failure in the system or to accommodate water supply to other areas. A considerable discussion followed. Thereafter, Chairman Burgess recommended that the system contain a full loop in that area which would require the inclusion of Courtney Road in the Phase VI Project. Chairman Burgess also recommended that Carli Court be included. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that Carli Court and Courtney Road be included in the Phase VI Project."

After the resolution was unanimously passed, Mr. Nienaber cautioned the residents from Carli Court that any commitment by the District is contingent upon receiving approval for the project from the Public Service Commission. Mr. Nienaber reported that the Public Service Commission has not yet approved this project and that approval would need to be obtained. Chairman Burgess also emphasized that the project is not a confirmed deal at this time and that the number of customer signups for both easements and for water service are woefully lacking. Chairman Burgess emphasized that all of the residents in that area who have signed up shall encourage their neighbors and friends to sign up for water as soon as possible. Chairman Burgess

MINUTES
AUGUST, 2008 MEETING
(PAGE 3)

indicated to everyone that there are no guarantees that this project will be approved by the Public Service Commission.

The next order of business was approval of the July, 2008 Minutes. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the July, 2008 Minutes be approved as presented."

The next order of business was a review of the profit and loss statement and warrants for July, 2008 as attached. After discussion, upon motion of Chuck Givin and second Jimmie King, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for July, 2008 be approved as presented."

The next order of business was a discussion of the advertisement for insurance bids. Chairman Burgess reported that a committee should be formed to open the bids; evaluate the bids when received; and to recommend to the full Board a proposal that the District undertake for its insurance coverage. Chairman Burgess opened the floor for volunteers to serve on the Insurance Review Committee. After discussion, Jimmie King and Andrea Walton were appointed by Chairman Burgess to the Insurance Review Committee.

The next order of business was a discussion of the Kentucky Rural Water Association Technical Conference scheduled for August 25-27, 2008. Chairman Burgess reported that the District needs to appoint a voting delegate with voting authority for the convention. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that Chairman Burgess be appointed as the voting delegate for the District at the KRWA Technical Conference. The alternate voting delegate will be Charles Givin. Chairman Burgess is hereby authorized to execute the voting delegate resolution attached hereto."

The next order of business was a report by Kerry Odle as follows:

1. A report on the status of the Phase VI Project followed. Chairman Burgess handed out a summary of all customer signups on the Phase VI Project as of August 21, 2008. The summary indicates that to date there have been 77 customers sign up for water. Chairman Burgess reported that he has heard from a number of people who indicated that they would sign

MINUTES
AUGUST, 2008 MEETING
(PAGE 4)

up for water once the project is underway. The representatives from Carli Court who addressed the District earlier in the meeting reflected those comments was well. Chairman Burgess stated that the District is hearing the same rhetoric that is heard in every water line extension project. Mr. Nienaber indicated that currently there is approximately a 40% sign up rate of eligible customers in the Phase VI Project area. Chairman Burgess requested that the District review the customer sign up survey to determine which roads should be included in the Phase VI Project. Chairman Burgess stated that the District indicated to the customers at the last project meeting that a determination would be made at the August 21, 2008 meeting as to which roads would be included and which roads would be deleted. Chairman Burgess conducted a road-by-road analysis as follows:

- (a) **Bagby Road:** It was acknowledged by all that Bagby Road is critical to the Phase VI Project and must be included. Kerry Odle stated that Bagby Road is critical to the delivery of water supplies to the District from NKWD and cannot be omitted. All Commissioners agreed.
- (b) **Parkers Grove Road:** Kerry Odle indicated that either Parkers Grove Road or Carlisle Road needs to be included in the project. This will allow the District to have adequate service lines to supply water from NKWD to the District. Kerry Odle indicated that from an engineering perspective, the best road to include in the project would be Parkers Grove rather than Carlisle. The Commissioners agreed.
- (c) **Carlisle Road:** Kerry Odle indicted that Carlisle Road is not critical to the Phase VI Project. Kerry Odle indicated that the first 4,100 feet of Carlisle Road has approximately 9 customer sign ups. The last 5,700 feet of Carlisle Road is extremely rough in terms of water line construction and has few customers signups. Kerry Odle's recommendation is to include the first 4,100 feet of Carlisle Road in the Phase VI Project and omit the remaining 5,700 feet of Carlisle Road. The remaining 5,700 feet should be bid as an alternate. The Commissioners agreed.
- (d) **Lunsford Road:** Kerry Odle reported that Lunsford Road is approximately 3,400 feet. Only 3 customers have signed up for water. It is Kerry Odle's recommendation that Lunsford Road be dropped from the Phase VI Project and that it be bid as an alternate. The Commissioner's agreed.
- (e) **Stephenson Road:** Kerry Odle reported that Stephenson Road covers approximately 5,900 feet. To date, 9 customers have signed up for water. Kerry Odle would recommend that Stephenson Road be included in the project. Chairman Burgess concurred in that opinion. The Commissioners agreed.

MINUTES
AUGUST, 2008 MEETING
(PAGE 5)

- (f) **Paxton Road:** Kerry Odle reported that this road covers approximately 5,400 feet with only two customer sign ups. Kerry Odle recommended that it be deleted from the project. The Commissioners agreed.
- (g) **Fishback Cemetery Road:** Kerry Odle reported this road covers approximately 2,600 feet and has only 2 customer signups. He recommended that it be deleted from the project. The Commissioners agreed.
- (h) **Peoples Cemetery Road:** Kerry Odle reported this road covers approximately 1,835 feet in length with 2 customer signups. He recommended this road be retained in the project. All Commissioners agreed.
- (i) **Courtney Road:** Kerry Odle recommended for the reasons stated earlier that it be retained in the project. All Commissioners agreed.
- (j) **Carli Court:** Kerry Odle reported that it should be retained in the project for the reasons stated earlier. All Commissioners agreed.

After discussion, Chairman Burgess requested that the District adopt a resolution summarizing which roads should be retained in the Phase VI Project and which roads should be deleted. Chairman Burgess also indicated that a position should be taken with respect to the refund of water signup deposits on those roads that are omitted from the project. The Commissioners generally agreed that all customers who have deposited the \$1,000.00 tap in fee with the District be refunded their deposit if their road is deleted from the project. Mr. Nienaber indicated that any \$1,000.00 deposit should be refunded immediately as well. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that those roads considered for the Phase VI Water Line Extension Project be included/deleted as follows:

<u>Road</u>	<u>Status</u>
Bagby Road	Include in project
Parkers Grove Road	Include in project
Carlisle Road	Include first 4,100 feet in project and bid 5,700 remaining feet as alternate. A firm decision on whether or not the remainder of Carlisle Road will be included in the project is to be made later.
Lunsford Road	Bid as an alternate
Stephenson Road	Include in project
Paxton Road	Delete in entirety
Fishback Cemetery Road	Delete in entirety

MINUTES
AUGUST, 2008 MEETING
(PAGE 6)

Peoples Cemetery Road Include in project
Courtney Road Include in project
Carli Court Include in project

IT WAS FURTHER RESOLVED: that all customers currently deleted from the Phase VI Project be immediately refunded their \$1,000.00 tap in fee. Mr. Nienaber is directed to prepare a cover letter with those refund checks for mailing to the respective customers."

2. Mr. Nienaber inquired of Kerry Odle as to the status of easements. To date, Mr. Nienaber has received approximately 50 signed easements. Due to the lack of customer participation in the easement signing process, Mr. Nienaber is concerned about the filing of the Application with the PSC. Mr. Nienaber reminded everyone that a certification needs to be made to the Division of Water and the Public Service Commission that all easements are in place. Kerry Odle indicated that he would go through the engineering plans and specifications for the Phase VI Project to make the determination as to which easements are critical to the project and which easements can be eliminated by construction of water lines on highway rights-of-way. Mr. Nienaber requested that this report be submitted as quickly as possible. Mr. Nienaber also indicated that a review of the filing process should be conducted. A time table for filing was discussed as follows:

- (a) Preparation and filing of Applications with Kentucky Division of Water – 30 days.
- (b) Preparation of final bid package with alternates – 30 days.
- (c) Advertising for construction bids – 60 days.
- (d) Filing of revised Application with PSC – 90 days.

3. Kerry Odle next presented an invoice for CMW, Inc. in the amount of \$3,177.47. After discussion, upon motion of Chuck Givin and Andrea Walton, it was unanimously,

"RESOLVED: that the invoice from CMW, Inc. in the amount of \$3,177.47 be paid as presented."

4. Kerry Odle next presented a letter from the Infrastructure Authority dated August 15, 2008 rejecting the District's request for inclusion in the DWSRF loan program for the 2009 calendar year. Kerry Odle reported that the Boone County Master Meter and related

MINUTES
AUGUST, 2008 MEETING
(PAGE 7)

improvement projects and various Grant County improvement projects were rejected for inclusion in this program.

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that he had spoken with Mr. David Koenig, counsel for the Boone County Water District. He reported that the City of Cincinnati and Boone County Water District are currently preparing a Memorandum of Understanding relating to the issues holding up the Water Purchase Agreement with Boone County. Specifically, Mr. Nienaber reported that issues concerning water storage requirements imposed by the City of Cincinnati have been resolved. Kerry Odle stated that he had attended various meetings with representatives of the City of Cincinnati and Boone County to address that issue and that those issues have been agreeably resolved. Mr. Nienaber reported that David Koenig is currently in the process of reviewing the Water Purchase Agreement submitted several months ago. Mr. Koenig reported that a response would be forthcoming in the next two weeks or so. Mr. Koenig reported that he did not see any substantial negative issues involving the agreement with Boone County.

2. Mr. Nienaber reported on the status of the PSC Rate Increase Application. Mr. Nienaber reported that the PSC's request for additional filing information has been gathered and submitted to Carryn Lee for filing with the PSC. Carryn Lee indicated that all information would be provided to the PSC no later than the filing deadline of August 22, 2008. Mr. Nienaber reported that he had received a phone call from Mr. Brent Kirtley, PSC, regarding the status of the Tariff Amendment review. Mr. Kirtley reported that the non rate increase aspects of the District's Application for tariff amendment had been completed and that everything has been approved. Mr. Kirtley indicated that the PSC could go ahead and approve all non water rate related issues involving the tariff amendments and submit on the rate increase aspects until a complete review is made by the PSC. Commissioner Givin indicated that would not be necessary and that the District could wait until the PSC rules on the entire Tariff Amendment Application, including rate increase issues. Everyone agreed.

3. Mr. Nienaber gave a report on the status of the Dam Remediation Project. Mr. Nienaber reported that he had heard from Holly Thompson, Kentucky Division of Fish and Wildlife. The Division of Fish and Wildlife has requested that a Public Hearing be conducted in the mid to later part of September, 2008 to address the Dam Remediation Project with residents that are affected. Mr. Nienaber distributed to the Commissioners various information that he had received from the Division of Fish and Wildlife concerning the program agenda. Mr. Nienaber indicated that Holly Thompson wants as many representatives of the District to attend that Public Hearing as possible. Holly Thompson also requested of the District suggestions and recommendations as to the venue for the meeting. The Commissioners generally acknowledged

MINUTES
AUGUST, 2008 MEETING
(PAGE 8)

that the Lloyd Wildlife facility would be the best venue, however, the District would defer to the Division of Fish and Wildlife in selecting the venue. Chairman Burgess indicated that he would prefer to have the meeting September 16, 2008 at 7:00 p.m. Mr. Nienaber also indicated that Holly Thompson requested the Commissioners and other members of the District that they spread the word in the Community that the meeting will be coming up and that attendance is requested. Mr. Nienaber suggested that contact be made with the *Kentucky Enquirer*, *Grant County News* and *Boone County Recorder* for the purpose of obtaining some "press" about the Dam Remediation Project. Chairman Burgess indicated that he would be more than happy to distribute flyers to residents affected by the Dam Remediation Project prior to the meeting.

4. Mr. Nienaber reported on the status of the Williamstown water quality issue correspondence. Gail Bowling reported that the City of Williamstown continues to bill the District for delinquent charges and the \$1,500.00 which was deducted from the water bill as agreed between Mr. Nienaber and Mr. Shipp. It was requested that Counsel Nienaber send a letter to Mr. Shipp with the most recent bill reflecting those charges being made by the City of Williamstown.

The next order of business was a report by Gail Bowling as follows:

1. Gail Bowling reported that the District has four Certificates of Deposit coming due which are currently held at Grant County Deposit Bank. These Certificates represent several thousand dollars. It was Ms. Massie's recommendation that the monies be deposited into a Money Market Account. Ms. Massie was requesting authority to check other banks for the best rates. Commissioner Givin recommended that Paula contact all local banks to see which bank would make the best interest offer. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that Paula Massie be and she is hereby authorized to deposit the four Certificates of Deposit currently held at Grant County Deposit Bank into a Money Market Account when they come due. Paula Massie is authorized to shop money market accounts with various local banks for the best interest rates."

The next order of business was a request by Commissioner Givin to undertake on behalf of the District a review of the District's current health insurance plan. Commissioner Givin indicated that the health care costs for the District are escalating at a remarkable rate and that insurance premiums and coverages should be reviewed for better health insurance packages. Basically, Commissioner Givin indicated that the District should undertake a review and bidding of health insurance coverage as it has recently done with general insurance coverage. Commissioner Givin requested that Chairman Burgess establish a health insurance review

MINUTES
AUGUST, 2008 MEETING
(PAGE 9)

committee for that purpose. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the District establish a "Health Insurance Review Committee" consisting of Chuck Givin and Andrea Walton to investigate health insurance coverage and costs. A report should be made at each monthly meeting until final action is taken."

Gail reported that the next meeting is scheduled for September 18, 2008 at 1:00 p.m.

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
SEPTEMBER, 2008 MEETING**

The September, 2008 meeting of the Bullock Pen Water District was called to order on September 18, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Assistant Office Manager Gail Bowling and Attorney Thomas R. Nienaber. Office Manager Paula Massie was absent.

The first order of business was approval of the August, 2008 Minutes. After discussion, upon motion of Billy Frank Simpson and second by Chuck Givin, it was unanimously,

"RESOLVED: that the August, 2008 Minutes be approved as presented."

The next order of business was a review of the profit and loss statement and warrants for August, 2008 as attached. After discussion, upon motion of Jimmie King and second by Andrea Walton, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for August, 2008 be approved as presented."

In reviewing the warrants, Chairman Burgess inquired about obtaining a contract bid for gasoline purchases for the District's fleet of vehicles. Commissioner Givin also questioned fuel charges for the previous month. Commissioner Givin would like to see if the District could enter into an agreement with a local supplier for the purpose of obtaining a "fleet discount". Chairman Burgess indicated that he would check into the matter and report at the next meeting.

The next order of business was a review of Nancy Wethington's request for water service at 205 East Rogers Road. Kerry Odle reported that he had inquired of NKWD if they would agree to participate in an upgrade of the Rogers Road line from the existing 4 inch to an 8 inch line. Kerry Odle indicated that currently there is a 4 inch water line on a portion of Rogers Road. He would like to upgrade the entire line on Rogers Road, including the requested Nancy Wethington extension to an 8 inch line in order to help "loop" the system in that area. Kerry Odle reported that the existing 4 inch line could be tapped into and extended by an 8 inch line. Chairman Burgess recommended that the District approve the extension of the line to the Wethington residence which is approximately 1,000 feet. Chairman Burgess requested that the District agree to cover the difference in the cost of upgrading the line from the current end of the 4 inch line through the Nancy Wethington residence. Chairman Burgess indicated that it would be the responsibility of Ms. Wethington to obtain all easements and pay for the base cost of a 4 inch line. Superintendent Catlett indicated that it was his understanding there was another property owner between the end of the existing 4 inch line through the Nancy Wethington property. He believes that this property is owned by a Thelma Lilly. After considerable discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

MINUTES
SEPTEMBER, 2008 MEETING
(PAGE 2)

"RESOLVED: that the District agree to extend the waterline on Rogers Road to provide water service to the Wethington residence. This extension is conditioned upon the Wethingtons obtaining all easements and paying for the basic 4 inch line cost with the District covering the cost of upgrade to an 8 inch line. All construction would have to be completed at Wethingtons' cost on the 4 inch line consistent with all existing rules, regulations and standards of the District."

The next order of business was a report by the Insurance Committee. Mr. Nienaber reported that at 10:00 a.m., the Insurance Committee met to open bids and evaluate the proposals submitted for insurance coverage for the upcoming insurance coverage period beginning October 7, 2008. Mr. Nienaber indicated that five bids were received: Insurers of Kentucky, Inc., Crawford Insurance, Roeding Insurance, Bilz Insurance and Wethington Insurance. The submitting insurance carriers were all represented by a spokesperson except Crawford Insurance. Paulette McKinney represented Insurers of Kentucky, Inc.; Dave Hellman represented Roeding Insurance; Tom Youtsey and Jason Collins represented Bilz Insurance; and Bill Wethington represented Wethington Insurance. All providers indicated that their proposals met or exceeded the minimum insurance specifications. Insurance bids were as follows:

	<u>Provider</u>	<u>Insurance Quote</u>
1.	Insurers of Kentucky, Inc.	\$41,077.19
2.	Crawford Insurance	\$36,010.00
3.	Roeding Insurance	\$43,752.00
4.	Bilz Insurance	\$37,193.61
5.	Wethington Insurance	\$34,555.62

During the discussion of the various bids, the attached correspondence was received from Wethington Insurance. Commissioner Walton indicated that the Committee evaluated very closely all bids submitted. Of particular interest to the Committee was the submittal of Bilz Insurance and Wethington Insurance. Andrea Walton, having experience in the insurance industry, reviewed carefully the policies and the proposed coverages. She noted that the submittal by Bilz Insurance contained an additional \$1,000,000.00 in coverage. Bilz Insurance's submittal also included a "failure to supply" option for \$1,013.00 and a "terrorist coverage" package of \$200.00. Commissioner Walton outlined the proposals for the District. Commissioner Walton reported that it was the unanimous recommendation of the Insurance Committee to award the insurance coverage to Bilz Insurance Agency. A discussion followed. After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

MINUTES
SEPTEMBER, 2008 MEETING
(PAGE 3)

"RESOLVED: that insurance coverage be purchased through Bilz Insurance Agency at a base price of \$37,193.61. Additional "failure to supply" coverage in the amount of \$1,013.00 and terrorist insurance coverage in the approximate amount of \$200.00 be purchased for a total bid price of \$38,406.61."

The next order of business was a report by Kerry Odle as follows:

1. Kerry Odle submitted Pay Request No. 11 for the Phase XI Project in the amount of \$51,370.46. \$47,776.00 was for Furnish Excavating and \$3,594.46 was for CMW, Inc. This Pay Request covered the Heekin Clark's Creek Road extension. Kerry Odle reported that the Pay Request No. 11 is appropriate and should be approved. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that Pay Request No. 11 for the Phase XI Project in the amount of \$51,370.46 be approved as presented.

2. Kerry Odle reported that most of the clean up on the Phase XI Project has been completed. The contractor is currently awaiting delivery of hydrants for installation. Those hydrants have been ordered but not received. The Phase XI Project is now online except Heekin Clarks Creek Road extension which should be operational in the very near future. Kerry Odle and Assistant Superintendent Catlett reported that hookups in the area are slow but are picking up.

3. Kerry Odle reported that signups on the Phase VI Project are still slow. Gail Bowling reported that as of September 18, 2008 there are a total of 74 signups. A signup Report was submitted to the Commissioners. Chairman Burgess indicated that he had met with Mr. Turner of Lunsford Road who expressed an interest in paying one-half of the \$1,000.00 tap in fee for any resident in that area willing to pay the other half in order to insure that Lunsford Road is included in the Phase VI Project. Currently, there are approximately 3 to 4 residents on Lunsford Road that took advantage of this opportunity. Kerry Odle reported that currently, Lunsford Road is being bid as an alternate in the Phase VI Project. Chairman Burgess is hopeful that an additional 6 signups will be received from Lunsford Road as a result of the Turner proposal.

Kerry Odle reported that currently all but 14 needed easements on the Phase VI Project has been received. Mr. Nienaber inquired as to whether or not the Zalla easement has been recorded in the clerk's office. Gail Bowling reported that it had.

MINUTES
SEPTEMBER, 2008 MEETING
(PAGE 4)

4. The Commissioners reviewed a letter dated September 5, 2008 from Helen Hayes. She indicated that she would not give an easement for the project unless she was granted a free tap in. Kerry Odle reported that the waterlines could be installed on the road right-of-way in front of the Helen Hayes residence. He indicated that it would be a "tight fit" but that it could be done. That being said, the District should proceed without the Helen Hayes easement and the waterline installed on the road right-of-way.

5. Kerry Odle reported that an archeological survey will be necessary for the Phase VI Project. The environmental survey has already been received and forwarded to the state for review. As a result of the requirement for an archeological survey, Kerry Odle requested proposals from state approved archeological survey companies. Of those six requests, 3 submitted proposals ranging from a low bid of \$7,286.00 submitted by Great River Archeological Services to a high bid of \$19,965.00. Kerry Odle reported that the proposal submitted by Great River Archeological Services was appropriate and should be approved. He indicated that Great River Archeological Services could complete their archeological survey in approximately 4 weeks. After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

"RESOLVED: that the District engage the services of Great River Archeological Services for the purpose of preparing and submitting an archeological survey for the Phase VI Project. The cost of that survey should be no greater than \$7,286.00."

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that he has not yet received any proposal for a Water Purchase Agreement from the Boone County Water District. Chairman Burgess indicated that it was time for Boone County Water District to submit a proposed Water Purchase Agreement. It was recommended that counsel send a letter to Mr. David Koenig, legal representative of Boone County Water District, requesting that a Water Purchase Agreement be submitted within the next 30 days or the District will begin looking at alternative sources of water supply.

2. Mr. Nienaber reported on the status of the rate increase and application for Certificate of Convenience and Public Necessity now pending before the Public Service Commission. Mr. Nienaber reported that he recently received a request from the Public Service Commission that the District immediately forward a copy of the Kentucky Division of Water Approval Permit. Kerry Odle reported that the plans would be ready for submittal to the Division of Water within the next week. He further reported that it would take approximately 3 weeks for the Division of Water to act on the request for a permit. It was recommended that as soon as the Division of Water submits its approved permits that it be forwarded to the Public Service

MINUTES
SEPTEMBER, 2008 MEETING
(PAGE 5)

Commission for final action and review of the pending Application before the Public Service Commission.

3. Mr. Nienaber reported that he had spoken again with Mr. Jeff Shipp, counsel for the City of Williamstown, regarding the \$1,500.00 cost incurred by the District relating to bad water notification. Mr. Nienaber reported that Counsel Shipp has once again indicated that the District will not be charged for the \$1,500.00 and assessed late charges. Gail Bowling indicated that the latest bill from the City of Williamstown did not include the \$1,500.00 charge and associated late fees.

The next order of business was a report by Assistant Superintendent Catlett as follows:

1. Assistant Superintendent Catlett reported that during the most recent windstorm, the water plant was only down for a very brief period. There was no significant outage at the plant and the portable generator was not needed. Additionally, the District experienced no major problems during the windstorm.

The next order of business was a report by Assistant Office Manager Gail Bowling.

1. Gail Bowling reported that the next meeting is scheduled for October 16, 2008. Counsel Nienaber and Chairman Burgess reported they will be out of town and unavailable that date. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the October, 2008 meeting be changed to
October 14, 2008 at 1:00 p.m."

The next order of business was a request by Commissioner Givin to begin evaluating various options for health insurance coverage for District employees. Commissioner Givin reported that he would like to begin investigating the possibility of obtaining substitute health insurance coverage in order to obtain better pricing and alternate coverage plans. It was noted that Commissioner Givin and Commissioner Walton were previously appointed to a Health Care Insurance Committee. Commissioner Givin reported that the Committee would meet and report at the next meeting.

The next order of business was a request by Commissioner Walton concerning an increase in monthly fees paid to the Commissioners. Commissioner Walton reported that she had recently attended the training session sponsored by the Public Service Commission and Northern Kentucky Water District. Chairman Burgess indicated that he too attended that training session. Both Chairman Burgess and Commissioner Walton reported that it was extremely informational and well worth the time. Commissioner Walton indicated that she would like to have the salaries

MINUTES
SEPTEMBER, 2008 MEETING
(PAGE 6)

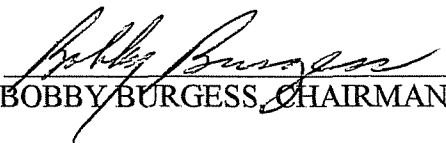
of the Commissioners increased to \$300.00 per month. Mr. Nienaber reported that the procedure to be followed would be for the District to adopt a resolution requesting that Commissioners' fees be increased to \$300.00 per month and the request be submitted to the Boone County Fiscal Court and Grant County Fiscal Court for approval as required by Kentucky Statute. After discussion, upon motion of Andrea Walton and second by Chuck Givin, it was unanimously,

"RESOLVED: that the Bullock Pen Water District request of the Grant County Fiscal Court and Boone County Fiscal Court that the Commissioners' salaries be increased to \$300.00 per month. It was requested that this increase be submitted to the respective fiscal courts for approval."

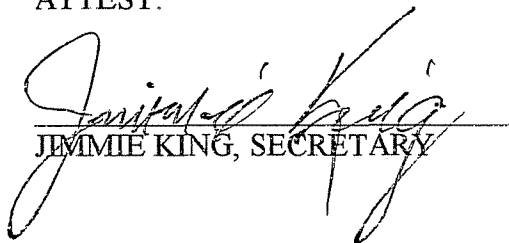
Mr. Nienaber again discussed with the Commissioners their right to be reimbursed for mileage and other out-of-pocket expenses incurred while conducting District business. Mr. Nienaber reported that there is a standing Resolution of the District allowing reimbursement for mileage at the rate of .58.5 cents per mile or the current IRS approved mileage reimbursement.

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

BULLOCK PEN WATER DISTRICT
INSURANCE COMMITTEE MEETING
MINUTES

On October 18, 2008 at the hour of 10:00 a.m., the Bullock Pen Water District Insurance Committee met. Present were Counsel Thomas R. Nienaber, Commissioner Andrea Walton and Commissioner Jimmie King. Five bid proposals were received by the District. Those 5 proposals were submitted by Insurers of Kentucky, Inc., Roeding Insurance, Bilz Insurance Agency, Crawford Insurance and Wethington Insurance.

Mr. Nienaber gave a brief background of the District's insurance coverage and its request for proposals from insurance providers. Four of the applicants were represented, those being: Insurers of Kentucky, Inc., Paulette McKinney; Roeding Insurance, Dave Hellman; Bilz Insurance Agency, Tom Youtsey and Jason Collins; and Wethington Insurance, Bill Wethington. Mr. Nienaber asked the applicants if they had any comments. All present expressed that their submittals either met or exceeded the bid specifications outlined by the District. The bids were then opened with the following results:

	<u>Applicant</u>	<u>Bid Price</u>
1.	Insurers of Kentucky, Inc.	\$41,077.19
2.	Crawford Insurance	\$36,010.00
3.	Roeding Insurance	\$43,752.00
4.	Bilz Insurance	\$37,193.61
5.	Wethington Insurance	\$34,555.62

The Applicants were informed that the Committee would review the proposals and report to the full Board Meeting.

The Committee began a review of the proposals. Commissioner Walton indicated that she had some experience in the insurance industry and conducted a detailed review of the various submittals. She indicated that the submittal by Bilz Insurance Agency included \$1,000,000.00 in additional umbrella coverage. She also noted that various options were submitted which included "failure to supply" and "terrorist" coverage. Commissioner Walton indicated that she was familiar with Travelers Insurance Company and noted that it is a highly respected insurance provider in the industry. Mr. Nienaber indicated that he had some knowledge of Travelers Insurance Company and that they are a respected insurance provider in the area of public utilities and governmental agencies. The Commissioners discussed at length various policies and the protection provided as well as the cost. After deliberation, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

MINUTES
(PAGE 2)

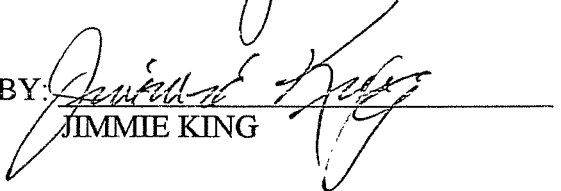
"RESOLVED: that the Insurance Committee report to the District Board recommending that insurance for the coverage period beginning October 7, 2008 be awarded to Bilz Insurance Agency at a base price of \$37,193.60. Commissioner Walton also recommended that the District purchase "failure to supply" coverage in the amount of \$1,013.00 and "terrorist" coverage in the approximate amount of \$200.00.

Copies of all 5 submittals are attached to these Minutes.

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

INSURANCE COMMITTEE

BY: 
ANDREA WALTON

BY: 
JIMMIE KING

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
OCTOBER, 2008 MEETING**

The October, 2008 meeting of the Bullock Pen Water District was called to order on October 14, 2008 at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Assistant Office Manager Gail Bowling and Attorney Thomas R. Nienaber. Office Manager Paula Massie was absent.

The first order of business was a presentation by Mr. Bryan Furnish, Furnish Construction regarding the Phase XI Project. Mr. Furnish wanted to present to the Board his concerns and position regarding the Phase XI Construction Project. He reported that the fire hydrants are currently on back order and as a result, the project is somewhat on hold. He admitted that the Heekins Clark Creek Road portion of the project is going slower than projected. Mr. Furnish indicated that he had a considerable amount of pipe and miscellaneous construction materials left over from the construction project. Mr. Furnish inquired as to whether or not the District would be willing to purchase those materials at his cost. Kerry Odle reported that the Phase XI Construction Project was somewhat behind schedule. He reported that the Contract completion date was August 16, 2008 and the actual substantial completion of the primary project was not reached until August 29, 2008. Kerry Odle reminded the Commissioners that the Contract with Furnish Construction provides for a \$300.00 per day liquidated damage clause. Commissioner Walton had various questions regarding the Contract and how the liquidated damage clause worked. Mr. Nienaber gave a detailed review of the liquidated damage clause in the Contract. Kerry Odle reported that the fire hydrant delivery delay was a legitimate claim by the contractor. Notwithstanding that fact, Kerry Odle reported that the 13 day delay as assessed is legitimate and should be enforced by the District. Kerry Odle reviewed with the Commissioners the past Change Order process on the Phase XI Project. He indicated that all Change Orders for the project had provided a revised construction completion date. He indicated that the last Change Order had a construction completion date of August 16, 2008. Mr. Furnish indicated that he was unaware of the August 16, 2008 deadline. Based upon previous Change Orders, it was clear from the Contract that the completion date was August 16, 2008. Assistant Superintendent Catlett indicated that the District could use the leftover pipe over time as well as the miscellaneous construction materials that were remaining. He would not have any problem with the District purchasing those materials at cost from Furnish Construction. Mr. Furnish also indicated that there were some extra materials that were purchased by the contractor in order to complete the project that were not contained in the original bid and contract specifications. Mr. Odle stated that if, in fact, the contractor could document materials that were needed to complete the project that were not contained in the original bid specification, the contractor could be reimbursed if the proper documentation was made. A considerable discussion followed. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

MINUTES
OCTOBER, 2008 MEETING
(PAGE 2)

"RESOLVED: that the District purchase from Furnish Construction the remaining pipe and miscellaneous construction materials subject to an inspection of those materials by Assistant Superintendent Catlett. The purchase price for those materials from Furnish Construction shall be at the contractor's "cost" to be verified by Kerry Odle."

The Commissioners then discussed the liquidated damage clause. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that a liquidated damage be assessed to Furnish Construction on the Phase XI Project for six days at \$300.00 per day for a total liquidated damage assessment of \$1,800.00."

Mr. Furnish then inquired as to when a final payment would be made on the project. Kerry Odle indicated that a final payment is in order. After discussion, upon motion of Jimmie King and second by Andrea Walton, it was unanimously,

"RESOLVED: that upon submittal of a final pay estimate and confirmation, verification and approval by Kerry Odle, final payment shall be made to Furnish Construction for the Phase XI Project with all adjustments for liquidated damages and any other adjustments recommended by Kerry Odle."

The next order of business was approval of the September, 2008 Minutes. After discussion, upon motion of Billy Frank Simpson and second by Chuck Givin, it was unanimously,

"RESOLVED: that the September, 2008 Minutes be approved as presented."

The next order of business was a review of the profit and loss statement and warrants for September, 2008 as attached. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the profit and loss statement and warrants for September, 2008 be approved as presented."

The next order of business was a report by Kerry Odle as follows:

MINUTES
OCTOBER, 2008 MEETING
(PAGE 3)

1. Kerry Odle gave an additional report on the Phase XI Project. He indicated that state inspections have been approved. Overall, the project went okay, however, there were some difficulties due to the contractor's inexperience. Kerry Odle reported that we are holding a 5% retainage until a final pay estimate is received and approved.

2. Kerry Odle gave a report on the status of the Phase VI Project. Kerry made contact with Norfolk Southern Railroad for the purpose of discussing and obtaining permits to conduct bores under the railroad tracks at the old tank site and Lemon Northcutt Road. Kerry Odle received confirmation from Norfolk Southern Railroad indicating that any additional bores would require the proper license and payment to the railroad. Kerry Odle recommended that it would be in the District's best interest to construct one 12 inch line under the railroad tracks at the Lemon Northcutt Road location. Kerry Odle indicated that he would meet with Assistant Superintendent Catlett to determine the best location for this bore. Kerry Odle will report at the next meeting.

3. Kerry Odle gave a report on the status of the Phase VI Easements. Currently, there are six more easements that are absolutely necessary to complete the project. Those easements include three on U.S. Highway 25; one of Parkers Grove Road; one on Bagby and Peoples Cemetery Road; and one on Lunsford Road. In addition, there are a total of 15 easements remaining to be signed. However, of those 15 easements, only six are absolutely necessary. It is Mr. Odle's opinion that the other nine easements could be avoided if construction were completed on the highway rights-of-way.

4. Mr. Nienaber reported that the Public Service Commission is currently awaiting a final approval permit to be issued by the Division of Water before our Phase VI/Rate Increase Application will be accepted as having been filed. Kerry Odle reported that the Division of Water Permit should be obtained within the next two to three weeks.

5. Kerry Odle reported that there were only approximately seven additional signups on the Phase VI Project since the last meeting. Chairman Burgess reported that there are currently six signups on the Lunsford Road portion of the project. At the last meeting, it was reported that there had only been two signups as of that time. It was Chairman Burgess' recommendation that Lunsford Road be added to the Phase VI Project. After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

"RESOLVED: that Lunsford Road be added to the Phase VI
Project."

6. Kerry Odle reported that the archeologist is currently working on the Phase VI Project Report. It should be completed around mid November, 2008.

MINUTES
OCTOBER, 2008 MEETING
(PAGE 4)

7. Kerry Odle reported that the Division of Water has announced that applications are being accepted for low interest loan projects which will be available later this year. Mr. Odle indicated that the interest rate would be approximate 3%. Applications should be submitted within 30 days.

8. Kerry Odle presented to the District three invoices totaling \$980.88 as attached. After discussion, upon motion of Jimmie King and second by Chuck Givin, it was unanimously,

"RESOLVED: that CMW, Inc. invoices totaling \$980.88 be paid as submitted"

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that pursuant to Federal Trade Commission Regulations, an Identify Theft Prevention Program must be adopted by the District prior to November 1, 2008. Mr. Nienaber shared with the Commissioners a Compliance Model and Program Outline which was issued by the Kentucky Rural Water Association. Mr. Nienaber customized the Identify Theft Prevention Program ("ITPP") which was drafted in line with the KRWA compliance model. Mr. Nienaber reviewed with the Commissions the risk assessment; detection; response; and personal information security procedures relating to the compliance model. Mr. Nienaber reported that he had earlier submitted copies of this outline and compliance model to Paula Massie and Gail Bowling for consideration and review of the various recommended security procedures. Mr. Nienaber indicated that a number of aspects of the compliance model and particularly the security procedures are geared towards financial institutions, credit card companies and the like. Notwithstanding that fact, a number of aspects of the compliance model were very applicable to the District. Mr. Nienaber emphasized that any ITPP that was approved by the District should be implemented and followed by District personnel. All District personnel should review in detail the proposed ITPP and insure that they are familiar with its provisions and responsibility. A copy of the proposed ITPP was distributed to the Commissioners. After discussion, upon motion of Andrea Walton and second by Charles Givin, it was unanimously,

"RESOLVED: that the District adopt the attached ITPP and that all District personnel be provided copies thereof. All District personnel are, effective November 1, 2008, required to implement and enforce its terms and provisions."

2. Mr. Nienaber gave a report on the status of the Boone County Water District Water Purchase Agreement Project. Mr. Nienaber indicated that he has spoken with Mr. Dave Koenig, counsel for Boone County Water District. Mr. Koenig indicated that the only remaining aspect to complete the Water Purchase Agreement is to have a Memorandum of Understanding

MINUTES
OCTOBER, 2008 MEETING
(PAGE 5)

signed by the engineers of the respective Districts regarding the water storage requirements of the Water Purchase Agreement between Boone County Water District and the City of Cincinnati. Kerry Odle indicated that he would contact the project manager/engineer for Boone County Water District and move that issue along. Once the Memorandum of Understanding is completed, Mr. Nienaber reported that Boone County Water District will then present the final draft of a Water Purchase Agreement to the District for review and signature. Mr. Nienaber once again indicated that David Koenig reported that there were no serious objections to the proposed Water Purchase Agreement submitted by Mr. Nienaber several months ago.

3. Mr. Nienaber indicated that the PSC rate increase/Phase VI Project Application is still pending. A permit regarding the Phase VI Project must be received from the Division of Water. Kerry Odle indicated that a permit would be obtained within the next two to three weeks. Once it is received, Mr. Nienaber will forward it to the PSC. Mr. Nienaber indicated that according to the August 28, 2008 letter from the PSC, the DOW permit is the only remaining document needed to process our application.

4. Mr. Nienaber reported that the meeting with the Division of Fish and Wildlife regarding the Bullock Pen Dam Remediation Project was well attended. The Division of Fish and Wildlife reported that they are having serious problems in obtaining easements. Any help from the District would be greatly appreciated. Gail Bowling reported that she had received one easement for the Dam Remediation Project. Mr. Nienaber will forward that to the Division of Fish and Wildlife.

5. Mr. Nienaber shared with the Commissioners a recent Supreme Court decision *Chaney v. Dags Branch Coal Company, Ky., 244 S.W.3d 95 (2008)*. Mr. Nienaber indicated that the case is a very important workers compensation case relating to the assessment of workers compensation payment penalties for work related safety violations. Overall, this Supreme Court decision emphasizes the importance that all employers must exercise in insuring that all safety regulations are in force amongst its employees. Mr. Nienaber indicated that if a safety violation is involved in a work related injury "to any degree" an assessment of a 30% benefits penalty could be assessed against the employer. Mr. Nienaber emphasized to Superintendent Catlett that a comprehensive safety policy should be adopted by the District and that its provisions should be enforced amongst all employees. In addition to enforcement, Mr. Nienaber emphasized that enforcement should be documented and coupled with discipline where those safety violations warrant same. Commissioner Givin emphasized the need for the District to implement, enforce and carry out a comprehensive safety policy as well.

6. Mr. Nienaber reported that he was contacted by Mr. Tom Youtsey, Chas. H. Bilz Agency regarding employee classification. Mr. Nienaber indicated that he has been informed by Tom Youtsey that the new work comp carrier for the District was unaware that Water District employees were performing Sanitary Sewer District services. Mr. Nienaber indicated that he had

MINUTES
OCTOBER, 2008 MEETING
(PAGE 6)

met with Tom Youtsey and shared with him a copy of the Agreement between Bullock Pen Water District and the Grant County Sanitary Sewer District whereby District personnel would perform employment and related services for the Grant County Sanitary Sewer District. Mr. Youtsey indicated there is a possibility that due to the "cross over" use of employees, our work comp rates could be increased somewhat if the Sanitary Sewer District employee classification is a higher risk employment than that of Water District personnel. Mr. Youtsey indicated that as soon as a definitive answer is obtained, he will report.

7. Mr. Nienaber submitted an invoice in the amount of \$3,763.75. Upon motion of Jimmie King and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the invoice submitted by Thomas R. Nienaber in the amount of \$3,763.75 be paid as presented."

8. The issue of health care insurance was raised by Commissioner Givin. Gail Bowling indicated that the District has been contacted by at least three separate insurance providers requesting the opportunity to work with the District in providing health care insurance. Mr. Nienaber indicated that he had been contacted by representatives of the Chas. H. Bilz Insurance Agency for that purpose as well. Mr. Nienaber indicated that as a general rule, there are very few health care insurance providers. For the most part, insurance agents merely act as brokers or accommodators in providing the various plans offered by the few insurance carriers. Commissioner Givin indicated that he was familiar with that process and would like to begin meeting with a representative broker/accommodator to begin the review process. Andrea Walton indicated that she would serve on that Committee with Commissioner Givin. Chairman Burgess indicated that he had recently been given his health insurance options for the upcoming coverage period and that the various options provided him through the state were very detailed, complex and numerous. Everyone agreed that it important for the District to begin the process of reviewing the various options and costs available relating to health care insurance. Commissioners Givin and Walton indicated they would report at the next meeting.

The next order of business was a report by Chairman Burgess.

1. Chairman Burgess read to the Commissioners a letter that he had received from Paula Massie regarding her continued employment. After reading the letter, everyone recommended that an appreciation and recognition event be scheduled as soon as possible to honor Paula Massie for the unwavering and unconditional dedication she has given to the District over the years. Gail Bowling indicated that she would arrange a dinner as soon as possible. Everyone agreed that the venue for this event should be at the City of Crittenden Reception Hall. Chairman Burgess indicated that every reasonable accommodation would be made by the District to insure that Paula's wishes and desires regarding her continued employment are met.

MINUTES
OCTOBER, 2008 MEETING
(PAGE 7)

Chairman Burgess indicated that it was his understanding that Paula Massie did qualify for disability and that under that classification she could continue to work at the District for a few weeks during the transition period. In any event, everyone recognized that it will be an impossible task to replace Paula at the District. Chairman Burgess indicated that Paula Massie has stated that she would assist in any way possible in transitioning to a replacement office manager.

2. Chairman Burgess recommended that Gail Bowling's name be placed on the checking account signature authority with banks. Gail Bowling indicated that she would contact banks and see what needs to be done if anything in that regard.

The next order of business was an announcement by Chairman Burgess that the District should convene to Executive Session for the purpose of discussing personnel issues. Upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the District convene in Executive Session for the limited purpose of discussing personnel issues."

After approximately 45 minutes, the District reconvened its regular meeting. Chairman Burgess announced that no formal action was taken during Executive Session.

The next order of business was a discussion about Gail Bowling serving as interim Office Manager. Upon motion of Jimmie King and second by Chuck Givin, it was unanimously,

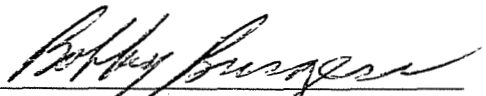
"RESOLVED: that Gail Bowling be placed in the position of interim Office Manager during Paula Massie's absence and that Gail Bowling's salary be increased to that of Paula Massie's effective October 1, 2008 and continuing during that period of time that Gail Bowling serves as Office Manager."

The next order of business was a discussion of scheduling a Special Meeting. After discussion, all Commissioners agreed that a Special Meeting should be held on October 29, 2008 at 5:00 p.m. Gail Bowling should notify the local media of that Special Meeting.

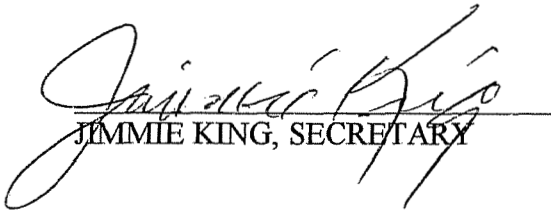
There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

MINUTES
OCTOBER, 2008 MEETING
(PAGE 8)

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
OCTOBER 29, 2008 MEETING**

The October 29, 2008 meeting of the Bullock Pen Water District was called to order at the hour of 5:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, interim Office Manager Gail Bowling and Attorney Thomas R. Nienaber.

The first order of business was an update by Bobby Burgess on the status of Paula Massie's condition. Chairman Burgess stated that he had spoken with Paula Massie. They had discussed disability status and eligibility to receive disability benefits. Paula Massie had requested Chairman Burgess that the District give her a date for the last day of work. Commissioner Givin indicated that a last date of work for disability purposes could be set at October 31, 2008. All of the Commissioners wanted to reassure Ms. Massie that when she recovers and if she desires to come back to the District, the District would surely consider bringing her back at that time. All of the Commissioners and employees of the District wanted to reassure Ms. Massie that they are behind her 100% and that everyone appreciates the outstanding job that she has performed for the District over the last 24 years. Chairman Burgess indicated that Paula Massie should also investigate the issue of retirement for purposes of securing better benefits as well as continued health insurance. Superintendent Catlett indicated that he had been investigating the issue of retirement over the past few months and he explained some of the various options that are available under the CERS Retirement Plan offered to employees under the State of Kentucky retirement program. Chairman Burgess being a Kentucky Employee Retiree explained some of the various options as well. A considerable discussion was held regarding the status of Paula Massie. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that Paula Massie's last date of work at the District for disability purposes would be October 31, 2008. At that time, Paula Massie would be removed from the payroll status."

The next order of business was a discussion of availability of health care insurance for Paula Massie. Commissioner Givin indicated that perhaps Paula Massie, if she needs continued health care insurance from the same carrier, could be offered same through a COBRA Plan. Superintendent Catlett believed that Paula Massie would probably be able to receive Medicare and other insurance through her disability plan. Chairman Burgess suggested that the District offer to Paula Massie, if she so desires, a COBRA Plan to the extent that it would be available under her disability and/or retirement election. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the District offer to Paula Massie a COBRA health insurance plan option through the District to the extent that it is permissible and available to her under her disability and/or retirement election. IT WAS FURTHER RESOLVED: that the

MINUTES
OCTOBER 29, 2008 MEETING
(PAGE 2)

cost of the COBRA Plan, if Paula Massie should elect to participate, would be paid by the District if permissible and to the extent that it is available consistent with her disability and/or retirement election."

The next order of business was a handout by Gail Bowling regarding the Kenton-Campbell 2020 Water Management Plan Council Meeting scheduled for November 3, 2008. Chairman Burgess indicated that any Commissioner who wanted to attend may elect to do so.

The next order of business was a discussion of Superintendent Catlett's planned retirement. Superintendent Catlett reported that it is his intention to retire in the immediate future but he would stay as long as the District needs him in the absence of Paula Massie. Chairman Burgess and Commissioner Givin both reflected on Superintendent Catlett's planned retirement and who would fill that position. Everyone at the District acknowledged that Assistant Superintendent Catlett is more than qualified to fill that position when Superintendent Catlett does decide to retire. Superintendent Catlett reported that he was planning to take a day and schedule an appointment with the Kentucky Retirement Office in Frankfort to discuss his various retirement options. Superintendent Catlett indicated that he would schedule such a meeting prior to the next scheduled District meeting of November 20, 2008. A full report will be given at that time.

Gail Bowling reported the District is short on operating funds at this time and would need to transfer some funds from the existing Grant County Deposit Bank Money Market Account to the general operating account. Gail Bowling reported that there is currently \$104,000.00 (+/-) in that Money Market Account. She would request that up to \$60,000.00 be transferred over to the operating account. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that Gail Bowling be and she is hereby authorized to transfer up to \$60,000.00 in funds from the Grant County Deposit Bank Money Market Account to the general operating account."

The next order of business was a discussion of signature authority for the District in light of Paula Massie's disability status and Superintendent Catlett's upcoming retirement. Chuck Givin indicated that the District should, at a minimum, change signature cards on the daily operating account as soon as possible. Gail Bowling reported that the District currently has approximately 15 different bank accounts. The multiple separate accounts are required, in part, since the District has several outstanding surcharge and sinking fund accounts for the various project phases. Gail Bowling suggested that the signature authority on those separate accounts be coordinated with District

MINUTES
OCTOBER 29, 2008 MEETING
(PAGE 3)

personnel. Chuck Givin recommended to the full Board that the authorized signatures on the accounts should be limited to Assistant Superintendent William Catlett, Jr., Gail Bowling, Jimmie King and Chuck Givin. After discussion, upon motion of Andrea Walton and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that Gail Bowling begin the process of obtaining the various paperwork to establish signature authority on all bank accounts held by the District, including bank accounts at the Bank of Kentucky; Forcht Bank; Grant County Deposit Bank; and Integra Bank. IT IS FURTHER RESOLVED: that the authorized signatures on the aforementioned bank accounts shall be limited to Assistant Superintendent William Catlett; Gail Bowling, Jimmie King and Chuck Givin. BE IT FURTHER RESOLVED: that Gail Bowling is hereby authorized to secure from the appropriate banks any and all additional documentation necessary to confirm the authorized signatures on those accounts and present same at the next meeting for finalization."

The next order of business was a discussion of a replacement for Paula Massie's position. The Commissioners discussed a possible restructuring of the various office management responsibilities at the District. Commissioner Givin and Chairman Burgess recommended that the various management authorities within the District be redistributed and that job responsibilities be allocated between Assistant Superintendent Catlett (who will be assuming some of Superintendent Catlett's responsibilities upon retirement) and other District personnel, including Paula Massie's replacement. Commissioner Givin and Commissioner Walton recommended that the restructuring of management responsibilities within the District be structured so that if a key employee were to retire or leave the duties and responsibilities of that individual could be covered, at least in part, by remaining management personnel. Commissioner Givin envisions an office manager performing the day-to-day operations with a second person in the District's office handling accounting, personnel and human resource issues such as payroll, personnel, insurance, finances, working with accountants and auditors, PSC reporting and treatment plant paperwork. Gail Bowling reported that in Paula's recent absence she turned over various responsibilities to District employees within the office. Gail reported that everyone is doing a great job in filing the void while Paula has been sick. Relative to the replacement of Paula Massie, there was a difference of opinion between the Commissioners as to whether or not a job description should be prepared and then an employee search initiated. Commissioner Walton suggested that the District immediately begin advertising for a replacement for Paula Massie. Commissioner Walton envisions this replacement employee to have a significant background in accounting with a minimum five year experience. It was also recommended that this employee have some experience in human resource activities as well as personnel management. Commissioner Walton and Givin had discussed prior to the meeting a

MINUTES
OCTOBER 29, 2008 MEETING
(PAGE 4)

job title. It was their recommendation that the new employee be classified as a "Director of Personnel and Financial Operations". Counsel Nienaber recommended that a search committee be formed to begin the process of obtaining Resumes, formulating a job description and the like. After discussion, it was agreed that a search committee for the job replacement consist of Andrea Walton and Gail Bowling. Andrea Walton indicated that she would prepare a format outlining the basic responsibilities and qualifications for this new position and present it at the next meeting. Commissioner Walton also indicated that she would begin preparing an advertisement which could be placed in newspapers and sent to various entities seeking a candidate for this position. Commissioner Walton indicated this would be presented at the November 20, 2008 meeting. The Commissioners then discussed the possible salary for this employee. While everyone acknowledged that it would be difficult at this time to specifically identify a salary for this new position, it was generally agreed that the salary range should be in the \$35,000.00 to \$55,000.00 range. More specifics on that issue would be discussed by the Commissioners at the next meeting after the search committee is able to better identify the job qualifications and responsibilities.

The next order of business was a report by Gail Bowling indicating that she needed a part-time employee to assist in Paula Massie's absence. Gail Bowling indicated that she had asked Katsia Baird, already a part-time employee, to work every week, preferably three days a week. Ms. Baird indicated this would be possible but sometime in the near future there were health issues she would need to address that may require surgery. There was a concern by Ms. Bowling that she would be without this help for several weeks and at this time it would be a real strain on all the office employees. Chairman Burgess indicated that if Gail Bowling needs a replacement for Katsia Baird or someone to supplement her hours, Gail Bowling had full authority to do so on an interim basis.

The next order of business was the discussion of going into Executive Session to discuss salary and personnel issues. Chairman Burgess reported that the District needed to review various personnel matters and discuss salary increases for the upcoming year. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously

"RESOLVED: that the regular session of the Bullock Pen Water District end and that the District go into Executive Session for the limited purpose of discussing salary and personnel issues."

An Executive Session was held for approximately 2 hours to discuss salary and personnel issues. Thereupon, upon motion of Andrea Walton and second by Billy Frank Simpson, it was unanimously,

MINUTES
OCTOBER 29, 2008 MEETING
(PAGE 5)

"RESOLVED: that the District conclude its Executive Session and reconvene the regular meeting. The record should reflect there was no action taken during Executive Session."

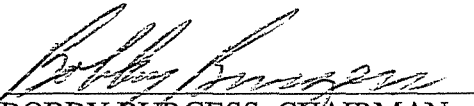
Upon reconvening the regular meeting of the Bullock Pen Water District, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that salaries for employees of the Bullock Pen Water District remain the same for the year 2009, except for employees, Becky Miller, Joshua Workman, Paul E. Harp, Suzanne Epperson, Dianne Cook, Amy Johnson and Katsia Baird whose salaries shall be raised as per the attached list."

The next order of business was a report by the Health Insurance Committee. Commissioners Givin and Walton stated that they had met two health care insurance representatives earlier in the day to discuss various options with health care coverage. Everyone at the District realizes that the cost of health care insurance is "out of hand" and that changes need to be made with respect to the manner in which health care insurance is provided by the District for its employees. Commissioners Walton and Givin indicated that they met with two representatives, one from the existing health care insurance providers and a second from the Chas H. Bilz Agency. Different options were explored regarding health care coverage, including the establishment of healthcare reimbursement accounts. Commissioner Givin briefly explained these accounts as they can provide a substantial reduction in monthly premiums for the District. Commissioners Givin and Walton reported that they did not have any specific premium quotes at this time. The Committee was informed by the two presenters at the meeting earlier in the day that additional information and price quotes would be available for presentation to the full Board at the next meeting. Commissioners Walton and Givin did indicate that the current health care provider reported that the projected increase in health care cost for the upcoming year will be approximately 15%.

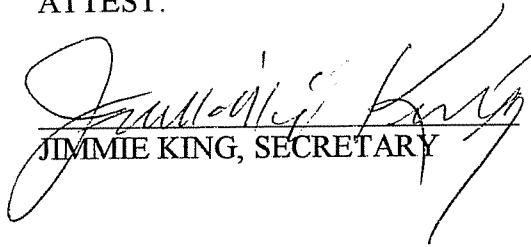
There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

MINUTES
OCTOBER 29, 2008 MEETING
(PAGE 6)

ATTEST:



Jimmie King
JIMMIE KING, SECRETARY

RECOMMENDED SALARY INCREASES

BULLOCK PEN WATER DISTRICT

2009 CALENDAR YEAR

1. Becky Miller - \$13.49
2. Joshua Workman - \$14.75
3. Paul E. Harp - \$10.00
4. Suzanne Epperson - \$16.07
5. Diane Cook - \$18.52
6. Amy Johnson - \$13.22
7. Katsia Baird - \$10.00

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
NOVEMBER, 2008 MEETING**

The November 20, 2008 meeting of the Bullock Pen Water District was called to order at the hour of 1:00 p.m. Present at the meeting were Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Office Manager Gail Bowling and Attorney Thomas R. Nienaber. Chairman Bobby Burgess was absent.

The first order of business was the appointment of an acting Chairman in the absence of Bobby Burgess. By acclamation, it was agreed that Commissioner Chuck Givin serve as acting Chairman for the meeting.

The first order of business was a presentation by Mayor Clay Crupper, City of Dry Ridge. Mayor Crupper presented to the Board a situation that the City has experienced in Summerfield Subdivision, Dry Ridge. Mayor Crupper noted that there was at least one resident in the subdivision that was not paying their sanitary sewage bill. Mayor Crupper inquired of the District as to whether or not the District could shut off water service to residents who do not pay their sanitary sewage bill. Mr. Nienaber indicated that by statute the District is permitted to discontinue water service in the event that a resident is not paying their sanitary sewer bill. Mayor Crupper indicated that currently there is only one resident who did not pay, however, with the number of homes being built in Summerfield Subdivision and the upcoming opening of Ashley Estates Subdivision, Mayor Crupper wanted some type of arrangement with the District. Mr. Nienaber reviewed with the Board the arrangements that the District had with the City of Crittenden prior to formation of the Grant County Sanitary Sewer District. Commissioner Givin inquired as to whether or not the District could be guaranteed payment of the reconnection fee if water service is shut off for non-payment of a sanitary sewer bill. Mr. Nienaber indicated that the District could recoup its reconnect fees. Mr. Nienaber suggested that the City of Dry Ridge inform its sanitary sewer customers that receive water service from the District that their water service may be terminated in the event of non-payment of sanitary sewer charges. Mr. Nienaber indicated that notice should include the fact that reconnection fees would have to be paid. After discussion, Mr. Nienaber was directed by the Board to draft a Shut Off Agreement and present it to the City of Dry Ridge. Mr. Nienaber indicated that he would prepare an Agreement and forward it to the City of Dry Ridge for signature. That Agreement should then be returned to the District for presentation at its next meeting.

The next order of business was a presentation by Mike Pollitt of 1009 Jump Road. Mr. Pollitt indicated that he would like to have water service delivered to his home on Jump Road. His home is approximately three quarters of a mile from Fords Mill Road, the nearest site of water at this time. Kerry Odle indicated that the District had considered taking water service down Jump Road on one other occasion; however, due to the lack of customers it was not feasible. Mr. Pollitt indicated that there are three residents off of Fords Mill Road who reside on Jump Road that are receiving water service from the District through a 2 inch service line from meters that are placed at the intersection of Jump Road and Fords Mill. Mr. Pollitt indicated that at least one of the residents receiving such water service has little to no water pressure.

MINUTES
NOVEMBER, 2008 MEETING
(PAGE 2)

Superintendent Catlett and Kerry Odle both agreed that to run a 6 inch or even a 4 inch water line down Jump Road the distance required to service one residence would result in a considerable amount of lost water during the summer months. Assistant Superintendent Catlett indicated that he would check the meters servicing the residents on Jump Road to confirm water pressure and whether or not it would be feasible to place another service line in that area. Acting Chairman Givin indicated that Mr. Pollitt should contact Judge Link and the Grant County Fiscal Court to see if there are any available monies to extend the water line on Jump Road.

The next order of business was approval of the October 16, 2008 Minutes of the regular meeting of the Bullock Pen Water District. After discussion, upon motion of Billy Frank Simpson and second by Andrea Walton, it was unanimously,

"RESOLVED: that the October 16, 2008 Minutes be approved as presented."

The next order of business was approval of the October 29, 2008 Minutes of the special meeting of the Bullock Pen Water District. After discussion, upon motion of Jimmie King and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the October 29, 2008 Minutes be approved as presented."

The next order of business was a review of the warrants for October, 2008 as attached. After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

"RESOLVED: that the warrants & profit and Loss report for October, 2008 be approved as presented."

Gail Bowling noted that there was no profit and loss report from Peggy Gamble for October, 2008 in that Peggy Gamble, Morris & Bressler, was hospitalized and unable to prepare the statement.

The next order of business was a report by Kerry Odle as follows:

1. Kerry Odle reported that the Phase XI Project is winding down with only a few minor close out items left. Overall the project went very well. Kerry Odle indicated that a pay request would be submitted in the very near future. The project is within budget and on time. Mr. Odle said that there may be approximately \$4,000.00 surplus left from the project funding. The District should consider ways of utilizing the remaining funds.

MINUTES
NOVEMBER, 2008 MEETING
(PAGE 3)

2. Kerry Odle reported on the Phase VI Project. The Norfolk Southern Railroad has finally contacted Mr. Odle regarding the existing corrugated pipe which is providing water service under the railroad. Mr. Odle indicated that it would be cheaper to put in a new pipe under the railroad in that the existing corrugated pipe would have to be reengineered and various modifications would need to be made. Mr. Nienaber inquired as to the license fee that would be charged for the new line under the railroad. Kerry Odle indicated it would be approximately \$10,000.00. The current budget for the District's project has set aside \$25,000.00 for that permit. Kerry Odle also indicated that it was the preference of the Norfolk Southern Railroad that a new encasement be placed under the railroad. The new bore will cost approximately \$110.00 per foot and will provide an 18 inch encasement for installation of a 12 inch water line.

Kerry Odle reported that he received a phone call from representatives of the DOW who had indicated that the Phase VI plans have been approved. A confirmation letter will be mailed shortly. Mr. Nienaber indicated that as soon as the DOW letter approving the plans is received, it should be forwarded to him for submittal to the Public Service Commission.

3. Kerry Odle reported that there are currently 6 easements remaining on the Phase VI Project that are absolutely necessary. Mr. Odle submitted the attached list of easements which includes Ronnie Mann, John Ammerman, James Donaworth, Patrick Wells, Elmer Plum and Oscar Lunsford. Mr. Nienaber indicated that it is imperative that these easements be obtained as soon as possible. He emphasized that the project cannot continue unless those easements are received. Acting Chairman Givin indicated he would meet with Chairman Bobby Burgess to obtain signatures on those Easements. Kerry Odle inquired as to whether or not he could advertise the project for construction bids once the DOW Permit is received without those 6 Easements identified above. Mr. Nienaber indicated that the contracts could be advertised for bid, however, the contracts cannot be awarded nor can the work begin until those Easements are obtained. Mr. Nienaber emphasized to Kerry Odle that if he does advertise these projects for bid that the contractor should be aware of that fact. After discussion, upon motion of Billy Frank Simpson and second by Jimmie King, it was unanimously,

"RESOLVED: that Kerry Odle be and he is hereby authorized to begin the process of advertising the Phase VI Project for construction bids upon receipt of the written confirmation of the Division of Water Permit and acceptance of the Phase VI plans."

4. Kerry Odle reported that the archeologist has made a preliminary report on his findings regarding the Phase VI Project. The archeologist indicated that he had found three archeological objects on the project, including glass and other artifacts. The archeologist indicated that this should not delay or otherwise impede the project. A written report confirming his findings will be submitted on or before December 15, 2008.

MINUTES
NOVEMBER, 2008 MEETING
(PAGE 4)

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported on the status of the Boone County Water District Water Supply Agreement. Mr. Nienaber reported that he had heard from David Koenig regarding the proposed Agreement and the requested revisions. Mr. Nienaber shared with the Commissioners the requested changes that David Koenig had suggested to the Agreement. Basically, the requested changes did not substantively modify the Agreement as previously presented. The calculation for determining "supplemental charges" remains the same. Mr. Nienaber reviewed with the Commissioners the "supplemental charge" which will be assessed through June 30, 2009. With the base water rate of \$2.65 per 1,000 gallons and the supplemental charge, the total rate for water is \$3.13 ½ per 1,000 gallons. This is considerably lower than the current charges. Mr. Nienaber reviewed the Agreement with the Commissioners. Mr. Nienaber emphasized that the Agreement is one that requires the District to purchase a minimum 100,000 gallons per day with a maximum purchase of 500,000 gallons per day. Mr. Nienaber reported that the minimum and maximum daily gallons are averaged on a 30 day period. Mr. Nienaber stated that it is imperative that the District need, at a minimum, 100,000 gallons per day as we will be billed for that amount regardless of whether or not water is used. Mr. Nienaber also emphasized that the water to be purchased from Boone County Water District must be used by the District within the geographical area identified in the Exhibit "1" to the Agreement. Kerry Odle and Assistant Superintendent Catlett both reported that they have no problem with the service area identified on Exhibit "1". Mr. Nienaber responded to questions from the Commissioners regarding the Agreement. After discussion, upon motion of Jimmie King and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the District execute the Agreement through its Chairman Bobby Burgess and that the Agreement be submitted to Boone County Water District for signature and subsequent approval by the various fiscal courts and Public Service Commission.

BE IT FURTHER RESOLVED: that Chairman Bobby Burgess is authorized to execute any and all other documents and take any further action necessary to obtain approval and confirmation of the Water Supply Agreement."

2. The next order of business was a discussion of the upcoming rate increase. Mr. Nienaber indicated that the PSC will not accept our Application for a rate increase as being filed until the last item is supplied to the PSC, to wit: The Division of Water Permit. Kerry Odle reported that Permit should be received in the next few days. Mr. Nienaber stated that once the Permit is received, it will be immediately filed with the Public Service Commission.

MINUTES
NOVEMBER, 2008 MEETING
(PAGE 5)

3. Mr. Nienaber indicated that he had not yet heard anything on the Dam Remediation Project since the last report. Assistant Superintendent Catlett indicated that he had received a phone call from one of the consulting engineers indicating that once the project is underway, the lake water level will be lowered by 8 feet for a temporary period of approximately 9 months. After preliminary repairs, the lake water level will then be raised 2 feet until the remaining repairs are completed at which point the lake will be returned to its regular pool level. Assistant Superintendent Catlett indicated that if the lake water level is reduced by 8 feet during a dry period and the District's new floating intake platform is not completed, there could be serious water shortage issues with the District. Assistant Superintendent Catlett basically indicated that if that were to occur, the District would be put in a position where they could probably not withdraw water from the lake for treatment at the plant. Kerry Odle indicated that it was his understanding that the lake remediation construction would begin sometime in the fall, 2009. As Assistant Superintendent Catlett indicated, this could be a problem if it is a dry fall. Assistant Superintendent Catlett also inquired as to whether or not the Division of Fish and Wildlife could allocate some of the remediation project funding to help the District in the construction cost of its floating intake platform. Mr. Nienaber inquired as to the cost of that project. Kerry Odle indicated that it would be between \$70,000.00 and \$80,000.00. It was requested that Mr. Nienaber contact Charles Bush, Kentucky Department of Fish and Wildlife to see if any funds would be available in the construction of that platform and to obtain a more definite timetable from the State as to when the project will begin, length of construction, estimated completion date, etc.

3. Mr. Nienaber inquired of Gail Bowling as to whether or not the Identify Theft Policy had been implemented. Gail Bowling indicated that it had. Mr. Nienaber emphasized that she should review that policy with all of the District personnel and that they become familiar with its terms.

4. Mr. Nienaber shared with everyone the four Duke Energy Easements which are necessary to provide Three Phase Electric to the Water Pump Station at Bagby Road and US 25. Mr. Nienaber explained that the Easements were "dumped" on his lap by Mr. Fricke, Project Engineer for Duke Energy. Mr. Fricke indicated to counsel that he simply had too much work to do and could not get the easements signed. Mr. Nienaber indicated that he would complete the Easements and submit them to the District to obtain signatures. Acting Chairman Givin and some of the Commissioners indicated that they were aware of the individuals who need to sign the Easements and that they would make contact with those people.

5. Mr. Nienaber inquired as to the status of the Office Manager job description/hiring status. Commissioner Walton had prepared a brief job description and minimal qualifications for the newly created position of Director of Personnel and Financial Operations. Commissioner Walton requested that everybody review this document and be prepared to provide input any additional comments at the next meeting. Gail Bowling indicated that she

MINUTES
NOVEMBER, 2008 MEETING
(PAGE 6)

did not see any immediate need to replace Paula Massie. Currently, Gail Bowling has a pressing need for someone to provide bookkeeping assistance in the office in light of Paula Massie's absence. This individual need not meet the qualifications of the newly created Director of Personnel and Financial Operations; however, they should have basic knowledge of Excel, Quick Books and customer relations. Gail Bowling indicated that it would probably be best to contact an account temporary service to hire someone on a temporary basis. Commissioner Givin and Commissioner Walton agreed. After discussion, it was determined that Gail Bowling may contact an account temporary service to engage temporary employment assistance until the newly created position is filled. Commissioner Walton indicated that it would probably be best to wait until after the first of the year to begin the advertising process for finding an individual to fill that vacancy. Commissioner Walton indicated that the District should not advertise the position and begin the interviewing process until the District is ready to hire.

6. Gail Bowling indicated that she had made contact with the Madison County Water District regarding the use of credit cards for payment of water service. Gail Bowling indicated that the Madison County Water District had implemented the credit card payment program and that they are extremely pleased with that project. Gail Bowling indicated that she would like to have a similar program at the District. However, in light of the current personnel shortage issue, this matter should be held off until things settle down in the office.

7. Mr. Nienaber inquired of Assistant Superintendent Catlett as to whether or not a report had been issued to Judge Executive Link regarding the issues raised at the last meeting. Acting Chairman Givin indicated that he had spoken with Judge Link and reported on the District's position.

8. Mr. Nienaber inquired as to the results of the Insurance Committee findings. Commissioners Givin and Walton presented to the District a summary report of the various options available to the District. A spreadsheet was provided outlining 8 different options regarding health care. The current healthcare plan in place for District personnel is not included on that spreadsheet but was made available to everyone. The current premiums for health care are \$22,883.00 a month. If the District was to elect Option 5-RX1, a total savings of approximately \$65,000.00 per year could be realized based on current premium quotes. Commissioners Givin and Walton reviewed the spreadsheet and the various options available with the Commissioners. They emphasized that these rates are current rates for policy coverage for each of the various options. The rates which will be implemented in 2009 are estimated to increase by 15%. Commissioner Walton requested that everyone review this policy coverage spreadsheet and be prepared to make a decision at the next meeting. Commissioner Walton emphasized that the current policy with the District is up for renewal on February 28, 2009. Mr. Nienaber requested

MINUTES
NOVEMBER, 2008 MEETING
(PAGE 7)

that everyone make sure that Chairman Burgess receive a copy for discussion at the next meeting.

The next order of business was an Assistant Superintendent's Report as follows:

1. Assistant Superintendent Catlett indicated that the Public Service Commission had completed an inspection of the District's operations on Tuesday, November 18, 2008. Assistant Superintendent Catlett was please to report that the inspection went very well and the PSC indicated that there were no deficiencies.

2. Assistant Superintendent Catlett indicated that during operations of the Grant County Sanitary Sewer District's business, approximately 500,000 gallons of water was used by the Sanitary Sewer District. Assistant Superintendent Catlett inquired as to what the billing rate should be for that water service. Acting Chairman Givin suggested that the District charge its bulk rate to the Grant County Sanitary Sewer District for the water used. Everyone agreed.

The next order of business was a report by Office Manager Gail Bowling as follows:

1. Gail Bowling reported that the signature cards for the Integra Bank accounts are completed.

2. Gail Bowling inquired as to whether or not the raises approved at the last meeting should be made retroactive to September 1, 2008 as they always had been. Acting Chairman Givin agreed that they should be. After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

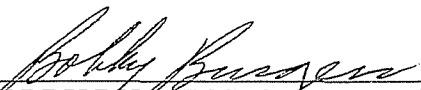
“RESOLVED: that all raises awarded at the October, 2008 meeting of the Bullock Pen Water District to its employees be made effective September 1, 2008.”

3. Gail Bowling reported that the next meeting is scheduled for December 18, 2008. No one had any problems with that meeting date.

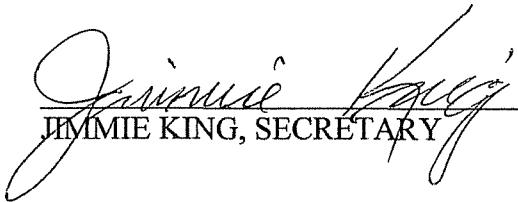
There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

MINUTES
NOVEMBER, 2008 MEETING
(PAGE 8)

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
DECEMBER, 2008 MEETING**

The December 18, 2008 meeting of the Bullock Pen Water District was called to order at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William R. Catlett, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Office Manager Gail Bowling and Attorney Thomas R. Nienaber.

The first order of business was a presentation by Earl Litton of Litton-Arison Insurance Services. The purpose of this presentation was to provide the Board information relating to health insurance coverage for the District employees. Also present was Mr. Litton's assistant, Deborah Mobley. Mr. Litton reported that health insurance coverage for the District employees is up for renewal on February 1, 2009. Mr. Litton presented various options available to the District for renewal insurance coverage packages in the upcoming year. Mr. Litton presented a 27 page handout to all Commissioners relating to the various options and premium cost. Mr. Litton prepared a spreadsheet outlining on a per employee basis, the various options available and the cost of those options. The current insurance coverage is expected to increase 17%. Mr. Litton pointed out that the District presently provides Blue Access Option 14 with Rx Option H. The projected premiums for that package are \$28,107.22 per month. Page 11 of Mr. Litton's handout identifies all of the different options available and the specific coverage amounts available with each package. Mr. Litton also discussed with the Commissioners the option of selecting a Health Savings Account Plan ("HSA") and a Health Reimbursement Account Plan ("HRA") which are less expensive and provide innovative cost savings plans and health care options for employees and employers. Mr. Nienaber inquired as to whether or not Litton-Arison Insurance Services had any healthcare packages through other health providers other than Anthem Blue Cross and Blue Shield. Mr. Litton indicated that he did provide services through other carriers; however, if the District were to change insurance carriers, all employees would have to fill out census questionnaires regarding their current health, past claims, etc. Mr. Nienaber also inquired as to whether or not Anthem Blue Cross Blue Shield's cost for premiums were competitive. Mr. Litton indicated that they were. As a general rule, Anthem Blue Cross Blue Shield's premiums are 10 to 15% higher; however, that additional premium usually is accompanied with better coverage. Commissioner Walton recognized that changing healthcare providers at this time would not be a wise choice. Mr. Litton gave a brief explanation as to how HRA and HSA plans work. He indicated that additional information could be made available if the Commissioners needed same. Commissioners Givin and Walton suggested that they take an opportunity over the next couple of weeks to review more closely the options available and the cost of projected premiums for the 2009 coverage period. After review by the Health Insurance Committee, Commissioners Walton and Givin would make a recommendation of coverage at the next meeting. Mr. Nienaber inquired as to when a firm decision would have to be made in order to insure that adequate time is available to put the new coverage package in place for the upcoming year. Mr. Litton indicated that a firm decision would have to be made no later than January 20, 2009. Commissioner King indicated that he would like to have from the Health Insurance Committee a complete proposal at

MINUTES
DECEMBER, 2008 MEETING
(PAGE 2)

the January 15, 2009 meeting so that formal and final action could be taken. Chairman Burgess encouraged employees to review the various options available and to make any suggestions that they feel appropriate to the Health Insurance Committee. Mr. Nienaber suggested that Gail Bowling provide the information handed out by Mr. Litton to all employees. Mr. Nienaber cautioned Ms. Bowling to redact any personal information relating to employees' name, ages, etc. Ms. Bowling indicated that she would make such information available in a redacted format.

The next order of business was approval of the November, 2008 Minutes of the meeting of the Bullock Pen Water District. After discussion, upon motion of Billy Frank Simpson and second by Jimmie King, it was unanimously,

"RESOLVED: that the November 2008 Minutes be approved as presented."

The next order of business was a review of the warrants and profit and loss statement for November, 2008 as attached. After discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the warrants and profit and loss statement for November, 2008 be approved as presented."

Gail Bowling noted that there is no loss reflected on the balance sheet and profit and loss for November, 2008 as opposed to the previous month. Ms. Bowling noted and reminded the Commissioners that substantial prepayments were made in the proceeding month which reflected a larger loss for October, 2008.

The next order of business was a review of the proposed 2009 Budget. Chairman Burgess distributed to all of the Commissioners a proposed Budget prepared by Morris & Bressler. Mr. Nienaber had questions regarding the Budget. He inquired as to whether or not the income reflected from residential customers for 2009 includes the proposed rate increase. Ms. Lamb of Morris & Bressler indicated that water sales income reflects the proposed rate increase effective April 1, 2009. Mr. Nienaber also pointed out that health insurance costs budgeted for the calendar year 2009 was estimated at \$298,000.00. Based upon the proposed current coverage and projected insurance premiums, this would reflect a significant underestimate of actual costs. Commissioner Walton inquired as to why the District has an annual budget prepared and why formal action regarding that budget is taken. Mr. Nienaber explained that a budget is mandated as a part of our annual financial accounting to various governmental agencies. In addition, the budget enables the District to provide for the next year strategic planning. A good example of the budget process and how it provides a planning tool for the District is the issue of health insurance which the District is currently reviewing in. Mr. Nienaber also indicated that the Public

MINUTES
DECEMBER, 2008 MEETING
(PAGE 3)

Service Commission in its annual financial audit of the District reviews our Budget and compares budget numbers with actual expenses incurred and income received. After discussion, upon motion of Andrea Walton and second by Chuck Givin, it was unanimously,

“RESOLVED: that the proposed 2009 Budget for the Bullock Pen Water District be accepted as proposed.”

The next order of business was a report by Mr. Kerry Odle as follows:

1. Kerry Odle reported that a Certificate of Substantial Completion has been issued with respect to the Phase XI Project. A final pay estimate has been submitted. Mr. Odle is waiting for the final invoice from NKADD. The paperwork on the \$50,000.00 grant for partial funding of the Phase XI Project has been completed and submitted. There is remaining a small amount of money in the Phase XI Account representing additional funds from tap-on fees. The District should consider how to spend that money.

2. Kerry Odle gave a report on the status of the Phase VI Project. A Division of Water Permit has been received as attached. Mr. Odle reported that the Division of Water stated that the project could not be bid until the archeological report is received. Kerry Odle spoke with the archeologist on December 17, 2008. He indicated that the report should be in by December 19, 2008. Kerry Odle is looking to bid the Phase VI Project on January 13, 2009. An advertisement will be placed in the *Kentucky Enquirer* for the project on December 24, 2008. Mr. Nienaber stressed the need to complete the remaining six Easements for the Phase VI Project before construction can begin.

3. Kerry Odle presented to the Commissioners a Resolution ratifying and approving the execution and delivery of the Assistance Agreement with the Kentucky Infrastructure Authority for the Phase VI Project. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

“RESOLVED:

1. The District hereby ratifies and approves the execution and delivery of the Assistance Agreement between the Bullock Pen Water District and the Kentucky Infrastructure Authority for the purpose of providing financing to the District for the acquisition and construction of the Phase VI Water Project;

2. That the actions of the Chairman and Secretary of the District in executing the Assistance Agreement are hereby ratified and approved and that the Chairman and Secretary are further authorized, directed and empowered to execute any and all

MINUTES
DECEMBER, 2008 MEETING
(PAGE 4)

additional documents or agreements which may be reasonably required to effect such financing and to otherwise act on behalf of the District relating to said financing; and

3. That the attached Resolution be incorporated herein by reference and executed by the District for submittal to the Kentucky Infrastructure Authority as requested.”

3. Kerry Odle submitted to Counsel Thomas R. Nienaber the attached Opinion Letter which needs to be completed and forwarded to the Kentucky Infrastructure Authority. Mr. Nienaber indicated that he would do so immediately.

4. Kerry Odle reported that the Federal Stimulus Package to be implemented by the new Presidential Administration may have between \$80,000,000.00 and \$120,000,000.00 in funds available for public construction projects in the Commonwealth of Kentucky. The NKADD is currently taking project applications for consideration in receiving various funds from the stimulus package. Kerry Odle reported that these programs and projects must be completed and ready for bid and commencement of construction within 120 days of availability of funding. Kerry Odle reported that he had prepared various project profiles for submittal to NKADD for review. He will report at the next meeting.

5. Kerry Odle reported that there are six Easements that are required for the Phase VI Project. Chairman Burgess reported that the Donaworth Easement should be signed Friday, December 19, 2008. Chairman Burgess also reported that Mr. Blum indicated that he would come into the District Headquarters and sign the Easement as soon as possible. Bill Catlett, Jr. indicated that he had emailed Mr. Wells and has received no response. Commissioner Givin and Chairman Burgess indicated they would follow up on the six Easements.

6. Kerry Odle indicated that he is in the process of conducting some tests to see if the District can operate and withdraw water from the Bullock Pen Lake during the Dam Remediation Project. Kerry Odle reported that his preliminary indications are that the District would probably not be adversely affected by a lowering of the water level in Bullock Pen Lake during the Dam Remediation Project. However, Kerry Odle did report that during peak demand/dry periods, there could be some issues. Kerry Odle will continue his testing and report at the next meeting.

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported on the status of the Boone County Water District Water Purchase Agreement. On December 8, 2008, Mr. Nienaber received a phone call from David Koenig, counsel for BCWD. Therein, Mr. Nienaber was advised that BCWD wanted to make a

MINUTES

DECEMBER, 2008 MEETING
(PAGE 5)

few changes to the Agreement that was approved by the District at the November, 2008 meeting. Mr. Nienaber shared with the Commissioners his December 8, 2008 letter (attached) directed to Chairman Burgess. Mr. Nienaber reported that the three changes requested by BCWD are:

- (a) The original Agreement was contingent upon BCWD entering into a Sale Agreement to purchase various water lines from Boone County Fiscal Court. It is now anticipated by BCWD that they will enter into a long term Lease Agreement with Boone County Fiscal Court. Mr. Nienaber indicated that this change is not substantive and is not a problem.
- (b) The current Agreement provides that if BCWD seeks a rate increase, they are required to send the District a copy of all filings. BCWD wants to eliminate the requirement that they provide copies of all filings and simply notify us of any proposed rate increase. Mr. Nienaber does not have any problems with this requested change.
- (c) The Executive Director of BCWD does not believe that the current agreement requiring 100 PSI at the point of delivery is workable. Mr. Koenig reported that BCWD is concerned that 100 PSI may not be reached at times due to water shortage, equipment failure, etc., BCWD may not be able to provide 100 PSI. Mr. Koenig requested that the Agreement be modified to provide that the District understands and recognizes that there may be certain circumstances which prohibit BCWD from providing PSI. Any such failure to provide 100 PSI on a temporary basis would not constitute a breach of the Agreement. Mr. Nienaber has no problem with that change recognizing that there may be certain times which 100 PSI cannot be achieved. Kerry Odle also indicated that under the current system, BCWD should not have any problem whatsoever in providing 100 PSI for the majority of time. However, Kerry Odle did recognize that in rare circumstances there may be conditions which arise that prevent BCWD from providing 100 PSI. That should not be a problem.

With the foregoing said, Mr. Nienaber is authorized to report to Mr. Koenig that we have no problems with those requested changes.

2. Mr. Nienaber reported with the District the results of his contacts with Mr. Charles Bush of the Kentucky Department of Fish and Wildlife Resources regarding the District's request for the Cabinet's contribution to the construction cost of the intake platform at Bullock Pen Lake and contribution towards Mr. Nienaber's fees associated with the Dam Remediation Project. Mr. Nienaber reported that the Cabinet is not willing to contribute to defray Mr. Nienaber's attorney's fees nor are they in a position to contribute to the construction

MINUTES
DECEMBER, 2008 MEETING
(PAGE 6)

cost of the intake platform. In fact, Mr. Nienaber reported that the Cabinet was considering a request from the District for assistance in funding the Dam Remediation Project.

3. Mr. Nienaber reviewed with the District the two filings made with the PSC relating to the Rate Increase/Phase VI Application approval. Mr. Nienaber reported that the Division of Water Report and Permit was filed with the Public Service Commission in the rate increase proceeding. He has not yet heard or received anything from the PSC regarding that filing. Mr. Nienaber reported that everything the PSC has requested has been provided. Mr. Nienaber will report at the next meeting.

4. Mr. Nienaber delivered the Duke Energy of Kentucky, Inc. Easements. Those four Easements are for the upgraded three phase lines to provide service to the new pump station located at US 25 and Bagby Road.

5. Mr. Nienaber discussed with the Commissioners the six remaining Easements for the Phase VI Project. Mr. Nienaber had previously emailed those Easements to the District. Mr. Nienaber stressed the importance of obtaining those Easements as quickly as possible.

6. Mr. Nienaber shared with the Commissioners a proposed Water Shutoff Agreement. Commissioner Givin had questions regarding the proposed Agreement relating to the City of Dry Ridge's obligation to reimburse the District for shutoff and reconnection fees if the customer fails to pay those. Mr. Nienaber indicated that the Agreement provides the City to indemnify and hold harmless the District for any such cost and expense. Gail Bowling inquired as to whether or not the District could charge the City of Dry Ridge for water usage data supplied to the City. Mr. Nienaber indicated that the proposed Agreement does, in fact, provide for the City of Dry Ridge to pay a reasonable fee for retrieving and providing water usage data to the City. After discussion, upon motion of Jimmie King and second by Chuck Givin, it was unanimously,

“RESOLVED: that the District, through its Chairman Bobby Burgess, enter into an Agreement with the City of Dry Ridge to provide water shutoff services as proposed in the attached Agreement. Chairman Burgess is hereby authorized to execute the Agreement and any and all other necessary paperwork to implement that Agreement.”

7. Mr. Nienaber provided an update on the District's request for increase in Commissioner fees. Mr. Nienaber reported since his last contact with Mr. Earlywine from the Boone County Fiscal Court's office, no further information and contacts have been made. Chairman Burgess indicated that he had heard from Judge Link who stated that the District

MINUTES
DECEMBER, 2008 MEETING
(PAGE 7)

should wait until after the rate increase before the Grant County Fiscal Court would address that issue. Commissioner Walton inquired as to what would happen if the Boone County Fiscal Court approved an increase and the Grant County Fiscal Court did not or vice versa. Mr. Nienaber indicated that the statute does not provide for such instance, however, a literal interpretation and reading of the statutory provisions relating to Commissioner's fees would indicate that if one Fiscal Court approved a Commissioner's fee increase and the other did not, the increase in Commissioner's fees would be implemented with those Commissioners representing the County whose Fiscal Court approved the increase while the other would not.

8. Mr. Nienaber delivered the Dawalt Easement to Chairman Burgess.

The next order of business was a report by Assistance Superintendent Catlett as follows:

1. Assistant Superintendent Catlett indicated that he is currently maintaining records relating to the amount of water lost due to water flushing at line termination points. Assistant Superintendent Catlett reported that due to the number of "dead end lines" where a minimal number of customers are serviced, the District is flushing substantial amounts of water. In fact, Assistant Superintendent Catlett indicated that the District is currently experiencing a 9% to 11% water loss rate. Assistant Superintendent Catlett indicated at this point there are approximately 10 to 15 areas where flushing of water is required. Commissioner Givin requested that Assistant Superintendent Catlett maintain detailed records on water loss due to the flushing of hydrants and that a monthly report be provided to the District. Assistant Superintendent Catlett indicated he has been maintaining records for approximately the last four months and will continue to do so. Chairman Burgess and Commissioner Givin indicated that Assistant Superintendent Catlett and Kerry Odle evaluate those areas where water flushing is occurring to see if any system improvements or modifications could be made to eliminate or reduce the amount of water being flushed. It is also recommended by Chairman Burgess that this condition be reported to the Grant County Fiscal Court for their information.

The next order of business was a report by Gail Bowling as follows:

1. Ms. Bowling reported that the District needs a withdrawal of funds from its reserve account in order to meet monthly expenditures. Ms. Bowling indicated that she will need in the next 30 days approximately \$50,000.00 to \$60,000.00. Ms. Bowling reported that the line of credit account with Forcht Bank currently has remaining approximately \$114,000.00 available. She also reported that the District has a \$38,000.00 Certificate Deposit at the Bank of Kentucky and the current reserve account of \$25,000.00. Commissioner Givin recommended that the District exhaust its reserve funds prior to drawing upon the line of credit. Everyone agreed. After discussion, upon of Motion of Chuck Givin and second by Andrea Walton, it was unanimously,

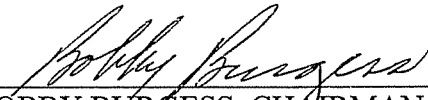
MINUTES
DECEMBER, 2008 MEETING
(PAGE 8)

“RESOLVED: that Gail Bowling be and she is hereby authorized to withdraw funds from the reserve account in such amounts needed to meet operating expenses for the upcoming months. Gail Bowling is directed not to draw upon the line of credit unless all other sources of funding are exhausted.”

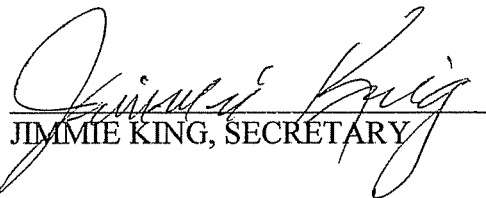
2. Gail Bowling indicated that the next meeting is scheduled for January 15, 2009.

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
JANUARY, 2009 MEETING**

The January 15, 2009 meeting of the Bullock Pen Water District was called to order at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Assistant Superintendent William Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Office Manager Gail Bowling and Attorney Thomas R. Nienaber.

The first order of business was an announcement by Chairman Burgess that William Catlett, the District's Superintendent and dedicated employee of 38 years, formally retired effective December 31, 2008. Everyone recognized Mr. Catlett's 38 years of dedicated service to the District and residents of Grant County. To recognize his dedication and service, the District will have a retirement dinner in his honor on January 26, 2009 at 6:30 p.m. at Longhorn Steakhouse, Florence, Kentucky. All Board members, counsel, engineer and their respective spouses or guests are invited to attend.

The next order of business was approval of the December, 2008 Minutes of the meeting of the Bullock Pen Water District. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the December, 2008 Minutes be approved as presented."

The next order of business was a review of the warrants and profit and loss statement for December, 2008 as attached. After discussion, upon motion of Jimmie King and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the warrants and profit and loss statement for December, 2008 be approved as presented."

The next order of business was a review of the Health Insurance Committee's recommendations for health insurance coverage for District employees for the upcoming year. Commissioner Walton presented to the District a spreadsheet outlining all the various options available for the upcoming coverage period. Commissioner Walton pointed out that the District currently has the Option 14RX H program. The premiums projected for the 2009 coverage period beginning February 1, 2009 is \$337,287.00. Commissioner Walton announced that she and Commissioner Givin met for the purpose of reviewing the various options available for coverage in the upcoming coverage period. The Committee reported that it was their recommendation that Option 5RX H be the option of choice for the District in the upcoming coverage period. In an effort to alleviate some of the adverse financial effect upon the employees, it was also the recommendation of the Committee that a health reimbursement arrangement ("HRA") also be adopted by the District in conjunction with Option 5 coverage. Commissioner Walton pointed out that the Option 5 coverage package will raise deductibles

MINUTES
JANUARY, 2009 MEETING
(PAGE 2)

from \$250.00 to \$750.00 per employee per year and from \$750.00 to \$2,250.00 per family per year. By implementing an HRA, the District would cover the employee deductible. The Committee ran figures on the financial impact of implementing an HRA. The Committee reported that Option 5 coverage would cost the District an annual premium of \$263,871.00. This is approximately a \$70,000.00 saving in annual premiums for the District as opposed to the current coverage package. With implementing an HRA, the District would incur an additional expense. However, if every employee maxed out on their deductible which the District would cover under the HRA, the total premium savings per year for the District in adopting a combination of Option 5 and an HRA would be \$36,000.00. Chairman Burgess inquired of the Committee as to what coverage is available under Option 5 versus Option 14 which the employees currently have. Commissioner Walton reported that there are only minor changes in coverage other than the deductible. Commissioner Walton reported that the insurance broker confirmed that the Option 14 and Option 5 coverage (excluding deductibles) is virtually the same. Commissioner Givin reported that based upon the Committee's review of the various packages available and the cost involved, Option 5RX H is a "win win" for the District and the employees. Superintendent Catlett indicated that some of the employees looked at the various options available. Chairman Burgess had indicated that it would be nice if the employees could review Option 5RX H and provide feedback with their thoughts on this proposal. The Committee acknowledged that time is short and that the insurance carrier must be notified by January 25, 2009. Commissioner Walton again stated that it was the Committee's firm recommendation that Option 5 RX H with an HRA be adopted. Commissioner Walton stated that none of the employees of the District previously contacted the Committee for input or comment. After considerable discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

"RESOLVED: that the District implement health insurance coverage under Option 5 RX H with an HRA for District employees health insurance coverage for the coverage period beginning February 1, 2009. Commissioner Walton is hereby authorized and directed to execute any and all documents necessary to implement that coverage."

The next order of business was a report by Kerry Odle as follows:

1. Kerry Odle reported that he attended earlier in the day a KOI meeting for the purpose of obtaining updates on the Economic Stimulus Package which is being discussed at the Federal Government level. Kerry Odle reported that no one knew any specifics about the proposed Economic Stimulus Package other than any projects to be included therein would have to be "shovel ready" within 120 days. Kerry Odle has submitted six projects to KOI for consideration in the Stimulus Package when it is funded. Kerry Odle reported that KOI representatives did not know if the Stimulus Package would provide grants or low interest or no

MINUTES
JANUARY, 2009 MEETING
(PAGE 3)

interest loans. Unfortunately, if only no or low interest loans are offered, it would be virtually impossible for the District to participate because PSC approval would have to be obtained for any project where loans are involved. As everyone knows, it would be difficult to obtain approval within 120 days. Kerry Odle indicated that he would continue to look into the Stimulus Package proposals and keep the Commissioners updated.

2. Kerry Odle reported that on January 13, 2009 a bid opening was conducted at the District for the Phase VI Project. Kerry Odle reported that a total of 14 project plans and specifications were requested by contractors. Of the 14 contractors requesting packages, seven submitted proposals. Kerry Odle indicated that due the poor economy, a number of the contractors were unable to obtain the appropriate bonding. Kerry Odle distributed to the Commissioners a spreadsheet outlining the contractor bid tabulations (see attached). Kerry Odle reported that in this particular bid package, there were nine alternates included at the request of NKWD. Those nine alternates were:

<u>Alternate No.</u>	<u>Description</u>
1	Inclusion of Carlisle Road
2	Inclusion of Paxton Road
3	Inclusion of Fishback Cemetery Road
4	Upgrade of Bagby Road lines from 8 inch to 12 inch
5	Upgrade of Parkers Grove Road from 8 inch to 12 inch
6	Upgrade of Stephenson Road from 6 inch to 8 inch
7	Upgrade of Peoples Cemetery Road from 6 inch to 8 inch
8	Upgrade of Lunsford Road from 6 inch to 8 inch
9	Implementing sand bedding on all lines

Kerry Odle reported that the apparent low bidder was Walter Martin Excavating, Inc. Kerry Odle indicated that he has worked with this company on a limited basis in the past. CMW, Inc. has inquired of other governmental entities who engaged the services of Walter Martin Excavating, Inc. So far, all reports have been favorable. Walter Martin Excavating, Inc. is out of Russell Springs, Kentucky. Kerry Odle reported (as indicated on the attached spreadsheet) that the bids were very good. The apparent low bidder, Walter Martin Excavating, Inc., submitted a bid lower than CMW, Inc.'s project estimate. In order to move the project along, Kerry Odle requested the Commissioners to conditionally approve the award of the contract to Walter Martin Excavating, Inc. subject to CMW, Inc.'s review of the contractor's qualifications and subject to all appropriate approvals from the PSC and DOW. Kerry Odle reported that he is currently in the process of preparing his formal recommendation which will recommend the award of the contract to Walter Martin Excavating, Inc. As soon as that recommendation is

MINUTES
JANUARY, 2009 MEETING
(PAGE 4)

completed, he will forward it to the District. Mr. Nienaber inquired about the various alternates. Mr. Nienaber reminded everyone that the District has an obligation to take this bid package to NKWD for their review. Specifically, Mr. Nienaber indicated that before the District can accept any particular proposal, the District must come to an agreement with NKWD as to which alternates may or may not be required. For example, if sand bedding is required and NKWD will not agree to anything less, the District will have to evaluate its contract award with that particular alternate included. Mr. Nienaber recommended that in order to expedite everything, a meeting be held with NKWD representatives as soon as possible. Mr. Nienaber suggested that meeting include Thomas R. Nienaber, Chairman Burgess, Kerry Odle and Assistant Superintendent Catlett. Kerry Odle reported that he would schedule that meeting forthwith. After discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

“RESOLVED:

1. That the District accept the base bid of Walter Martin Excavating, Inc. for the Phase VI Construction Project subject to confirmation of all qualifications by CMW, Inc. in its discretion and subject to all conditions set forth in this Resolution;
2. That CMW, Inc. confirm that all bonds and construction specifications in the bid proposal submitted by Walter Martin Excavating, Inc. are in conformity with the District's requirements and bid package;
3. That award of the contract is contingent upon approval of the PSC and DOW; and
4. That the District come to an agreement with NKWD relating to which alternates will be implemented.
5. If alternates are required to be included in the Contract which results in Walter Martin Excavating, Inc. not being the low bidder, the District may in its absolute discretion re-bid the Contract and/or award the Contract to another bidder. ”

3. Kerry Odle reported that the Archeological Report for the Phase VI Project is now complete and is being submitted to the DOW for approval. Kerry Odle is hopeful that DOW will approve and finalize its permit for the Phase VI Project within the next two weeks. Mr. Nienaber reminded everyone that the PSC will not accept our Application on the Phase VI Project as being submitted until an Unconditional Permit is received from DOW.

4. Kerry Odle submitted Pay Request No. 2 for the Phase VI Project in the amount of \$13,729.89 as attached. Kerry Odle reported that it is in order and shall be approved. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

MINUTES
JANUARY, 2009 MEETING
(PAGE 5)

“RESOLVED: that Pay Request No. 2 for the Phase VI Project be approved as attached and that it be submitted to the Kentucky Infrastructure Authority for payment.”

5. Kerry Odle reported that the Donaworth Easement has been signed. Chairman Burgess indicated that he has spoken with the Ammermans who have agreed to execute their Easement. Dawalt has not yet been contacted. Chairman Burgess indicated that ongoing attempts continue to reach those individuals. Chairman Burgess also reported that the Blums have been contacted and agree to execute their Easement for the Phase VI Project.

6. Kerry Odle reported that the Norfolk Southern Railroad Permit has been approved and received from the Norfolk Southern Railroad.

7. Kerry Odle reported that an Easement is required from the Kenton County School Board for the waterline extension near Piner Elementary School. Mr. Nienaber reported that he had spoken earlier in the day with David Wells of CMW, Inc. who forwarded an Easement to Mr. Nienaber. Mr. Nienaber called Rob Haney of the Kenton County School Board for the purpose of obtaining signatures on the Easement. Mr. Nienaber stated that Mr. Haney is currently investigating which governmental entity holds title to the real estate where the Easement is required. Once that is confirmed, Mr. Haney will have the Easement executed. Mr. Haney also reported that the School Board is going to have an election of officers the following week. Mr. Nienaber recommended that election occur so that the appropriate individual can be inserted into the Easement for signatory purposes.

The next order of business was a report by Thomas R. Nienaber as follows:

1. Mr. Nienaber gave a report on the status of the Boone County Water District Water Purchase Agreement. Mr. Nienaber indicated that he had spoken with David Koenig in the last week. Mr. Koenig has stated that the BCWD, at the request of the City of Cincinnati, wants to add two additional conditions to the proposed Water Purchase Agreement. Those conditions are:

1. That the District be limited to a maximum purchase of 750,000 gallons a day; and
2. That the District provide the City of Cincinnati daily water usage reports.

Mr. Nienaber inquired of the Commissioners if any of these conditions were unacceptable. Everyone concurred and agreed to the 750,000 gallons per day limit. Kerry Odle and Assistant Superintendent Catlett both commented that a meter reader could be placed at the

MINUTES
JANUARY, 2009 MEETING
(PAGE 6)

point of delivery that could provide daily volume flow readings. The Commissioners indicated that they have no objections to those requested revisions. Mr. Nienaber indicated that he would contact David Koenig with that information.

2. Mr. Nienaber indicated that the PSC has not yet accepted our filing for the rate increase. The Application will not be formally accepted by the PSC until the Division of Water issues a Permit relative to the Phase VI Project that is "unconditional". Kerry Odle reported that the DOW should issue that Unconditional Permit within the next two weeks

3. Mr. Nienaber reported that he has not heard anything new from the Department of Fish and Wildlife regarding the Bullock Pen Dam Remediation Project.

4. Mr. Nienaber reported that it is important that the District obtain the remaining six Easements for the Phase VI Project. Kerry Odle indicated that we can extend the signing period up to the point of the commencement of construction. Mr. Nienaber agreed.

5. Mr. Nienaber reported that he has not heard anything from the City of Dry Ridge relative to the Water Shut-Off Agreement. Mr. Nienaber indicated that the Agreement has been forwarded to the Mayor with no response.

6. Mr. Nienaber inquired as to the status of obtaining the Duke Energy, Inc. Easements for the relocation of three phase electric power for the US 25 Bagby Road pump station. Commissioner Givin indicated that he has attempted on numerous occasions to contact the appropriate individuals with no success. Commissioner Givin indicated that he does not believe anyone would present a problem in getting the Easement signed except Barry Brown. Moreover, Commissioner Givin believes that the only utility easement that is necessary is the Schneider Easement. Commissioner Givin requested that Kerry Odle mark the pole and guide wire locations with flags so that the appropriate individuals can see exactly where the telephone poles and guide wires are going to be. Kerry Odle indicated that he would contact Duke Energy for that purpose.

7. Mr. Nienaber submitted an invoice for \$5,375.00. Upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

"RESOLVED: that the invoice submitted by Thomas R. Nienaber
in the amount of \$5,375.00 be paid as presented."

The next order of business was a review of the Audit Agreement from VanGorder, Walker & Co., Inc. Mr. Nienaber reviewed the Agreement and indicated that everything is appropriate. Commissioner Givin inquired as to what charges VanGorder, Walker & Co., Inc. made for last year's audit. Gail Bowling reported that the fees for this year's audit are the same.

MINUTES
JANUARY, 2009 MEETING
(PAGE 7)

After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

“RESOLVED: that the District accept the proposed Agreement from VanGorder, Walker & Co., Inc. relating to the 2008 Annual Audit. Chairman Burgess is hereby authorized to execute the Agreement and any and all other necessary documents to begin the audit process.”

The next item of business was a report by Assistant Superintendent Catlett as follows:

1. Chairman Burgess indicated that he has received word from Judge O’Banion, Owen County Judge Executive, that Owen County Fiscal Court would contribute \$15,000.00 to finish the Golds Valley Road Project and Snell Road Project. Assistant Superintendent Catlett reported that the Golds Valley Road extension would be approximately 600 feet in length and Snell Road approximately 8,500 feet. It is estimated that a total maximum of new customers to be obtained with these line extensions would be nine. Everyone agreed that \$15,000.00 would not be anywhere near sufficient funding to complete those line extensions. Chairman Burgess suggested that Kerry Odle prepare an estimate for these line extensions and that it be forwarded to Judge O’Banion with the request that additional monies would be needed. Chairman Burgess also suggested that Judge Link be contacted to see if the Grant County Fiscal Court would be willing to contribute any funds. Kerry Odle indicated that a rough estimate for the construction of 9,100 feet of line would be around \$80,000.00.

2. Assistant Superintendent Catlett reported that an automobile ran into Bullock Pen Lake. Fortunately, there does not appear to be any leakage of motor fuels or other oil products into the lake. Assistant Superintendent Catlett will monitor that issue.

3. Assistant Superintendent Catlett reported that the readings for lost water from line draining has not been maintained for the last month due to circumstances beyond his control. Assistant Superintendent Catlett indicated that he would begin that process of maintaining water loss records as soon as possible.

The next order of business was a report by Gail Bowling as follows:

1. Tina Brannon, the individual currently providing office cleaning services, has requested an increase for weekly cleaning expense from \$65.00 to \$70.00. Gail Bowling indicated that it has been several years since any increase has been paid for office cleaning. After discussion, upon motion of Andrea Walton and second by Chuck Givin, it was unanimously,

MINUTES
JANUARY, 2009 MEETING
(PAGE 8)

“RESOLVED: that Tina Brannon be paid \$70.00 per week for cleaning services effective immediately.”

2. Gail Bowling reminded everyone of the retirement party for Superintendent Catlett.


3. Bobby Burgess recognized that he and Andrea Walton received their Certificates from NKWD for attending the education seminars conducted by the PSC for Water District personnel.

4. Chairman announced that he is going to be in Rochester, Minnesota on the day scheduled for the regular February meeting. He requested that it be changed to Tuesday, February 17, 2009. After discussion, everyone agreed that the February meeting occur on Tuesday, February 17, 2009. Gail Bowling is hereby directed to post a notice in the *Grant County News*.

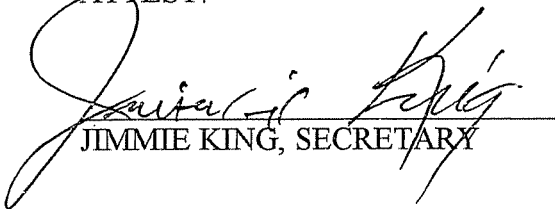
5. Gail Bowling announced that she is going to have back surgery February 25, 2009. She will be off approximately three to four weeks.

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
FEBRUARY, 2009 MEETING**

The February 17, 2009 meeting of the Bullock Pen Water District was called to order at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Assistant Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Office Manager Gail Bowling and Attorney Thomas R. Nienaber.

The first order of business was approval of the January, 2009 Minutes of the meeting of the Bullock Pen Water District. After discussion, upon motion of Billy Frank Simpson and second by Jimmie King, it was unanimously,

"RESOLVED: that the January, 2009 Minutes be approved as presented."

The next order of business was a review of the warrants and profit and loss statement for January, 2009 as attached. After discussion, upon motion of Andrea Walton and second by Chuck Givin, it was unanimously,

"RESOLVED: that the warrants and profit and loss statement for January, 2009 be approved as presented."

The next order of business was a report by Kerry Odle as follows:

1. Kerry Odle presented an update on the Phase XI Project. Mr. Odle reported that he received a request from Furnish Contractors seeking payment for the Heekins Clark Creek Road extension to the Phase XI Project. The contractor is claiming \$39,750.00 for that extension. Kerry Odle reminded the Commissioners that this was the extension add-on to the Phase XI Project requested by the Grant County Fiscal Court. The Fiscal Court agreed to pay for that extension project from a \$50,000.00 grant that was to be received from KIA. Mr. Odle reported that grant has been approved for distribution to the Grant County Fiscal Court, however, due an Executive Order from the Governor, no disbursements would be made, including the \$50,000.00 grant, until after July 1, 2009. Kerry Odle reported that he had spoken to Judge Darrell Link. Judge Link reported that the Fiscal Court would advance the funds to Bullock Pen Water District once the grant is distributed to the Fiscal Court. Kerry Odle indicated that Furnish Contractors have requested payment immediately and they do not want to wait until after July 1, 2009. Chairman Burgess indicated that Furnish Contractors are entitled to be paid and that the District should make every effort to see that payment is made. Commissioner Givin reported that it was his opinion that the Fiscal Court should advance the monies for payment to Furnish Contractors. Chairman Burgess inquired of Gail Bowling if the District has sufficient funds available to pay to Furnish Contractors until reimbursement from the Grant County Fiscal Court after July 1, 2009. Gail Bowling reported that there is approximately \$8,000.00 remaining from tap-on fees. Kerry Odle reminded everyone that Furnish Contractors owes the District approximately

MINUTES
FEBRUARY, 2009 MEETING
(PAGE 2)

\$13,000.00 for materials. Total funds available in the Phase XI account are approximately \$36,000.00. Kerry also reported that there are a few punch list items remaining to be completed on the Phase XI Project, none of which are material or substantial. A considerable discussion followed concerning the District's availability of funds to pay Furnish Contractors. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

“RESOLVED: that the District secure funds sufficient to pay Furnish Contractors for the Heekins Clark Creek Road extension. The District should issue an invoice to the Grant County Fiscal Court for the \$39,750.00 requesting that the funds be reimbursed to the District as soon as practical.”

2. Kerry Odle and Assistant Superintendent Catlett reported that since May, 2008, the District has been flushing water from the rural lines in the Phase XI area due to low chlorine levels. Assistant Superintendent Catlett reported that he has flushed approximately 1,000,000 gallons of water during that period. Assistant Superintendent Catlett reported that due to the low number of customers in the area, chlorine levels are becoming unacceptably low requiring the flushing of water. Chairman Burgess directed Assistant Superintendent Catlett to keep detailed records by meter to document all water flushed from those areas. A report should be sent to the Grant County Fiscal Court informing them of this situation.

3. Kerry Odle reported that the bids are in from the bidders on the Phase VI Project. The apparent low bidder was Walter Martin Excavating Company, Inc. Kerry Odle reported that additional comments were received by CMW, Inc. regarding Walter Martin Excavating, Inc. All reports from other areas were favorable. Kerry Odle reported that all documents required by the Federal Government have been received and that the Environmental Reports are in. The DOW Permit has been filed. Mr. Nienaber reported that the final unconditional DOW Permit was filed with the Public Service Commission in the rate increase and Phase VI Application file on February 16, 2009. Kerry Odle indicated that he would contact the engineer in charge of the Phase VI review to encourage a speedy response. Mr. Nienaber indicated that he would call Carryn Lee to inform her of this filing.

4. Kerry Odle presented to the Commissioners Pay Request No. 2 for the Phase VI Project in the amount of \$13,729.89 as attached. After discussion, upon motion of Andrea Walton and second by Jimmie King, it was unanimously,

“RESOLVED: that the Pay Request No. 2 for the Phase VI Project in the amount of \$13,729.89 as attached be paid.”

MINUTES
FEBRUARY, 2009 MEETING
(PAGE 3)

5. Kerry Odle reported that he has received the Norfolk Southern Railroad Encroachment Agreement for review. A copy was forwarded to Counsel Thomas R. Nienaber. Mr. Nienaber reported to the Commissioners that he has reviewed the Encroachment Agreement and that it is very one-sided in favor of the railroad. Kerry Odle indicated that the Encroachment Agreement is no different than the previously executed railroad Agreements. Mr. Nienaber concurred and stated that the railroad is not willing to make any concessions. Kerry Odle reported that the one time encroachment fee charged by the Norfolk Southern Railroad is \$11,200.00. The Commissioners requested to table the same to the next meeting.

6. Bobby Burgess addressed the issue of the Phase VI Easements which remain to be signed. Chairman Burgess indicated that the Dawalt Easement has been delivered to the property owner for signature. Chairman Burgess visited with the Dawalts on February 17, 2009. Mr. Dawalt indicated that the Easement would be signed. The property owner also indicated that he is going to be herding bulls in his pasture where the construction work is to be performed. Mr. Dawalt requested that the construction of the water lines on the Dawalt property be coordinated with the contractor and Dawalts in order to insure the safety of Mr. Dawalt's bulls. Chairman Burgess indicated that he is still working on the Blum, Ammerman, and Ronnie Mann Easements. Bobby Burgess will continue to follow up until they are signed.

7. Chuck Givin addressed the issue of the Duke Energy Easements necessary for pole construction required to deliver three phase electric service to the pump station at US 25 and Bagby Road. Commissioner Givin indicated that he has visited the property and viewed the location of the to be constructed poles and guy wires. Commissioner Givin reported that the poles and guy wires would create a burden on the property. Commissioner Givin also indicated there has to be a less intrusive way to delivery three phase electric to the pump station site. Commissioner Givin shared with the Commissioners and Kerry Odle various options which he believes would be satisfactory. Kerry Odle reported that he had spoken to Duke Energy representatives who informed him that a change in the location and number of electric poles and guy wires would not be allowed. Counsel Nienaber inquired as to whether or not the pump station could be serviced with existing electric as opposed to three phase electric. Kerry Odle reported that there would be too many maintenance issues if three phase electric was not available. After discussion, it was recommended that Commissioner Givin meet with the property owner and report to Kerry Odle and Thomas R. Nienaber. If an easement cannot be obtained from the current owner for the proposed poles and guy wires as identified by Duke Energy, Mr. Nienaber should send a letter to the President of Duke Energy, Mr. James Rodgers, and carbon copy the Public Service Commission and the Northern Kentucky Water District. This letter should request that a different configuration of poles be drawn up consistent with Commissioner Givin's recommendation.

MINUTES
FEBRUARY, 2009 MEETING
(PAGE 4)

8. Kerry Odle received an email from the NKADD (attached). In that email, it was reported that Congressman Joeff Davis is requesting that projects to be submitted for stimulus package funding. Kerry Odle requested the Commissioners to recommended projects for inclusion in an application for stimulus package funding. Kerry Odle shared with the Commissioners a copy of the letter that he received regarding this issue. Assistant Superintendent Catlett suggested that a water tower in the Crittenden area be identified as a high priority. This water tower should be constructed on the west side of I-75. Assistant Superintendent Catlett recommended that this water tower be a minimum 500,000 gallons. Kerry Odle indicated that he would prepare a project profile for inclusion in the Application for stimulus package funding.

The next order of business was a report by Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that he still has not received final approval from the Boone County Water District regarding the District's Water Purchase Agreement. Chairman Burgess expressed his concern about the Boone County Water District's delay in concluding a Water Purchase Agreement. Mr. Nienaber reported that the draft Water Purchase Agreement was originally sent to the Boone County Water District in September, 2007. Since that time, Boone County Water District has requested numerous changes to the Agreement, all of which were agreed to by the District. Mr. Nienaber reported that every time he talks with the Boone County Water District there appears to be a new issue. Chairman Burgess requested that Counsel contact Mr. Phil Trzop, Executive Director of the Boone County Water District. Mr. Nienaber reported that since the Boone County Water District is represented by counsel, he cannot do that. Mr. Nienaber indicated that he would obtain approval from David Koenig, Boone County Water District's counsel, for Chairman Burgess to contact Phil Trzop directly to discuss the status of this Agreement. Mr. Nienaber will report.

2. Mr. Nienaber reported that on February 16, 2009, a final supplemental filing was made with the Public Service Commission regarding the Phase VI approval and rate increase filing. According to the latest report by the Public Service Commission, all documents should now be in the possession of the Commission for consideration of our rate increase and Phase VI approval. Kerry Odle indicated that once the PSC approves the Phase VI Application and issues a Certificate of Convenience and Public Necessity, the construction contract could be awarded to Walter Martin Excavating, Inc. and construction could then begin. Mr. Nienaber will report as soon as any information is obtained from the PSC.

3. Mr. Nienaber reported that the Commissioners request for a monthly fee increase is still on hold.

4. Mr. Nienaber reported that he has not heard anything on the Bullock Pen Dam Remediation Project.

MINUTES
FEBRUARY, 2009 MEETING
(PAGE 5)

The next order of business was a report by Office Manager Gail Bowling as follows:

1. Ms. Bowling reported that the VanGorder Walker & Co., Inc. audit is to begin February 18, 2009.

2. Ms. Bowling presented to the Commissioners a Retainer Agreement submitted by Morris & Bressler Accounting for general accounting services to be rendered during the calendar year 2009. Mr. Nienaber indicated that he reviewed the Agreement and that it was lacking a fee schedule. Gail Bowling reported that the hourly rate for services rendered by Morris & Bressler is \$120.00 per hour. Andrea Walton inquired of Gail Bowling as to exactly what services were rendered by Morris & Bressler. Gail Bowling reported that since Paula Massie has left, the accounting services rendered by Morris & Bressler has expanded somewhat. Andrea Walton opined as to whether or not the employee to be hired by the District could assume some of those accounting functions. Mr. Nienaber asked what skill level an individual employee would need to perform the day-to-day accounting services for the District. Andrea Walton reported that based upon her understanding of what services were rendered, existing accounting needs of the District, etc. a bookkeeper with five years experience could easily handle those responsibilities. Andrea Walton indicated that the employee to be hired would not have to be a CPA. It was recommended that Commissioner Walton consider these opportunities when the Committee begins its search to hire a new District office employee. After discussion, upon motion of Jimmie King and second by Chuck Givin, it was unanimously,

“RESOLVED: that the District engage the services of Morris & Bressler for general accounting services to be rendered for the calendar year 2009.”

3. Gail Bowling reported that the next monthly meeting is scheduled for March 19, 2009.

The next order of business was the Assistant Superintendent Report as follows:

1. Assistant Superintendent Catlett presented to the Commissioners a Supervisor's Report. Mr. Catlett indicated that he would provide this report for every monthly meeting. Some of the highlights of the Report follows:

(a) Assistant Superintendent Catlett reported that the electric motor inspections for the treatment plant are in progress. The latest report indicates that pump No. 1 is nearing the end of its life expectancy. Mr. Catlett reported that the impeller on pump No. 1 is worn and needs to be replaced. Assistant Superintendent Catlett reported that a “wet end” repair would cost approximately \$2,900.00. A new pump would cost approximately \$4,100.00.

MINUTES
FEBRUARY, 2009 MEETING
(PAGE 6)

Assistant Superintendent Catlett reported that in any event the repair or replacement needs to be completed before the summer season begins. It was Assistant Superintendent Catlett's recommendation that a "wet end" repair be made. After discussion, upon motion of Jimmie King and second by Andrea Walton, it was unanimously,

"RESOLVED: that Assistant Superintendent Catlett perform a "wet end" repair of pump No. 1 at the Water Treatment Plant for the approximate cost of \$2,900.00."

(b) Assistant Superintendent Catlett reported that the Corps of Engineers inspected the plant generator to see if it was sized properly. He reported that everything appears to be in order with the current generator. Assistant Superintendent Catlett was informed by the Corps of Engineers that the District may qualify for a new generator with the cost being reimbursed 50% by FEMA. Assistant Superintendent Catlett reported that the District has little down time in the recent ice storm. The water treatment plant was down approximately 4 hours without interruption of service. The generator could not be moved to the Grant County Sanitary Sewer District Treatment Plant due to the icy road conditions. Assistant Superintendent Catlett suggested that perhaps the Grant County Sanitary Sewer District should purchase their own generator. Assistant Superintendent Catlett indicated he would inquire as to the cost and funding availability and report at the next meeting.

(c) Assistant Superintendent Catlett reported that he was contacted by Marion Willhoite, 6695 Elliston Mt. Zion Road. Apparently, vandals entered a mobile home at that address and turned water service on in the home. Pipes subsequently froze which resulted in a 300,000 gallon loss of water. Ms. Wilhoite requested an adjustment of her water bill of approximately \$2,000.00. Assistant Superintendent Catlett indicated that Ms. Wilhoite should make a claim with her insurance company and complete a police report of the vandalism. Counsel Thomas R. Nienaber concurred. Ms. Wilhoite indicated she would report to the District with the results of her insurance claim.

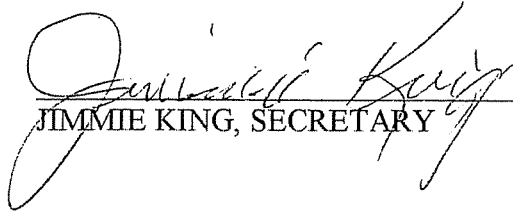
There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

MINUTES
FEBRUARY, 2009 MEETING
(PAGE 7)

ATTEST:


JIMMIE KING, SECRETARY

**MINUTES OF THE
BULLOCK PEN WATER DISTRICT
MARCH, 2009 MEETING**

The March 19, 2009 meeting of the Bullock Pen Water District was called to order at the hour of 1:00 p.m. Present at the meeting were Chairman Bobby Burgess, Superintendent William L. Catlett, Secretary Jimmie King, Commissioners Billy Frank Simpson, Charles Givin and Andrea Walton, Engineer Kerry Odle, Office Manager Gail Bowling, Diane Cook and Attorney Thomas R. Nienaber.

The first order of business was approval of the February, 2009 Minutes of the meeting of the Bullock Pen Water District. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the February, 2009 Minutes be approved as presented."

The next order of business was a review of the warrants and profit and loss statement for February, 2009 as attached. After discussion, upon motion of Jimmie King and second by Andrea Walton, it was unanimously,

"RESOLVED: that the warrants and profit and loss statement for February, 2009 be approved as presented."

The next order of business was a report by Gail Bowling concerning the transfer of funds. Gail Bowling announced that she had transferred \$10,000.00 from the Forcht Bank Account to the general fund to cover operating expenses for the month of March, 2009.

The next order of business was a report by Chairman Burgess concerning the \$50,000.00 payment from the Grant County Fiscal Court for completion of the Heekins Clark Creek Road Project. Chairman Burgess reported that he had spoken with Judge Link and that the \$50,000.00 payment has been approved and the paperwork authorizing distribution of those funds is in process. Chairman Burgess announced that the \$50,000.00 payment should be received by the District in the near future.

The next order of business was a report by Kerry Odle as follows:

1. Kerry Odle gave a report on Pay Request No. 12 which had been approved at a previous meeting. Mr. Odle reported that the total Pay Request of \$45,119.00 is reduced by a payment to Furnish Excavating in the amount of \$15,260.12 leaving a balance of \$29,858.88. A credit towards that balance in the amount of \$15,087.17 should be made for supplies owed to the District for the Phase XI Project leaving a balance due and owing Furnish Excavating of \$14,771.71. Superintendent Catlett reported that Furnish Excavating dropped off an inventory of pipe and materials which were to be repurchased by the District from Furnish Excavating. Superintendent Catlett made an offer for the 1,500 feet of pipe that was being purchased from Furnish Excavating by the District. Superintendent Catlett has not yet received a firm inventory

MINUTES
MARCH, 2009 MEETING
(PAGE 2)

for the miscellaneous materials being purchased. He will report at the next meeting. Superintendent Catlett did report that the purchase of the pipe from Furnish Excavating will create a savings to the District of approximately \$2,200.00. Before any firm purchase arrangements will be made, Superintendent Catlett wants to confirm the complete inventory of materials and pipe to insure their quality and accuracy of content.

2. Kerry Odle reported that the Phase XI Project is coming to a conclusion. He reported that there were two meters that need to be changed and some miscellaneous fence posts need to be replaced. There is additional gravel work that needs to be completed before the project is complete. Kerry Odle reported that the final cleanup and punch list items on the Phase XI Project should be completed within the next few days.

3. Kerry Odle reported on the Phase VI Project. He spoke with the Public Service Commission regarding the Certificate of Convenience and Public Necessity. It is expected that an Order authorizing the commencement of construction will be issued within ten days. Upon receipt of the PSC Order, Kerry Odle will formally award the Contract to Walter Martin Excavating. He will then schedule a Pre-Construction Meeting. Kerry Odle reported that before work can begin, a Certificate of Completion for all easements must be submitted. Chairman Burgess reported that there are five remaining easements which include: DaWalt, Ammerman, Mann, Lunsford and Blumm. Chairman Burgess reported that he has spoken with all individuals. Chairman Burgess reported that all easement acquisitions on the remaining five easements should be completed in the very near future. Kerry Odle reported that he has reviewed the Lunsford easement and if it cannot be obtained, construction of the water lines could be completed on the right-of-way. Chairman Burgess indicated that he will continue to communicate with Lunsfords to acquire that easement.

4. Kerry Odle inquired as to the status of the Duke Energy Easements for the three phase pump station at Bagby Road and US 25. Commissioner Givin reported that he has made several attempts to contact the property owners regarding those Duke Energy Easements. He was unsuccessful in meeting with those property owners. Commissioner Givin is still convinced that the Duke Energy easements as requested are not necessary and that a less intrusive method of delivering three phase electric to the pump station site could be obtained. Commissioner Givin expressed his frustration with Duke Energy. Specifically, he was concerned that Duke Energy would require the District to obtain easements for the utility company when, in fact, the District is paying in excess of \$30,000.00 to have that electric service delivered to the pump station site. Commissioner Givin recommended that a letter be sent to Duke Energy authorities informing them that it is their responsibility to obtain the easements necessary for delivery of three phase electric to the pump station site. Mr. Nienaber agreed with that opinion. After considerable discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

MINUTES
MARCH, 2009 MEETING
(PAGE 3)

“RESOLVED: that Counsel Thomas R. Nienaber forward a letter to Duke Energy Authorities requesting that they obtain all easements for delivery of three phase electric to the pump station site. It was further recommended that Mr. Nienaber’s letter to Duke Energy request that alternative methods of delivering three phase electric be reviewed in order to eliminate the necessity of the proposed intrusive electric pole and guy wire easements.

5. Kerry Odle presented Pay Request No. 3 for the Phase VI Project. This Pay Request included a \$10,967.86 payment to CMW, Inc. and an \$11,200.00 to the Norfolk Southern Railroad for the Encroachment Agreement in the amount of \$11,200.00. Kerry Odle reported that Pay Request No. 3 is in order and should be approved. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

“RESOLVED: that Pay Request No. 3 for the Phase VI Project be approved as presented.”

6. Kerry Odle reported that the Raw Water Intake Plans for the treatment plant at Bullock Pen Lake are almost complete. He also indicated that he has made application to receive stimulus package monies for the payment in full or in part for the raw water intake project.

7. Kerry Odle reported that he had submitted project profiles and funding requests for stimulus package funding. Kerry Odle reported that his project profile list included the following:

- A. Tank Construction at the I-75 Interchange, Crittenden.
- B. Water storage tank at Gold’s Valley Road.
- C. Raw water intake project.
- D. Boone County Pump and related improvement project.
- E. Gardnerville’s tank improvements.
- F. Sherman tank improvements.

8. Mr. Odle reported that it appears at this time that stimulus money funding would be available either at a 100% low interest loans or 50% loan and 50% grant funding. Kerry Odle will keep the District apprised as to any developments relating to the stimulus package

MINUTES
MARCH, 2009 MEETING
(PAGE 3)

funding availability. Chairman Burgess reported that he has spoken with Judge Link regarding stimulus package funding availability and that Judge Link was hopeful that monies would be allocated to the Grant County area for water projects.

The next order of business was a report by Counsel Thomas R. Nienaber as follows:

1. Mr. Nienaber reported that he had spoken with David Koenig, counsel for the Boone County Water District. Once again, Mr. Nienaber was informed by Counsel David Koenig that Boone County Water District did not sign the Water Purchase Agreement. Mr. Nienaber expressed his frustration with Boone County Water District to Mr. Koenig. Mr. Koenig requested that a meeting be called to include David Koenig, Boone County Water District Executive Director, Phil Trzop, Chairman Burgess and Counsel Thomas R. Nienaber. Mr. Nienaber reported that he would attempt to schedule that meeting as soon as possible.

2. Mr. Nienaber reported that there has been no activity on the Bullock Pen Dam Remediation Project. Kerry Odle reported that he had heard Frankfort is not moving forward on a number of projects due to the tight budget constraints at the state government level. Mr. Nienaber reported that he will continue to update the District on any activity in that regard.

3. Mr. Nienaber indicated that there has been no activity on the Commissioner's request for an increase in the Commissioner's monthly fees. Commissioner Givin stated that it was his opinion that we hold off any further action in that regard until after the District's rate increase is approved. Everyone agreed.

4. Mr. Nienaber reported that he had previously sent a request to Mr. Dan Martin of Ashley Estates Subdivision regarding his outstanding account of \$4,702.30. Mr. Nienaber reported that since his last correspondence to Mr. Martin dated February 19, 2009, he has not received any response. Superintendent Catlett explained to the Commissioners the history behind this delinquent account. Superintendent Catlett reported that the facts would conform that, in fact, \$4,702.30 is due and owing the District. Mr. Nienaber concurred with that analysis based upon the facts presented by Superintendent Catlett. After discussion, upon motion of Chuck Givin and second by Billy Frank Simpson, it was unanimously,

"RESOLVED: that the District take action against Dan Martin, Ashley Estates Subdivision, for collection of the \$4,702.30 delinquent account. Mr. Nienaber was directed to forward correspondence to Mr. Martin demanding that payment be made in full no later than April 20, 2009. Mr. Nienaber's directive to Mr. Martin should include a notice that no additional water meters will be granted in the Ashley Estates Subdivision until the delinquent account is paid in full. If payment is not made on or before April

MINUTES
MARCH, 2009 MEETING
(PAGE 5)

20, 2009, Mr. Nienaber is authorized to initiate litigation. A letter to this effect should be sent to Mr. Martin forthwith.

5. Mr. Nienaber reported that he had sent correspondence to Debbie Dalton regarding her delinquent account of \$3,500.00. Mr. Nienaber reported that he has not heard any response from her. Gail Bowling reported that she has not heard anything from Ms. Dalton either. Mr. Nienaber recommended that the District send Debbie Dalton a water termination notice. Commissioner Walton indicated that it was premature to send that notice. A discussion followed. After considerable discussion, upon motion of Chuck Givin and second by Andrea Walton, it was unanimously,

“RESOLVED: that Mr. Nienaber send a final demand to Debbie Dalton requesting an agreement to satisfy the outstanding account balance. That proposal should include a \$100.00 per month payment until the outstanding balance is paid in full. The \$100.00 monthly payment would be applied to the delinquent account. Debbie Dalton would be required to keep other water bills current. Ms. Dalton should be granted up to March 31, 2009 at 4:00 p.m. (est) to accept this agreement or make adequate arrangements for her to attend the April 16, 2009 meeting to present her case to the District. In the event Ms. Dalton does not communicate with the District prior to March 31, 2009, a water termination notice should be sent.”

The next order of business was a discussion amongst the Commissioners and counsel regarding the opening of water service accounts with District customers. Gail Bowling and Superintendent Catlett inquired as to exactly what procedures should be followed. For example, it was reported that in the past, if a customer has a substantial delinquent account, they will sometimes terminate water service and reapply for a new water service account under a fictitious name; a child's name; or take other action to open a new account to avoid payment of a delinquent account. Mr. Nienaber explained to the Commissioners that this is unacceptable. Mr. Nienaber explained that if a customer has a substantial delinquent account and they terminate service, they cannot open a new account in a fictitious name; a child's name or some other name in an effort to avoid payment of the delinquent account. If a customer files bankruptcy, then the normal bankruptcy rules apply and a new account could be opened. Otherwise, customers cannot apply for water service for the limited purpose of avoiding payment of delinquent accounts.

6. Mr. Nienaber inquired as to the status of the Piner water easement from the Kenton County Board of Education. Kerry Odle reported that his office has been communicating with the Board of Education to obtain that easement. Mr. Nienaber stated that the last time he spoke with the Board of Education, they had requested that the easement not be signed until a

MINUTES
MARCH, 2009 MEETING
(PAGE 6)

determination was made by the Board of Education as to how title ownership would be taken in the property where the easement is located. Kerry Odle stated that he would follow up with the Board of Education representative and report at the next meeting.

7. Mr. Nienaber reported on the status of the Appeal of the developer on Springhill Estates, KY 491. Mr. Nienaber reported that the previous week, Judge Robert McGinnis, Special Appellate Judge, confirmed the action of the Grant County Fiscal Court, in denying the developer's request to develop 253 residential lots on KY 491 at the Winn property. Mr. Nienaber reminded the Commissioners that this was the development that went before the Grant County Planning Commission and Grant County Fiscal Court approximately 1 ½ years ago. Mr. Nienaber indicated he was not certain if the developer would appeal to the Kentucky Court of Appeals. Mr. Nienaber will keep the District apprised of any developments.

8. Mr. Nienaber hand-delivered to Amy Johnson 75 original signed easements for the Phase VI Project. This represents all easements necessary for the project except the five easements discussed above. Mr. Nienaber indicated that these easements are ready for filing in the respective county clerk's office. Amy Johnson was directed to begin the process of recording those easements.

The next order of business was a report by Superintendent Catlett as follows:

1. Superintendent Catlett presented his Supervisor's Report for February/March, 2009 as attached.

2. Superintendent Catlett reported that the Corp of Engineers have not yet inspected the plant generator to see if it is properly sized. Superintendent Catlett will report.

3. Superintendent Catlett reported that the 1994 Chevrolet pickup truck owned by the District needs additional repair work. He reported that the truck has several hundred thousand miles on it and will need to be replaced in the near future. Superintendent Catlett indicated that he could make minor repairs to the truck to keep it operational until the next rate increase is approved which would provide additional revenue to purchase a new truck.

4. Superintendent Catlett reported that he and various District personnel attended a training seminar at Northern Kentucky Water District. Superintendent Catlett is pleased to announce that the District personnel won the training "quiz competition". Superintendent Catlett was extremely pleased with this accomplishment in that there were several water districts represented at the training seminar. Superintendent Catlett congratulated the District personnel for their outstanding performance.

MINUTES
MARCH, 2009 MEETING
(PAGE 7)

5. Superintendent Catlett reported that the Federal Government is contemplating the adoption of additional water treatment regulations which could become effective by 2012. A part of these new water treatment regulations would include the treatment of water with ultraviolet treatment equipment. Superintendent Catlett reported that if this were adopted, it could create substantial additional expense for the District relating to water treatment. In fact, the cost of implementing these new treatment techniques and procedures could result in a substantial reduction in water treatment capability at the plant. Superintendent Catlett will keep the District apprised of any development in this regard.

6. Chairman Burgess inquired as to whether or not the City of Williamstown is in compliance with water treatment regulations. Superintendent Catlett reported that the City of Williamstown should be in compliance within the next two months.

7. Superintendent Catlett reported that on February 13, 2009 there was an incident at the Marian Willhoite property at 6695 Elliston Mt. Zion Road. Apparently, the District had terminated water service at that location. The District was requested to place a lock at the meter site. Someone apparently cut the lock off the meter in order to obtain unauthorized water service. As a result, the water pipe burst causing a water leak and resulting bill of approximately \$1,200.00. Commissioner Givin indicated that he was contacted by Camden Webster (Willhoite's son) to work out an arrangement on the payment of the delinquent water bill. While the District had terminated water service, there is a substantial question as to whose responsibility it was to pay for the \$1,200.00 water loss bill. Commissioner Givin reported that Camden Webster agreed that the property owner would be willing to pay \$600.00 of the \$1,200.00 delinquent account at the rate of \$50.00 per month. Commissioner Givin expressed his opinion that under the circumstances, this would be an agreeable arrangement. Mr. Nienaber indicated that due to the very unusual circumstances surrounding this water leak, the arrangement with the property owner would be agreeable as well. After considerable discussion, upon motion of Chuck Givin and second by Jimmie King, it was unanimously,

“RESOLVED: that the Marian Willhoite water leak bill in the amount of \$1,200.00 be compromised and that the District accept payment of \$600.00 payable at the rate of \$50.00 per month until paid in full. The customer shall also continue to pay and keep current all other regular water charges for current service.”

The next order of business was a report by Office Manager Gail Bowling as follows:

1. Gail Bowling reported that the Consumer Confidence Report (“CCR”) needs to be prepared as mandated by the State of Kentucky. Ms. Bowling reported that the CCR takes a great deal of time, effort and manpower. Ms. Bowling was recently contacted by the Gemini Group, an

MINUTES
MARCH, 2009 MEETING
(PAGE 8)

independent for profit company that assists utility companies in preparing CCRs. Ms. Bowling requested that the District consider engaging the services of the Gemini Group for the purpose of preparing the District's CCR. After discussion, Chairman Burgess recommended that Gail Bowling obtain information from the Gemini Group regarding costs, extent of services rendered, etc. and report at the next meeting. Ms. Bowling indicated that it would be extremely beneficial to the District if the CCR could be contracted out with an independent group.

2. Chairman Burgess inquired of Gail Bowling about the status of the old printer currently used by the District. Gail Bowling reported that the old printer will need to be replaced in the near future. She indicated that parts for the printers are now being obtained from old printers in that repair parts are no longer manufactured for sale. The District had purchased a new Laser printer approximately 3 years ago which can service as backup. In the future when the office upgrades to the new Windows program there may be a need for another printer at that time.

3. Mr. Nienaber inquired as to whether or not the District had taken any additional follow up with respect to the implementation of a credit card payment plan for water district customers. Gail Bowling reported that she had no follow up on that issue due to her illness, excessive work loads at the office, etc. Gail Bowling indicated that she would work on that project and report at the next meeting.

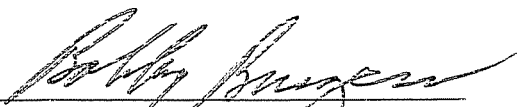
4. Gail Bowling reported that the next meeting is scheduled for April 16, 2009. No one had any issues with that date.

5. Gail Bowling requested direction as to what title William Catlett should have at the District. After discussion, upon Motion of Andrea Walton and second by Chuck Givin, it was unanimously,

“RESOLVED: that William Catlett be nominated as
District Superintendent.”

There being no further business to conduct before the meeting, upon motion and second, the meeting was adjourned.

BULLOCK PEN WATER DISTRICT

BY: 
BOBBY BURGESS, CHAIRMAN

MINUTES
MARCH, 2009 MEETING
(PAGE 9)

ATTEST:

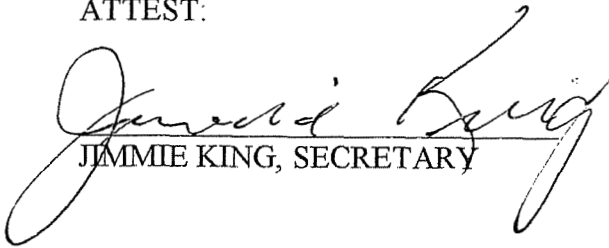

JIMMIE KING, SECRETARY



EXHIBIT “31”

2008 GENERAL LEDGER
2008 CASH DISBURSEMENT LEDGER
EMPLOYEE CENSUS SCHEDULE

(On Microsoft Office Format)



BULLOCK PEN WATER DISTRICT – CASE NO 2008-00170
REQUEST #11

TEST-PERIOD GENERAL LEDGER EXPENSE ACCOUNTS AGREE LINE FOR
LINE TO THE AMOUNTS REPORTED ON REFERENCE PAGE 28 OF BULLOCK
PEN'S 2008 ANNUAL REPORT.

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Utility Expense Accounts (Ref Page: 28)

	2008	2007	2006	2005	2004	2003	2002	2001	2000
Salaries and Wages-Employees (601)	\$741,478.00	\$46,585.00	\$0.00	\$29,464.00	\$58,089.00	\$80,569.00	\$214,315.00	\$163,513.00	\$148,943.00
Salaries and Wages-Officers, Directors and Majority Stockholders (603)	\$14,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14,000.00
Employee Pensions and Benefits (604)	\$425,739.00	\$30,249.00	\$0.00	\$33,998.00	\$31,892.00	\$47,637.00	\$104,654.00	\$108,231.00	\$69,078.00
Purchased Water (610)	\$870,317.00	\$870,317.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Purchased Power (615)	\$70,094.00	\$32,607.00	\$0.00	\$8,152.00	\$0.00	\$25,809.00	\$0.00	\$2,558.00	\$968.00
Fuel for Power Production (616)									
Chemicals (618)	\$67,587.00	\$0.00	\$0.00	\$67,587.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Materials and Supplies (620)	\$101,680.00	\$2,709.00	\$2,710.00	\$10,049.00	\$7,655.00	\$8,071.00	\$18,778.00	\$38,243.00	\$13,465.00
Contractual Services - Eng. (631)	\$13,506.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,506.00
Contractual Services - Acct. (632)	\$38,862.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38,862.00
Contractual Services - Legal (633)	\$17,349.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,349.00
Contractual Services - Management Fees (634)	\$2,679.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,679.00	\$0.00	\$0.00	\$0.00

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Utility Expense Accounts (Ref Page: 28)

Contractual Serves - Water Testing (635)	\$20,555.00	\$0.00	\$0.00	\$20,555.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Other (636)	\$53,923.00	\$802.00	\$84.00	\$10,985.00	\$0.00	\$1,897.00	\$9,234.00	\$10,094.00	\$20,827.00
Rental of Bld./Real Property (641)	\$4,075.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,075.00	\$0.00	\$0.00	\$0.00
Rental of Equipment (642)	\$7,538.00	\$0.00	\$0.00	\$0.00	\$336.00	\$0.00	\$6,514.00	\$0.00	\$688.00
Transportation Expenses (650)	\$46,973.00	\$163.00	\$8,726.00	\$0.00	\$0.00	\$2,986.00	\$19,461.00	\$8,105.00	\$7,532.00
Insurance - Vehicle (656)	\$10,073.00	\$0.00	\$1,529.00	\$0.00	\$0.00	\$589.00	\$4,584.00	\$1,781.00	\$1,590.00
Insurance - General Liability (657)	\$16,321.00	\$1,855.00	\$1,207.00	\$1,855.00	\$1,207.00	\$6,428.00	\$1,207.00	\$1,281.00	\$1,281.00
Insurance - Worker's Compensation (658)	\$20,876.00	\$1,381.00	\$0.00	\$868.00	\$1,586.00	\$2,764.00	\$5,299.00	\$4,708.00	\$4,270.00
Insurance - Other (659)	\$6,739.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$430.00	\$6,309.00
Advertising Expenses (660)	\$167.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$167.00
Regulatory Commission Exp.									
- Amortization of Rate Case (666)									
-Other (667)									

19200 Bullock Pen Water District 01/01/2008 - 12/31/2008

Water Utility Expense Accounts (Ref Page: 28)

Water Resource									
Conservation									
Expense (668)									
Bad Debt (670)	\$9,076.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,076.00	\$0.00
Miscellaneous	\$410.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.00	\$398.00
Expenses (675)									
Total	\$2,560,017.00	\$986,668.00	\$14,256.00	\$183,513.00	\$100,765.00	\$183,504.00	\$384,046.00	\$348,032.00	\$359,233.00

BULLOCK PEN WATER DISTRICT
Profit & Loss
 January through December 2008

	Jan - Dec 08
Ordinary Income/Expense	
Income	
461 · METERED WATER REVENUE	
461.1 · SALES TO RESIDENTIAL CUSTOMERS	2,467,002.44
461.11 · BILLING ERRORS	-6,112.19
461.12 · ACCOUNTS RECEIVABLE ADJUSTMENTS	3,721.58
461.2 · SALES TO COMMERCIAL CUSTOMERS	191,079.98
461.3 · SALES TO INDUSTRIAL CUSTOMERS	8,628.07
461.6 · SALES AT BULK LOAD STATIONS	29,774.12
Total 461 · METERED WATER REVENUE	2,694,094.00
470 · FORFEITED DISCOUNTS	60,195.92
471 · MISCELLANEOUS SERVICE REVENUE	26,138.71
472 · MISCELLANEOUS SVC REV-MGT FEE	114,173.83
474 · OTHER WATER REVENUES	4,066.88
Total Income	2,898,669.34
Expense	
403 · DEPRECIATION EXPENSE	492,160.00
406 · AMORTIZATION OF RATE CASE EXP	5,168.53
407 · AMORTIZATION OF TAP IN EXPENSE	1,632.96
408 · TAXES OTHER THAN INCOME	
408.10 · UTILITY REGULATORY ASSESS FEE	4,611.51
408.12 · PAYROLL TAXES	54,166.52
Total 408 · TAXES OTHER THAN INCOME	58,778.03
601 · SALARIES & WAGES - EMPLOYEES	741,478.41
603 · SALARIES & WAGES - COMMISSIONER	14,000.00
604 · EMPLOYEE PENSIONS & BENEFITS	
604.1 · MEDICAL INSURANCE	320,471.75
604.2 · RETIREMENT	104,044.30
604.3 · OTHER EMPLOYEE BENEFITS	1,222.84
Total 604 · EMPLOYEE PENSIONS & BENEFITS	425,738.89
610 · PURCHASED WATER	870,316.81
615 · PURCHASED POWER	70,094.02
618 · CHEMICALS	67,586.95
620 · MATERIALS & SUPPLIES	101,679.69
631 · CONTRACTUAL SERVICE -ENGINEERS	13,505.93
632 · CONTRACTUAL SERVICE -ACCOUNTING	38,862.07
633 · CONTRACTUAL SERVICE -LEGAL	17,348.51
634 · CONTRACTUAL SERVICE -MANAGEMENT	2,678.64
635 · CONTRACTUAL SERVICE -OTHER	53,922.60
636 · CONTRACTUAL SERVICES-WATER TEST	20,554.78
641 · RENT OF BUILDING/REAL PROPERTY	4,075.00
642 · RENT OF EQUIPMENT	7,538.16
650 · TRANSPORTATION EXPENSE	46,973.05
656 · INSURANCE - VEHICLE	10,073.43
657 · INSURANCE - GENERAL LIABILITY	16,320.72
658 · INSURANCE - WORKER'S COMP	20,875.70
659 · INSURANCE - OTHER	6,738.51
660 · ADVERTISING EXPENSE	166.76
670 · BAD DEBT EXPENSE	9,076.21
675 · MISCELLANEOUS EXPENSE	411.15
Total Expense	3,117,755.51
Net Ordinary Income	-219,086.17
Other Income/Expense	
Other Income	
419 · INTEREST INCOME	20,582.14
432 · PROCEEDS FROM CAPITAL CONTRIB	
432.01 · CUSTOMER CONTRIBUTIONS	156,275.00
432.02 · FEDERAL GRANTS	37,956.87
432.04 · OTHER GRANTS	234,568.49
432.05 · SURCHARGES--PHASE 5	25,960.00

1:56 PM
05/22/09
Accrual Basis

BULLOCK PEN WATER DISTRICT
Profit & Loss
January through December 2008

	<u>Jan - Dec 08</u>
432.07 · SURCHARGES--PHASE 7	7,524.52
432.08 · SURCHARGES - PHASE 8	21,817.37
432.10 · SURCHARGES--PHASE 10	12,317.28
Total 432 · PROCEEDS FROM CAPITAL CONTRIB	<u>496,419.53</u>
Total Other Income	517,001.67
Other Expense	
427 · INTEREST EXPENSE	
427.3 · INTEREST ON LONG TERM DEBT	
427.301 · INTEREST ON FHA #1	30,500.00
427.302 · INTEREST ON FHA #2	3,750.00
427.321 · INTEREST ON KIA #1	3,868.40
427.322 · INTEREST ON KIA #2	8,222.49
427.331 · INTEREST ON DWSRF #1	10,677.18
427.332 · INTEREST ON DWSRF #2	30,989.05
427.341 · INTEREST ON KRW BPWD CONTRIB	15,808.40
427.342 · INTEREST ON KRW SURCHARGE	17,407.40
427.343 · INTEREST ON KRW REFINANCE FHA	19,262.93
427.345 · INTEREST ON KRW TANK LOAN	14,258.58
427.346 · INTEREST ON KRW-PHASE 7	2,857.70
427.347 · INTEREST ON KRW PHASE 8	21,065.15
427.348 · INTEREST ON KRW PHASE 10	11,886.03
427.361 · INTEREST ON KACOLT #1	61,232.05
427.362 · INTEREST ON KACOLT #2	11,633.16
427.363 · INTEREST ON FORCHT BANK LOAN	3,589.66
427.370 · INTEREST ON OLD NAT'L BANK #1	13,696.97
427.371 · INTEREST ON OLD NAT'L BANK #2	2,794.10
427.372 · INT ON CHRYSLER LEASE	1,583.86
Total 427.3 · INTEREST ON LONG TERM DEBT	<u>285,083.11</u>
427.4 · INTEREST ON CUSTOMER DEPOSITS	584.65
428 · AMORTIZATION OF DEBT EXPENSE	8,653.92
Total 427 · INTEREST EXPENSE	<u>294,321.68</u>
Total Other Expense	<u>294,321.68</u>
Net Other Income	<u>222,679.99</u>
Net Income	<u><u>3,593.82</u></u>





KENTUCKY RETIREMENT SYSTEMS
 Perimeter Park West
 1260 Louisville Road
 Frankfort, Kentucky 40601



Kentucky Employees Retirement System
 County Employees Retirement System
 State Police Retirement System

Robert M. Burnside
 Executive Director
 Phone 502-696-8800
 FAX # 502-696-8822
 www.kyret.com

MEMORANDUM

TO: Agencies Participating in the County Employees Retirement System

FROM: Robert M. Burnside, Executive Director
 Kentucky Retirement Systems

DATE: April 2, 2009

SUBJECT: Contribution Rates for Fiscal Year 2009-2010

During the 2009 Regular Legislative Session, the Kentucky General Assembly amended KRS 16.645 to require the KRS Board of Trustees to establish employer contribution rates for the County Employees Retirement System that will phase in to the full actuarially required contribution for the health insurance fund over a ten (10) year period using the 2007-2008 fiscal year employer contribution for health insurance fund as a base employer rate and incrementally increasing the employer rate from fiscal year 2008-2009 through fiscal year 2017-2018. In conformance with the requirements of KRS 16.645, as amended, and as recommended by the System's actuary, the KRS Board met on April 2, 2009 and re-established the CERS employer rates for 2009-2010 as follows:

CERS nonhazardous	16.16%
CERS hazardous	32.97%

These employer contribution rates will become effective July 1, 2009.

Please distribute copies of this memorandum to the individuals responsible for your budget. Employer contribution rates for all systems may be changed if legislation affecting the rates is enacted in upcoming sessions of the Kentucky General Assembly.



9:51 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through December 2008

Type	Date	Num	Name	Debit	Credit	Balance
Paycheck	12/15/2008	13878	REBECCA L. THOMAS	186.97		98,188.41
Paycheck	12/15/2008	13879	WILLIAM L CATLETT	393.46		98,581.87
Paycheck	12/15/2008	13880	WILLIAM R CATLETT	444.13		99,026.00
Paycheck	12/15/2008	13881	JANET GAIL BOWLING	4.05		99,030.05
Paycheck	12/19/2008	13905	AARON E CALDWELL	220.09		99,250.14
Paycheck	12/23/2008	13906	AARON E CALDWELL	13.50		99,263.64
Paycheck	12/23/2008	13907	AMY G JOHNSON	13.50		99,277.14
Paycheck	12/23/2008	13908	BETTY SUZANNE EPPERSON	13.50		99,290.64
Paycheck	12/23/2008	13909	BRIAN D SIMPSON	13.50		99,304.14
Paycheck	12/23/2008	13910	DIANNE K COOK	13.50		99,317.64
Paycheck	12/23/2008	13911	ERNEST L RYAN	13.50		99,331.14
Paycheck	12/23/2008	13912	GORDON D SIMPSON	13.50		99,344.64
Paycheck	12/23/2008	13913	JAMES M. MASON	13.50		99,358.14
Paycheck	12/23/2008	13914	JANET GAIL BOWLING	13.50		99,371.64
Paycheck	12/23/2008	13915	JOSHUA A WORKMAN	13.50		99,385.14
Paycheck	12/23/2008	13916	MICHAEL DULEY	13.50		99,398.64
Paycheck	12/23/2008	13917	PAUL E HARP	13.50		99,412.14
Paycheck	12/23/2008	13918	REBECCA L. THOMAS	13.50		99,425.64
Paycheck	12/23/2008	13919	WILLIAM L CATLETT	13.50		99,439.14
Paycheck	12/23/2008	13920	WILLIAM R CATLETT	13.50		99,452.64
Paycheck	12/30/2008	13940	WILLIAM R CATLETT	860.93		100,313.57
Paycheck	12/31/2008	ACH	AMY G JOHNSON	164.19		100,477.76
Paycheck	12/31/2008	13960	BETTY SUZANNE EPPERSON	199.59		100,677.35
Paycheck	12/31/2008	13961	BRIAN D SIMPSON	314.53		100,991.88
Paycheck	12/31/2008	13963	DIANNE K COOK	233.77		101,225.65
Paycheck	12/31/2008	13964	-MULTIPLE-	200.96		101,426.61
Paycheck	12/31/2008	13967	JANET GAIL BOWLING	359.25		101,785.86
Paycheck	12/31/2008	13968	JOSHUA A WORKMAN	183.20		101,969.06
Paycheck	12/31/2008	13970	-MULTIPLE-	310.08		102,279.14
Paycheck	12/31/2008	13972	REBECCA L. THOMAS	168.76		102,447.90
Paycheck	12/31/2008	13973	WILLIAM L CATLETT	398.86		102,846.76
Paycheck	12/31/2008	13974	WILLIAM R CATLETT	444.13		103,290.89
Paycheck	12/31/2008	13971	-MULTIPLE-	132.64		103,423.53
Paycheck	12/31/2008	13965	GORDON D SIMPSON	234.00		103,657.53
Paycheck	12/31/2008	13966	JAMES M. MASON	229.71		103,887.24
Paycheck	12/31/2008	13975	JANET GAIL BOWLING	4.05		103,891.29
Paycheck	12/31/2008	13959	AARON E CALDWELL	364.71		104,256.00
General Jour...	12/31/2008	3/4" M...			211.70	104,044.30
Total 604.2 · RETIREMENT				106,699.75	2,655.45	104,044.30
Total 604 · EMPLOYEE PENSIONS & BENEFITS				106,699.75	2,655.45	104,044.30
TOTAL				106,699.75	2,655.45	104,044.30

**BULLOCK PEN WATER DISTRICT - CASE NO 2008-00170
REQUEST #12 a 9
EMPLOYEE BENEFITS**

	Health Ins.	Health Ins.	Dental	Life	
	Monthly	Monthly	Insurance	Insurance	Retirement
Employee	2008	2009	Monthly	Monthly	Per year
AARON E CALDWELL	1679.85	1512.47	81.40	7.90	8,587.51
AMY G JOHNSON	1331.79	1198.65	49.14	7.90	3,924.70
BETTY SUZANNE EPPERSON	1,318.15	1,198.65	49.14	7.90	4,995.24
BRIAN D SIMPSON	1,649.61	1,577.17	81.40	7.90	8,241.02
CRYSTAL G LOWER	Temporary	no benefits			
DIANNE K COOK	1,921.79	1,841.38	49.14	7.90	5,775.38
ERNEST L RYAN	271.58	246.96	25.60	7.90	4,942.37
GORDON D SIMPSON	1,737.38	1,579.86	52.22	7.90	6,574.90
JAMES M. MASON	1,435.56	1,305.41	81.40	7.90	6,011.25
JANET GAIL BOWLING	1,737.38	1,579.86	52.22	7.90	8,359.48
JOSHUA A WORKMAN	1,238.70	1,126.40	81.40	7.90	4,672.74
KATSIA J BAIRD	Part-time	no benefits			
MICHAEL DULEY	1,737.38	1,579.86	52.22	7.90	7,503.72
PAUL E HARP	271.58	246.96	25.60		1,637.54
PAULA A MASSIE	1,737.38	0.00	52.22		8,037.60
REBECCA L. THOMAS	2,171.42	1,501.15	81.40	7.90	4,339.56
WILLIAM L CATLETT	2,046.90	1,861.33	81.40	7.90	10,509.11
WILLIAM R CATLETT	1,737.38	0.00	52.22	5.14	12,587.63
TOTALS					106,699.75
LESS AMOUNT CAPITALIZED					2,655.45
EXPENSE AMOUNT					104,044.30

BULLOCK PE ATER DISTRICT
Employee Contact List

BULLOCK PEN WATER DISTRICT - CASE NO 2008-00170														
REQUEST #12a														
Employee	Title	Hire Date	Length of Employment	Job Duties	2008 Pay Rate	Current Pay Rate	Effective Date of Pay Rate	2008 Regular Hrs Worked	2008 Overtime Hrs Worked	% of Payroll Capitalized	Amount of 2008 Pay Expensed	Amount of 2008 Pay Capitalized		
AARON E CALDWELL	Distribution	04/27/1997	11 Years	M & O/PLANT	23.29	23.29	10/1/2007	2,233.0	204.0	3.11%	56,462.20	1,813.42		
AMY G JOHNSON	Clerical	10/04/2004	4 Years		12.22	13.22	10/15/2008	2,364.0	7.0		26,548.43			
BETTY SUZANNE EPPERSON	Clerical	09/02/1993	15 Years		15.91	16.07	10/15/2008	2,364.0	6.5	1.65%	33,157.55	557.73		
BRIAN D SIMPSON	Distribution	06/23/1997	12 Years	M & O/PLANT	24.89	24.89	10/1/2007	2,218.0	72.5	12.61%	48,703.43	7,024.95		
CRYSTAL G LOWER	Clerical	12/01/2008	6 Months	Temp/Clerical	10.00	10.00	12/1/2008	168.3			1,732.50			
DIANNE K COOK	Clerical	10/21/1996	13 Years		18.34	18.52	10/15/2008	2,444.0	15.5	1.59%	39,809.72	642.56		
ERNEST L RYAN	Distribution	01/01/2005	4 Years	M & O	14.45	14.45	10/1/2007	2,635.0	78.5		33,282.05			
GORDON D SIMPSON	Operator	06/15/1998	10 Years	M & O/PLANT	20.00	20.00	10/1/2007	2,144.0	61.5		44,824.92			
JAMES M. MASON	Distribution	07/05/1999	9 Years	M & O/PLANT	18.06	18.06	10/1/2007	2,258.0	64.5	9.09%	36,859.33	3,684.24		
JANET GAIL BOWLING	Asst Office Mgr	02/04/1991	18 Years		25.17 *	63,866.43	10/1/2008	1,568.0	10.0		56,630.67			
JOSHUA A WORKMAN	Distribution	10/08/2007	1 Year	M & O	13.75 to 14.75	14.75	4/1/2008	2,398.0	45.0		31,533.92			
KATSIA J BAIRD	Clerical	10/10/2000	8 Years	Part-time/Clerical	9.89	10.00	10/15/2008	1,004.3			8,491.57			
MICHAEL DULEY	Distribution	10/01/1973	35 Years	M & O	23.03	23.03	10/1/2007	2,207.5	49.0		52,203.76			
PAUL E HARP	Distribution	08/01/2007	1 Year	M & O	9.00	10.00	10/15/2008	1,994.0	42.5		17,211.25			
PAULA A MASSIE	Office Manager	09/01/1986	22 Years		63,866.43	63,866.43	10/1/2007	Salary			53,222.00			
REBECCA L. THOMAS	Operator	09/08/2005	3 Years	M & O/PLANT	12.99	13.49	10/15/2008	2,399.5	67.5		29,332.81			
WILLIAM L CATLETT	Asst Dist Mgr	08/15/1993	16 Years		69,948.93	69,948.93	10/1/2007	Salary		4.08%	69,478.84	2,957.63		
WILLIAM R CATLETT	District Manager	01/01/1971	37 Years		78,956.02	78,956.02	10/1/2007	Salary			93,326.80			
TOTALS										2.18%	732,811.75	16,680.53		
										TOTAL GROSS WAGES		749,492.28		

* Paula Massie (Office Manager) terminated her employment on 9/30/08. Effective 10/01/08 Janet Gail Bowling assumed Paula's duties and her salary.

**Bullock Pen Water District
Employee Fringe Benefits**

Employee Fringe Benefits Include the following:

**Retirement Contribution - January thru June 2008 - 16.17% of eligible wages
July 2008 thru June 2009 - 13.50% of eligible wages
July 2009 thru June 2010 - 16.16% of eligible wages**

Dental Insurance - Available to full time employees

Life Insurance - \$10,000 for each full time employee

Health Insurance - Available to each full time employee

2008 Coverage - The District paid the full (single, employee/spouse, family) premium for each full time employee.

Effective for 2009- The District still pays the full premium for each full time employee BUT there is a higher deductible on each policy and the District reimburses \$750 of the deductible to each employee while the employee pays the remaining deductible as follows:

	Deductable	Reimbursement
Single Plan	1,500.00	750.00
Employee/Spouse Plan	3,000.00	750.00
Family Plan	4,500.00	750.00

2009 Cost of Fringe Benefits

	Health Insurance Premium	Deductable Reimbursement \$750/Employee	BMS, LLC Coordination of Benefits	Delta Dental	Anthem Life	Retirement
Monthly Premium	18,356.11		56.00	948.12	110.60	
Times 12 Monthly Premiums	220,273.32		672.00	11,377.44	1,327.20	
Times 14 Covered Employees		10,500.00				
Expected 2009 Cost of Fringe Benefits	220,273.32	10,500.00	672.00	11,377.44	1,327.20	106,699.75 *
Total Estimated 2009 Cost	350,849.71					

* The District Expects the cost of retirement to be approximately the same for 2009 as in 2008 because the rates are approximately the same for 2009 as they were in 2008.

2008 Cost of Fringe Benefits

	Health Insurance Premiums	Deductable Reimbursement \$750/Employee	BMS, LLC Coordination of Benefits	Delta Dental Premiums	Anthem Life Premiums	Retirement
	289,728.55	N/A	N/A	11,464.45	1,325.68	106,699.75
Total Cost of Fringe Benefits for 2008	409,218.43					

2008

9:06 AM

05/28/09

Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
January through December 2008

Table with columns: Type, Date, Num, Name, Memo, Split, Debit, Credit, Balance. Includes sub-sections: ANTHEM BLUE CROSS & BLUE SHIELD, ANTHEM LIFE, DELTA DENTAL, and No name. Includes handwritten notes like '13 months' and 'sl/bc 12'.

2009

9:06 AM
05/28/09
Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
January through May 2009

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
ANTHEM BLUE CROSS & BLUE SHIELD								
Bill	2/1/2009		-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,829.53		18,829.53
Bill	3/1/2009	053091934/EMPLOYEEHE	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,829.53		37,659.06
Bill	3/1/2009	053091934/EMPLOYEEHE	ANTHEM BLUE CR	REFUND FR	231 ACCOUN		5,212.14	32,446.92
Bill	4/1/2009	00001306-0000/HEALTH	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	17,882.69		50,329.61
Bill	5/1/2009	00001306-0000/EMPINS	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,357.80		68,687.41
Bill	5/18/2009	00001306-0000/MEDINS	-MULTIPLE-	EMPLOYEE H	231 ACCOUN	18,354.42		87,041.83
Total ANTHEM BLUE CROSS & BLUE SHIELD						92,253.97	5,212.14	87,041.83
ANTHEM LIFE								
Bill	1/2/2009	000000001066877	-MULTIPLE-	EMPLOYEES	231 ACCOUN	161.16		161.16
Bill	2/1/2009	2/09STATEMENT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	113.76		274.92
Bill	2/17/2009	03/09 STMT	-MULTIPLE-	EMPLOYEES	231 ACCOUN	113.76		388.68
Bill	3/30/2009	000000001114624	-MULTIPLE-	EMPLOYEES	231 ACCOUN	110.60		499.28
Bill	3/30/2009	000000001114624	ANTHEM LIFE	WRCATLETT/	231 ACCOUN		9.48	489.80
Bill	4/21/2009	000000001130048	-MULTIPLE-	EMPLOYEES	231 ACCOUN	110.60		600.40
Total ANTHEM LIFE						609.88	9.48	600.40
BMS LLC								
Bill	2/15/2009	16839/HEALTHREIMB	BMS LLC	MONTHLY/SE	231 ACCOUN	556.00		556.00
Bill	3/15/2009	17275/MONTHLYFEE	BMS LLC	MONTHLY FEE	231 ACCOUN	56.00		612.00
Bill	4/15/2009	17713	BMS LLC	MONTHLY H	231 ACCOUN	56.00		668.00
Bill	4/20/2009	620883/BRIANSIMPSON	BMS LLC	CLAIM # 6208	231 ACCOUN	750.00		1,418.00
Bill	4/24/2009	625746/625747	BMS LLC	SIMPSON/BO	231 ACCOUN	1,500.00		2,918.00
Bill	5/15/2009	18158/HRAREIMBASSOC	BMS LLC	HRA MONTH	231 ACCOUN	56.00		2,974.00
Total BMS LLC						2,974.00	0.00	2,974.00
DELTA DENTAL								
Bill	1/23/2009	509640/DENTALINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948.12		948.12
Bill	2/24/2009		-MULTIPLE-	EMPLOYEES	231 ACCOUN	948.12		1,896.24
Bill	3/25/2009	509640/EMPDENTALINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948.12		2,844.36
Bill	3/25/2009	509640/EMPDENTALINS	DELTA DENTAL	MASSIE/CAT	231 ACCOUN		172.92	2,671.44
Bill	4/21/2009	509640/DENTALINS	-MULTIPLE-	EMPLOYEES	231 ACCOUN	948.12		3,619.56
Bill	4/21/2009	509640/DENTALINS	DELTA DENTAL	CHANGES IN	231 ACCOUN		423.54	3,196.02
Total DELTA DENTAL						3,792.48	596.46	3,196.02
No name								
General Jo	3/31/2009			1ST QTR 3/4"	334 4 T & D -		1,352.78	-1,352.78
Total no name						0.00	1,352.78	-1,352.78
TOTAL						99,630.33	7,170.86	92,459.47

9:51 AM

05/29/09

Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through December 2008

Type	Date	Num	Name	Debit	Credit	Balance
604 · EMPLOYEE PENSIONS & BENEFITS						
604.2 · RETIREMENT						
Paycheck	1/15/2008	ACH	AMY G JOHNSON	181.79		181.79
Paycheck	1/15/2008	12116	BETTY SUZANNE EPPERSON	236.68		418.47
Paycheck	1/15/2008	12117	BRIAN D SIMPSON	370.27		788.74
Paycheck	1/15/2008	12119	ERNEST L RYAN	221.43		1,010.17
Paycheck	1/15/2008	12120	GORDON D SIMPSON	306.15		1,316.32
Paycheck	1/15/2008	12121	JAMES M. MASON	275.14		1,591.46
Paycheck	1/15/2008	12123	-MULTIPLE-	217.89		1,809.35
Paycheck	1/15/2008	12125	MICHAEL DULEY	342.60		2,151.95
Paycheck	1/15/2008	12127	PAULA A MASSIE	430.30		2,582.25
Paycheck	1/15/2008	12129	WILLIAM L CATLETT	477.75		3,060.00
Paycheck	1/15/2008	12130	WILLIAM R CATLETT	531.97		3,591.97
Paycheck	1/15/2008	12115	-MULTIPLE-	392.48		3,984.45
Paycheck	1/15/2008	12122	JANET GAIL BOWLING	383.60		4,368.05
Paycheck	1/15/2008	12118	DIANNE K COOK	279.51		4,647.56
Paycheck	1/15/2008	12131	JANET GAIL BOWLING	4.85		4,652.41
Paycheck	1/15/2008	12128	REBECCA L. THOMAS	211.45		4,863.86
Paycheck	1/22/2008	12148	DIANNE K COOK	0.00		4,863.86
Paycheck	1/22/2008	12149	GORDON D SIMPSON	0.00		4,863.86
Paycheck	1/22/2008	12150	MICHAEL DULEY	0.00		4,863.86
Paycheck	1/22/2008	12151	WILLIAM L CATLETT	0.00		4,863.86
Paycheck	1/22/2008	12152	WILLIAM R CATLETT	0.00		4,863.86
Paycheck	1/31/2008	12196	AARON E CALDWELL	369.06		5,232.92
Paycheck	1/31/2008	ACH	AMY G JOHNSON	181.79		5,414.71
Paycheck	1/31/2008	12197	BETTY SUZANNE EPPERSON	236.68		5,651.39
Paycheck	1/31/2008	12198	BRIAN D SIMPSON	376.74		6,028.13
Paycheck	1/31/2008	12199	DIANNE K COOK	272.83		6,300.96
Paycheck	1/31/2008	12200	-MULTIPLE-	228.98		6,529.94
Paycheck	1/31/2008	12201	GORDON D SIMPSON	309.39		6,839.33
Paycheck	1/31/2008	12202	JAMES M. MASON	310.18		7,149.51
Paycheck	1/31/2008	12203	JANET GAIL BOWLING	374.44		7,523.95
Paycheck	1/31/2008	12204	JOSHUA A WORKMAN	211.02		7,734.97
Paycheck	1/31/2008	12206	-MULTIPLE-	371.41		8,106.38
Paycheck	1/31/2008	12208	PAULA A MASSIE	430.30		8,536.68
Paycheck	1/31/2008	12210	WILLIAM L CATLETT	471.28		9,007.96
Paycheck	1/31/2008	12211	WILLIAM R CATLETT	531.97		9,539.93
Paycheck	1/31/2008	12212	JANET GAIL BOWLING	4.85		9,544.78
Paycheck	1/31/2008	12209	REBECCA L. THOMAS	182.04		9,726.82
Paycheck	2/15/2008	12267	-MULTIPLE-	376.47		10,103.29
Paycheck	2/15/2008	ACH	AMY G JOHNSON	165.98		10,269.27
Paycheck	2/15/2008	12268	BETTY SUZANNE EPPERSON	216.10		10,485.37
Paycheck	2/15/2008	12269	BRIAN D SIMPSON	356.62		10,841.99
Paycheck	2/15/2008	12270	DIANNE K COOK	249.11		11,091.10
Paycheck	2/15/2008	12271	ERNEST L RYAN	209.75		11,300.85
Paycheck	2/15/2008	12272	GORDON D SIMPSON	280.28		11,581.13
Paycheck	2/15/2008	12273	JAMES M. MASON	262.83		11,843.96
Paycheck	2/15/2008	12274	JANET GAIL BOWLING	341.88		12,185.84
Paycheck	2/15/2008	12275	-MULTIPLE-	206.77		12,392.61
Paycheck	2/15/2008	12277	MICHAEL DULEY	312.81		12,705.42
Paycheck	2/15/2008	12279	PAULA A MASSIE	430.30		13,135.72
Paycheck	2/15/2008	12281	WILLIAM L CATLETT	477.75		13,613.47
Paycheck	2/15/2008	12282	WILLIAM R CATLETT	531.97		14,145.44
Paycheck	2/15/2008	12283	JANET GAIL BOWLING	4.85		14,150.29
Paycheck	2/15/2008	12280	REBECCA L. THOMAS	186.77		14,337.06
Paycheck	2/27/2008	12354	AARON E CALDWELL	13.54		14,350.60
Paycheck	2/27/2008	12355	BRIAN D SIMPSON	24.66		14,375.26
Paycheck	2/27/2008	12356	ERNEST L RYAN	108.95		14,484.21
Paycheck	2/27/2008	12357	JAMES M. MASON	32.74		14,516.95
Paycheck	2/27/2008	12358	JOSHUA A WORKMAN	6.87		14,523.82
Paycheck	2/27/2008	12359	MICHAEL DULEY	8.79		14,532.61
Paycheck	2/27/2008	12360	REBECCA L. THOMAS	2.33		14,534.94
Paycheck	2/27/2008	12361	WILLIAM L CATLETT	28.10		14,563.04
Paycheck	2/29/2008	12363	AARON E CALDWELL	316.34		14,879.38
Paycheck	2/29/2008	ACH	AMY G JOHNSON	165.98		15,045.36
Paycheck	2/29/2008	12364	BETTY SUZANNE EPPERSON	216.10		15,261.46
Paycheck	2/29/2008	12365	BRIAN D SIMPSON	338.08		15,599.54

9:51 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through December 2008

Type	Date	Num	Name	Debit	Credit	Balance
Paycheck	2/29/2008	12366	DIANNE K COOK	249.11		15,848.65
Paycheck	2/29/2008	12367	-MULTIPLE-	210.29		16,058.94
Paycheck	2/29/2008	12368	GORDON D SIMPSON	292.41		16,351.35
Paycheck	2/29/2008	12369	JAMES M. MASON	251.77		16,603.12
Paycheck	2/29/2008	12370	JANET GAIL BOWLING	341.88		16,945.00
Paycheck	2/29/2008	12371	JOSHUA A WORKMAN	193.23		17,138.23
Paycheck	2/29/2008	12373	-MULTIPLE-	330.45		17,468.68
Paycheck	2/29/2008	12375	PAULA A MASSIE	430.30		17,898.98
Paycheck	2/29/2008	12376	REBECCA L. THOMAS	202.52		18,101.50
Paycheck	2/29/2008	12377	WILLIAM L CATLETT	477.75		18,579.25
Paycheck	2/29/2008	12378	WILLIAM R CATLETT	531.97		19,111.22
Paycheck	2/29/2008	12379	JANET GAIL BOWLING	4.85		19,116.07
Paycheck	3/14/2008	12436	AARON E CALDWELL	322.81		19,438.88
Paycheck	3/14/2008	ACH	AMY G JOHNSON	165.98		19,604.86
Paycheck	3/14/2008	12437	BETTY SUZANNE EPPERSON	216.10		19,820.96
Paycheck	3/14/2008	12438	BRIAN D SIMPSON	344.54		20,165.50
Paycheck	3/14/2008	12439	DIANNE K COOK	249.11		20,414.61
Paycheck	3/14/2008	12440	ERNEST L RYAN	202.74		20,617.35
Paycheck	3/14/2008	12441	GORDON D SIMPSON	299.68		20,917.03
Paycheck	3/14/2008	12442	JAMES M. MASON	251.77		21,168.80
Paycheck	3/14/2008	12443	JANET GAIL BOWLING	341.88		21,510.68
Paycheck	3/14/2008	12444	-MULTIPLE-	200.10		21,710.78
Paycheck	3/14/2008	12446	MICHAEL DULEY	312.81		22,023.59
Paycheck	3/14/2008	12448	PAULA A MASSIE	430.30		22,453.89
Paycheck	3/14/2008	12449	REBECCA L. THOMAS	194.64		22,648.53
Paycheck	3/14/2008	12450	WILLIAM L CATLETT	471.28		23,119.81
Paycheck	3/14/2008	12451	WILLIAM R CATLETT	531.97		23,651.78
Paycheck	3/14/2008	12452	JANET GAIL BOWLING	4.85		23,656.63
General Jour...	3/30/2008	1ST ...			506.72	23,149.91
Paycheck	3/31/2008	12508	AARON E CALDWELL	345.40		23,495.31
Paycheck	3/31/2008	ACH	AMY G JOHNSON	165.98		23,661.29
Paycheck	3/31/2008	12509	BETTY SUZANNE EPPERSON	216.10		23,877.39
Paycheck	3/31/2008	12510	BRIAN D SIMPSON	344.54		24,221.93
Paycheck	3/31/2008	12511	DIANNE K COOK	249.11		24,471.04
Paycheck	3/31/2008	12512	-MULTIPLE-	217.30		24,688.34
Paycheck	3/31/2008	12513	GORDON D SIMPSON	280.28		24,968.62
Paycheck	3/31/2008	12514	JAMES M. MASON	269.30		25,237.92
Paycheck	3/31/2008	12515	JANET GAIL BOWLING	341.88		25,579.80
Paycheck	3/31/2008	12516	-MULTIPLE-	206.57		25,786.37
Paycheck	3/31/2008	12518	-MULTIPLE-	341.62		26,127.99
Paycheck	3/31/2008	12520	PAULA A MASSIE	430.30		26,558.29
Paycheck	3/31/2008	12521	REBECCA L. THOMAS	182.04		26,740.33
Paycheck	3/31/2008	12522	WILLIAM L CATLETT	477.75		27,218.08
Paycheck	3/31/2008	12523	WILLIAM R CATLETT	531.97		27,750.05
Paycheck	3/31/2008	12524	JANET GAIL BOWLING	4.85		27,754.90
Paycheck	4/15/2008	12592	-MULTIPLE-	354.00		28,108.90
Paycheck	4/15/2008	ACH	AMY G JOHNSON	173.89		28,282.79
Paycheck	4/15/2008	12593	BETTY SUZANNE EPPERSON	226.39		28,509.18
Paycheck	4/15/2008	12594	-MULTIPLE-	372.72		28,881.90
Paycheck	4/15/2008	12595	DIANNE K COOK	260.97		29,142.87
Paycheck	4/15/2008	12596	-MULTIPLE-	226.10		29,368.97
Paycheck	4/15/2008	12597	GORDON D SIMPSON	309.39		29,678.36
Paycheck	4/15/2008	12598	JAMES M. MASON	256.99		29,935.35
Paycheck	4/15/2008	12599	JANET GAIL BOWLING	358.16		30,293.51
Paycheck	4/15/2008	12600	-MULTIPLE-	209.69		30,503.20
Paycheck	4/15/2008	12602	MICHAEL DULEY	334.18		30,837.38
Paycheck	4/15/2008	12604	PAULA A MASSIE	430.30		31,267.68
Paycheck	4/15/2008	12605	REBECCA L. THOMAS	182.04		31,449.72
Paycheck	4/15/2008	12606	WILLIAM L CATLETT	477.75		31,927.47
Paycheck	4/15/2008	12607	WILLIAM R CATLETT	531.97		32,459.44
Paycheck	4/15/2008	12608	JANET GAIL BOWLING	4.85		32,464.29
Paycheck	4/30/2008	12651	AARON E CALDWELL	360.47		32,824.76
Paycheck	4/30/2008	ACH	AMY G JOHNSON	173.89		32,998.65
Paycheck	4/30/2008	12652	BETTY SUZANNE EPPERSON	226.39		33,225.04
Paycheck	4/30/2008	12653	BRIAN D SIMPSON	354.17		33,579.21
Paycheck	4/30/2008	12654	DIANNE K COOK	260.97		33,840.18
Paycheck	4/30/2008	12655	ERNEST L RYAN	205.62		34,045.80

9:51 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT

Transaction Detail By Account

January through December 2008

Type	Date	Num	Name	Debit	Credit	Balance
Paycheck	4/30/2008	12656	GORDON D SIMPSON	280.28		34,326.08
Paycheck	4/30/2008	12657	JAMES M. MASON	263.45		34,589.53
Paycheck	4/30/2008	12658	JANET GAIL BOWLING	358.16		34,947.69
Paycheck	4/30/2008	12659	-MULTIPLE-	223.07		35,170.76
Paycheck	4/30/2008	12661	-MULTIPLE-	350.05		35,520.81
Paycheck	4/30/2008	12663	PAULA A MASSIE	430.30		35,951.11
Paycheck	4/30/2008	12664	REBECCA L. THOMAS	197.79		36,148.90
Paycheck	4/30/2008	12665	WILLIAM L CATLETT	477.75		36,626.65
Paycheck	4/30/2008	12666	WILLIAM R CATLETT	531.97		37,158.62
Paycheck	4/30/2008	12667	JANET GAIL BOWLING	4.85		37,163.47
Paycheck	5/15/2008	12755	BRIAN D SIMPSON	360.64		37,524.11
Paycheck	5/15/2008	12757	ERNEST L RYAN	212.09		37,736.20
Paycheck	5/15/2008	12763	MICHAEL DULEY	334.18		38,070.38
Paycheck	5/15/2008	12765	PAULA A MASSIE	430.30		38,500.68
Paycheck	5/15/2008	12766	REBECCA L. THOMAS	182.04		38,682.72
Paycheck	5/15/2008	12767	WILLIAM L CATLETT	471.28		39,154.00
Paycheck	5/15/2008	12768	WILLIAM R CATLETT	531.97		39,685.97
Paycheck	5/15/2008	12758	GORDON D SIMPSON	299.68		39,985.65
Paycheck	5/15/2008	12752	-MULTIPLE-	354.00		40,339.65
Paycheck	5/15/2008	12759	JAMES M. MASON	280.98		40,620.63
Paycheck	5/15/2008	12760	JANET GAIL BOWLING	374.95		40,995.58
Paycheck	5/15/2008	12756	DIANNE K COOK	273.20		41,268.78
Paycheck	5/15/2008	12754	BETTY SUZANNE EPPERSON	237.97		41,506.75
Paycheck	5/15/2008	12753	AMY G JOHNSON	182.04		41,688.79
Paycheck	5/15/2008	12761	-MULTIPLE-	216.60		41,905.39
Paycheck	5/30/2008	12813	-MULTIPLE-	496.02		42,401.41
Paycheck	5/30/2008	ACH	AMY G JOHNSON	173.89		42,575.30
Paycheck	5/30/2008	12814	BETTY SUZANNE EPPERSON	226.39		42,801.69
Paycheck	5/30/2008	12815	BRIAN D SIMPSON	360.64		43,162.33
Paycheck	5/30/2008	12816	DIANNE K COOK	260.97		43,423.30
Paycheck	5/30/2008	12817	-MULTIPLE-	233.65		43,656.95
Paycheck	5/30/2008	12818	GORDON D SIMPSON	306.15		43,963.10
Paycheck	5/30/2008	12819	JAMES M. MASON	259.18		44,222.28
Paycheck	5/30/2008	12820	JANET GAIL BOWLING	358.16		44,580.44
Paycheck	5/30/2008	12821	JOSHUA A WORKMAN	210.97		44,791.41
Paycheck	5/30/2008	12823	MICHAEL DULEY	327.71		45,119.12
Paycheck	5/30/2008	12825	PAULA A MASSIE	430.30		45,549.42
Paycheck	5/30/2008	12826	REBECCA L. THOMAS	211.45		45,760.87
Paycheck	5/30/2008	12827	WILLIAM L CATLETT	477.75		46,238.62
Paycheck	5/30/2008	12828	WILLIAM R CATLETT	531.97		46,770.59
Paycheck	5/30/2008	12829	JANET GAIL BOWLING	9.70		46,780.29
Liability Adjust	6/12/2008				0.07	46,780.22
Paycheck	6/13/2008	12901	AARON E CALDWELL	316.34		47,096.56
Paycheck	6/13/2008	ACH	AMY G JOHNSON	165.98		47,262.54
Paycheck	6/13/2008	12902	BETTY SUZANNE EPPERSON	216.10		47,478.64
Paycheck	6/13/2008	12903	BRIAN D SIMPSON	362.22		47,840.86
Paycheck	6/13/2008	12904	DIANNE K COOK	249.11		48,089.97
Paycheck	6/13/2008	12905	-MULTIPLE-	216.76		48,306.73
Paycheck	6/13/2008	12906	GORDON D SIMPSON	294.83		48,601.56
Paycheck	6/13/2008	12907	JAMES M. MASON	269.30		48,870.86
Paycheck	6/13/2008	12908	JANET GAIL BOWLING	341.88		49,212.74
Paycheck	6/13/2008	12909	JOSHUA A WORKMAN	193.55		49,406.29
Paycheck	6/13/2008	12911	-MULTIPLE-	363.96		49,770.25
Paycheck	6/13/2008	12913	PAULA A MASSIE	430.30		50,200.55
Paycheck	6/13/2008	12914	REBECCA L. THOMAS	182.04		50,382.59
Paycheck	6/13/2008	12915	WILLIAM L CATLETT	477.75		50,860.34
Paycheck	6/13/2008	12916	WILLIAM R CATLETT	531.97		51,392.31
Paycheck	6/13/2008	12917	JANET GAIL BOWLING	4.85		51,397.16
Paycheck	6/30/2008	12979	AARON E CALDWELL	345.40		51,742.56
Paycheck	6/30/2008	ACH	AMY G JOHNSON	165.98		51,908.54
Paycheck	6/30/2008	12980	BETTY SUZANNE EPPERSON	216.10		52,124.64
Paycheck	6/30/2008	12981	-MULTIPLE-	380.76		52,505.40
Paycheck	6/30/2008	12982	DIANNE K COOK	249.11		52,754.51
Paycheck	6/30/2008	12983	-MULTIPLE-	227.27		52,981.78
Paycheck	6/30/2008	12984	GORDON D SIMPSON	304.53		53,286.31
Paycheck	6/30/2008	12985	JAMES M. MASON	273.68		53,559.99
Paycheck	6/30/2008	12986	JANET GAIL BOWLING	351.04		53,911.03

9:51 AM

05/29/09

Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through December 2008

Type	Date	Num	Name	Debit	Credit	Balance
Paycheck	6/30/2008	12987	-MULTIPLE-	220.77		54,131.80
Paycheck	6/30/2008	12989	MICHAEL DULEY	312.81		54,444.61
Paycheck	6/30/2008	12990	PAUL E HARP	128.07		54,572.68
Paycheck	6/30/2008	12991	PAULA A MASSIE	430.30		55,002.98
Paycheck	6/30/2008	12992	REBECCA L. THOMAS	182.04		55,185.02
Paycheck	6/30/2008	12993	WILLIAM L CATLETT	477.75		55,662.77
Paycheck	6/30/2008	12994	WILLIAM R CATLETT	531.97		56,194.74
Paycheck	6/30/2008		JANET GAIL BOWLING	0.00		56,194.74
Paycheck	6/30/2008	12995	JANET GAIL BOWLING	4.85		56,199.59
General Jour...	6/30/2008	2ND ...			980.74	55,218.85
Paycheck	7/15/2008	13043	AARON E CALDWELL	388.29		55,607.14
Paycheck	7/15/2008	13060	AMY G JOHNSON	151.77		55,758.91
Paycheck	7/15/2008	13044	BETTY SUZANNE EPPERSON	197.60		55,956.51
Paycheck	7/15/2008	13045	BRIAN D SIMPSON	314.53		56,271.04
Paycheck	7/15/2008	13046	DIANNE K COOK	227.78		56,498.82
Paycheck	7/15/2008	13047	-MULTIPLE-	191.17		56,689.99
Paycheck	7/15/2008	13048	GORDON D SIMPSON	255.60		56,945.59
Paycheck	7/15/2008	13049	-MULTIPLE-	258.96		57,204.55
Paycheck	7/15/2008	13050	JANET GAIL BOWLING	312.61		57,517.16
Paycheck	7/15/2008	13051	JOSHUA A WORKMAN	176.99		57,694.15
Paycheck	7/15/2008	13053	MICHAEL DULEY	291.43		57,985.58
Paycheck	7/15/2008	13054	PAUL E HARP	117.18		58,102.76
Paycheck	7/15/2008	13055	PAULA A MASSIE	359.25		58,462.01
Paycheck	7/15/2008	13056	REBECCA L. THOMAS	176.53		58,638.54
Paycheck	7/15/2008	13057	WILLIAM L CATLETT	393.46		59,032.00
Paycheck	7/15/2008	13058	WILLIAM R CATLETT	444.13		59,476.13
Paycheck	7/15/2008	13059	JANET GAIL BOWLING	4.05		59,480.18
Paycheck	7/31/2008	13146	JOSHUA A WORKMAN	0.00		59,480.18
Paycheck	7/31/2008	13138	AARON E CALDWELL	365.40		59,845.58
Paycheck	7/31/2008	ACH	AMY G JOHNSON	151.77		59,997.35
Paycheck	7/31/2008	13139	BETTY SUZANNE EPPERSON	197.60		60,194.95
Paycheck	7/31/2008	13140	BRIAN D SIMPSON	397.33		60,592.28
Paycheck	7/31/2008	13141	DIANNE K COOK	227.78		60,820.06
Paycheck	7/31/2008	13142	ERNEST L RYAN	190.72		61,010.78
Paycheck	7/31/2008	13143	GORDON D SIMPSON	266.40		61,277.18
Paycheck	7/31/2008	13144	JAMES M. MASON	224.31		61,501.49
Paycheck	7/31/2008	13145	JANET GAIL BOWLING	322.80		61,824.29
Paycheck	7/31/2008	13148	MICHAEL DULEY	286.03		62,110.32
Paycheck	7/31/2008	13149	-MULTIPLE-	143.67		62,253.99
Paycheck	7/31/2008	13150	PAULA A MASSIE	359.25		62,613.24
Paycheck	7/31/2008	13151	REBECCA L. THOMAS	162.50		62,775.74
Paycheck	7/31/2008	13152	WILLIAM L CATLETT	398.86		63,174.60
Paycheck	7/31/2008	13153	WILLIAM R CATLETT	444.13		63,618.73
Paycheck	7/31/2008	13154	JANET GAIL BOWLING	4.05		63,622.78
Paycheck	7/31/2008	13162	-MULTIPLE-	193.93		63,816.71
Paycheck	8/15/2008	13228	AARON E CALDWELL	282.97		64,099.68
Paycheck	8/15/2008	ACH	AMY G JOHNSON	144.14		64,243.82
Paycheck	8/15/2008	13229	BETTY SUZANNE EPPERSON	189.28		64,433.10
Paycheck	8/15/2008	13230	BRIAN D SIMPSON	287.65		64,720.75
Paycheck	8/15/2008	13231	DIANNE K COOK	216.33		64,937.08
Paycheck	8/15/2008	13232	-MULTIPLE-	175.56		65,112.64
Paycheck	8/15/2008	13233	GORDON D SIMPSON	234.00		65,346.64
Paycheck	8/15/2008	13234	JAMES M. MASON	224.83		65,571.47
Paycheck	8/15/2008	13235	JANET GAIL BOWLING	296.89		65,868.36
Paycheck	8/15/2008	13236	JOSHUA A WORKMAN	161.60		66,029.96
Paycheck	8/15/2008	13238	MICHAEL DULEY	285.21		66,315.17
Paycheck	8/15/2008		PAUL E HARP	0.00		66,315.17
Paycheck	8/15/2008	13239	PAULA A MASSIE	359.25		66,674.42
Paycheck	8/15/2008	13240	REBECCA L. THOMAS	151.98		66,826.40
Paycheck	8/15/2008	13241	WILLIAM L CATLETT	393.46		67,219.86
Paycheck	8/15/2008	13242	WILLIAM R CATLETT	444.13		67,663.99
Paycheck	8/15/2008	13243	JANET GAIL BOWLING	4.05		67,668.04
Paycheck	8/15/2008	13244	PAUL E HARP	107.46		67,775.50
Paycheck	8/29/2008	13299	-MULTIPLE-	304.88		68,080.38
Paycheck	8/29/2008	ACH	AMY G JOHNSON	138.57		68,218.95
Paycheck	8/29/2008	13300	BETTY SUZANNE EPPERSON	180.42		68,399.37
Paycheck	8/29/2008	13301	BRIAN D SIMPSON	320.05		68,719.42

9:51 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT

Transaction Detail By Account

January through December 2008

Type	Date	Num	Name	Debit	Credit	Balance
Paycheck	8/29/2008	13302	DIANNE K COOK	207.98		68,927.40
Paycheck	8/29/2008	13303	-MULTIPLE-	180.96		69,108.36
Paycheck	8/29/2008	13304	GORDON D SIMPSON	250.20		69,358.56
Paycheck	8/29/2008	13305	JAMES M. MASON	204.80		69,563.36
Paycheck	8/29/2008	13306	JANET GAIL BOWLING	285.43		69,848.79
Paycheck	8/29/2008	13307	JOSHUA A WORKMAN	174.21		70,023.00
Paycheck	8/29/2008	13309	MICHAEL DULEY	261.16		70,284.16
Paycheck	8/29/2008	13310	-MULTIPLE-	109.35		70,393.51
Paycheck	8/29/2008	13311	PAULA A MASSIE	359.25		70,752.76
Paycheck	8/29/2008	13312	REBECCA L. THOMAS	151.98		70,904.74
Paycheck	8/29/2008	13313	WILLIAM L CATLETT	398.86		71,303.60
Paycheck	8/29/2008	13314	WILLIAM R CATLETT	444.13		71,747.73
Paycheck	8/29/2008	13315	JANET GAIL BOWLING	4.05		71,751.78
Paycheck	9/15/2008	13385	AARON E CALDWELL	300.95		72,052.73
Paycheck	9/15/2008	13386	AMY G JOHNSON	145.17		72,197.90
Paycheck	9/15/2008	13387	BETTY SUZANNE EPPERSON	189.01		72,386.91
Paycheck	9/15/2008	13388	BRIAN D SIMPSON	301.09		72,688.00
Paycheck	9/15/2008	13389	DIANNE K COOK	217.88		72,905.88
Paycheck	9/15/2008	13390	ERNEST L RYAN	171.67		73,077.55
Paycheck	9/15/2008	13391	GORDON D SIMPSON	234.00		73,311.55
Paycheck	9/15/2008	13392	JAMES M. MASON	219.95		73,531.50
Paycheck	9/15/2008	13393	JANET GAIL BOWLING	299.02		73,830.52
Paycheck	9/15/2008	13394	JOSHUA A WORKMAN	174.69		74,005.21
Paycheck	9/15/2008	13396	-MULTIPLE-	297.65		74,302.86
Paycheck	9/15/2008	13397	-MULTIPLE-	119.61		74,422.47
Paycheck	9/15/2008	13398	PAULA A MASSIE	359.25		74,781.72
Paycheck	9/15/2008	13399	REBECCA L. THOMAS	171.71		74,953.43
Paycheck	9/15/2008	13400	WILLIAM L CATLETT	393.46		75,346.89
Paycheck	9/15/2008	13401	WILLIAM R CATLETT	444.13		75,791.02
Paycheck	9/15/2008	13402	JANET GAIL BOWLING	4.05		75,795.07
Paycheck	9/26/2008	13430	GORDON D SIMPSON	274.50		76,069.57
Paycheck	9/30/2008	13431	-MULTIPLE-	366.28		76,435.85
Paycheck	9/30/2008	ACH	AMY G JOHNSON	145.17		76,581.02
Paycheck	9/30/2008	13432	BETTY SUZANNE EPPERSON	189.01		76,770.03
Paycheck	9/30/2008	13433	BRIAN D SIMPSON	386.41		77,156.44
Paycheck	9/30/2008	13434	DIANNE K COOK	217.88		77,374.32
Paycheck	9/30/2008	13435	-MULTIPLE-	194.62		77,568.94
Paycheck	9/30/2008	13436	JAMES M. MASON	234.58		77,803.52
Paycheck	9/30/2008	13437	JANET GAIL BOWLING	299.02		78,102.54
Paycheck	9/30/2008	13438	JOSHUA A WORKMAN	169.29		78,271.83
Paycheck	9/30/2008	13440	MICHAEL DULEY	279.00		78,550.83
Paycheck	9/30/2008	13441	PAUL E HARP	106.92		78,657.75
Paycheck	9/30/2008	13442	PAULA A MASSIE	359.25		79,017.00
Paycheck	9/30/2008	13443	REBECCA L. THOMAS	170.39		79,187.39
Paycheck	9/30/2008	13444	WILLIAM L CATLETT	398.86		79,586.25
Paycheck	9/30/2008	13445	WILLIAM R CATLETT	444.13		80,030.38
Paycheck	9/30/2008	13446	JANET GAIL BOWLING	4.05		80,034.43
General Jour...	9/30/2008	3/4" M...			866.32	79,168.11
General Jour...	9/30/2008	1" MT...			89.90	79,078.21
Paycheck	10/15/2008	13528	AARON E CALDWELL	332.39		79,410.60
Paycheck	10/15/2008	13529	AMY G JOHNSON	151.77		79,562.37
Paycheck	10/15/2008	13530	BETTY SUZANNE EPPERSON	197.60		79,759.97
Paycheck	10/15/2008	13531	BRIAN D SIMPSON	334.69		80,094.66
Paycheck	10/15/2008	13532	DIANNE K COOK	227.78		80,322.44
Paycheck	10/15/2008	13533	ERNEST L RYAN	179.47		80,501.91
Paycheck	10/15/2008	13534	GORDON D SIMPSON	234.00		80,735.91
Paycheck	10/15/2008	13535	JAMES M. MASON	235.28		80,971.19
Paycheck	10/15/2008	13536	JANET GAIL BOWLING	359.25		81,330.44
Paycheck	10/15/2008	13537	JOSHUA A WORKMAN	182.39		81,512.83
Paycheck	10/15/2008	13539	MICHAEL DULEY	318.67		81,831.50
Paycheck	10/15/2008	13540	-MULTIPLE-	124.47		81,955.97
Paycheck	10/15/2008	13541	PAULA A MASSIE	359.25		82,315.22
Paycheck	10/15/2008	13542	REBECCA L. THOMAS	183.54		82,498.76
Paycheck	10/15/2008	13543	WILLIAM L CATLETT	393.46		82,892.22
Paycheck	10/15/2008	13544	WILLIAM R CATLETT	444.13		83,336.35
Paycheck	10/15/2008	13546	JANET GAIL BOWLING	4.05		83,340.40
Paycheck	10/31/2008	ACH	AMY G JOHNSON	164.19		83,504.59

9:51 AM

05/29/09

Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through December 2008

Type	Date	Num	Name	Debit	Credit	Balance
Paycheck	10/31/2008	13602	BETTY SUZANNE EPPERSON	199.59		83,704.18
Paycheck	10/31/2008	13604	DIANNE K COOK	230.02		83,934.20
Paycheck	10/31/2008	13608	JANET GAIL BOWLING	359.25		84,293.45
Paycheck	10/31/2008	13611	MICHAEL DULEY	291.43		84,584.88
Paycheck	10/31/2008	13612	PAUL E HARP	124.20		84,709.08
Paycheck	10/31/2008	13613	PAULA A MASSIE	359.25		85,068.33
Paycheck	10/31/2008	13614	REBECCA L. THOMAS	157.83		85,226.16
Paycheck	10/31/2008	13615	WILLIAM L CATLETT	398.86		85,625.02
Paycheck	10/31/2008	13616	WILLIAM R CATLETT	444.13		86,069.15
Paycheck	10/31/2008	13601	AARON E CALDWELL	308.12		86,377.27
Paycheck	10/31/2008	13603	BRIAN D SIMPSON	329.29		86,706.56
Paycheck	10/31/2008	13605	-MULTIPLE-	196.57		86,903.13
Paycheck	10/31/2008	13606	GORDON D SIMPSON	238.05		87,141.18
Paycheck	10/31/2008	13607	JAMES M. MASON	244.33		87,385.51
Paycheck	10/31/2008	13609	-MULTIPLE-	195.15		87,580.66
Paycheck	10/31/2008	13617	JANET GAIL BOWLING	4.05		87,584.71
Paycheck	11/14/2008	ACH	AMY G JOHNSON	142.78		87,727.49
Paycheck	11/14/2008	13687	AARON E CALDWELL	293.97		88,021.46
Paycheck	11/14/2008	13688	BETTY SUZANNE EPPERSON	173.56		88,195.02
Paycheck	11/14/2008	13689	-MULTIPLE-	276.37		88,471.39
Paycheck	11/14/2008	13690	DIANNE K COOK	200.02		88,671.41
Paycheck	11/14/2008	13691	ERNEST L RYAN	179.01		88,850.42
Paycheck	11/14/2008	13692	GORDON D SIMPSON	250.20		89,100.62
Paycheck	11/14/2008	13693	JAMES M. MASON	200.45		89,301.07
Paycheck	11/14/2008	13694	JANET GAIL BOWLING	359.25		89,660.32
Paycheck	11/14/2008	13695	JOSHUA A WORKMAN	159.30		89,819.62
Paycheck	11/14/2008	13697	-MULTIPLE-	272.78		90,092.40
Paycheck	11/14/2008	13698	-MULTIPLE-	123.19		90,215.59
Paycheck	11/14/2008	13699	REBECCA L. THOMAS	168.76		90,384.35
Paycheck	11/14/2008	13700	WILLIAM L CATLETT	398.86		90,783.21
Paycheck	11/14/2008	13701	WILLIAM R CATLETT	444.13		91,227.34
Paycheck	11/14/2008	13702	JANET GAIL BOWLING	4.05		91,231.39
Paycheck	11/26/2008	13764	AARON E CALDWELL	355.96		91,587.35
Paycheck	11/26/2008	13765	BETTY SUZANNE EPPERSON	173.56		91,760.91
Paycheck	11/26/2008	13766	-MULTIPLE-	304.45		92,065.36
Paycheck	11/26/2008	13767	DIANNE K COOK	200.02		92,265.38
Paycheck	11/26/2008	13768	-MULTIPLE-	167.76		92,433.14
Paycheck	11/26/2008	13769	GORDON D SIMPSON	234.00		92,667.14
Paycheck	11/26/2008	13770	JAMES M. MASON	238.93		92,906.07
Paycheck	11/26/2008	13771	JANET GAIL BOWLING	359.25		93,265.32
Paycheck	11/26/2008	13772	JOSHUA A WORKMAN	164.70		93,430.02
Paycheck	11/26/2008	13774	MICHAEL DULEY	248.72		93,678.74
Paycheck	11/26/2008	13775	PAUL E HARP	113.40		93,792.14
Paycheck	11/26/2008	13776	REBECCA L. THOMAS	157.83		93,949.97
Paycheck	11/26/2008	13777	WILLIAM L CATLETT	393.46		94,343.43
Paycheck	11/26/2008	13778	WILLIAM R CATLETT	444.13		94,787.56
Paycheck	11/26/2008	ACH	AMY G JOHNSON	0.00		94,787.56
Paycheck	11/26/2008	13779	JANET GAIL BOWLING	4.05		94,791.61
Paycheck	11/26/2008	ACH	AMY G JOHNSON	142.78		94,934.39
Paycheck	12/5/2008	13815	AMY G JOHNSON	36.18		94,970.57
Paycheck	12/5/2008	13816	BETTY SUZANNE EPPERSON	5.79		94,976.36
Paycheck	12/5/2008	13817	DIANNE K COOK	6.51		94,982.87
Paycheck	12/5/2008	13818	JOSHUA A WORKMAN	18.09		95,000.96
Paycheck	12/5/2008	13820	PAUL E HARP	36.18		95,037.14
Paycheck	12/5/2008	13821	REBECCA L. THOMAS	18.09		95,055.23
Paycheck	12/15/2008	13864	AARON E CALDWELL	327.67		95,382.90
Paycheck	12/15/2008	13865	AMY G JOHNSON	169.55		95,552.45
Paycheck	12/15/2008	13866	BETTY SUZANNE EPPERSON	202.03		95,754.48
Paycheck	12/15/2008	13867	BRIAN D SIMPSON	314.53		96,069.01
Paycheck	12/15/2008	13869	DIANNE K COOK	245.02		96,314.03
Paycheck	12/15/2008	13870	ERNEST L RYAN	179.47		96,493.50
Paycheck	12/15/2008	13871	GORDON D SIMPSON	293.40		96,786.90
Paycheck	12/15/2008	13872	JAMES M. MASON	224.31		97,011.21
Paycheck	12/15/2008	13873	JANET GAIL BOWLING	359.25		97,370.46
Paycheck	12/15/2008	13874	JOSHUA A WORKMAN	188.60		97,559.06
Paycheck	12/15/2008	13876	MICHAEL DULEY	304.68		97,863.74
Paycheck	12/15/2008	13877	PAUL E HARP	137.70		98,001.44

9:51 AM

05/29/09

Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
 January through December 2008

Type	Date	Num	Name	Debit	Credit	Balance
Paycheck	12/15/2008	13878	REBECCA L. THOMAS	186.97		98,188.41
Paycheck	12/15/2008	13879	WILLIAM L. CATLETT	393.46		98,581.87
Paycheck	12/15/2008	13880	WILLIAM R. CATLETT	444.13		99,026.00
Paycheck	12/15/2008	13881	JANET GAIL BOWLING	4.05		99,030.05
Paycheck	12/19/2008	13905	AARON E CALDWELL	220.09		99,250.14
Paycheck	12/23/2008	13906	AARON E CALDWELL	13.50		99,263.64
Paycheck	12/23/2008	13907	AMY G JOHNSON	13.50		99,277.14
Paycheck	12/23/2008	13908	BETTY SUZANNE EPPERSON	13.50		99,290.64
Paycheck	12/23/2008	13909	BRIAN D SIMPSON	13.50		99,304.14
Paycheck	12/23/2008	13910	DIANNE K COOK	13.50		99,317.64
Paycheck	12/23/2008	13911	ERNEST L RYAN	13.50		99,331.14
Paycheck	12/23/2008	13912	GORDON D SIMPSON	13.50		99,344.64
Paycheck	12/23/2008	13913	JAMES M. MASON	13.50		99,358.14
Paycheck	12/23/2008	13914	JANET GAIL BOWLING	13.50		99,371.64
Paycheck	12/23/2008	13915	JOSHUA A WORKMAN	13.50		99,385.14
Paycheck	12/23/2008	13916	MICHAEL DULEY	13.50		99,398.64
Paycheck	12/23/2008	13917	PAUL E HARP	13.50		99,412.14
Paycheck	12/23/2008	13918	REBECCA L. THOMAS	13.50		99,425.64
Paycheck	12/23/2008	13919	WILLIAM L. CATLETT	13.50		99,439.14
Paycheck	12/23/2008	13920	WILLIAM R. CATLETT	13.50		99,452.64
Paycheck	12/30/2008	13940	WILLIAM R. CATLETT	860.93		100,313.57
Paycheck	12/31/2008	ACH	AMY G JOHNSON	164.19		100,477.76
Paycheck	12/31/2008	13960	BETTY SUZANNE EPPERSON	199.59		100,677.35
Paycheck	12/31/2008	13961	BRIAN D SIMPSON	314.53		100,991.88
Paycheck	12/31/2008	13963	DIANNE K COOK	233.77		101,225.65
Paycheck	12/31/2008	13964	-MULTIPLE-	200.96		101,426.61
Paycheck	12/31/2008	13967	JANET GAIL BOWLING	359.25		101,785.86
Paycheck	12/31/2008	13968	JOSHUA A WORKMAN	183.20		101,969.06
Paycheck	12/31/2008	13970	-MULTIPLE-	310.08		102,279.14
Paycheck	12/31/2008	13972	REBECCA L. THOMAS	168.76		102,447.90
Paycheck	12/31/2008	13973	WILLIAM L. CATLETT	398.86		102,846.76
Paycheck	12/31/2008	13974	WILLIAM R. CATLETT	444.13		103,290.89
Paycheck	12/31/2008	13971	-MULTIPLE-	132.64		103,423.53
Paycheck	12/31/2008	13965	GORDON D SIMPSON	234.00		103,657.53
Paycheck	12/31/2008	13966	JAMES M. MASON	229.71		103,887.24
Paycheck	12/31/2008	13975	JANET GAIL BOWLING	4.05		103,891.29
Paycheck	12/31/2008	13959	AARON E CALDWELL	364.71		104,256.00
General Jour...	12/31/2008	3/4" M...			211.70	104,044.30
Total 604.2 · RETIREMENT				106,699.75	2,655.45	104,044.30
Total 604 · EMPLOYEE PENSIONS & BENEFITS				106,699.75	2,655.45	104,044.30
TOTAL				106,699.75	2,655.45	104,044.30

Group ID: 00001306
SubGroup ID: 0000

Invoice Number: 055932468



An independent licensee of the Blue Cross and Blue Shield Association. Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans of Kentucky, Inc. ©Registered marks Blue Cross and Blue Shield Association.

Billing for: Bullock Pen Water District
1 Farrell Drive
PO Box 188
Crittenden, KY 41030-0188

Due Date: 06/01/2009
Billing Date: 05/11/2009
Coverage Period From: 06/01/2009
Through: 06/30/2009

Group ID: 00001306
SubGroup ID: 0000

Invoice Number: 055932468

Account Summary

05/08/2009 Previous Total Due \$18,356.11
Payment (\$18,357.80)

Outstanding Balance as of 05/11/2009 (\$1.69)
Current Invoice \$18,356.11
Total Due \$18,354.42

Please Pay This Amount



For billing questions, please call 1-866-912-3278.

- + Remember to **PAY AS BILLED** - pay the total amount shown as due on the bill.
- + Do not add or delete members by writing on your bill - your payment goes to an automatic deposit box that cannot read your changes.
- + Submit membership changes to Anthem as they occur. We will adjust your premiums, when applicable, on a future bill.

Fax your Membership ADDITIONS/CHANGES/TERMINATIONS to 1-800-433-1360

IMPORTANT NOTICE REGARDING PAYMENT OF PREMIUM

Please be advised that if Anthem does not receive the group premium payment within the 30 day grace period following the premium payment due date, the group health coverage will be terminated effective on the last date through which full premiums were paid. This notice serves as the 30-day notice of termination required by law.

IMPORTANT NOTICE: If this bill reflects an outstanding premium balance for the prior month's bill, Anthem's issuance of this invoice does not waive Anthem's contractual right to automatically terminate your group's coverage for failure to timely pay premiums.

Group ID: 00001306
SubGroup ID: 0000

Invoice Number: 055932468

Current Subscriber Details

SubGroup ID: 0000

SubGroup Name: Bullock Pen Water District

Subscriber	Subscriber ID	Plan	Volume	Subscriber	Dependent	Total
Bowling, Janet G		Health 3		\$789.93	\$789.93	\$1,579.86
Caldwell, Aaron E		Health 3		\$301.42	\$1,211.05	\$1,512.47
Catlett, William L		Health 3		\$378.52	\$1,482.81	\$1,861.33
Cook, Dianne K		Health 3		\$779.69	\$1,061.69	\$1,841.38
Duley, Michael R		Health 3		\$789.93	\$789.93	\$1,579.86
Epperson, Betty S		Health 3		\$655.13	\$543.52	\$1,198.65
Harp, Paul E		Health 3		\$246.96	\$0.00	\$246.96
Johnson, Amy G		Health 3		\$655.13	\$543.52	\$1,198.65
Mason, J M		Health 3		\$378.52	\$926.89	\$1,305.41
Ryan, Ernest L		Health 3		\$246.96	\$0.00	\$246.96
Simpson, Brian D		Health 3		\$378.52	\$1,198.65	\$1,577.17
Simpson, Gordon D		Health 3		\$789.93	\$789.93	\$1,579.86
Thomas, Rebecca		Health 3		\$685.87	\$815.28	\$1,501.15
Workman, Joshua A		Health 3		\$259.90	\$866.50	\$1,126.40
Subtotal for 0000				\$7,336.41	\$11,019.70	\$18,356.11

Employee is not responsible for paying any portion of his Health Insurance coverage.





GROUP DETAIL COPY

Please retain this copy for your records.

PO BOX 710974
Columbus, OH 43271-0974

SM001

DUE DATE
06/01/2009
FROM
06/01/2009
THROUGH
06/30/2009
GROUP NUMBER
509640
TOTAL DUE
\$791.14



2042 15 13

*****AUTO**MIXED AADC 400
BULLOCK PEN WATER DISTRICT
PAULA MASSIE
PO BOX 188
CRITTENDEN, KY 41030-0188-88

Please Remit To:

DELTA DENTAL OF KENTUCKY
PO BOX 710974
Columbus, OH 43271-0974



CUSTOMER SERVICE: 1-800-955-2030

Page 1 of 3

TOTAL DUE
\$791.14
DUE DATE
06/01/2009

CONTRACT TYPE (CT)	
1. Employee	5. Employee / Child
2. Employee / Spouse	6. Employee / Children
3. Family	

BILLING CODES (BC)	
10. ADDITION	30. EFFECTIVE DATE CHANGE
20. TERMINATION	40. STATUS CHANGE

COBRA	MEMBER ID NUMBER	MEMBER NAME LAST, FIRST	CT	EFFECTIVE DATE	TERM DATE	BC	PREMIER ADJUSTMENT	PREMIER PREMIUM	CARE ADJUSTMENT	CARE PREMIUM	PPO ADJUSTMENT	PPO PREMIUM	AMOUNT DUE
	00000000												
		BOWLING, JANET	2	02/01/96				50.91					50.91
		CALDWELL, AARON	3	04/18/04				79.37					79.37
		CATLETT, WILLIAM	3	07/21/97				79.37					79.37
		COOK, DIANNE	5	02/01/97				47.91					47.91
		DULEY, MICHAEL	2	02/01/96				50.91					50.91
		EPPERSON, BETTY	6	12/01/07				47.91					47.91
		HARP, PAUL	1	07/01/08				24.96					24.96
		JOHNSON, AMY	6	02/01/06				47.91					47.91
		MASON, MICHAEL	3	11/01/99				79.37					79.37
		RYAN, ERNEST	1	04/01/05				24.96					24.96
		SIMPSON, BRIAN	3	10/02/97				79.37					79.37
		SIMPSON, GORDON	2	10/01/98				50.91					50.91
		THOMAS, REBECCA	5	02/19/09				47.91					47.91
		WORKMAN, JOSH	3	11/01/07				79.37					79.37

REC'D MAY 21 2009

PREMIUM	ADJUSTMENTS	NET BILLED	PAST DUE	TOTAL DUE
\$791.14		\$791.14		\$791.14

Anthem Life

BULLOCK PEN WATER
 Group Nbr: CL1020 -0000
 Bill Group Nbr: 0000
 Due Date: 05/01/2009
 Region: CENTRAL

01704

Beginning Balance \$0.00

Current Member Detail

Reason Codes: 1- Left Employment 2-Temporary Absence 3-Dropping Benefit 4-Deceased
 5-Laid Off 6-Disabled 7-Retired 8-Division Change
 9-Class Change E-No Longer Eligible (PT) D-Delete N-Name Correction
 O-Other

Adj	Code	New Div/Cls	Eff Date	Insured Name	Employee #	Class	Plan	Benefit	Premium	Total Premium
<input type="checkbox"/>				BOWLING, JANET G.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				CALDWELL, AARON E.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				CATLETT, WILLIAM L.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				COOK, DIANNE K.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
				DULEY, MICHAEL R.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				EPPERSON, BETTY S.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				HARP, PAUL		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				JOHNSON, AMY G		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				MASON, J.M.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				MILLER, REBECCA L.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				RYAN, ERNEST L.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				SIMPSON, BRIAN D.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				SIMPSON, GORDON D.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
<input type="checkbox"/>				WORKMAN, JOSHUA A.		01	LIFE AD&D	10,000 10,000	\$7.30 \$0.60	\$7.90
Summary							LIFE	140,000	\$102.20	
							AD&D	140,000	\$8.40	\$110.60

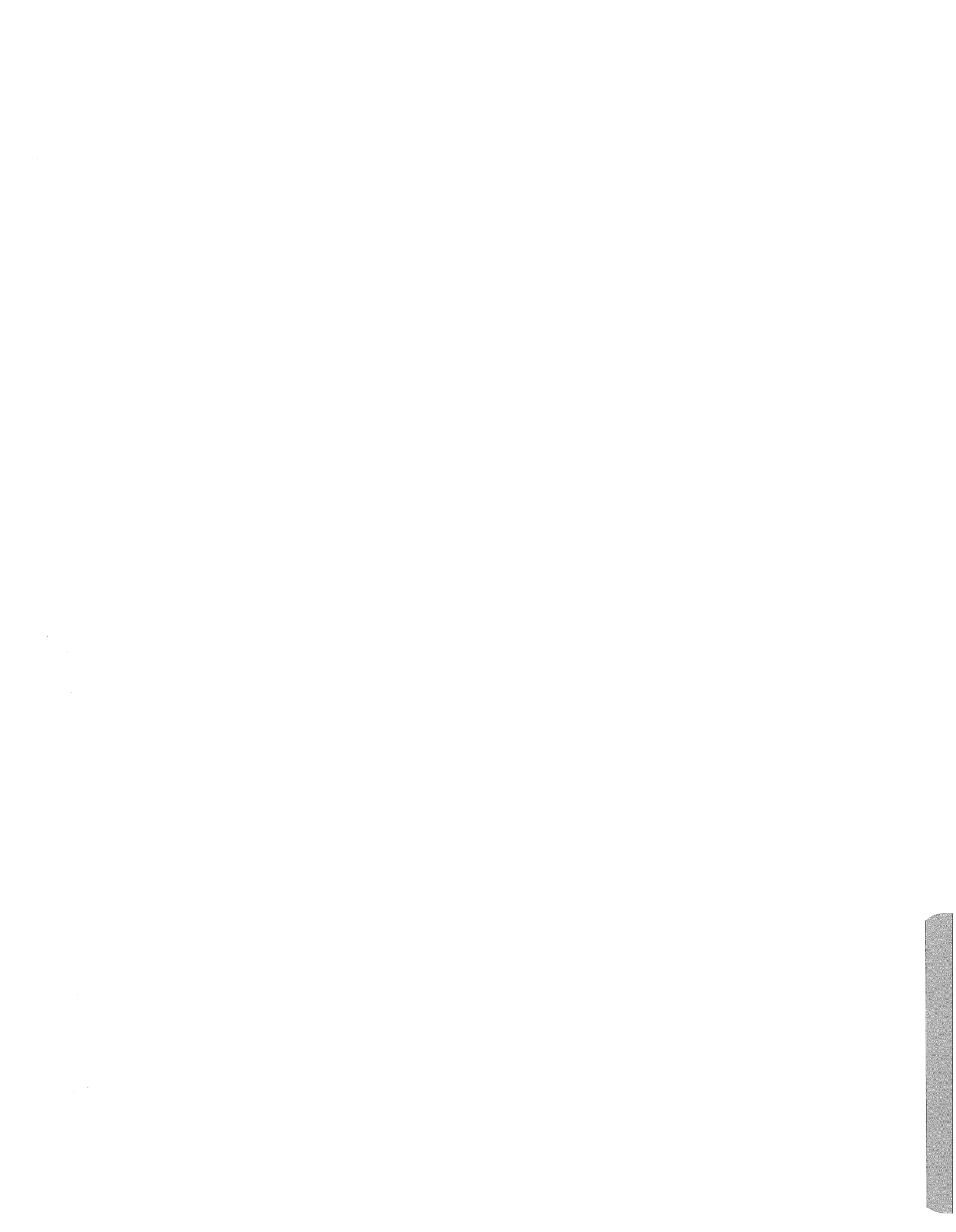
0000034204704



PAID

Current Period Premium Due \$110.60

*Indicates change from prior billing statement. (See Adjustment Detail)



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2008-00170
PROPOSED WATERWORKS IMPROVEMENT)
PROJECT AND FOR APPROVAL OF PROPOSED)
PLAN OF FINANCING, INCREASE IN RATES,)
NONRECURRING CHARGES, AND TARIFF)
REVISIONS)

AFFIDAVIT OF CARRYN LEE

Comes now the Affiant, Carryn Lee of Lee Consulting Services, and after having first been duly cautioned and sworn, states and deposes as follows:

1. Affiant has been engaged for the purpose of providing services relative to the filing of Bullock Pen’s Rate Increase Application.
2. Affiant has reviewed Exhibit “35” of Bullock Pen’s response to the Commission Staff’s Second Information Request. Exhibit “35” is a true and accurate copy of the Contract for services between Bullock Pen and Affiant.
3. To date, Affiant has been paid \$7,363.19 by Bullock Pen. A detailed description of services rendered is contained in Exhibit “41”. Affiant does not expect or anticipate additional fees will be payable.

Further, Affiant sayeth naught.

LEE UTILITY CONSULTING SERVICES

BY: /s/ Carryn Lee
CARRYN LEE

COMMONWEALTH OF KENTUCKY

COUNTY OF _____

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said Carryn Lee, Lee Consulting Services this 26th day of May, 2009.

Notary Public
My Commission Expires: _____

Lee Utility Consulting
 900 Argyll Drive
 Danville, KY 40422

Date 8/24/2008
 Invoice # 97

Bill To
 Bobby Burgess
 Bullock Pen WD
 Crittenden, KY 41030

Ship To

P.O. #
 Terms

Ship Date 8/25/2008
 Due Date 9/24/2008
 Other



Item	Description	Qty	Price	Amount
6-05-08	Reviewed 1st info request	1.75	122.50	214.38
6-15-08	Reviewed information recieved to date	1.5	122.50	183.75
7-11-08	Reviewed additional information and prepared responses for Lee	2.75	122.50	336.88
7-23-08	Copies for PSC	1	458.11	458.11
7-23-08	Binders and Tabs	1	174.77	174.77
7-23-08	Prepared and tabbed binders	1.25	122.50	153.13
7-24-08	Mailing to Utility	1	16.99	16.99
7-24-08	Mileage to and from PSC and Attorney General	60	0.60	36.00
7-26-08	Reviewed letter of deficiencies from PSC	1.25	122.50	153.13
7-28-08	Reviewed information from parties	1	122.50	122.50
8-18-08	Reviewed all responses and prepare responses for Lee	2.25	122.50	275.63
8-19-08	Copies for PSC	1	70.55	70.55
8-19-08	Binders	1	66.10	66.10
8-19-08	Prepared and tabbed binders for filing	1.25	122.50	153.13
8-21-08	Filing with PSC and Attorney General mileage	60	0.60	36.00
8-22-08	Mailing to Utility	1	10.20	10.20

PAID
 CP 213421
 9/22/08 # 2461.25

Thank You

Lee Utility Consulting
 cjlee52@roadrunner.com

502-320-9177
 Fax 859-238-0283

Subtotal \$2,461.25
 Sales Tax (0.0%) \$0.00
 Total \$2,461.25
 Payments/Credits \$0.00
 Balance Due \$2,461.25

Ace Printing and Computers

450 W Main St
Danville, KY 40422

Invoice

Date	Invoice #
7/23/2008	58286

Bill To
MISC

Ship To

Customer ID	P.O. Number	Terms	Order	Contact
MISC		COD	7/23/2008	

Quantity	Item Code	Description	Price Each	Amount
4,802	Copies	14 SETS OF 343 PAGES Sales Tax	0.09 6.00%	432.18T 25.93
<i>Pd Credit Card</i> <i>MHB</i>			PAID	<i>Burke</i> <i>Per</i> <i>1st info</i> <i>agreed</i>
Total				\$458.11

DANVILLE MAILING CENTER LLC
Postage paid at all times
Danville, KY 40441

OFFICE SUPPLIES
60 Cassada Area
Danville, KY 40441
859-936-1111

*1st
Sub
Robert
Bullock
Pen*

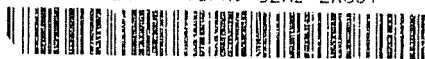
SHIP TO: GIR2203
DANVILLE, KY 40441

8 2 294 2671
RS: 0 9:6
2

07/28/08 067079 BNDR, 2" REF, PK DRG
5 @ 18.95 94.95
SUBTOTAL 164.85
KY 6% SALES TAX 9.89
TOTAL 174.77
VISA 5690 174.77

For a chance to win
One of 40 \$100 or 1 \$1000
Quarterly Shopping Sprees
visit www.on.bizrate.com

En Español
10 TCPR9 6Z11Z 2XG31



LIVTAPY#5U5Y46R6F

Shipment
USPS Priority Mail
Ship To:

Bullock Pen Water District
PO Box 188
CRITTENDEN, KY 41030

Package 14.67
Tracking #: 9101148008600606269829
Actual Wt: 10 lbs 4 oz
Rating Wt: 11 lbs
Pkg Dims: 13.00 x 13.00 x 6.00
Delivery Confirmation [\$0.00]

Box 12 X 12 X 12 2 19 TX
address approved
No Extra Insurance 0.00

SUBTOTAL 16.86
TAX:
Standard Station 2.19 0.13
TOTAL 16.99
TEND Visa 16.99

74818



PAID 07/28/2008 3:52 PM

Please read our terms & conditions
regarding your shipment located on desks
at both sides of front door.

Thanks for your business!
www.danvillemailingcenter.com

Determining letter response

Ace Printing and Computers

450 W Main St
Danville, KY 40422

Invoice

Date	Invoice #
3/19/2008	59496

Bill To
MISC CARRYN LEE

Ship To

Customer ID	P.O. Number	Terms	Order	Contact
MISC		COD	6/19/2008	

Quantity	Item Code	Description	Price Each	Amount
611	Copies	13 SETS OF 47 PAGES	0.09	54.997
13	Color Copies	13 COLOR COPIES	0.89	11.577
		Sales Tax	6.00%	3.00
			Total	69.574

Handwritten signature
MISC



PAID

DANVILLE MAILING CENTER LLC
"One stop does it all!"
270 Jane Trail; Danville KY

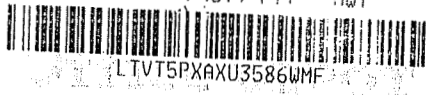
Phone: 238-2232 Fax: 238-2671
HOURS: Mon-Fri 9-6
Saturday 10-2
www.danvillemailingcenter.com

OFFICE DEPOT
60 Cassady Avenue
Danville, KY 40422
859-936-1610
STR2203 REG011 TRN2869
08/19/08 13:41 EMP 540256 POS 006A

0505433353 BNR,RR,PLY VW,3/8 57.48
12 @ 4.79
0505433308 BIND,RR,POLY,3/8,W 4.79
SUBTOTAL 62.27
KY 6% SALES TAX 3.74
TOTAL 66.01
VISA 5690 66.01

For a chance to Win
One of 40-\$100 or 1-\$1000
Quarterly Shopping Spree
visit www.odbizrate.com

Li Esp
ID: F6C79



Shipment-----
USPS Priority Mail
Ship To:

Bullock Pen Water District
PO Box 188
CRITTENDEN, KY 41030

Package 7.67
Tracking #: 9101148008600628393892
Actual Wt: 1 lbs 12 ozs
Rating Wt: 2 lbs
Delivery Confirmation [\$0.00]
Bubble Mailer 20x15 2.39 TX
address approved 0.00
No Extra Insurance 0.00

SUBTOTAL 10.06
TAX: 0.14
Standard Station 2.39 0.14
TOTAL 10.20
TEND Visa 10.20

Caryn Lee
Cindy J. [907] 08/22/2008
#75614 02:17 PM

Bullock Pen

Please read our terms **PAID** conditions
regarding your shipment located on desks
at both sides of front door

Thanks for your business!
www.danvillemailingcenter.com

Lee Utility Consulting
900 Argyll Drive
Danville, KY ~~40006~~

40422

502-320-9177

PAID
#13219

8-13-08

\$4901.94

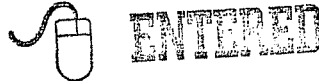
Date 7/16/2008

Invoice # 7

Bill To

Bobby Burgess
Bullock Pen WD
Crittenden, KY 41030

Ship To



P.O. # 188
Terms

Ship Date 7/16/2008
Due Date 8/15/2008
Other

Item	Description	Qty	Price	Amount
1001	Preparation and filing of rate case. (Includes 15 percent discount)	35	122.50	4,287.50
1001	Copies and Notebooks		614.44	614.44

Amount does not include response to first information request, copies and notebooks

RECEIVED

Thank You

Lee Utility Consulting
cjlee52@roadrunner.com

502-320-9177
Fax 859-238-0283

Subtotal	\$4,901.94
Sales Tax (0.0%)	\$0.00
Total	\$4,901.94
Payments/Credits	\$0.00
Balance Due	\$4,901.94

Ace Printing and Computers

450 W Main St
 Danville, KY 40422

INVOICE

Date	Invoice #
7/20/08	53113

Bill To
MISC CARRYN LEE

Ship To

Customer ID	P. O. Number	Terms	Order	Contact
MISC		COD	7/20/08	

Quantity	Item Code	Description	Price Each	Amount
4,267	Copies	4267 COPIES	0.00	164.03T
1	Bindery	DRILLING	10.00	10.00T
		Sales Tax	4.00%	21.64
Total				217.67

PAID

ACE PRINTING COMPANY
450 W MAIN STREET
DANVILLE KY 40422
889 236-7497

Sale


TEL: 889 236 7497 Ref #: 0005
07/02/08 16:41:21
CASH #: 020

VISA

*****5690

Appr Code: 03649C Inv#: 058118

Total: \$ 417.67

 **PAID**
CUSTOMER
THANK YOU!!

DANVILLE MAILING CENTER LLC
 "One stop does it all!"
 270 Jane Trail; Danville KY

Phone: 238-2232 Fax: 238-2671
 HOURS: Mon-Fri 9-6
 Saturday 10-2
 www.danvillemailingcenter.com

OFFICE DEPOT
 60 Cassidy Avenue
 Danville, KY 40422
 859-936-1610

SALE STR2203 REG012 TRN8884
 07/02/08 18:53 EMP 540256 POS 5 06

735854064662 ERASER, 6/PK	2 49
04904403 COKE CLASSIC	1 39
735854147648 DIV. OD, 15T, 3PK MIN	
4 @ 18.99	75 96
072782111434 INDEX, DIVDRS, READY	
3 @ 6.99	20 97
02248905 GUM, ORBIT, BLEMNT	1 29
078910067239 BNDR, 2", 2-PK, VW, DB	
5 @ 10.99	54 95
078910067222 BNDR, 2", 2-PK, VW BK	
2 @ 10.99	21 98
SUBTOTAL	179 03
KY 6% SALES TAX	10 74
TOTAL	189 77
VISA 5690	189 77

Shipment-----
 USPS Priority Mail
 Ship To:

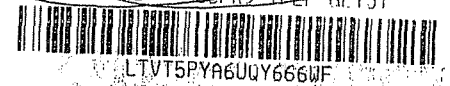
Bullock Pen Water District
 PO Box 188
 COTTENDEN, KY 41030

Package 14.17
 Tracking #: 9101148008600588504369
 Actual Wt: 9 lbs 8 ozs
 Rating Wt: 10 lbs
 Pkg Dims: 13.00 x 13.00 x 13.00
 Delivery Confirmation [\$0.00]
 Box 12 X 12 X 12 2.19 TX

SUBTOTAL	16.36
TAX:	
Standard Sta on 2.19	0.13
TOTAL	16.49
TEND Visa	16.49

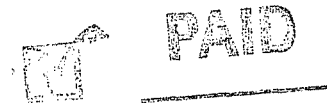
Carryn Lee 07/07/2008
 Chris . [901] 01:47 PM
 #74108

 For a chance to win 184.6
 One of 40-\$100 or \$100
 Quarterly Shopping Sprees.
 visit www.od.bizrate.com
 En Espanol
 ID: CCR9 TPLF G.Y.JJ



Please read our terms & conditions
 regarding your shipment located on desks
 at both sides of front door.

Thanks for your business!
 www.danvillemailingcenter.com





COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

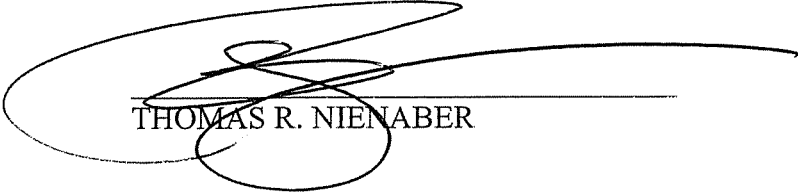
THE APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2008-00170
PROPOSED WATERWORKS IMPROVEMENT)
PROJECT AND FOR APPROVAL OF PROPOSED)
PLAN OF FINANCING, INCREASE IN RATES,)
NONRECURRING CHARGES, AND TARIFF)
REVISIONS)

AFFIDAVIT OF THOMAS R. NIENABER

Comes now the Affiant, Thomas R. Nienaber, and after having first been duly cautioned and sworn, states and deposes as follows:

1. Affiant is counsel for Bullock Pen Water District and has been for approximately the last 30 years.
2. Affiant has been engaged by Bullock Pen Water District for the purpose of providing legal services relative to the filing of Bullock Pen Water District's Rate Increase Application with the PSC.
3. In response to the Commission Staff's Second Information Request, Affiant has provided information regarding billing for services rendered regarding the Rate Increase Application. A detailed itemized list of services is contained in Exhibit "36". Affiant states that information contained therein is true and correct to the best of his knowledge and belief.
4. Additional legal expenses to be incurred by Bullock Pen Water District relating to the Rate Increase Application should be minimal provided no public hearing or other requests for information are filed by the Commission.

Further, Affiant sayeth naught.

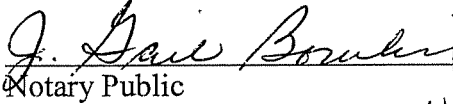


THOMAS R. NIENABER

COMMONWEALTH OF KENTUCKY

COUNTY OF KENTON

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said Thomas R. Nienaber this 29 day of May, 2009.


Notary Public
My Commission Expires: 2/12/12

**BERGER, COX & NIENABER, P.S.C.
ATTORNEYS AND COUNSELORS AT LAW
401 MADISON AVENUE
COVINGTON, KENTUCKY 41011
(859) 491-9088 FAX (859) 491-9854**

BULLOCK PEN WATER DISTRICT
C/O PAULA MASSIE
P.O. BOX 188
CRITTENDEN KY 42030

Page: 1
05/27/2009
Account No: 762-00H
Statement No: 1

RATE INCREASE

Interim Statement

		<u>Fees</u>			
		Rate	Hours		
01/07/2008					
TRN	Phone conference with Paula and Peggy Lamb re status of preliminary financial analysis;	125.00	0.25	31.25	12
TRN	Visit P.S.C. web site for rate increase application; letter to client; Review rate increase checklist;	125.00	1.25	156.25	13
01/15/2008					
TRN	Phone conference with Paula re old rate file;	125.00	0.25	31.25	11
01/21/2008					
TRN	Phone conference with Paula re Carryn Lee; phone conference with Kerry Odle re rate increase; Letter to Carryn Lee;	125.00	0.50	62.50	9
01/22/2008					
TRN	Receipt and process of check from Ms. Lee, copy to clients;	125.00	0.25	31.25	10
01/28/2008					
TRN	Phone conference with Bobby Burgess; Phone conference with Carryn Lee; letter to Peggy, Paula and Kerry;	125.00	1.25	156.25	8
02/08/2008					
TRN	Phone conference with Carryn Lee; Letter to clients; Receipt and process of document list;	125.00	0.50	62.50	14
02/19/2008					
TRN	Phone conference with Bobby Burgess; phone conference with Peggy Lamb re document request;	125.00	0.25	31.25	3
TRN	Phone conference with Peggy and Paula re document status;	125.00	0.25	31.25	4

RATE INCREASE

			Rate	Hours		
02/26/2008	TRN	Receipt and process of easements; Prepare Master Easement list; Phone conference with Kerry Odle;	125.00	1.50	187.50	1
	TRN	Phone conference with Kerry re Project status; Letter to NKWD re Phase VI Project status; Letter to Kerry Odle;	125.00	1.25	156.25	2
03/04/2008	TRN	Phone conference with Kerry and Paula; Phone conference with Carryn Lee re meeting for rate increase review;	125.00	0.25	31.25	5
03/11/2008	TRN	Phone conference with Paula to schedule planning meeting;	125.00	0.25	31.25	6
03/26/2008	TRN	Phone conference with Gayle re Carryn Lee meeting;	125.00	0.25	31.25	7
05/05/2008	TRN	Receipt and process of documents from Carryn Lee; Phone conference with Paula re rates; Phone conference with Carryn Lee re proposed Tariff;	125.00	1.00	125.00	18
	TRN	Phone conference with Carryn Lee re filing of notice of Intent;	125.00	0.25	31.25	19
05/09/2008	TRN	Receipt and process of letter of Intent; Prepare letter of Intent; Mail ; Phone conference with Carryn Lee re status; Phone conference with Paula re status;	125.00	0.50	62.50	15
05/12/2008	TRN	Receipt and process of revised rates from Carryn Lee; Phone conference with Kerry Odle; Phone call to Carryn Lee; letter to Carryn Lee; Letter to B.P.W.D.; letter to Kerry; Review revised rates;	125.00	1.00	125.00	16
	TRN	Phone conference with Carryn Lee re rate schedule discuss DWSRF loan; Discuss NKWD rate increase;	125.00	0.50	62.50	17
	TRN	Mail notice of Intent to file rate increase;	125.00	0.25	31.25	20
05/14/2008	TRN	Receipt and process of notice from P.S.C. re rate increase;	125.00	0.25	31.25	21
05/30/2008	TRN	Phone conference with Paula to review rate				

RATE INCREASE

		Rate	Hours		
	proposals from Carryn Lee; Phone conference with Carryn Lee;	125.00	0.75	93.75	29
TRN	Phone conference with Carryn Lee; Phone conference with Paula; Memo to Paula and Bobby;	125.00	0.75	93.75	30
06/02/2008					
TRN	Receipt and process of memo from Carryn Lee; Phone conference with Carryn Lee;	125.00	0.25	31.25	31
TRN	Review and revise correspondence and mail out;	125.00	0.25	31.25	32
06/03/2008					
TRN	Phone conference with Carryn Lee re rate increase memo;	125.00	0.25	31.25	33
06/04/2008					
TRN	Receipt and process of document request; Letter to Carryn Lee;	125.00	0.25	31.25	27
TRN	Phone conference with Carryn Lee;	125.00	0.25	31.25	28
PAR	Phone conference with Carryn Lee re filing of rate increase application;	50.00	0.25	12.50	35
06/06/2008					
TRN	Phone conference with Paula and Judge Link office re approval; Phone conference with County Attorney Office;	125.00	0.25	31.25	22
TRN	Phone conference with Paula re P.S.C. document request;	125.00	0.25	31.25	23
06/09/2008					
TRN	Receipt and process of Boone and Grant Resolutions re commissioner compensation;	125.00	0.25	31.25	24
TRN	Phone conference with Carry Lee; Receipt and process of e-mail from Carryn; Phone conference with Paula; Phone conference with Bobby Burgess;	125.00	0.50	62.50	25
TRN	Receipt and process of e-mail from Carryn Lee re document request; Letter to Paula;	125.00	0.25	31.25	26
06/13/2008					
TRN	Receipt and process of e-mail from Carryn; Phone conference with Paula re audit report;	125.00	0.25	31.25	34
06/24/2008					
TRN	Phone conference with Carryn Lee; Review and revise application for P.S.C. approval of Phase VI; Rate Increase etc;	125.00	1.25	156.25	41
TRN	Phone conference with Carryn Lee;	125.00	0.25	31.25	42
06/25/2008					
TRN	Letter to Ky Enquirere and Grant Co. news re				

RATE INCREASE

		Rate	Hours		
	advertising Public Notice; Letter to Judge Link and Jack Gatlin re representation authority;	125.00	0.75	93.75	43
TRN	Phone conference with Carryn Lee to revise application;	125.00	0.25	31.25	44
TRN	Review revised application; Phone conference with Bobby to sign application;	125.00	0.50	62.50	45
TRN	Review and revise letter to Judge Link, mail out;	125.00	0.25	31.25	46
TRN	Phone conference with Bobby Burgess; meet with Bobby in Florence, Ky to sign application for P.S.C. filing; Letter to Carryn Lee; Fed-x package to Carryn Lee;	125.00	1.50	187.50	47
07/01/2008					
TRN	Phone conference with Carryn Lee re filing of application with P.S.C.;	125.00	0.25	31.25	36
07/02/2008					
TRN	Review 1st request for information; Phone conference with Gayle; Phone conference with Kerry and Carryn; Letter to everyone;	125.00	1.25	156.25	37
TRN	Phone conference with Kerry Odle re P.S.C. information request;	125.00	0.25	31.25	38
TRN	Receipt and process of engineering documents requested by P.S.C. re Phase VI and rate increase; Review documents; Phone conference with Kerry Odle re surcharge calculation;	125.00	0.50	62.50	39
07/03/2008					
TRN	Phone conference with Kerry, Paula and Carryn re response to request for information; Prepare response; Receipt and process of memo from Carryn re response;	125.00	1.50	187.50	40
07/11/2008					
TRN	Receipt and process of filing notice; Mail notices to enquirer and Grant Co. News; Phone conference with Kerry Odle office; Phone conference with Carryn Lee re Answers to P.S.C. request;	125.00	0.75	93.75	48
07/14/2008					
TRN	Phone conference with Karry Lee re signing of information request;	125.00	0.25	31.25	49
TRN	Phone conference with Paula re P.S.C. request for information; Phone conference with Carryn Lee;	125.00	0.50	62.50	50
07/16/2008					
PAR	E-mailed correspondence and rate increase bid to Carryn Lee and Paula Massie;	50.00	0.25	12.50	73

RATE INCREASE

			Rate	Hours		
07/28/2008	TRN	Phone conference with Carryn Lee re 7/17/08 request; Receipt and process of request; Phone conference with Paula re request for filed rate; Increase application;	125.00	0.50	62.50	53
07/30/2008	TRN	Receipt and process of e-mail from Carryn Lee; Phone conference with Kerry; Two phone conferences with P.S.C.; Prepare request extension letter to P.S.C. Letter to clients;	125.00	1.25	156.25	54
	TRN	Mail e-mail and fax document summary to all parties;	125.00	0.50	62.50	55
08/04/2008	TRN	Phone conference with Carryn Lee and Kerry Odle re document status for P.S.C. request;	125.00	0.25	31.25	52
	TRN	Phone conference with Kerry Odle re document request from P.S.C.;	125.00	0.25	31.25	56
08/07/2008	TRN	Receipt and process of e-mail from Peggy Kerry and Carryn; Phone conference with Carryn; Phone conference with Peggy; Phone conference with Kerry;	125.00	0.75	93.75	51
08/11/2008	TRN	Phone conference with Kerry; Phone conference with Peggy Gamble; Phone conference with Carryn Lee; Compare Kerry response to P.S.C. request;	125.00	0.50	62.50	57
	TRN	Phone conference with Carryn Lee; Prepare response to July 17, 2008; Request from P.S.C. Letter to Carryn Lee;	125.00	1.25	156.25	58
08/12/2008	TRN	Review and revise response, e-mail to all parties;	125.00	0.50	62.50	59
08/13/2008	TRN	Prepare Motion to extend time to respond; Phone conference with Paula; Phone conference with Morris and Bressler; Phone conference with P.S.C.;	125.00	1.25	156.25	60
08/14/2008	TRN	Phone conference with Peggy Lamp office; Phone conference with Paula; Phone conference with Carryn Lee;	125.00	0.50	62.50	61
	TRN	Revise request for extension;	125.00	0.25	31.25	62
	TRN	Phone conference with Peggy Lamb; Discuss request;	125.00	0.50	62.50	63

RATE INCREASE

			Rate	Hours		
08/15/2008						
	TRN	Phone conference with Kerry and phone conference with Carryn Lee;	125.00	0.25	31.25	64
	TRN	Phone conference with Carryn Lee; Phone conference with Morris and Bressler;	125.00	0.50	62.50	65
	TRN	Office conference with Peggy re document review;	125.00	1.75	218.75	66
	TRN	Letter to Carryn Lee; phone conference with Carryn Lee;	125.00	0.50	62.50	69
08/18/2008						
	TRN	Phone conference with Brend Kirtley; Two phone conferenes with Bobby; Phone conferenc with Brent Kirtley at P.S.C.;	125.00	0.50	62.50	67
	TRN	Review subtitles from Peggy Lamb; Review and revise correspondence to P.S.C. mail package Fed-X to Carryn Lee;	125.00	1.25	156.25	68
08/19/2008						
	TRN	Phone conference with Carryn Lee re interim tariff approval and supplemental filing documents;	125.00	0.25	31.25	70
	TRN	Receipt and process of Order from P.S.C. fax to Carryn Lee; Letter to clients;	125.00	0.25	31.25	71
08/20/2008						
	TRN	Phone conference with Grant County news;	125.00	0.25	31.25	72
08/28/2008						
	TRN	Phone conference with Carryn Lee re P.S.C. filing;	125.00	0.25	31.25	76
08/29/2008						
	TRN	Receipt and process of Order; Two phone conferences with Kerry and Carryn Lee re permit from D.O.W. Phone conference with Brent Kirtley at P.S.C.	125.00	0.50	62.50	77
09/02/2008						
	TRN	Two phone conferences with Carryn Lee re P.S.C. request for D.O.W. Permit; Phone conference with Kerry Odle; Review P.S.C. website for North Shelby Water Company case status;	125.00	0.50	62.50	78
	TRN	Prepare application for filing with P.S.C. Phone conference with Carryn Lee; Phone conference with Kerry Odle; Letter to clients re application;	125.00	1.25	156.25	79
09/03/2008						
	TRN	Phone conference with Carryn Lee re application filing;	125.00	0.25	31.25	80

BULLOCK PEN WATER DISTRICT

RATE INCREASE

			Rate	Hours		
09/05/2008	TRN	Prepare application and revise;	125.00	0.50	62.50	74
09/08/2008	TRN	Review application and correspondence, file and mail;	125.00	0.50	62.50	75
10/13/2008	TRN	Phone conference with Carryn Lee;	125.00	0.25	31.25	81
10/20/2008	TRN	Phone conference with Todd at P.S.C. re status of DOW of permit;	125.00	0.25	31.25	83
10/27/2008	TRN	Phone conference with Kerry Odle re D.O.W. permit status;	125.00	0.25	31.25	82
11/07/2008	TRN	Phone conference with Kerry Odle re D.O.W. permit status;	125.00	0.25	31.25	84
11/13/2008	TRN	Phone conference with Kerry Odle re status of D.O.W. permit;	125.00	0.25	31.25	94
	TRN	Receipt and process of closing document package; Revie documents; Phone conference with Lori Lee (closing agent); Audit closing statement; Phone conference with client;	125.00	1.75	218.75	95
11/14/2008	TRN	Phone conference with Kerry Odle re D.O.W. plan review;	125.00	0.50	62.50	93
11/21/2008	TRN	Letter to Charles Bush;	125.00	0.50	62.50	88
	TRN	Phone conference with Gail re Public Notice of rate increase;	125.00	0.25	31.25	89
11/24/2008	TRN	Receipt and process of advertising notice; File with P.S.C.;	125.00	0.75	93.75	85
	TRN	Phone conference with Kerry Odle;	125.00	0.25	31.25	86
	TRN	Review and revise supplement information filing;	125.00	0.25	31.25	87
11/26/2008	TRN	Phone conference with Kerry Odle re D.O.W. permit; Phone conference with D.O.W. to inquire about permit;	125.00	0.50	62.50	96

RATE INCREASE

			Rate	Hours		
12/03/2008	TRN	Review and revise letter to Carryn Lee re tariff, mail out;	125.00	0.25	31.25	90
12/05/2008	TRN	Receipt and process of memo from Carryn Lee;	125.00	0.25	31.25	91
12/10/2008	TRN	Review letters and mail documents to client;	125.00	0.25	31.25	92
12/15/2008	TRN	Phone conference with Todd at P.S.C. re D.O.W. permit;	125.00	0.25	31.25	97
01/12/2009	TRN	Phone conference with Ryan Gatewood re filing of additional information with P.S.C.;	140.00	0.25	35.00	101
	TRN	Visit P.S.C. web site re status of rate increase; Letter to Bobby B.; Phone conference with Kerry Odle;	140.00	0.50	70.00	102
02/16/2009	TRN	Phone conference with Kerry Odle re DOW permit;	140.00	0.25	35.00	98
	TRN	Phone conference with Kerry Odle re DOW environmental approval;	140.00	0.25	35.00	99
	TRN	Receipt and process of DOW permit; Letter to P.S.C.; Phone conference with Kerry Odle; Prepare filing for P.S.C.;	140.00	1.00	140.00	100
02/23/2009	TRN	Phone conference with Ryan Gatewood re receipt of filing notice;	140.00	0.25	35.00	103
	TRN	Phone conference with Bobby Burgess re P.S.C.;	140.00	0.25	35.00	104
	TRN	Phone conference with Kerry Odle re rate increase application; Phone conference with Carryn Lee;	140.00	0.25	35.00	105
02/25/2009	TRN	Receipt and process of P.S.C. Order; Letter to client; Phone conference with Bobby;	140.00	0.50	70.00	106
03/03/2009	TRN	Phone conference with Carryn Lee; Phone conference with Kerry Odle; Prepare Motion letter to P.S.C.; Phone conference with Ryan Gatewood;	140.00	1.50	210.00	107
	TRN	Phone conference with Todd at P.S.C. Review and revise P.S.C. filing; Phone conference with Bobby Burgess;	140.00	0.50	70.00	108

RATE INCREASE

			Rate	Hours		
03/04/2009	TRN	Phone conference with Bobby Burgess re bifurcated hearing;	140.00	0.25	35.00	109
	TRN	Phone conference with Bob Rohards at P.S.C.; Phone conference with Scott; Phone conference with Obe; Phone call to Bob Rohards re document request;	140.00	1.50	210.00	110
03/11/2009	TRN	Phone conference with	140.00	0.50	70.00	111
	TRN	E-mail to Bob Rohards;	140.00	0.25	35.00	112
03/12/2009	TRN	Phone conference with Kerry;	140.00	0.25	35.00	113
	TRN	Phone conference with Obe at CMW, Inc. Phone conference with Bob Rohards at P.S.C.;	140.00	0.25	35.00	114
03/18/2009	TRN	Phone conference with Kerry re filed documents;	140.00	0.25	35.00	115
04/20/2009	TRN	Phone conference with Carryn Lee re credit card service charge;	140.00	0.25	35.00	117
	TRN	Two phone calls to Carryn Lee re credit card changes tariff;	140.00	0.25	35.00	118
04/28/2009	TRN	Phone conference with Carryn Lee re credit card service fees;	140.00	0.25	35.00	116
05/04/2009	TRN	Receipt and process of documents from Carryn Lee re credit card change; Revise Tariff Filing; Phone conference with Carryn Lee; Letter to Bobby Burgess; Prepare revised Tariff Filing;	140.00	1.75	245.00	119
	TRN	Review and revise P.S.C. filing;	140.00	0.25	35.00	120
05/05/2009	TRN	Prepare amended application for filing;	140.00	0.25	35.00	121
	TRN	Phone conference with Bobby to sign P.S.C. application;	140.00	0.50	70.00	122
05/20/2009	TRN	Receipt and process of P.S.C. Order; Review Order; Phone conference with Peggy Lamb;	140.00	1.00	140.00	123
	TRN	Conference with Peggy Gamble and Gail Bowling to review information request; Prepare responses to request;	140.00	1.50	210.00	124
05/21/2009	TRN	Prepare response to P.S.C. second request;	140.00	2.50	350.00	125

RATE INCREASE

		Rate	Hours		
TRN	Phone conference with Peggy Lamb; Phone conference with Carryn Lee; Fax Order to Carryn Lee; Phone conference with Gail; Phone conference with Kerry Odle; Phone conference with Ryan Gatewood;	140.00	1.00	140.00	126
05/26/2009					
TRN	Receipt and process of e-mails from Carryn Lee; Letter to Carryn Lee; Phone conference with Carryn;	140.00	0.50	70.00	127
TRN	Revise response, exhibit list and Affidavits; Prepare Motion for expedited hearing; Prepare Motion for copy reduction; Phone conference with Gail; Phone conference with Peggy; Phone conference with Carryn Lee;	140.00	2.25	315.00	128
TRN	Office conference with Gail and Peggy to arrange and gather exhibits in response to P.S.C. request;	140.00	2.50	350.00	129
05/27/2009					
TRN	Revise Response; Revise Affidavits; Revise exhibit schedule; Prepare exhibit tabs; Letter to clients;	140.00	2.75	385.00	130
TRN	Work on response to P.S.C.; Request for information;	140.00	1.25	175.00	131
TRN	Work on response; Phone conference with Kerry office; Phone conference with Carryn Lee; Phone conference with Peggy; Two phone conferences;	140.00	1.50	210.00	132
	For Current Services Rendered		80.50	10,460.00	

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
PARALEGAL	0.50	\$50.00	\$25.00
THOMAS R. NIENABER	51.00	125.00	6,375.00
THOMAS R. NIENABER	29.00	140.00	4,060.00

Expenses

05/05/2009	Photocopy charges 115 at .15 cents each;	17.25	1
	Total Expenses	17.25	
	Total Current Work	10,477.25	
	Balance Due	<u>\$10,477.25</u>	

Billing History

<u>Fees</u>	<u>Hours</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
10,460.00	80.50	17.25	0.00	0.00	0.00

BULLOCK PEN WATER DISTRICT

Page: 11
05/27/2009

Account No: 762-00H
Statement No: 1

RATE INCREASE

**Please Direct any questions regarding billing statements to our Billing
Department, Kim Holliday at (859) 380-2310. Thank You!**
To ensure proper credit, please include account number on remittance checks.



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**THE APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2008-00170
PROPOSED WATERWORKS IMPROVEMENT)
PROJECT AND FOR APPROVAL OF PROPOSED)
PLAN OF FINANCING, INCREASE IN RATES,)
NONRECURRING CHARGES, AND TARIFF)
REVISIONS)**

AFFIDAVIT OF PEGGY GAMBLE

Comes now the Affiant, Peggy Gamble, and after having first been duly cautioned and sworn, states and deposes as follows:

1. The Affiant, Peggy Gamble, is a certified public accountant employed by Morris & Bressler, Florence, Kentucky.
2. The Affiant has been engaged by the Bullock Pen Water District for the purpose of providing accounting services for approximately the last 20 years.
3. The Affiant has reviewed with Bullock Pen's staff and Bullock Pen's legal counsel, the Commission Staff's Second Information Request dated May 19, 2009 ("Second Information Request").
4. In response to the Commission's Second Information Request, the Affiant has provided various information. Specifically, Affiant has provided information in the responses to Items 1, 3a, 3b, 3c, 4, 9, 10, 11 and 17 of the Second Information Request.
5. Affiant states that she has reviewed the information contained in the foregoing identified Items and that to the best of Affiant's knowledge the information so provided is true and accurate. In addition, Affiant has provided information to Bullock Pen as contained in

Exhibits "24", "25", "26", "31", "32", "37" and "38". To the best of Affiant's knowledge, the information set forth in those Exhibits is true and correct.

6. Affiant's currently hourly rate with Bullock Pen is \$125.00 per hour. To date, Affiant has been paid approximately \$1,512.00 and will bill as of May 29, 2009 an additional \$4,912.50 for services rendered in relation to Bullock Pen's Rate Increase Application. After the responses to the Commission's Second Request for Information is completed, it is not anticipated that any additional billing will be charged to Bullock Pen relative to the Rate Increase Application.

Further, Affiant sayeth naught.

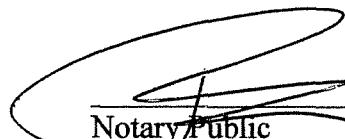
MORRIS & BRESSLER

BY: Peggy Gamble, CPA
PEGGY GAMBLE, CPA

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said Peggy Gamble, CPA, Morris & Bressler this 29th day of May, 2009.



Notary Public
My Commission Expires: 3/24/12

10:39 AM
 05/29/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT
Transactions by Account
 As of October 31, 2008

Type	Date	Num	Name	Memo	Debit
CMW, INC					
Bill	6/25/2008	00809...	CMW, INC	RATE INCREASE	204.76
Bill	7/22/2008	6-147...	CMW, INC	RATE INCREASE ...	303.68
Bill	8/8/2008	7-12/8...	CMW, INC	RATE INCREASE ...	140.45
Total CMW, INC					648.89
GRANT COUNTY NEWS					
Bill	7/31/2008	07-08 ...	GRANT COUNTY NEWS	RATE INCREASE ...	393.75
Total GRANT COUNTY NEWS					393.75
HORWITZ LAW FIRM					
Total HORWITZ LAW FIRM					
LEE UTILITY CONSULTING					
Bill	7/16/2008	7	LEE UTILITY CONSULTING	PREPARATION & ...	4,901.94
Bill	8/24/2008	97	LEE UTILITY CONSULTING	RATE CASE INFO...	2,461.25
Total LEE UTILITY CONSULTING					7,363.19
MORRIS & BRESSLER					
Bill	1/31/2008	12101	MORRIS & BRESSLER	RATE INCREASE ...	162.00
Bill	5/31/2008	13062	MORRIS & BRESSLER	RATE INCREASE ...	48.00
Bill	6/30/2008	06-08 ...	MORRIS & BRESSLER	RATE INCREASE ...	90.00
Bill	8/31/2008	08-08 ...	MORRIS & BRESSLER	RATE INCREASE ...	1,170.00
Bill	10/31/2008	13407...	MORRIS & BRESSLER	RATE INCREASE ...	42.00
Total MORRIS & BRESSLER					1,512.00
No name					
Total no name					
TOTAL					9,917.83


Morris & Bressler, PSC
O. Box 545
Florence, Kentucky 41022-0545
Billing Summary

Bullock Pen Water District
Rate Increase

Date	Employee	Services Rendered	Billing Rate	Hours	Amount Billed
5/20/2009	Peggy Gamble	Meeting to Determine Who Would Provide What Information Review Previous Filing	125.00	2.00	250.00
5/21/2009	Peggy Gamble	Prepare Information for Rate Increase Per PSC Request	125.00	4.50	562.50
5/22/2009	Peggy Gamble	Prepare Information for Rate Increase Per PSC Request	125.00	6.75	843.75
5/26/2009	Peggy Gamble	Prepare Information for Rate Increase Per PSC Request	125.00	9.00	1,125.00
5/27/2009	Peggy Gamble	Prepare Information for Rate Increase Per PSC Request	125.00	5.00	625.00
5/27/2009	Mary Moser	Prepare Information for Rate Increase Per PSC Request	135.00	3.75	506.25
5/28/2009	Peggy Gamble	Prepare Information for Rate Increase Per PSC Request	125.00	8.00	<u>1,000.00</u>
Total to Date					<u><u>4,912.50</u></u>

Projected additional billing to respond to additional information requests by the Public Service Commission 562.50

REMITTANCE SLIP WITH YOUR PAYMENT IN THE SUPPLIED ENVELOPE
OR PRINT THE ACCOUNT NUMBER FROM THIS BILL ON YOUR CHECK.

10	DATE	11	REF	12	13	14	DESCRIPTION-COMMENTS	15	16	18	19	20	
								SAU/BILLED	UNITS	RATE	GROSS AMOUNT	DISCOUNT	NET AMOUNT
							PREVIOUS BALANCE				.00		.00
7/17							WATER RATES	3X	7.00	6.25	131.25	.00	131.25
7/24							WATER RATES	3X	7.00	6.25	131.25	.00	131.25
7/31							WATER RATES	3X	7.00	6.25	131.25	.00	131.25
							TOTAL GRANT COUNTY NEWS				393.75	.00	393.75
							<i>advertised rate increase D. Number set in PM.</i>						
							PAID #13269 8/22/08 \$393.75						
							 ENTERED						
							REC'D AUG 1 2008						
***							TEARSHEETS IN SEPARATE MAILING				393.75	.00	393.75
							TOTAL DUE				393.75	.00	393.75

STATEMENT OF ACCOUNT IF TOTAL PAYMENT IS NOT RECEIVED BY DUE DATE, A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL PERCENTAGE RATE) WILL BE IMPOSED

21	CURRENT NET AMOUNT	22	30 DAYS	60 DAYS	90 DAYS	23	GROSS AMOUNT DUE	24	NET AMOUNT DUE
	393.75		.00	.00	.00		393.75		393.75

FOR BILLING QUESTIONS GRANT CO NEWS, PO BOX 247, WILLIAMSTOWN, KY 41097-0247
PLEASE CONTACT: 859-824-3343

24	25	ADVERTISER INFORMATION							
1	BILLING PERIOD	6	BILLED ACCOUNT NUMBER	7	ADVERTISER/CLIENT NUMBER	4	ADVERTISER/CLIENT NAME		
	JULY 2008		195-141356				BULLOCK PEN WATER DIST		
2	YEAR TO DATE DOLLARS	3	CONTRACT EXPIRATION	5	CONTRACT REQUIREMENTS	8	CONTRACT CURRENT MONTH	9	CONTRACT CUMULATIVE
	409.38								

LANDMARK COMMUNITY NEWSPAPERS INC - P.O. BOX 549 - SHELBYVILLE, KY 40066-0549 - 502/633-4334



(This form may be used in lieu of "Supplemental Data," Schedule 1, Page 2, of Form RD 442-2, to provide evidence of insurance and bond coverage.)

I certify that the insurance and bond coverage shown below is currently in effect and that copies of the insurance policies are on file with our office.

Date _____

President/Chairperson/Mayor/Secretary/Clerk

EVIDENCE OF INSURANCE

Liability Insurance:

Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date
GP09314437	ST. PAUL GUARDIAN INS. CO.	2,000,000 GEN TOTAL 1,000,000 PERS INJURY	10/07/09
	385 WASHINGTON ST.	2,000,000 UMBRELLA	\$23,143.33
	ST. PAUL, MN 55102-1309	2,000,000 E & O	
68278659	WESTERN SURETY COMPANY	NOTARY-25,000	1/21/10 105.56

Workman's Compensation:

Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date
HSUB-6780M70-0-08	TRAVELERS CASUALTY INS CO OF AMERICA	BODILY INJ	10/07/09
	ONE TOWER SQUARE	EACH ACCIDENT 500,000	\$15,222.00
	HARTFORD, CT 06183	POLICY LIMIT 500,000	
		EACH EMPLOYEE 500,000	

Floodplain Insurance:

Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date

Property Insurance:

Property Description	Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date
WATER TOWERS & BLDGS & BUS PERS PROP	GP09314437	ST. PAUL GUARDIAN INS CO. 385 WASHINGTON ST	3,386,447	10/07/09 See Liability
INLAND MARINE		ST. PAUL, MN 55102-1309	56,172	Insurance
AUTO			1,000,000	Above

Fidelity Bond Coverage:

Position Bonded	Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date
TREASURER & SECRETARY	2-242-853-3	OHIO CASUALTY INS CO 136 N. THIRD STREET	200,000 ea	3/01/09
OFFICE MANAGER		HAMILTON, OH 45025	200,000	2030.00
DISTRICT MANAGER			200,000	
BLANKET & EMP DISHONESTY	3-661-305-3		25,000	3/23/09

2008-2009

Bullock Pen Water District

Property	\$ 2,392.00
Equipment Breakdown	\$ 361.00
General Liability	\$ 7,149.00
Inland Marine	\$ 1,139.00
Workers Comp	\$ 15,296.00
Umbrella	\$ 2,644.00
Public Entity Management	\$ 1,067.00
Automobile Liability	\$ 3,336.00
Automobile Physical Damage	\$ 794.00
Employment Practices	\$ 2,500.00
Employee Benefits	\$ 192.00
	\$ 36,870.00
Ky Surcharge	\$ 323.61
Total	\$ 37,193.61

Bid for 2008-2009
 Commercial Insurance
 +
 Workers' Compensation
 Actual Premiums Are

OPTIONS:

Add \$250,000 Failure to Supply	\$ 500.00
Add \$500,000 Failure to Supply	\$ 676.00
Add \$1,000,000 Failure to Supply	\$ 1,013.00
Add Crime	\$ 315.00
Add Identity Fraud	\$ 248.00
Add Terrorism	See attached

Commercial Insurance - 23,143.33
 Workers' Compensation - 15,232.00

HIGHLIGHTS:

Automobile coverage is composite rated; subject to audit. No auto changes needed; automatic coverage
 Your current general liability coverage does not include coverage for Failure to supply water to your client for all of their needs, including life safety.
 We highly recommend this affordable and valuable coverage
 Your current umbrella coverage does not provide coverage over your Public Entity Management Liability.
 Quote includes \$2,000,000 Excess coverage over Public Entity Management Liability
 AND Employee Benefit Liability
 Our carrier of choice, Travelers, specializes in public entity business, including water districts.
 They understand the complexity of public entity legislation.
 Your current carrier, Ohio Casualty, is not a specialist in this regard.
 Quote includes \$100,000 Employee Theft coverage. Does not appear to be covered under current program.

NOTES:

Due to the assignment of carriers, our workers compensation markets were limited. With a written authorization from the District, we could approach a "sister" company of Ohio Casualty's that would provide a more competitive premium for the District. Both Traveler's and the Ohio Casualty "sister" company are fully-insured insurance companies. Market assignment noted "KESA", a self-insured fund which is not a fully-insured insurance company, was to be approached. We do not feel a self-insured fund is in the best interest of the District.



We Build Relationships

412 MADISON AVENUE • P.O. BOX 12666 • COVINGTON, KY 41012-0666
TEL: (859) 431-1235 • FAX: (859) 431-0437
www.bilzinsurance.com

January 12, 2009

Bullock Pen Water District
One Farrell Drive
Crittenden, KY 41030

Re: GPO9314437 & HSUB6780M70008

Dear Gail:

Your Travelers policies, with an effective date of 10/7/2008 and a renewal date of 10/7/2009, are enclosed.

Per your request, I am sending you your copies of the policies. Please review these policies carefully, if you have any questions or concerns, please feel free to call our office.

We also invite you to access our 24/7-customer service via our web page at www.bilzinsurance.com. With your authorization, we can assign your own user id and password to access your policy information, report claims or request changes to your current coverage, 24 hours a day.

Thank you for the continued opportunity to serve your business insurance needs.

Sincerely,

CHAS. H. BILZ INSURANCE AGENCY, INC.


Amy Lohstroh
Commercial Service Representative
amy.lohstroh@bilzinsurance.com

Tom Youtsey
Account Executive
tom.youtsey@bilzinsurance.com

Enclosure



"Official Insurance Agent Of The Florence Freedom"

**Bullock Pen Water District
District Insurance**

Premiums Paid	Total Payment	10/07/07 - 10/07/2008 Package	10/07/07 - 10/07/2008 Auto	10/07/07 - 10/07/2008 Umbrella	10/09/07 - 10/09/2008 Public Off & Employees	10/07/07 - 10/07/2008 WC	1/21/08 - 1/21/2009 Errors & Omissions	3/1/07 - 3/1/2008 Surety Bd	3/23/09 - 3/23/2009 Fidelity Bond	Monthly Pmt Charge
October -11,546.91 + 4320.86	15867.77	3,505.41	3,218.31	636.15	4,320.86	4,187.04				
Nov	3,959.53	1,168.47	1,072.77	212.05		1,395.68	105.56			5.00
Dec	3,853.97	1,168.47	1,072.77	212.05		1,395.68				5.00
Jan	3,853.97	1,168.47	1,072.77	212.05		1,395.68				5.00
Feb	4,201.64	1,168.47	1,072.77	212.05		1,395.68		347.67		5.00
Mar	5,883.97	1,168.47	1,072.77	212.05		1,395.68	2,030.00			5.00
Apr	3,853.97	1,168.47	1,072.77	212.05		1,395.68				5.00
May	4,013.65	1,328.15	1,072.77	212.05		1,395.68				5.00
June	3,893.89	1,208.39	1,072.77	212.05		1,395.68				5.00
July	3,894.10	1,208.47	1,072.86	212.06		1,395.71				5.00
Workers' Comp Audit	4506.56					4,506.56				
	57,783.02	Totals 14,261.24	12,873.33	2,544.61	4,320.86	21,254.75	105.56	2,030.00	347.67	45.00
Less Monthly Pmt Charge	-45.00									
10/07/08 to 10/07/09 Premiums	<u>57,738.02</u>									

	2009 Premiums Expected	2008 Premiums Paid	Savings
Commercial Insurance	23,143.33	34,000.04	
Workers' Comp	15,232.00	21,254.75	
Surety Bond	2,030.00	2,030.00	
Errors & Omissions	105.56	105.56	
Fidelity Bond	<u>402.96</u>	<u>347.67</u>	
Total Premiums	40,913.85	57,738.02	16,824.17

3:46 PM

05/28/09

Accrual Basis

BULLOCK PEN WATER DISTRICT

Transactions by Account

As of September 30, 2008

Type	Date	Num	Name	Memo	Debit	Credit	Balance
162 · PREPAYMENTS							1,019.73
162.01 · PREPAID INSURANCE							1,019.73
Bill	10/4/2007	10-07 STMT	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	11,591.59	<i>Sept Adj = 44.68 = 11546.91</i>	12,611.32
Bill	10/17/2007	398	WETHINGTON INSUR...	PUBLIC OFFICIALS & EMPL...	4,320.86		16,932.18
General Jo...	10/31/2007	230		FIDELITY/SURETY INS		198.13	16,734.05
General Jo...	10/31/2007	PH 28 LOAN		AUTO INSURANCE		1,072.78	15,661.27
General Jo...	10/31/2007	PH 29 LOAN		WORKERS COMP INS		1,395.68	14,265.59
General Jo...	10/31/2007	PUB OFF INS		PUBLIC OFFICIAL INSURAN...		360.07	13,905.52
General Jo...	10/31/2007	285		LIABILITY & PROPERTY INS...		1,380.52	12,525.00
Bill	11/7/2007	11-07 STMT	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	3,853.97	<i>E+0 = 105.56 = 3959.53</i>	16,378.97
General Jo...	11/30/2007	297		AUTO INSURANCE		1,072.78	15,306.19
General Jo...	11/30/2007	298		FIDELITY/SURETY INS		198.13	15,108.06
General Jo...	11/30/2007	303		LIABILITY & PROPERTY INS...		1,380.52	13,727.54
General Jo...	11/30/2007	307		PUBLIC OFFICIAL INSURAN...		365.07	13,362.47
General Jo...	11/30/2007	308		WORKERS COMP INS		1,395.68	11,966.79
Bill	12/6/2007	12-07 STMT	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	5,421.34	<i>2007 Audit = 1567.37 = 3853.97</i>	17,388.13
General Jo...	12/6/2007	W C AUDIT		EXPENSE W C AUDIT PREM...		1,280.13	16,108.00
General Jo...	12/6/2007	MULTI AUDIT		EXPENSE MULTIPERIL AUDI...		287.24	15,820.76
General Jo...	12/31/2007	230		AUTO INSURANCE		1,072.78	14,747.98
General Jo...	12/31/2007	231		FIDELITY/SURETY INS		198.13	14,549.85
General Jo...	12/31/2007	237		LIABILITY & PROPERTY INS...		1,380.52	13,169.33
General Jo...	12/31/2007	242		PUBLIC OFFICIAL INSURAN...		365.07	12,804.26
General Jo...	12/31/2007	243		WORKERS COMP INS		1,395.68	11,408.58
Bill	1/7/2008	A3461801851	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	3,853.97		15,262.55
General Jo...	1/31/2008	230		AUTO INSURANCE		1,072.78	14,189.77
General Jo...	1/31/2008	231		FIDELITY/SURETY INS		198.13	13,991.64
General Jo...	1/31/2008	236		LIABILITY & PROPERTY INS...		1,380.52	12,611.12
General Jo...	1/31/2008	238		PUBLIC OFFICIAL INSURAN...		365.07	12,246.05
General Jo...	1/31/2008	239		WORKERS COMP INS		1,395.68	10,850.37
Bill	2/7/2008	02-08 STMT	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	3,853.97		14,704.34
Bill	2/18/2008	458	WETHINGTON INSUR...	FIDELITY BOND	347.67	<i>> 4201.64</i>	15,052.01
General Jo...	2/29/2008	265		AUTO INSURANCE		1,072.78	13,979.23
General Jo...	2/29/2008	266		FIDELITY/SURETY INS		198.13	13,781.10
General Jo...	2/29/2008	270		LIABILITY & PROPERTY INS...		1,380.52	12,400.58
General Jo...	2/29/2008	274		PUBLIC OFFICIAL INSURAN...		365.07	12,035.51
General Jo...	2/29/2008	275		WORKERS COMP INS		1,395.68	10,639.83
General Jo...	2/29/2008	ADJ PPD INS		ADD'L ON SURETY BOND-E...		0.08	10,639.75
Bill	3/6/2008	INSURANC...	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	3,853.97		14,493.72
General Jo...	3/31/2008	265		AUTO INSURANCE		1,072.78	13,420.94
General Jo...	3/31/2008	266		FIDELITY/SURETY INS		198.13	13,222.81
General Jo...	3/31/2008	270		LIABILITY & PROPERTY INS...		1,380.52	11,842.29
General Jo...	3/31/2008	274		PUBLIC OFFICIAL INSURAN...		365.07	11,477.22
General Jo...	3/31/2008	275		WORKERS COMP INS		1,395.68	10,081.54
Bill	3/31/2008	476	WETHINGTON INSUR...	SURETY BOND	2,030.00		12,111.54
General Jo...	3/31/2008	ADJ PPD INS		ADD'L ON FIDELITY BOND...		0.03	12,111.51
Bill	4/7/2008	04-07 STMT	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	3,853.97		15,965.48
General Jo...	4/30/2008	7ST QTR M...		AUTO INSURANCE		1,072.78	14,892.70
General Jo...	4/30/2008	8ST QTR M...		FIDELITY/SURETY INS		198.13	14,694.57
General Jo...	4/30/2008	12ST QTR ...		LIABILITY & PROPERTY INS...		1,380.52	13,314.05
General Jo...	4/30/2008	16ST QTR ...		PUBLIC OFFICIAL INSURAN...		365.07	12,948.98
General Jo...	4/30/2008	17ST QTR ...		WORKERS COMP INS		1,395.68	11,553.30
Bill	5/7/2008	05-08 STMT	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	4,013.65		15,566.95
General Jo...	5/31/2008	267		AUTO INSURANCE		1,072.78	14,494.17
General Jo...	5/31/2008	273		LIABILITY & PROPERTY INS...		1,380.52	13,113.65
General Jo...	5/31/2008	277		PUBLIC OFFICIAL INSURAN...		365.07	12,748.58
General Jo...	5/31/2008	278		WORKERS COMP INS		1,395.68	11,352.90
General Jo...	5/31/2008	242		FIDELITY/SURETY INS		198.13	11,154.77
Bill	6/5/2008	06-08 STMT	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	3,893.89		15,048.66
General Jo...	6/30/2008	280		AUTO INSURANCE		1,072.78	13,975.88
General Jo...	6/30/2008	281		FIDELITY/SURETY INS		198.13	13,777.75
General Jo...	6/30/2008	287		LIABILITY & PROPERTY INS...		1,380.52	12,397.23
General Jo...	6/30/2008	291		PUBLIC OFFICIAL INSURAN...		365.07	12,032.16
General Jo...	6/30/2008	292		WORKERS COMP INS		1,395.68	10,636.48
Bill	7/7/2008	07-08 STMT	OHIO CASUALTY GRO...	INSURANCE INSTALLMENT ...	3,894.10		14,530.58
General Jo...	7/31/2008	5/9 BILLING		AUTO INSURANCE		1,072.78	13,457.80
General Jo...	7/31/2008	5/10 BILLING		FIDELITY/SURETY INS		198.13	13,259.67
General Jo...	7/31/2008	5/14 BILLING		LIABILITY & PROPERTY INS...		1,380.52	11,879.15
General Jo...	7/31/2008	5/18 BILLING		PUBLIC OFFICIAL INSURAN...		365.07	11,514.08
General Jo...	7/31/2008	5/19 BILLING		WORKERS COMP INS		1,395.68	10,118.40
General Jo...	8/31/2008	5/11 BILLING		AUTO INSURANCE		1,072.78	9,045.62
General Jo...	8/31/2008	5/12 BILLING		FIDELITY/SURETY INS		198.13	8,847.49
General Jo...	8/31/2008	5/18 BILLING		LIABILITY & PROPERTY INS...		1,380.52	7,466.97
General Jo...	8/31/2008	5/23 BILLING		PUBLIC OFFICIAL INSURAN...		360.07	7,106.90
General Jo...	8/31/2008	5/24 BILLING		WORKERS COMP INS		1,395.68	5,711.22
General Jo...	9/30/2008	5/11 BILLING		AUTO INSURANCE		1,117.43	4,593.79
General Jo...	9/30/2008	5/12 BILLING		FIDELITY/SURETY INS		198.13	4,395.66
General Jo...	9/30/2008	5/18 BILLING		LIABILITY & PROPERTY INS...		1,620.13	2,775.53

3:46 PM
 05/28/09
 Accrual Basis

BULLOCK PEN WATER DISTRICT
Transactions by Account
 As of September 30, 2008

Type	Date	Num	Name	Memo	Debit	Credit	Balance
General Jo...	9/30/2008	5/22 BILLING		PUBLIC OFFICIAL INSURAN...		360.09	2,415.44
General Jo...	9/30/2008	5/23 BILLING		WORKERS COMP INS		1,395.71	1,019.73
Total 162.01 - PREPAID INSURANCE					54,782.95	54,782.95	1,019.73
Total 162 - PREPAYMENTS					54,782.95	54,782.95	1,019.73
TOTAL					54,782.95	54,782.95	1,019.73

3:50 PM
05/28/09
Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
November 1 - 22, 2007

Type	Date	Num	Name	Memo	Split	Debit	Balance
659 · INSURANCE - OTHER							
Bill	11/16/2007	0601 ...	CNA SURETY	NOTARY ERRORS & OMISSIONS...	231 · ACCOU...	105.56	105.56
Total 659 · INSURANCE - OTHER							
TOTAL							
						105.56	105.56



9450 Seward Road, Fairfield, Ohio 45014
www.ocas.com

Commercial Coverage Insurance Bill

ACCOUNT NUMBER
A3461801851

BILLING DATE
10/04/2007

ACCOUNT BALANCE
\$46,232.50

DUE DATE
10/27/2007

MINIMUM DUE
\$11,591.59

PAYOR

BULLOCK PEN WATER DISTRICT
PO BOX 188
CRITTENDEN KY 41030-0188

AGENT

WETHINGTON INSURANCE AGENCY INC
PO BOX 37
WALTON KY 41094-0037

AGENT'S PHONE NO.

(859) 485-6873



PAID 11,591.59
#11651 10/29/07

Dear Customer,



ENTERED

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

A PORTION OF THE ENDORSEMENT HAS BEEN INCLUDED IN THE AMOUNT DUE. THE BALANCE OF THE ENDORSEMENT WILL BE SPREAD OVER THE REMAINING INSTALLMENTS IN YOUR CURRENT TERM.

Account Summary

Date	Activity	
08/07/2007	Prior Account Balance	\$0.00
	Payment Received	\$0.00
09/25/2007	New Activity Amount	\$46,232.50
10/04/2007	Account Balance	\$46,232.50

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2006 - 10/07/2007	INSTALLMENT DUE	---	\$44.68	\$44.68
COMMERCIAL AUTO	BAO 50232264	09/14/2007 - 10/07/2007	ENDORSED	94.00	*See Note	---
		09/14/2007 - 10/07/2007	ENDORSED	1.42	*See Note	---
		09/22/2007 - 10/07/2007	ENDORSED	50.00-	*See Note	---
		09/22/2007 - 10/07/2007	ENDORSED	0.74-	*See Note	---
		10/07/2007 - 10/07/2008	RENEWAL	12,410.00	*See Note	---
		10/07/2007 - 10/07/2008	RENEWAL	186.23	*See Note	---
		10/07/2007 - 10/07/2008	ENDORSED	1,412.00	*See Note	---

***Account balance includes Work Comp assessment**

For your Records: Amount Paid 11,591.59 Date Paid 10/29/07 Check No. 11651

continued on back page



View and pay your bill online anytime at
<http://www.ocas.com>

10/04/07 10:01:03 AM

Wethington Insurance Agency
 37 S. Main St.
 Walton, KY 41094
 Phone : 859-485-6873 Fax : 859-485-9199

Bullock Pen Water District
 #1 Ferrell Drive
 P O Box 188
 Crittenden, KY 41030

INVOICE #		398	Page 1
ACCOUNT NO.	OP	DATE	
BULLO-1	MD	10/17/07	
Professional Liability			
POLICY #	PK10000931		
COMPANY	Arlington Roe		
PRODUCER	Bill Wethington		
EFFECTIVE	EXPIRATION	BALANCE DUE ON	
10/09/07	10/09/08	10/17/07	
AMOUNT PAID	AMOUNT DUE		
	\$		4,320.86

Itn #	Due Date	Trn	Type	Description	Amount
INVOICE #	398				
1016	10/17/07	MEM	PROF	07/08 Public Officials	\$ 1,349.00
1017	10/17/07	MEM	PROF	07/08 Employment Practices	\$ 2,908.00
1018	10/17/07	MEM	PROF	Ky S/C	\$ 63.86
Invoice Balance:					\$ 4,320.86



PAID
#11634
 10-22-07
 \$ 4320.86



ENTERED



9450 Seward Road, Fairfield, Ohio 45014
www.ocas.com

Commercial Coverage Insurance Bill

ACCOUNT NUMBER
A3461801851

BILLING DATE
11/07/2007

ACCOUNT BALANCE \$34,645.91
DUE DATE 11/27/2007
MINIMUM DUE \$3,853.97

PAYOR	AGENT	AGENT'S PHONE NO.
BULLOCK PEN WATER DISTRICT PO BOX 188 CRITTENDEN KY 41030-0188	WETHINGTON INSURANCE AGENCY INC PO BOX 37 WALTON KY 41094-0037	(859) 485-6873



PAID
11826 11/30/07
\$ 3853.97

Dear Customer,
WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.
LET US KNOW IF WE CAN HELP YOU.

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

Account Summary		
Date	Activity	
10/04/2007	Prior Account Balance	\$46,232.50
10/31/2007	Payment Received	\$11,591.59
11/07/2007	New Activity Amount	\$5.00
11/07/2007	Account Balance	\$34,645.91



Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$9,655.02	\$1,072.77
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	10,516.28	1,168.47
COMM UMBRELLA	USO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	1,908.46	212.05
WORKER'S COMP	XWD 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	12,561.15	1,395.68
				Service Charge**	5.00	5.00
Total				\$5.00	\$34,645.91	\$3,853.97

**Service Charge is added for the installment payment plan.

***Account balance includes Work Comp assessment**

For your Records: Amount Paid 3853.97 Date Paid 11/30/07 Check No. 11826

continued on back page

15910010404 090000

NOTICE OF PREMIUM DUE



P. O. Box 5077
Sioux Falls, SD 57117-5077
1-888-866-2666

PAD
#118.65
12-6-07
105.56

BULLOCK PEN WATER DISTRICT
P. O. BOX 188
CRITTENDEN, KY 41030

Bond/Policy#: 0601 68278659

Billing Date: 11/16/2007
Filing Date: 01/21/2008

Premium: \$104.00
Surtax \$1.56

Amount Due: \$105.56

We show 4 individuals in this business.
To ensure proper coverage, verify the
total number of employees (and owners, if
they are covered) & fax, call or write
us if the number has changed.

Bond/Policy#: **0601 68278659**
Effective Date: 01/21/2008 Anniversary Date: 01/21/2009
Penalty: \$25,000.00
Name: BULLOCK PEN WATER DISTRICT
Description: KY BLANKET NOTARY ERRORS AND OMISSIONS POLICY

*Written By: WESTERN SURETY COMPANY

ENTERED

Your agent has requested that we bill your bond/policy directly from our office. PLEASE PAY THE AMOUNT INDICATED to CNA Surety. Prompt payment allows us to issue or continue your bond/policy coverage.

If you have any questions, please contact your agent with whom the bond/policy was written.

Phone: (859)485-6873 **Wethington Ins. Agency, Inc.**
Agency: 16-01200 **P. O. Box 37**
 Walton, KY 41094

Please detach and return the original coupon below with your payment



9450 Seward Road, Fairfield, Ohio 45014
www.ocas.com

ACCOUNT NUMBER
A3461801851
BILLING DATE
12/06/2007

ACCOUNT BALANCE	\$32,364.31
DUE DATE	12/29/2007
MINIMUM DUE	\$5,421.34

Commercial Coverage Insurance Bill

PAYOR
BULLOCK PEN WATER DISTRICT
PO BOX 188
CRITTENDEN KY 41030-0188

AGENT
WETHINGTON INSURANCE AGENCY INC
PO BOX 37
WALTON KY 41094-0037

- 1567.37
AGENT'S PHONE NO.
(859) 485-6873
3853.97



Dear Customer,

WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.
LET US KNOW IF WE CAN HELP YOU.

PAID
#12000
12/28/07
5421.34

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

Date	Activity	
11/07/2007	Prior Account Balance	\$34,645.91
12/03/2007	Payment Received	\$3,853.97
12/05/2007	New Activity Amount	\$1,572.37
12/06/2007	Account Balance	\$32,364.31

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$8,582.25	\$1,072.77
PACKAGE	BKW 50232264	10/07/2006 - 10/07/2007	INSTALLMENT DUE	---	287.24	287.24
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	9,347.81	1,168.47
		12/05/2007 - 10/07/2007	AUDIT	283.00	*See Note	---
		12/05/2007 - 10/07/2007	AUDIT	4.24	*See Note	---
COMM UMBRELLA	USO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	1,696.41	212.05
WORKER'S COMP	XWO 50232264	10/07/2006 - 10/07/2007	INSTALLMENT DUE	---	1,280.13	1,280.13
		10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	11,165.47	1,395.68

*Account balance includes Work Comp assessment

For your Records: Amount Paid 5421.34 Date Paid 12/28/07 Check No. 12000

continued on back page

1567.37 = 2007 Premium

002562 A3461801851





9450 Seward Road, Fairfield, Ohio 45014
www.ocas.com

ACCOUNT NUMBER
A3461801851

BILLING DATE
01/07/2008

ACCOUNT BALANCE
\$26,947.97

DUE DATE
01/27/2008

MINIMUM DUE
\$3,853.97

Commercial Coverage Insurance Bill

PAYOR

BULLOCK PEN WATER DISTRICT
PO BOX 188
CRITTENDEN KY 41030-0188

AGENT

WETHINGTON INSURANCE AGENCY INC
PO BOX 37
WALTON KY 41094-0037

AGENT'S PHONE NO.

(859) 485-6873



PAID

12181 1/28/08
\$ 3853.97

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

Dear Customer,

WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.

LET US KNOW IF WE CAN HELP YOU.

ENTERED

Account Summary

Date	Activity	
12/06/2007	Prior Account Balance	\$32,364.31
12/31/2007	Payment Received	\$5,421.34
01/07/2008	New Activity Amount	\$5.00
01/07/2008	Account Balance	\$26,947.97

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$7,509.48	\$1,072.77
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	8,179.34	1,168.47
COMM UMBRELLA	USO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	1,484.36	212.05
WORKER'S COMP	XWO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	9,769.79	1,395.68
				Service Charge**	5.00	5.00
				Total	\$5.00	\$26,947.97
						\$3,853.97

**Service Charge is added for the installment payment plan.

*Account balance includes Work Comp assessment

For your Records: Amount Paid 3853.97 Date Paid 1/28/08 Check No. 12181

REC'D JAN 14 2008

continued on back page

000000 03461801851





9450 Seward Road, Fairfield, Ohio 45014
www.ocas.com

ACCOUNT NUMBER
A3461801851
BILLING DATE
02/07/2008

ACCOUNT BALANCE	\$23,099.00
DUE DATE	03/01/2008
MINIMUM DUE	\$3,853.97

Commercial Coverage Insurance Bill

PAYOR	AGENT	AGENT'S PHONE NO.
BULLOCK PEN WATER DISTRICT PO BOX 188 CRITTENDEN KY 41030-0188	WETHINGTON INSURANCE AGENCY INC PO BOX 37 WALTON KY 41094-0037	(859) 485-6873



PAID
#12348
2/27/08
\$3853.97

Dear Customer,
WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.
LET US KNOW IF WE CAN HELP YOU.

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

Account Summary		
Date	Activity	
01/07/2008	Prior Account Balance	\$26,947.97
01/30/2008	Payment Received	\$3,853.97
02/07/2008	New Activity Amount	\$5.00
02/07/2008	Account Balance	\$23,099.00

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$6,436.71	\$1,072.77
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	7,010.87	1,168.47
COMM UMBRELLA	USO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	1,272.31	212.05
WORKER'S COMP	XWO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	8,374.11	1,395.68
<i>Service Charge**</i>				5.00	5.00	5.00
Total				\$5.00	\$23,099.00	\$3,853.97

**Service Charge is added for the installment payment plan.

*Account balance includes Work Comp assessment

For your Records: Amount Paid 3853.97 Date Paid 2/27/08 Check No. 12348



continued on back page

010624 A3461801851



Wethington Insurance Agency

37 S. Main St.
Walton, KY 41094
Phone : 859-485-6873 Fax : 859-485-9199

Bullock Pen Water District
#1 Ferrell Drive
P O Box 188
Crittenden, KY 41030

INVOICE # 458		Page 1
ACCOUNT NO. BULLO-1-5001	OP MD	DATE 02/18/08
Bond		
POLICY # 366-1305		
COMPANY Ohio Casualty		
PRODUCER Bill Wethington		
EFFECTIVE 03/23/08	EXPIRATION 03/23/09	BALANCE DUE ON 03/23/08
AMOUNT PAID		AMOUNT DUE \$ 347.67

Itm #	Due Date	Trn	Type	Description	Amount
INVOICE #	458				
1142	03/23/08	REN	BOND	08/09 Fidelity Bond	\$ 347.67
Invoice Balance:					\$ 347.67

PAID

PAID
#12479
3-19-08
\$ 347.67
REC'D



9450 Seward Road, Fairfield, Ohio 45014
 www.ohiocasualty-ins.com/services

ACCOUNT NUMBER
A3461801851
 BILLING DATE
 03/06/2008

ACCOUNT BALANCE	\$19,250.03
DUE DATE	03/29/2008
MINIMUM DUE	\$3,853.97

Commercial Coverage Insurance Bill

PAYOR	AGENT	AGENT'S PHONE NO.
BULLOCK PEN WATER DISTRICT PO BOX 188 CRITTENDEN KY 41030-0188	WETHINGTON INSURANCE AGENCY INC PO BOX 37 WALTON KY 41094-0037	(859) 485-6873



Dear Customer,
 WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.
 LET US KNOW IF WE CAN HELP YOU.

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

Account Summary		
Date	Activity	
02/07/2008	Prior Account Balance	\$23,099.00
02/29/2008	Payment Received	\$3,853.97
03/06/2008	New Activity Amount	\$5.00
03/06/2008	Account Balance	\$19,250.03

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$5,363.94	\$1,072.77
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	5,842.40	1,168.47
COMM UMBRELLA	USO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	1,060.26	212.05
WORKER'S COMP	XWO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	6,978.43	1,395.68
<i>Service Charge**</i>				5.00	5.00	5.00
Total				\$5.00	\$19,250.03	\$3,853.97

**Service Charge is added for the installment payment plan.

ENTERED

PAID
 CR#12502
 3/26/08 \$3853.97

*Account balance includes Work Comp assessment

For your Records: Amount Paid _____ Date Paid _____ Check No. _____

continued on back page

PAID

000000 43461801851

Wethington Insurance Agency

37 S. Main St.
Walton, KY 41094
Phone : 859-485-6873 Fax : 859-485-9199

Bullock Pen Water District

#1 Ferrell Drive
P O Box 188
Crittenden, KY 41030

INVOICE # 476		Page 1
ACCOUNT NO. BULLO-1-2001	OP MD	DATE 03/31/08
Bond		
POLICY # 224-2853		
COMPANY Ohio Casualty		
PRODUCER Bill Wethington		
EFFECTIVE 10/07/07	EXPIRATION 10/07/08	BALANCE DUE ON 03/31/08
AMOUNT PAID		AMOUNT DUE \$ 2,030.00

Item #	Due Date	Trn	Type	Description	Amount
INVOICE #	476				
1171	03/31/08	MEM	BOND	08/09 Scheduled Bond	\$ 2,030.00
Invoice Balance:					\$ 2,030.00

PAID 4/11/08

 ENTERED

PAID
12582
4-11-08
\$ 2030.00



9450 Seward Road, Fairfield, Ohio 45014
 www.ohiocasualty-ins.com/services

ACCOUNT NUMBER
A3461801851

BILLING DATE
 04/07/2008

ACCOUNT BALANCE
\$15,401.06

DUE DATE
04/27/2008

MINIMUM DUE
\$3,853.97

Commercial Coverage Insurance Bill

PAYOR	AGENT	AGENT'S PHONE NO.
BULLOCK PEN WATER DISTRICT PO BOX 188 CRITTENDEN KY 41030-0188	WETHINGTON INSURANCE AGENCY INC PO BOX 37 WALTON KY 41094-0037	(859) 485-6873



Dear Customer,
 WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.
 LET US KNOW IF WE CAN HELP YOU.

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

PAID
 # 12641
 4-23-08
 3853.97

Account Summary		
Date	Activity	
03/06/2008	Prior Account Balance	\$19,250.03
03/28/2008	Payment Received	\$3,853.97
04/07/2008	New Activity Amount	\$5.00
04/07/2008	Account Balance	\$15,401.06

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$4,291.17	\$1,072.77
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	4,673.93	1,168.47
COMM UMBRELLA	USD 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	848.21	212.05
WORKER'S COMP	XWO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	5,582.75	1,395.68
<i>Service Charge**</i>				5.00	5.00	5.00
Total				\$5.00	\$15,401.06	\$3,853.97

**Service Charge is added for the installment payment plan.

***Account balance includes Work Comp assessment**

For your Records: Amount Paid 3853.97 Date Paid 4/23/08 Check No. 12641

continued on back page

REC'D APR 11 2008



9450 Seward Road, Fairfield, Ohio 45014
 www.ohiocasualty-ins.com/services

ACCOUNT NUMBER
A3461801851
 BILLING DATE
 05/07/2008

ACCOUNT BALANCE	\$11,791.64
DUE DATE	05/27/2008
MINIMUM DUE	\$4,013.65

Commercial Coverage Insurance Bill

PAYOR

BULLOCK PEN WATER DISTRICT
 PO BOX 188
 CRITTENDEN KY 41030-0188

AGENT

WETHINGTON INSURANCE AGENCY INC
 PO BOX 37
 WALTON KY 41094-0037

AGENT'S PHONE NO.

(859) 485-6873



Dear Customer,



If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

A PORTION OF THE ENDORSEMENT HAS BEEN INCLUDED IN THE AMOUNT DUE. THE BALANCE OF THE ENDORSEMENT WILL BE SPREAD OVER THE REMAINING INSTALLMENTS IN YOUR CURRENT TERM.

Account Summary		
Date	Activity	
04/07/2008	Prior Account Balance	\$15,401.06
04/25/2008	Payment Received	\$3,853.97
04/25/2008	New Activity Amount	\$244.55
05/07/2008	Account Balance	\$11,791.64

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	PAID	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	✓ --	5/19/08	1,072.77	\$1,072.77
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---		1,328.15	1,328.15
PACKAGE	BKW 50232264	04/11/2008 - 10/07/2008	ENDORSED	236.00		*See Note	---
		04/11/2008 - 10/07/2008	ENDORSED	3.55		*See Note	---
COMM UMBRELLA	USO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---		636.16	212.05
WORKER'S COMP	XWO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---		4,187.07	1,395.68
*Note: New Activity Amount is reflected in the Installment Due				Service Charge**	5.00	5.00	5.00
Total				\$244.55		\$11,791.64	\$4,013.65

**Service Charge is added for the installment payment plan

REC'D MAY 12 2008

*Account balance includes Work Comp assessment

For your Records: Amount Paid _____ Date Paid _____ Check No. _____

continued on back page

PAID



9450 Seward Road, Fairfield, Ohio 45014
 www.ohiocasualty-ins.com/services

**Commercial Coverage
 Insurance Bill**

ACCOUNT NUMBER
A3461801851
 BILLING DATE
 06/05/2008

ACCOUNT BALANCE	\$7,782.99
DUE DATE	06/28/2008
MINIMUM DUE	\$3,893.89

PAYOR

BULLOCK PEN WATER DISTRICT
 PO BOX 188
 CRITTENDEN KY 41030-0188

AGENT

WETHINGTON INSURANCE AGENCY INC
 PO BOX 37
 WALTON KY 41094-0037

AGENT'S PHONE NO.

(859) 485-6873

PAID
#12970
6/25/08
3893.89



Dear Customer,
 WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.
 LET US KNOW IF WE CAN HELP YOU.

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

Date	Activity	
05/07/2008	Prior Account Balance	\$11,791.64
05/21/2008	Payment Received	\$4,013.65
06/05/2008	New Activity Amount	\$5.00
06/05/2008	Account Balance	\$7,782.99

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAD 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$2,145.63	\$1,072.77
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	2,416.86	1,208.39
COMM UMBRELLA	USO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	424.11	212.05
WORKER'S COMP	XWO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	2,791.39	1,395.68
			Service Charge**	5.00	5.00	5.00
			Total	\$5.00	\$7,782.99	\$3,893.89

**Service Charge is added for the installment payment plan.

***Account balance includes Work Comp assessment**

For your Records: Amount Paid _____ Date Paid _____ Check No. _____

continued on back page



9450 Seward Road, Fairfield, Ohio 45014
 www.ohiocasualty-ins.com/services

ACCOUNT NUMBER
A3461801851
 BILLING DATE
 07/07/2008

ACCOUNT BALANCE	\$3,894.10
DUE DATE	07/27/2008
MINIMUM DUE	\$3,894.10

Commercial Coverage Insurance Bill

PAYOR

BULLOCK PEN WATER DISTRICT
 PO BOX 188
 CRITTENDEN KY 41030-0188

AGENT

WETHINGTON INSURANCE AGENCY INC (859) 485-6873
 PO BOX 37
 WALTON KY 41094-0037

AGENT'S PHONE NO.

PAID
 # 13107 7/24/08
 3894.10



Dear Customer,

WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.

LET US KNOW IF WE CAN HELP YOU.

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

Date	Activity	
06/05/2008	Prior Account Balance	\$7,782.99
06/27/2008	Payment Received	\$3,893.89
07/07/2008	New Activity Amount	\$5.00
07/07/2008	Account Balance	\$3,894.10

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
COMMERCIAL AUTO	BAO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$1,072.86	\$1,072.86
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	1,208.47	1,208.47
COMM UMBRELLA	USO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	212.06	212.06
WORKER'S COMP	XWO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	1,395.71	1,395.71
<i>Service Charge**</i>				5.00	5.00	5.00
Total				\$5.00	\$3,894.10	\$3,894.10

**Service Charge is added for the installment payment plan.



*Account balance includes Work Comp assessment

For your Records: Amount Paid _____ Date Paid _____ Check No. _____

continued on back page



9450 Seward Road, Fairfield, Ohio 45014
 www.ohiocasualty-ins.com/services

ACCOUNT NUMBER
A3461801851
 BILLING DATE
 01/07/2009

ACCOUNT BALANCE \$4,506.56
DUE DATE 01/27/2009
MINIMUM DUE \$4,506.56

Commercial Coverage Insurance Bill

PAYOR	AGENT	AGENT'S PHONE NO.
BULLOCK PEN WATER DISTRICT PO BOX 188 CRITTENDEN KY 41030-0188	WETHINGTON INSURANCE AGENCY INC PO BOX 37 WALTON KY 41094-0037	(859) 485-6873



Dear Customer,
 WE APPRECIATE THE OPPORTUNITY TO SERVICE YOUR ACCOUNT.
 LET US KNOW IF WE CAN HELP YOU.

If you need assistance, contact your agent at the above number; or see the 'Need Assistance?' section of your billing statement that follows.

Account Summary		
Date	Activity	
08/07/2008	Prior Account Balance	\$0.00
	Payment Received	\$0.00
12/22/2008	New Activity Amount	\$4,506.56
01/07/2009	Account Balance	\$4,506.56

Account Detail for BULLOCK PEN WATER DISTRICT

POLICY TYPE	POLICY NUMBER	EFFECTIVE DATE/ EXPIRATION DATE	ACCOUNT ACTIVITY	NEW ACTIVITY AMOUNT	ACCOUNT BALANCE	MINIMUM DUE
PACKAGE	BKW 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	\$1,783.35	\$1,783.35
PACKAGE	BKW 50232264	12/22/2008 - 10/07/2008	AUDIT	1,757.00	*See Note	---
		12/22/2008 - 10/07/2008	AUDIT	26.35	*See Note	---
WORKER'S COMP	XWO 50232264	10/07/2007 - 10/07/2008	INSTALLMENT DUE	---	2,723.21	2,723.21
		12/19/2008 - 10/07/2008	AUDIT	2,557.00	*See Note	---
		12/19/2008 - 10/07/2008	AUDIT	166.21	*See Note	---
*Note: New Activity Amount is reflected in the Installment Due Total				\$4,506.56	\$4,506.56	\$4,506.56

PAID **ENTERED**
 (2814087)

***Account balance includes Work Comp assessment**

For your Records: Amount Paid _____ Date Paid _____ Check No. 1127109 4506.56 *continued on back page*

9450 Fairfield



001450 A3461801851

3:46 PM

05/28/09

Accrual Basis

BULLOCK PEN WATER DISTRICT

Transactions by Account

As of May 31, 2009

Type	Date	Num	Name	Memo	Debit	Credit	Balance
162 · PREPAYMENTS							1,019.73
162.01 · PREPAID INSURANCE							1,019.73
Bill	10/6/2008	380499	CHAS H BILZ INSURAN...	QUARTERLY PYMT INSURA...	9,616.65		10,636.38
General Jo...	10/31/2008	5/11 BILLING		FIDELITY/SURETY INS		198.13	10,438.25
General Jo...	10/31/2008	WC INS		WORKERS COMP INS		1,269.33	9,168.92
General Jo...	10/31/2008	AUTO INS		AUTO INSURANCE		371.59	8,797.33
General Jo...	10/31/2008	PUB OF INS		PUBLIC OFFICIAL INSURAN...		338.21	8,459.12
General Jo...	10/31/2008	LAB INS		LIABILITY & PROPERTY INS...		1,218.81	7,240.31
General Jo...	11/30/2008	5/10 BILLING		FIDELITY/SURETY INS		198.13	7,042.18
General Jo...	11/30/2008	WC INS		WORKERS COMP INS		1,269.33	5,772.85
General Jo...	11/30/2008	AUTO INS		AUTO INSURANCE		371.59	5,401.26
General Jo...	11/30/2008	PUB OF INS		PUBLIC OFFICIAL INSURAN...		338.21	5,063.05
General Jo...	11/30/2008	LIAB INS		LIABILITY & PROPERTY INS...		1,218.81	3,844.24
Bill	12/30/2008	9406A8135/1...	TRAVELERS	INSURANCE INSTALLMENT	3,820.00		7,664.24
General Jo...	12/31/2008	5/11 BILLING		AUTO INSURANCE		371.59	7,292.65
General Jo...	12/31/2008	5/12 BILLING		FIDELITY/SURETY INS		198.13	7,094.52
General Jo...	12/31/2008	5/18 BILLING		LIABILITY & PROPERTY INS...		1,218.81	5,875.71
General Jo...	12/31/2008	5/22 BILLING		PUBLIC OFFICIAL INSURAN...		350.21	5,525.50
General Jo...	12/31/2008	5/23 BILLING		WORKERS COMP INS		1,269.33	4,256.17
General Jo...	1/31/2009	AUTO INS		AUTO INSURANCE		371.59	3,884.58
General Jo...	1/31/2009	286		LIABILITY & PROPERTY INS...		1,218.81	2,665.77
General Jo...	1/31/2009	287		PUBLIC OFFICIAL INSURAN...		338.21	2,327.56
General Jo...	1/31/2009	288		WORKERS COMP INS		1,269.33	1,058.23
General Jo...	1/31/2009	PH 7 PAY RE		FIDELITY/SURETY INS		198.13	860.10
General Jo...	2/28/2009	5/31 BILLING		AUTO INSURANCE		371.59	488.51
General Jo...	2/28/2009	5/32 BILLING		FIDELITY/SURETY INS		198.21	290.30
General Jo...	2/28/2009	5/38 BILLING		LIABILITY & PROPERTY INS...		1,218.81	-928.51
General Jo...	2/28/2009	5/43 BILLING		PUBLIC OFFICIAL INSURAN...		338.21	-1,266.72
General Jo...	2/28/2009	5/44 BILLING		WORKERS COMP INS		1,269.33	-2,536.05
Bill	3/13/2009	BULLO-1-50...	WETHINGTON INSUR...	FIDELITY BOND	402.96		-2,133.09
Bill	3/26/2009	GP0931443...	TRAVELERS	INSURANCE INSTALLMENT/...	12,469.93		10,336.84
General Jo...	3/31/2009	5/18 BILLING		AUTO INSURANCE		371.59	9,965.25
General Jo...	3/31/2009	5/19 BILLING		FIDELITY/SURETY INS		198.16	9,767.09
General Jo...	3/31/2009	5/25 BILLING		LIABILITY & PROPERTY INS...		1,218.81	8,548.28
General Jo...	3/31/2009	5/29 BILLING		PUBLIC OFFICIAL INSURAN...		344.21	8,204.07
General Jo...	3/31/2009	5/30 BILLING		WORKERS COMP INS		1,269.33	6,934.74
Bill	4/1/2009	RENEWBO...	WETHINGTON INSUR...	RENEW SURETY BOND	2,030.00		8,964.74
General Jo...	4/30/2009	5/18 BILLING		AUTO INSURANCE		371.59	8,593.15
General Jo...	4/30/2009	5/24 BILLING		LIABILITY & PROPERTY INS...		1,218.81	7,374.34
General Jo...	4/30/2009	5/28 BILLING		PUBLIC OFFICIAL INSURAN...		338.21	7,036.13
General Jo...	4/30/2009	5/29 BILLING		WORKERS COMP INS		1,269.33	5,766.80
General Jo...	4/30/2009	245		FIDELITY/SURETY INS		202.74	5,564.06
Total 162.01 · PREPAID INSURANCE					28,339.54	23,795.21	5,564.06
Total 162 · PREPAYMENTS					28,339.54	23,795.21	5,564.06
TOTAL					28,339.54	23,795.21	5,564.06

Client: Bullock Pen Water District

Invoice	Effective	Transaction	Description	Amount
380499	10/07/2008	New business	Policy #TBD 10/07/2008-10/07/2009 Travelers Estimated annual payment of Travelers coverage	38,462.61
<p>35,406.61</p> <p>PAID Chas 13547 10/16/08 9616.65</p>				
Would you prefer to receive your policy documents in electronic format? Just ask!				Total
<p>gtrly.</p>				38,462.61
				Thank you
Chas. H. Bilz Insurance Agency, Inc. (859)431-1235			Date	10/06/2008

Commercial Insurance

Workers Comp

TRAVELERS
CHAS H BILZ INS AGCY INC
PO BOX 12666
COVINGTON KY 41012-0666

00262 -L2

Account Bill

Account No. 9406A8135
Date of This Bill 12/23/08

TOTAL BALANCE
\$28,770.68
MINIMUM DUE
\$3,820.00

CP 01 6640 66640LKQ 08357 00262 P1

BULLOCK PEN WATER DISTRICT
P.O. BOX 188
CRITTENDEN KY 41030

PAYMENT MUST BE RECEIVED BY:
JANUARY 12, 2009

ACCOUNT BILLING SUMMARY

POLICY	TYPE	POLICY PERIOD	MIN. DUE	BALANCE
GP09314437	Commercl Insurance	10/07/08 To 10/07/09	NONE	\$17,334.68
6780M700 UB	Workers Comp	10/07/08 To 10/07/09	3,808.00	11,424.00
		Prior Installment Charge	6.00	6.00
		Current Installment Charge	6.00	6.00
TOTAL BALANCE			\$3,820.00	\$28,770.68

TRANSACTIONS SINCE LAST STATEMENT

Previous Account Balance	\$38,381.33 *
Payment Received - Thank You	-9,616.65
Current Installment Charge	6.00
TOTAL BALANCE	\$28,770.68

ENTERED 

PAID
CK #14009
11/8/09 3820.00

RECD DEC 26 2008

CONTINUED ON NEXT PAGE

Please detach the payment coupon and mail with your payment in the enclosed envelope to:
TRAVELERS, CL REMITTANCE CENTER, HARTFORD, CT 06183-1008.

PAID

Commercial Insurance	23143.33
Workers Comp	15,232.00
	<u>38,375.33</u>
Installment Pmt Chg	6.00
	<u>38,381.33 *</u>

Wethington Insurance Agency

37 S. Main St.
Walton, KY 41094

Phone : 859-485-6873 Fax : 859-485-9199

Bullock Pen Water District

#1 Ferrell Drive
P O Box 188
Crittenden, KY 41030

INVOICE # 593		Page 1
ACCOUNT NO. BULLO-1-5001	OP MD	DATE 03/13/09
Bond		
POLICY # 366-1305		
COMPANY Ohio Casualty		
PRODUCER Bill Wethington		
EFFECTIVE 03/23/09	EXPIRATION 03/23/10	BALANCE DUE ON 03/23/09
AMOUNT PAID	AMOUNT DUE \$ 402.96	

Itm #	Due Date	Trn	Type	Description	Amount
INVOICE #	593				
1362	03/23/09	REN	BOND	09/10 Fidelity Bond	\$ 402.96
Invoice Balance:					\$ 402.96



PAID
3/19/09

CHK# 14355



ENTERED

TRAVELERS
 CHAS H BILZ INS AGCY INC
 PO BOX 12666
 COVINGTON KY 41012-0666

00675 -L4

Account Bill

Account No. 9406A8135
 Date of This Bill 03/23/09

TOTAL BALANCE	\$24,956.68
MINIMUM DUE	\$12,469.93

CP 01 6640 6664QLKS 09080 00675 P1

BULLOCK PEN WATER DISTRICT
 P.O. BOX 188
 CRITTENDEN KY 41030

PAYMENT MUST BE RECEIVED BY:
APRIL 12, 2009

ACCOUNT BILLING SUMMARY

<u>POLICY</u>	<u>TYPE</u>	<u>POLICY PERIOD</u>	<u>MIN. DUE</u>	<u>BALANCE</u>
GP09314437	Commercl Insurance	10/07/08 To 10/07/09	\$8,655.93	\$17,334.68
6780M700 UB	Workers Comp	10/07/08 To 10/07/09	3,808.00	7,616.00
		Current Installment Charge	6.00	6.00
TOTAL BALANCE			\$12,469.93	\$24,956.68

TRANSACTIONS SINCE LAST STATEMENT

Previous Account Balance	\$28,770.68
Payment Received - Thank You	-3,820.00
Current Installment Charge	6.00
TOTAL BALANCE	\$24,956.68

REC'D MAR 26 2009

ENTERED

CONTINUED ON NEXT PAGE

PAID

CR# 14461

4/10/09 12469.93

Please detach the payment coupon and mail with your payment in the enclosed envelope to:
 TRAVELERS, CL REMITTANCE CENTER, HARTFORD, CT 06183-1008.

Wethington Insurance Agency
 37 S. Main St.
 Walton, KY 41094
 Phone : 859-485-6873 Fax : 859-485-9199

Bullock Pen Water District
 #1 Ferrell Drive
 P O Box 188
 Crittenden, KY 41030

INVOICE # 603		Page 1
ACCOUNT NO. BULLO-1-2001	OP MD	DATE 04/01/09
Bond		
POLICY # 224-2853		
COMPANY Ohio Casualty		
PRODUCER Bill Wethington		
EFFECTIVE 03/01/09	EXPIRATION 03/01/10	BALANCE DUE ON 05/01/09
AMOUNT PAID		AMOUNT DUE \$ 2,030.00

Itn #	Due Date	Trn	Type	Description	Amount
INVOICE #	603				
1386	05/01/09	REN	BOND	09/10 Schedule Bond	\$ 2,030.00
Invoice Balance:					\$ 2,030.00

REC'D APR 08 2009

ENTERED

PAID
 CR 214558
 5/1/09
 2030.⁰⁰

Thanks, Marlene

3:50 PM

05/28/09

Accrual Basis

BULLOCK PEN WATER DISTRICT
Transaction Detail By Account
November 1 - 21, 2008

Type	Date	Num	Name	Memo	Split	Debit	Balance
659 - INSURANCE - OTHER							
Bill	11/21/2008	06016...	CNA SURETY	NOTARY ERRORS & OMISSIONS...	231 - ACCOU...	105.56	105.56
Total 659 - INSURANCE - OTHER						105.56	105.56
TOTAL						105.56	105.56

Bond/Policy#: 0601 68278659
Effective Date: 01/21/2009 Anniversary Date: 01/21/2010
Penalty: \$25,000.00
Name: BULLOCK PEN WATER DISTRICT
Description: KY BLANKET NOTARY ERRORS AND OMISSIONS POLICY

total number of employees (and owners, if they are covered) & fax, call or write us if the number has changed.

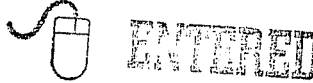
Written By: WESTERN SURETY COMPANY

Your agent has requested that we bill your bond/policy directly from our office. PLEASE PAY THE AMOUNT INDICATED to CNA Surety. Prompt payment allows us to issue or continue your bond/policy coverage.

If you have any questions, please contact your agent with whom the bond/policy was written.

Phone: (859)485-6873
Agency: 16-01200

Wethington Ins. Agency, Inc.
P. O. Box 37
Walton, KY 41094



RECORDED DEC 01 2008

Please detach and return the original coupon below with your payment

CNA Surety

Amount Due: \$105.56

Bond/Policy#: 0601 68278659 Effective Date: 01/21/2009
Name: BULLOCK PEN WATER DISTRICT
Description: KY BLANKET NOTARY ERRORS AND OMISSIONS POLICY
Written By: WESTERN SURETY COMPANY
Agency: 16-01200 Wethington Ins. Agency, Inc.

Billing Date: 11/21/2008



Check here and include change in # of covered employees/owners & other comments below:

Make Check Payable To CNA Surety

CNA Surety
8137 Innovation Way
Chicago, IL 60682-0081

PAID
Ch 13752
12/11/08
\$ 105.56

0003001 01601200000001212009 00601006827865900 00000001055600



No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
Form 1120																
Auto / Transport Equipment																
370	94 CHEV 4X4	12/13/93		13,885							13,885	13,885	S/L	5		0
371	96 CHEVY TRUCK	5/29/96		28,986							28,986	28,986	S/L	5		0
372	SHELF & 4 TRAYS	9/18/96		197							197	197	S/L	5		0
373	97 FORD F150 1/2 TON P/UP	12/17/96		17,921							17,921	17,921	S/L	5		0
374	97 RADIO/PIPE RACK/HITCH	2/13/97		1,352							1,352	1,352	S/L	5		0
406	2000 DODGE RAM W/LADDER R	4/21/00		21,797							21,797	21,797	S/L	5		0
407	2000 STIGER TRAILER/BRAKE	7/31/00		6,833							6,833	6,833	S/L	5		0
434	6'9" X 18' TRAILER	4/04/01		2,127							2,127	2,127	S/L	5		0
473	OVERHAUL BILL'S 97 PU	3/27/02		3,291							3,291	3,291	S/L	5		0
501	2002 RANGER TRUCK	4/14/03		14,000							14,000	13,300	S/L	5		700
502	TOOL BED FOR DODGE TRUCK	10/03/03		4,614							4,614	3,923	S/L	5		691
525	2004 FORD RANGER	9/10/04		26,827							26,827	17,883	S/L	5		5,365
568	TAILGATE SPREADER	1/07/05		669							669	402	S/L	5		134
569	2006 FRTLINER DUMP TRUCK	10/17/05		65,531							65,531	14,198	S/L	10		6,553
605	TRANSMISSION-94 CHEV	8/28/06		888							888	395	S/L	3		296
607	2006 FORD RANGER 4 X 4	7/13/06		19,483							19,483	5,845	S/L	5		3,897
648	PUMP REP-2000 DODGE RAM	3/06/07		1,292							1,292	215	S/L	5		258
649	2007 CHEV TRUCK/U BED/RAD	9/14/07		25,779							25,779	1,719	S/L	5		5,156
650	TRANSMISSION-2004 FORD RA	9/27/07		1,929							1,929	96	S/L	5		386
675	GENERATOR TRAILER	5/25/08		1,803							1,803		S/L	13		81
676	INJECTION PUMP -96 DULLEY	5/08/08		2,609							2,609		S/L	5		348
677	TRANSMISSION - 96 DULLEY	8/15/08		3,012							3,012		S/L	5		251
Total Auto / Transport Equipment				264,825		0	0	0	0	0	264,825	154,365				24,116

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis /Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
DISTRIBUTION RESERVOIR & STANDPIPES																
65	ENCLOSING SETTLING BASIN	7/01/80		123,034							123,034	68,902	S/L	50		2,461
66	LADDER GUARD FOR TOWER	1/01/84		740							740	740	S/L	10		0
67	CONCRETE SLAB & OTHER IMP	1/01/86		1,902							1,902	1,902	S/L	10		0
68	DRAIN SLEDGE POND	12/01/86		1,741							1,741	1,741	S/L	5		0
69	ROAD BUILT TO SLEDGE POND	12/01/86		2,161							2,161	2,161	S/L	10		0
70	4" FLANGED ALTITUDE VALV	3/01/86		2,575							2,575	2,575	S/L	8		0
71	150,000 GAL ELEVATED STOR	6/01/88		220,969							220,969	86,175	S/L	50		4,419
72	INSTALLED ELEVATED TANK T	5/29/91		13,906							13,906	13,906	S/L	15		0
73	NEW CONTROL PANEL	5/29/91		1,219							1,219	1,219	S/L	15		0
74	WATER TOWER CRITTENDEN	1/20/93		307,337							307,337	91,691	S/L	50		6,147
75	ROAD TO WATER TOWER	9/23/93		6,263							6,263	6,263	S/L	10		0
76	LOADING STATION WATER TOW	9/23/93		6,425							6,425	1,836	S/L	50		129
77	PAINT & REPAIR VERONA TOW	11/01/93		45,087							45,087	31,934	S/L	20		2,254
78	WATER TOWER-MITTS ROAD	12/19/96		296,607							296,607	65,500	S/L	50		5,932
516	TANK-1999 DWSRF-FED FUNDS	7/23/04		506,944							506,944	34,642	S/L	50		10,139
517	DRY RIDGE TANK-200,000 GA	9/03/04		421,622							421,622	28,107	S/L	50		8,432
651	PAINT & REP SHERMAN TOWER	9/30/07		158,556							158,556	1,982	S/L	20		7,928
652	REPAIR CRITTENDEN TOWER	9/30/07		10,121							10,121	127	S/L	20		506
Total DISTRIBUTION RESERVOIR				2,127,209		0	0	0	0	0	2,127,209	441,403				48,347
Furniture and Fixtures																
264	MODEM & CABLE	7/09/96		198							198	198	S/L	5		0
265	ACER ENTRA	8/08/96		1,595							1,595	1,595	S/L	5		0
266	MIDWEST CALCULATOR	10/18/96		129							129	129	S/L	5		0

12/31/08

2008 Federal Depreciation Schedule

Page 3

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
267	SECRETARY CHAIR	10/21/96		120							120	120	S/L	5		0
268	DESK	11/27/96		535							535	535	S/L	5		0
269	ADD'L PHONE STATION	6/13/97		407							407	407	S/L	5		0
270	COMPUTER, PRINTER, MONITO	8/15/98		9,885							9,885	9,885	S/L	5		0
271	REFRIGERATOR	8/19/98		531							531	531	S/L	5		0
272	PAULA'S COMPUTER	4/02/99		2,195							2,195	2,195	S/L	5		0
273	WORDPERFECT PROGRAM	4/02/99		595							595	595	S/L	3		0
274	MULTI-USE SOFTWARE	4/20/99		495							495	495	S/L	3		0
275	CONFERENCE TABLE & 10 CHA	5/31/99		2,638							2,638	2,266	S/L	10		264
276	2 TELEPHONES	7/29/99		613							613	613	S/L	5		0
277	EZ ROUTE METER READING	8/01/99		755							755	755	S/L	3		0
278	VEGA DRILL	10/01/88		118							118	118	S/L	5		0
279	REFRESHMENT CENTER	1/09/89		151							151	151	S/L	10		0
280	DESK	3/14/89		328							328	328	S/L	10		0
281	EXECUTIVE CHAIR	4/19/89		211							211	211	S/L	10		0
282	PEDISTOL TABLE	4/19/89		167							167	167	S/L	10		0
283	DESK & CHAIR	7/14/89		269							269	269	S/L	10		0
284	2 CALCULATORS	11/16/89		221							221	221	S/L	5		0
285	CHECK PROTECTOR	6/04/90		259							259	259	S/L	10		0
286	COMPUTER DESK	4/15/91		782							782	782	S/L	10		0
287	DISTRICT MAPS	12/31/92		2,789							2,789	2,789	S/L	10		0
288	TIME CLOCK	1/08/93		295							295	295	S/L	10		0
289	TABLE	2/18/93		159							159	159	S/L	10		0
290	4 CHAIRS	4/22/93		378							378	378	S/L	10		0
291	OFFICE CHAIR-PAULA	9/10/93		145							145	145	S/L	10		0
292	OFFICE CHAIR-BILL	9/10/93		226							226	226	S/L	10		0
293	AIR CLEANER	1/29/94		95							95	95	S/L	10		0

12/31/08

2008 Federal Depreciation Schedule

Page 4

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
294	ASIS ROLL FILE	2/03/94		139							139	139	S/L	10		0
295	USED CABINTE-SAFE	3/15/94		150							150	150	S/L	10		0
296	MAINT & SAFETY PROGRAM	3/04/94		395							395	395	S/L	5		0
297	HAZARD COMMUNICAITON	9/16/94		295							295	295	S/L	5		0
298	MISC ACC REC PROGRAM	10/25/94		395							395	395	S/L	5		0
299	SECRETARY CHAIR	5/01/95		148							148	148	S/L	10		0
300	2 FILE CABINETS	8/31/95		180							180	180	S/L	10		0
301	SHREDDER	11/03/95		296							296	296	S/L	10		0
302	MIDWEST CALCULATOR	11/06/95		129							129	129	S/L	5		0
303	FILE CABINET	2/01/77		506							506	506	S/L	5		0
304	DESK	9/01/83		250							250	250	S/L	5		0
305	4 DRAWER FILE	9/01/83		140							140	140	S/L	5		0
306	FILE CABINET	10/01/83		155							155	155	S/L	5		0
307	CHAIR	10/01/83		114							114	114	S/L	5		0
308	DESK	10/01/83		250							250	250	S/L	5		0
309	TABLE-REFRESH CENTER	4/01/85		168							168	168	S/L	5		0
310	MUELLER E-5 TAPPING MACH.	4/01/85		554							554	554	S/L	5		0
311	MICROWAVE	9/01/85		159							159	159	S/L	5		0
312	MAP RACK & CLAMPS	4/01/86		409							409	409	S/L	5		0
313	SAMSONITE TABLE	12/01/86		103							103	103	S/L	5		0
314	ALUM EXTENSION LADDER	1/01/87		292							292	292	S/L	5		0
315	DESK	2/01/87		315							315	315	S/L	8		0
316	TIME CLOCK	6/01/87		259							259	259	S/L	8		0
317	ELLIS 1" PIPE CUTTER	7/01/88		486							486	486	S/L	5		0
318	TABLE	12/01/88		109							109	109	S/L	5		0
319	MAP RACK & CLAMPS	12/01/88		469							469	469	S/L	5		0
320	2 CAPTAINS CHAIRS	12/01/88		414							414	414	S/L	8		0

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
405	BILLING CARD SEPARATOR	5/31/00		6,000							6,000	6,000	S/L	7		0
432	COMPUTER IN BILLY'S OFFIC	7/02/01		1,521							1,521	1,521	S/L	5		0
433	KATSIA'S DESK	10/31/01		645							645	401	S/L	10		65
499	COMMERCIAL SWEEPER	1/02/03		546							546	390	S/L	7		78
500	FAX MACHINE	5/06/03		332							332	220	S/L	7		47
522	COMPUTER PLANT DIST SYS	1/07/04		910							910	728	S/L	5		182
523	LD 127 DIGITAL COPIER	7/06/04		7,048							7,048	4,935	S/L	5		1,410
524	4 ACER PC'S	11/30/04		4,380							4,380	2,701	S/L	5		876
550	2-17" LCD MONITORS	12/23/04		650							650	390	S/L	5		130
566	LASER PRINTER	1/21/05		1,595							1,595	930	S/L	5		319
567	DUPLO V-580 SHEET CUTTER	4/29/05		6,280							6,280	2,392	S/L	7		897
604	COMPUTER-PLANT DIST SYS	4/13/06		1,007							1,007	352	S/L	5		201
674	SECURITY SYSTEM	4/30/08		4,376							4,376		S/L	10		292
Total Furniture and Fixtures				69,853		0	0	0	0	0	69,853	55,151				4,761
HYDRANTS																
321	HYDRANTS	7/01/62		1,800							1,800	1,656	S/L	50		36
322	FIRE HYDRANT	7/01/83		634							634	309	S/L	50		13
323	7 FIRE HYDRANTS-BOONE CO	7/01/86		9,311							9,311	4,002	S/L	50		186
324	1 FIRE HYDRANT-KOA	7/01/86		1,536							1,536	661	S/L	50		31
325	FIRE HYDRANT-CITY CRITTEN	9/01/87		828							828	338	S/L	50		17
326	8 FIRE HYDRANTS-POOK	10/01/88		11,200							11,200	4,275	S/L	50		224
327	FIRE HYDRANT-BANITSER ROA	9/29/92		1,016							1,016	307	S/L	50		20
328	HYDRANT-MORGAN LINE	8/01/93		993							993	288	S/L	50		20
329	HYDRANT-D. RITCHIE	9/28/93		668							668	187	S/L	50		13
330	8 FIRE HYDRANTS-VERONA	11/01/93		9,376							9,376	2,660	S/L	50		188

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
331	1-HIGH VISTA ESTATES	11/29/94		975							975	259	S/L	50		20
332	1-GREENVIEW ESTATES	11/29/94		975							975	259	S/L	50		20
333	3-GRANTLAND SEC 5	11/04/94		2,925							2,925	774	S/L	50		59
334	3-INDIAN HILL MHP	11/04/94		2,925							2,925	774	S/L	50		59
335	2 WYNNLYNN ACRES	3/01/94		1,950							1,950	540	S/L	50		39
336	FIRE HYDRANT-491 HILL	3/19/95		1,757							1,757	448	S/L	50		35
337	FLUSHING HYDRANT-KNOXVILL	6/14/95		512							512	126	S/L	50		10
338	3-SHERMAN ESTATES-GEORGE	8/15/95		5,025							5,025	1,248	S/L	50		101
339	5-HARVESTERS-SECTION 3	4/25/95		8,375							8,375	2,126	S/L	50		168
340	1- BLACKWELL ESTATES-AARO	10/19/95		1,675							1,675	413	S/L	50		34
341	65 HYDRANTS-PHASE III	6/11/96		67,638							67,638	15,615	S/L	50		1,353
342	7 HYDRANTS	7/15/96		11,725							11,725	2,691	S/L	50		235
343	1 BLOW OFF HYDRANT	9/15/96		791							791	180	S/L	50		16
344	4 HYDRANTS-STEERS ESTATE	10/12/96		6,700							6,700	1,502	S/L	50		134
345	FIRE HYDRANT-DUNCAN LANE	2/11/97		639							639	141	S/L	50		13
346	5 HYDRANTS-VERONA COMMONS	9/12/97		8,375							8,375	1,728	S/L	50		168
347	3 HYDRANTS-EAGLE RIDGE	10/09/97		5,025							5,025	1,035	S/L	50		101
348	11 HYDRANTS-PHASE IV CONS	6/06/97		10,073							10,073	2,128	S/L	50		201
349	21 HYDRANTS & 2 BLOW OFFS	7/01/98		36,758							36,758	6,983	S/L	50		735
350	12 HYDRANTS & 1 BLOW OFF	7/01/99		21,525							21,525	3,663	S/L	50		431
393	1 HYDRANT - DAY ROAD	8/31/00		2,446							2,446	359	S/L	50		49
394	11 - BLUEGRASS EST II	7/01/00		20,900							20,900	3,135	S/L	50		418
395	8 - LEX TRAILS I	7/01/00		15,200							15,200	2,280	S/L	50		304
396	1 - COUNTRY CLUB CARLA CT	7/01/00		1,900							1,900	285	S/L	50		38
397	4 - GREENVIEW	7/01/00		7,600							7,600	1,140	S/L	50		152
398	2 - HARVESTORS SEC 6	7/01/00		3,800							3,800	570	S/L	50		76
399	2 -SILVER RIDGE	7/01/00		3,800							3,800	570	S/L	50		76

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
400	3 - WALNUT MANOR	7/01/00		5,700							5,700	855	S/L	50		114
427	2 HYDRANTS-VRNA CMS PH 3	7/01/01		4,592							4,592	598	S/L	50		92
428	1 BLOW OFF HYDRANT-AULBAC	7/01/01		1,300							1,300	169	S/L	50		26
463	FLO NURSERY HYDRANT	1/31/02		2,296							2,296	272	S/L	50		46
464	5 HYD - GREENVIEW SUB II	7/01/02		11,480							11,480	1,265	S/L	50		230
465	4 HYD - LEX TRAILS II	7/01/02		9,184							9,184	1,012	S/L	50		184
466	3 HYD - CLAIRBORNE II	7/01/02		6,888							6,888	759	S/L	50		138
467	3 HYD - EZ STOP II	7/01/02		6,888							6,888	759	S/L	50		138
468	39 FIRE HYD - PHASE V	11/04/02		70,023							70,023	7,233	S/L	50		1,400
471	1 BLOW OFF-MULLIGAN RD	7/01/02		1,300							1,300	143	S/L	50		26
472	1 BLOW ORR-SHADY LANE	7/01/02		1,300							1,300	143	S/L	50		26
491	3 HYD - DEER RUN III	6/30/03		6,900							6,900	621	S/L	50		138
492	2 HYD - FORDS MILL RD	6/30/03		4,600							4,600	414	S/L	50		92
493	7 HYD - PORTER PLANTATION	6/30/03		16,100							16,100	1,449	S/L	50		322
494	1 HYD - SOUTHERN COURT	6/30/03		2,300							2,300	207	S/L	50		46
495	5 HYD - STEERS ESTATE	6/30/03		11,500							11,500	1,035	S/L	50		230
496	2 HYD - CLAIRBORNE III	6/30/03		4,600							4,600	414	S/L	50		92
497	1 HYD - SELTMAN-WV RD	10/30/03		2,300							2,300	192	S/L	50		46
506	3 FIRE +5 BLOW OFFS-PH 5A	10/16/03		12,095							12,095	1,008	S/L	50		242
520	2 @ I-71 WEIGH STATION	4/23/04		3,789							3,789	279	S/L	50		76
521	18 @ 1999 DWSRF-FED FUNDS	8/02/04		50,288							50,288	3,437	S/L	50		1,006
543	9 FIRE HYD-MANOR ESTATES	12/31/04		20,700							20,700	1,242	S/L	50		414
544	6 FIRE HYD-MAPLE RIDGE	12/31/04		13,800							13,800	828	S/L	50		276
545	2 FIRE HYD-ALEXIS-GRNVW E	12/08/04		4,600							4,600	284	S/L	50		92
546	1 BLOW OFF HYD-BLAIR RD	12/31/04		1,400							1,400	84	S/L	50		28
547	5 FIRE HYD-EAGLE CR DRIVE	12/31/04		11,500							11,500	690	S/L	50		230
548	2 FIRE HYD-VER COM-SWT GR	12/31/04		4,600							4,600	276	S/L	50		92

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
112	FORD \$ TEST BENCH & TANKS	12/01/88		3,302							3,302	3,302	S/L	10		0
113	LAUNDRY TUBS	2/01/89		133							133	133	S/L	10		0
114	DRUM CRADLE	2/01/89		129							129	129	S/L	10		0
Total LABORATORY EQUIPMENT				3,564		0	0	0	0	0	3,564	3,564				0
LAND - GP																
375	5.82301 ACRES=253650 SQ F	5/01/88		84,693							84,693					0
376	LAND	7/01/89		3,310							3,310					0
379	LAND	7/01/90		600							600					0
Total LAND - GP				88,603		0	0	0	0	0	88,603	0				0
LAND - SOS																
377	LAND	7/01/62		511							511					0
382	LAND	7/01/77		3,700							3,700					0
Total LAND - SOS				4,211		0	0	0	0	0	4,211	0				0
LAND - T&D																
380	LAND	7/01/86		6,011							6,011					0
381	LAND	7/01/77		3,605							3,605					0
383	LAND	7/01/96		12,128							12,128					0
445	LAND - SHERMON MT ZION	12/31/01		19,300							19,300					0
474	LAND - DRY RIDGE TANK	11/11/02		19,000							19,000					0
527	SCROGGINS EASEMENT	7/26/04		900							900					0
Total LAND - T&D				60,944		0	0	0	0	0	60,944	0				0

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis /Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
LAND - WTP																
378	LAND	7/01/77		8,000							8,000					0
	Total LAND - WTP			8,000		0	0	0	0	0	8,000	0				0
METERS																
176	1" METER	2/01/95		581							581	154	S/L	50		12
177	1" METER	7/15/95		574							574	139	S/L	50		11
178	METER AT VERONA LOADING	3/06/95		702							702	180	S/L	50		14
179	1-3/4' METER COTTONWOOD	12/20/95		83							83	23	S/L	50		2
180	195 METERS	7/01/95		90,050							90,050	24,442	S/L	50		1,801
181	1 METER AT INDIAN HILL MH	1/01/95		352							352	113	S/L	50		7
182	26 METERS BLACKWELL EST	10/19/95		9,145							9,145	2,234	S/L	50		183
183	50 METERS SHERMAN EST	8/15/95		17,587							17,587	4,355	S/L	50		352
184	227 METERS	7/01/96		97,424							97,424	22,403	S/L	50		1,948
185	447 METERS-PHASE III CONS	6/11/96		206,918							206,918	49,760	S/L	50		4,138
186	1-1" METER	11/29/96		640							640	143	S/L	50		13
187	40 METERS-GEORGE DRIVE	7/01/96		16,281							16,281	3,748	S/L	50		326
188	82 METERS-PHASE IV CONST	6/06/97		35,767							35,767	7,568	S/L	50		715
189	234 METERS-2-1" 1-2"	6/30/97		115,315							115,315	24,214	S/L	50		2,306
190	2737 NEPTUNE	7/01/98		225,803							225,803	42,902	S/L	50		4,516
191	4-1" METERS & 3-2 METERS	7/01/98		47,646							47,646	9,153	S/L	50		953
192	175-3/4" METERS SET BY DE	7/01/98		76,793							76,793	14,592	S/L	50		1,536
193	112-3/4' METER,5-1" METER	7/01/99		55,530							55,530	9,443	S/L	50		1,111
194	114 METERS SET BY DEVELOP	7/01/99		53,689							53,689	9,129	S/L	50		1,074
195	19 DROP INS	7/01/99		2,686							2,686	459	S/L	50		54

12/31/08

2008 Federal Depreciation Schedule

Page 11

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow	Prior 179/ Bonus/ Sp. Depr	Prior Dec. Bal. Depr	Salvage /Basis Reductn	Depr. Basis	Prior Depr	Method	Life	Rate	Current Depr
196	MTRS 350 3/4", 5-1"& 1-6"	7/01/62		23,500							23,500	23,500	S/L	50		0
197	METERS	7/01/76		3,705							3,705	2,296	S/L	50		74
198	METERS	7/01/78		1,950							1,950	1,170	S/L	50		39
199	METERS	7/01/80		4,875							4,875	2,734	S/L	50		98
200	METERS	7/01/83		12,875							12,875	6,313	S/L	50		258
201	VIOLET RD FEEDER LINE	7/01/83		1,803							1,803	901	S/L	50		36
202	METERS 33 @ 257.50	7/01/84		8,498							8,498	3,994	S/L	50		170
203	METERS 60@ 264.50	7/01/85		15,870							15,870	7,138	S/L	50		317
204	METERS 54 @ 264.50	7/01/86		14,283							14,283	6,144	S/L	50		286
205	METERS 4 COST PLUS	7/01/86		880							880	382	S/L	50		18
206	METERS 64 @ 311	7/01/87		19,904							19,904	8,160	S/L	50		398
207	4 METERS- BRADFORD	9/01/87		499							499	202	S/L	50		10
208	73 METERS @ 311	7/01/88		22,703							22,703	8,854	S/L	50		454
209	1-1" METERS	7/01/88		585							585	231	S/L	50		12
210	29 METERS-POOLE-STEVENSON	10/01/88		9,019							9,019	3,439	S/L	50		180
211	77 METERS	7/01/89		28,685							28,685	10,688	S/L	50		574
212	1-2" METER	8/13/90		541							541	189	S/L	50		11
213	1-2" METERS	8/24/90		585							585	206	S/L	50		12
214	108-3/4 METERS	7/01/90		42,307							42,307	16,806	S/L	50		846
215	45 METERS-CROSSOVER	6/10/91		28,985							28,985	9,568	S/L	50		580
216	1" METER	6/10/91		816							816	267	S/L	50		16
217	2" METER	5/01/92		1,870							1,870	580	S/L	50		37
218	1992 METERS-106 METERS	7/01/92		39,126							39,126	12,133	S/L	50		783
219	1992 CONSTRUCTION-76 METE	10/13/92		67,372							67,372	20,488	S/L	50		1,347
220	1993 METERS-165 PAID	6/30/93		76,905							76,905	22,302	S/L	50		1,538
221	2" METER-MUELLER	8/11/93		1,264							1,264	361	S/L	50		25
222	36 METERS LECHI SUB	9/25/93		13,288							13,288	3,789	S/L	50		266

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
223	100 METERS SHERMAN EST	2/20/93		36,911							36,911	10,948	S/L	50		738
224	8 METERS LECHI SUB	1/01/93		3,043							3,043	914	S/L	50		61
225	1994 METERS-132 INSTALL	6/30/94		73,862							73,862	19,941	S/L	50		1,477
226	64 METERS INDIAN HILL	6/30/94		22,511							22,511	6,076	S/L	50		450
227	1" METER	6/16/94		585							585	161	S/L	50		12
228	1' METER	12/14/94		909							909	235	S/L	50		18
229	MASTER METER-CONNECT TO W	11/30/94		30,812							30,812	8,061	S/L	50		616
230	6 METERS-MARKIN DRIVE	4/25/94		2,110							2,110	575	S/L	50		42
419	89 METERS SET BY BPWD	7/01/00		40,609							40,609	6,090	S/L	50		812
420	121 METERS SET BY DEV/OTH	7/01/00		55,703							55,703	8,355	S/L	50		1,114
436	83 3/4" METRS SET BY BPWD	7/01/01		37,352							37,352	4,856	S/L	50		747
437	1 1" MTR SET BY BPWD	7/01/01		872							872	111	S/L	50		17
438	1 1 1/2" MTR SET BY BPW	7/01/01		1,394							1,394	182	S/L	50		28
439	2 2" METERS SET BY BPWD	7/01/01		5,702							5,702	741	S/L	50		114
440	4 DROP INS AT LEEHI SUBD	7/01/01		1,811							1,811	234	S/L	50		36
441	105 DROP INS - DEV RFD	7/01/01		52,301							52,301	6,799	S/L	50		1,046
442	INDIAN HILL MH DROP-INS	7/01/01		855							855	111	S/L	50		17
457	181 METERS - PHASE V	11/04/02		67,040							67,040	6,928	S/L	50		1,341
458	148 METERS SET & DROPPED	7/01/02		80,812							80,812	8,883	S/L	50		1,616
459	31 METERS INDIAN HILL MHP	3/31/02		12,817							12,817	1,472	S/L	50		256
460	18 DROP MTR IND HILL MHP	7/01/02		1,710							1,710	187	S/L	50		34
461	2 METERS 1"	9/20/02		1,846							1,846	194	S/L	50		37
462	2" METER	11/08/02		3,560							3,560	367	S/L	50		71
488	5 - 1 INCH METERS	8/01/03		4,911							4,911	433	S/L	50		98
489	1 - 1 1/2 INCH METER	1/05/03		1,421							1,421	140	S/L	50		28
490	157 - 3/4" METERS	6/30/03		92,815							92,815	8,352	S/L	50		1,856
503	2000 R900 RADIO RD ATTACH	11/15/03		212,000							212,000	17,667	S/L	50		4,240

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
504	2000 R900 RADIO RD ATTACH	12/31/03		212,000							212,000	16,960	S/L	50		4,240
507	23-3/4" + 2-1" MTRS-PH 5A	10/16/03		9,615							9,615	800	S/L	50		192
518	1,200 RADIO RD MTR ATTACH	3/24/04		127,200							127,200	9,540	S/L	50		2,544
519	METER I-71WEIGH STATION	4/23/04		3,525							3,525	260	S/L	50		71
537	150 MTRS & RAD RD ATTACH	6/30/04		27,525							27,525	1,928	S/L	50		551
538	MTR SUPPLIES-MANOR ESTATE	12/31/04		3,842							3,842	231	S/L	50		77
539	MTR SUPPLIES-STEPHENSON R	12/31/04		1,910							1,910	114	S/L	50		38
540	86-3/4"MTRS SET BY DIST	6/30/04		88,798							88,798	6,216	S/L	50		1,776
541	61-3/4"MTRS DROP BY DIST	6/30/04		37,255							37,255	2,608	S/L	50		745
542	5-1"MTRS SET BY DISTRICT	6/30/04		6,947							6,947	486	S/L	50		139
555	1 1/2" METER WENDY'S	1/05/05		1,486							1,486	90	S/L	50		30
556	2" METER DALTON STRIP MAL	1/22/05		2,789							2,789	163	S/L	50		56
557	2" METER BAVARIAN	8/29/05		3,034							3,034	142	S/L	50		61
558	3" METER CMZ FIRE PIT	9/23/05		4,099							4,099	184	S/L	50		82
559	79 METERS SET BY DISTRICT	6/30/05		76,321							76,321	3,815	S/L	50		1,526
560	64 METERS DROPPED BY DIST	6/30/05		43,786							43,786	2,190	S/L	50		876
561	4 - 1" METERS	6/30/05		5,284							5,284	265	S/L	50		106
576	45 METERS - PHASE 7	7/27/05		43,519							43,519	2,103	S/L	50		870
579	2" METER - I-75 WGH STA	8/23/05		3,396							3,396	159	S/L	50		68
580	2" METER FAIRVIEW RD	11/30/05		2,865							2,865	119	S/L	50		57
581	44 METER SALEM CREEK ES	6/06/05		12,158							12,158	628	S/L	50		243
593	18 MTRS - EAGLE OAK SUB	3/31/06		2,703							2,703	95	S/L	50		54
597	1 METER-FAIRVIEW RD EXT	3/31/06		139							139	5	S/L	50		3
602	2" METER-FLO SPEEDWAY	6/06/06		2,997							2,997	95	S/L	50		60
603	2006 METERS-(2) 1" MTRS	6/30/06		2,784							2,784	84	S/L	50		56
613	75 MTRS 3/4" - PH 10	8/15/06		68,431							68,431	1,939	S/L	50		1,369
614	169 MTRS 3/4" - PH 8	9/21/06		140,439							140,439	3,511	S/L	50		2,809

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn.	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
615	1 MTR 1" - PH 8	9/21/06		1,651							1,651	41	S/L	50		33
616	43 MTR 3/4"-SUMMERFLD DEV	12/31/06		6,046							6,046	121	S/L	50		121
617	43 MTR 3/4" E CREEK PH 2	8/01/06		5,478							5,478	156	S/L	50		110
618	50 MTR 3/4" E CREEK PH 3	12/31/06		6,834							6,834	137	S/L	50		137
625	83 3/4" METERS SET	6/30/06		81,400							81,400	2,442	S/L	50		1,628
626	61 3/4" METERS DROPPED	6/30/06		36,795							36,795	1,104	S/L	50		736
630	3" MTR & PIT-WAL/VER SPOR	11/29/06		18,380							18,380	399	S/L	50		368
653	4 METERS WEBB LANE-PH 10	8/22/07		4,000							4,000	27	S/L	50		80
659	69 METERS 3/4" SET	6/30/07		72,969							72,969	730	S/L	50		1,459
660	42 METERS 3/4" DROPPED	6/30/07		20,784							20,784	208	S/L	50		416
661	2 METERS 1" SET	6/30/07		2,845							2,845	28	S/L	50		57
662	29 MTR 3/4" - CUMMONS	9/10/07		3,860							3,860	26	S/L	50		77
663	43 MTR 3/4" - ASHLEY	12/15/07		5,982							5,982	10	S/L	50		120
664	4" METER SHERMAN SCH	11/21/07		19,000							19,000	32	S/L	50		380
678	2 METERS 1" SET	8/15/08		2,904							2,904		S/L	50		24
679	46 METERS 3/4" SET	6/30/08		51,229							51,229		S/L	50		512
680	22 METERS 3/4" DROPPED	6/30/08		12,381							12,381		S/L	50		124
681	52 METERS 3/4" PHASE 11	4/10/08		44,902							44,902		S/L	50		674
Total METERS				3,674,820		0	0	0	0	0	3,674,820	577,193				72,134
OTHER PLANT & MISCELLANEOUS EQUIP - T&D																
351	486 SLC NOTEBOOK COMPUTER	5/16/94		2,329							2,329	2,329	S/L	5		0
356	NEPTUNE POWERED VISUAL MO	7/24/95		1,203							1,203	1,203	S/L	5		0
357	WYSE 35 TERMINAL WITH KEY	8/04/95		409							409	409	S/L	5		0
358	PRESSURE RECORDER	7/20/95		365							365	365	S/L	5		0
360	TRUCK BED-CHEV FOR TRAILO	1/30/96		325							325	325	S/L	5		0

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
352	10 KW ELEC UNIT HEATER	1/04/95		504							504	504	S/L	5		0
353	10 KW ELECT UNIT HEATER	2/06/95		525							525	525	S/L	5		0
354	44 AP-3 2" FIRE DIS. HOSE	3/09/95		235							235	235	S/L	5		0
355	AIR CONDITIONER	7/14/95		279							279	279	S/L	5		0
359	10 KW ELECTRIC UNIT HEATE	2/02/96		444							444	444	S/L	5		0
401	STORAGE TANK FOR ALUM	7/15/00		1,583							1,583	1,185	S/L	10		158
429	PORTABLE DATALOGGING SPEC	2/02/01		1,715							1,715	1,715	S/L	5		0
430	PRESSURE WASHER C-W 2500	8/30/01		1,550							1,550	1,550	S/L	5		0
431	TURBIDIMETER	11/08/01		1,015							1,015	629	S/L	10		102
469	CHLORINE ANALYZER	3/04/02		2,882							2,882	2,882	S/L	5		0
563	CHLORINE DETECTOR	4/29/05		1,521							1,521	811	S/L	5		304
644	DRUM HUSTLER - WTP	6/13/07		616							616	72	S/L	5		123
645	DR 2800 SPECTROMETER	10/18/07		3,259							3,259	109	S/L	5		652
673	1/2 OF DETROIT GENERATOR	3/20/08		20,341							20,341		S/L	20		763
Total OTHER PLANT & MISCELLAN				36,469			0	0	0	0	0	36,469	10,940			2,102
PUMPING EQUIPMENT																
31	REWORK RAW WATER PUMP 4	11/24/93		8,852							8,852	8,310	S/L	15		542
32	REWORK RAW WATER PUMP 3	2/28/94		9,063							9,063	8,356	S/L	15		604
33	8" MEASURING CHAMBER GALL	11/25/93		1,178							1,178	1,178	S/L	10		0
34	PUMP VALVE:CONTROL @ PLT	11/18/94		2,359							2,359	2,062	S/L	15		157
35	DOUBLE THROW SWITCH	12/16/94		1,742							1,742	1,513	S/L	15		116
36	REP & RECOND-HI SER PUMP	9/18/97		850							850	586	S/L	15		57
37	REWORK HI SERVICE PUMP #2	10/20/97		10,686							10,686	7,269	S/L	15		712
38	PUMP & PANEL INSTALLATION	4/30/98		1,096							1,096	706	S/L	15		73
39	TRASH PUMP	5/28/98		1,830							1,830	1,169	S/L	15		122

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
40	CONTROL PANEL	8/18/98		4,044							4,044	2,531	S/L	15		270
41	INSTALL NEW MOTOR STARTER	8/26/98		1,488							1,488	1,488	S/L	5		0
42	BACKWASH PUMP	4/14/99		2,351							2,351	1,367	S/L	15		157
43	RAW WATER PUMP(DROUGHT)	9/30/99		3,317							3,317	1,823	S/L	15		221
44	HOSES	10/04/99		1,775							1,775	974	S/L	15		118
45	RAW WATER SUB-PUMP	10/12/99		506							506	280	S/L	15		34
446	MUDWELL PUMP	2/28/02		3,612							3,612	1,406	S/L	15		241
552	4" TRASH PUMP	8/13/05		2,049							2,049	708	S/L	7		293
632	HIGH SERVICE PUMP #1 WTP	7/10/07		10,761							10,761	359	S/L	15		717
633	REBUILD HI SERVICE PUMP#2	7/25/07		3,409							3,409	142	S/L	10		341
634	REBUILD EMERG RAW WTR PUM	8/07/07		2,307							2,307	96	S/L	10		231
635	NEW EMERG RAW WTR PUMP	8/30/07		4,019							4,019	89	S/L	15		268
636	EMERGENCY RAW WTR INTAKE	8/22/07		1,600							1,600	53	S/L	10		160
Total PUMPING EQUIPMENT				78,894		0	0	0	0	0	78,894	42,465				5,434
STRUCTURES & IMPROVEMENTS - GP																
8	OFFICE BUILDING	12/01/88		100,878							100,878	38,505	S/L	50		2,018
18	PAVE DRIVEWAY & PARKING L	9/16/91		11,568							11,568	11,568	S/L	15		0
19	NEW SIGN	6/01/93		4,489							4,489	3,017	S/L	20		224
22	GRAVEL STORAGE AREA AT OF	11/05/93		596							596	424	S/L	20		30
23	CHAINLINK FENCE @ STORAGE	11/05/93		1,670							1,670	1,187	S/L	20		84
26	STORAGE BUILDING	7/31/97		54,207							54,207	11,292	S/L	50		1,084
27	CONFERENCE ROOM-OFFICE BL	12/31/98		8,194							8,194	1,742	S/L	40		205
29	CONCRETE WORK AT GARAGE	7/01/99		4,414							4,414	1,878	S/L	20		221
30	CARPET & TILE-CONF RM & O	5/01/99		1,708							1,708	1,708	S/L	7		0
388	TOOL BUILDING	9/30/00		12,317							12,317	1,784	S/L	50		246

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
509	FILE ROOM - DIST OFFICE	9/30/04		2,530							2,530	205	S/L	40		63
599	OFFICE IN GARAGE	2/28/06		1,021							1,021	47	S/L	40		26
672	FENCE @ OFFICE DUMPSTER	8/15/08		1,347							1,347		S/L	20		28
Total STRUCTURES & IMPROVEM				204,939		0	0	0	0	0	204,939	73,357				4,229
STRUCTURES & IMPROVEMENTS - SS&P																
3	ENCLOSING SETTLING BASIN	7/01/79		96,207							96,207	53,875	S/L	50		1,924
5	OVERHAUL MUD WELL PUMP	7/01/88		1,403							1,403	1,403	S/L	10		0
Total STRUCTURES & IMPROVEM				97,610		0	0	0	0	0	97,610	55,278				1,924
STRUCTURES & IMPROVEMENTS - T&D																
4	FENCE AT SHERMAN TOWER	7/01/88		4,292							4,292	4,188	S/L	20		104
12	SECURITY LIGHT AT LOAD ST	11/15/89		125							125	125	S/L	10		0
13	WATER SALESMAN-CRITTENDEN	10/09/89		968							968	968	S/L	7		0
15	FARBORO MOD 841 TANK TRA	10/18/90		864							864	864	S/L	10		0
16	PRES TRANSDUCER CONVERT B	12/24/90		517							517	517	S/L	10		0
17	FENCE AROUND VERONA TOWER	6/07/91		2,446							2,446	2,021	S/L	20		122
475	FENCE - CRITTENDEN TOWER	6/01/03		4,515							4,515	1,036	S/L	20		226
Total STRUCTURES & IMPROVEM				13,727		0	0	0	0	0	13,727	9,719				452
STRUCTURES & IMPROVEMENTS - WTP																
1	WATER TREATMENT PLANT	7/01/62		72,390							72,390	66,599	S/L	50		1,448
2	ENCLOSING SETTLING BASIN	7/01/79		538,840							538,840	301,752	S/L	50		10,777
6	SEPTIC TANK AT PLANT	6/01/88		1,126							1,126	1,126	S/L	15		0
7	WATER TREATMENT PLANT REN	6/01/88		505,810							505,810	197,264	S/L	50		10,116

12/31/08

2008 Federal Depreciation Schedule

Page 19

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.	
9	FENCE AT PLANT	1/09/89		4,067							4,067	3,852	S/L	20		215	
10	UTILITY BUILDING AT PLANT	4/18/89		500							500	189	S/L	50		10	
11	SPROCKETS & CHAIN	12/13/89		1,754							1,754	1,754	S/L	7		0	
14	HEATERS FOR PLANT	12/04/89		1,538							1,538	1,539	S/L	10		0	
20	D-400 DOOR	11/05/93		442							442	312	S/L	20		22	
21	CONCRETE PAD FOR CHEMICAL	12/17/93		153							153	110	S/L	20		8	
24	RETAINING WALL AT PLANT	3/17/95		826							826	526	S/L	20		41	
25	BUILDING AT PLANT	12/01/97		17,041							17,041	3,438	S/L	50		341	
28	PLANT REMODELING	5/01/98		1,879							1,879	909	S/L	20		94	
384	UNIT HEATER	1/21/00		714							714	562	S/L	10		71	
385	ELECTRICAL REPAIRS	2/07/00		3,570							3,570	1,417	S/L	20		179	
386	2 PLANT HEATERS	2/07/00		920							920	728	S/L	10		92	
387	STORAGE BUILDING	10/15/00		2,441							2,441	355	S/L	50		49	
508	PLANT ROOF REPLACEMENT	11/22/04		1,931							1,931	299	S/L	20		97	
631	RETAINING WALL AT PLANT	6/25/07		10,182							10,182	255	S/L	20		509	
670	GATE AT WATER PLANT	4/30/08		1,048							1,048		S/L	10		70	
671	FENCE AT WATER PLANT	9/30/08		3,876							3,876		S/L	20		49	
Total STRUCTURES & IMPROVEM				1,171,048			0	0	0	0	0	1,171,048	582,986				24,188
TOOLS, SHOP & GARAGE EQUIPMENT																	
231	HUSQUANA SAW	5/22/89		250							250	250	S/L	5		0	
232	GENERATOR	9/24/90		300							300	300	S/L	5		0	
233	WEEDEATER	6/28/91		251							251	251	S/L	5		0	
234	36" MESH ROAD CONST SIGN	10/02/91		380							380	380	S/L	5		0	
235	CUT OFF SAW	3/27/92		666							666	666	S/L	5		0	
236	FORD 1520 2WD TRACTOR	6/18/92		8,200							8,200	8,200	S/L	10		0	

12/31/08

2008 Federal Depreciation Schedule

Page 20

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct	Cur 179 Bonus	Special Depr. Allow	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
237	FORD 60" FINISH MOWER	6/18/92		1,200							1,200	1,200	S/L	10		0
238	6 X 16 RED UTILITY TRAILER	6/29/92		795							795	795	S/L	10		0
239	HEATER WITH WHEELS	3/09/93		340							340	340	S/L	5		0
240	PUMPS AND HOSES; CLAMPS	12/07/93		481							481	481	S/L	5		0
241	DRUM-N-BARREL TRUCK	1/05/94		265							265	265	S/L	5		0
242	SAWZALL WITH CASE	1/03/94		332							332	332	S/L	5		0
243	LAWN MOWER	5/02/94		180							180	180	S/L	5		0
244	COLEMAN POWERMATE GENERATOR	5/02/94		572							572	572	S/L	5		0
245	4" PRESSURE RECORDER	4/19/94		475							475	475	S/L	5		0
246	DEWAK HAMMER DRILL	8/10/94		200							200	200	S/L	5		0
247	HAMMERHEAD MOLE	8/12/94		3,786							3,786	3,786	S/L	5		0
248	RADIO SYSTEM WITH REPEATER	5/31/94		8,109							8,109	8,109	S/L	10		0
249	RATCHET, SHANK, ADAPTER@TAP	7/08/94		405							405	405	S/L	5		0
250	REGENCY MOBILE RADIO	10/11/94		315							315	315	S/L	10		0
251	INGERSOLL PORT AIR COMPRESSOR	11/06/94		9,850							9,850	9,850	S/L	10		0
252	AUTO STATION-RADIO SYSTEM	11/28/94		103							103	103	S/L	10		0
253	DISTRICT SPECIFICATION MANUAL	12/03/94		1,397							1,397	1,397	S/L	5		0
254	DISTRICT SPECIFICATION MANUAL-AD	1/01/95		113							113	113	S/L	5		0
255	AIRLESS PAINT SPRAYER	6/02/95		129							129	129	S/L	5		0
256	1/2" HAMMER DRILL KIT	10/17/95		133							133	133	S/L	5		0
257	KENWOOD MOBILE RADIO WITH	6/12/96		419							419	419	S/L	5		0
258	1/2" WIRE ROPE SLING	11/02/96		336							336	336	S/L	5		0
259	SOCKET SET THRU BOLT	2/24/97		251							251	251	S/L	5		0
260	BOX BLADE	6/10/97		250							250	250	S/L	5		0
261	MAGNETIC LOCATOR	6/19/97		705							705	705	S/L	5		0
262	WRENCHES (SEARS)	9/29/98		587							587	587	S/L	5		0
263	CUTZALL SAW	10/01/99		779							779	779	S/L	5		0

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
408	STORAGE RACKS	1/31/00		883							883	697	S/L	10		88
409	EMERGENCY ELECTRIC	1/31/00		477							477	477	S/L	5		0
410	BEAMS/UPRIGHTS	4/12/00		525							525	410	S/L	10		53
411	RADIOS FOR NEW TRUCK	4/25/00		1,155							1,155	1,155	S/L	5		0
412	MOLE REPAIR	5/19/00		1,377							1,377	1,377	S/L	5		0
435	WOODS 6' MOWER W/REAR DIS	4/10/01		1,595							1,595	1,080	S/L	10		160
443	14" CUTZALL SAW 3/8	10/31/01		863							863	530	S/L	10		86
505	WELDER	9/23/03		3,250							3,250	1,381	S/L	10		325
526	JACK & STAND	2/06/04		554							554	216	S/L	10		55
570	1 1/2" SUBMER PUMP 12 VDC	4/06/05		710							710	195	S/L	10		71
571	BANDSAW WITH BASE	6/02/05		780							780	202	S/L	10		78
606	2700 WATT PG GENERATOR	2/21/06		500							500	183	S/L	5		100
656	GENERATOR - WLC TRUCK	11/30/07		582							582	10	S/L	5		116
Total TOOLS, SHOP & GARAGE EQ				55,805		0	0	0	0	0	55,805	50,467				1,132
TRANSMISSION & DISTRIBUTION MAINS																
79	LOWER LINE-OSCAR PERKINS	8/11/94		315							315	82	S/L	50		6
80	PORTER ROAD EXTENSION	8/26/94		2,188							2,188	586	S/L	50		44
81	RELOCATE 200' OF 4" MAIN	9/26/94		404							404	106	S/L	50		8
82	1650 LF OF 6" MAIN HIGH V	11/29/94		7,380							7,380	1,935	S/L	50		148
83	1000 LF OF 6" MAIN-GREENV	11/29/94		5,100							5,100	1,335	S/L	50		102
84	3200 LF OF 6" MAIN-GRANT	11/04/94		13,665							13,665	3,596	S/L	50		273
85	5550 LF OF 6" MAIN INDIAN	11/08/94		23,760							23,760	6,255	S/L	50		475
86	2100 LF OF 6" MAIN-WYNNLY	3/01/94		9,045							9,045	2,503	S/L	50		181
87	30 LF OF 6" MAIN-CASE LA	1/12/95		608							608	156	S/L	50		12
88	CONNECT MAIN-STEERS ESTAT	8/31/95		563							563	137	S/L	50		11

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
89	HOOKUP TO LINE EXTENSION	11/17/95		1,321							1,321	317	S/L	50		26
90	3000 LF OF 6" MAIN-HARVES	4/25/95		16,200							16,200	4,104	S/L	50		324
91	800 LF OF 6" MAIN-AARON'S	10/19/95		4,530							4,530	1,110	S/L	50		91
92	2500 LF OF 6" MAIN-GEORGE	8/15/95		13,650							13,650	3,378	S/L	50		273
93	ROAD BORE & PIPE REPLACE	12/19/96		17,149							17,149	3,787	S/L	50		343
94	227405 LF OF 6" MAIN	6/11/96		1,666,294							1,666,294	384,637	S/L	50		33,326
95	4800 LF OF 6" MAIN HARVES	7/15/96		26,055							26,055	5,970	S/L	50		521
96	675 LF OF 6" MAIN-KENNY M	9/15/96		3,893							3,893	880	S/L	50		78
97	1750 LF OF 6"MAIN STURS	10/12/96		9,375							9,375	2,105	S/L	50		188
98	ADD'L COST OF PIPE RPLMT	1/01/97		1,407							1,407	308	S/L	50		28
99	1200 LF OF 4" MAIN-CATLET	3/18/97		6,326							6,326	1,306	S/L	50		127
100	660 LF OF 12" MAIN AT PLA	10/23/97		15,910							15,910	3,247	S/L	50		318
101	1600 LF OF 6" MAIN & 6 GT	10/09/97		9,510							9,510	1,948	S/L	50		190
102	3500 LF OF 6" MAIN & 7 GA	9/12/97		19,425							19,425	4,002	S/L	50		389
103	39,030 LF OF 6" MAIN PHS	6/06/97		267,937							267,937	56,715	S/L	50		5,359
104	DAY RD EXTENSION	7/17/98		543							543	104	S/L	50		11
105	VERONA MT ZION RO	12/31/98		9,156							9,156	1,647	S/L	50		183
106	20,180 LF 6" MN & 40 VALV	7/01/98		117,616							117,616	22,344	S/L	50		2,352
107	CLOSE OUT PHASE III	2/28/99		3,014							3,014	530	S/L	50		60
108	MAIN LINE WATER TAP	2/28/99		1,144							1,144	203	S/L	50		23
109	VIOLET ROAD 12" LINE	7/01/99		14,669							14,669	2,606	S/L	50		293
110	TAPPING VALVE SLEVE-FLATC	4/19/99		635							635	113	S/L	50		13
111	9,580 LF 6" MN & 27 VALV	7/09/99		68,010							68,010	11,560	S/L	50		1,360
115	LOWER MAIN	7/01/91		158							158	51	S/L	50		3
116	CROSSOVER-GRANTLAND EST	6/10/91		875							875	293	S/L	50		18
117	TAP IN AT SIPPLE RD FOR E	12/09/91		1,060							1,060	338	S/L	50		21
118	TAP IN LEE HI SUBDIVISION	12/15/91		1,094							1,094	367	S/L	50		22

12/31/08

2008 Federal Depreciation Schedule

Page 23

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
119	EXTEND WATER LINE-OLD LEX	3/15/92		1,631							1,631	517	S/L	50		33
120	RYLE ROAD EXTENSION	10/21/92		3,577							3,577	1,089	S/L	50		72
121	LINE REPLCMT-CRITT MT ZIO	10/07/92		11,251							11,251	3,422	S/L	50		225
122	LINE REPLCMT-SHERMAN-NEWT	11/10/92		3,425							3,425	1,041	S/L	50		69
123	WATER MAIN EXPANSION-1992	10/13/92		762,478							762,478	231,924	S/L	50		15,250
124	160' OF 6" LINE-ALEXANDR	5/18/93		544							544	160	S/L	50		11
125	CUT IN VALVE AT VERONA	5/18/93		1,161							1,161	338	S/L	50		23
126	2080' OF 6" LINE MORGAN	8/26/93		5,961							5,961	1,707	S/L	50		119
127	LOWER LINE BY REPLACT	10/15/93		2,430							2,430	694	S/L	50		49
128	WATER MAIN EXTENSION	11/01/93		66,607							66,607	18,870	S/L	50		1,332
129	6" MAIN IN GRANTLAND	9/15/93		1,722							1,722	488	S/L	50		34
130	650 LF OF 6" MAIN-LECHI S	1/01/93		2,665							2,665	797	S/L	50		53
131	2400 LF OF 6" MAIN-MCCLOR	1/01/93		9,840							9,840	2,954	S/L	50		197
132	1850 LF OF 6" MAIN-GRANTL	1/01/93		7,585							7,585	2,278	S/L	50		152
133	600 LF OF 6" MAIN-LECHI	9/25/93		2,460							2,460	699	S/L	50		49
134	2700 LF OF 6" MAIN-HAVEST	10/01/93		11,070							11,070	3,151	S/L	50		221
135	2100 LF OF 6" MAIN-PIN HO	2/14/93		8,610							8,610	2,560	S/L	50		172
136	620 LF OF 6" MAIN-HARVEST	11/01/93		2,542							2,542	722	S/L	50		51
137	3500 LF OF 6" MAIN-COUNTR	11/04/93		14,350							14,350	4,066	S/L	50		287
138	2900 LF OF 6" MAIN-SILVER	1/01/93		11,890							11,890	3,559	S/L	50		238
139	2575 LF OF 6" MAIN-SHERMA	2/20/93		10,557							10,557	3,131	S/L	50		211
140	3700 LF OF 6" MAIN-MALLAR	7/01/93		15,170							15,170	4,396	S/L	50		303
141	2 6" GATE VALVES-VERONA	1/01/94		457							457	127	S/L	50		9
142	BACKFLOW PREVENTOR	6/01/94		521							521	138	S/L	50		10
143	11,700 LF -WTR DIST PIPES	7/01/62		24,960							24,960	22,967	S/L	50		499
144	100,806 LF OF T & D MAINS	7/01/62		215,056							215,056	197,507	S/L	50		4,301
145	ADDITIONS TO LINES	7/01/68		8,613							8,613	6,888	S/L	50		172

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
146	ADDITIONS TO LINES	7/01/69		2,841							2,841	2,217	S/L	50		57
147	ADDITIONS TO LINES	7/01/70		4,692							4,692	3,568	S/L	50		94
148	ADDITIONS TO LINES	7/01/71		13,786							13,786	10,204	S/L	50		276
149	ADDITIONS TO LINES	7/01/72		8,860							8,860	6,377	S/L	50		177
150	ADDITIONS TO LINES	7/01/73		6,780							6,780	4,750	S/L	50		136
151	ADDITION TO LINES	7/01/74		3,322							3,322	2,255	S/L	50		66
152	ADDITIONS TO LINES	7/01/75		678							678	425	S/L	50		14
153	TRANSMISSION LINES	7/19/79		1,055,224	—						1,055,224	590,383	S/L	50		21,104
154	METERS	7/01/81		12,875							12,875	6,827	S/L	50		258
155	METERS 40 X 257.50	7/01/82		10,300							10,300	5,253	S/L	50		206
156	VIOLET RD FEEDER	7/01/83		141,000							141,000	70,500	S/L	50		2,820
157	RECONSTRUCT WATER LINE	7/01/84		15,984							15,984	7,675	S/L	50		320
158	OFFICE DOOR	5/01/85		620							620	620	S/L	10		0
159	620 FT 6" MAIN-LEMON NORT	6/01/86		2,799							2,799	1,204	S/L	50		56
160	CONSTRUCTION COMPLETED	4/01/86		473,962							473,962	206,171	S/L	50		9,479
161	TURBIDIMETER	7/01/86		1,211							1,211	1,211	S/L	50		0
162	6" MAIN-VIOLET RD & I-75	9/01/87		6,254							6,254	2,487	S/L	50		125
163	4600' OF 6" MAIN-ECKLER R	12/01/87		5,336							5,336	2,145	S/L	50		107
164	DELPH ROAD LINE-600'	5/01/88		5,980							5,980	2,345	S/L	50		120
165	2000' 6" LINE-BLACKWELL E	7/01/88		4,900							4,900	1,911	S/L	50		98
166	CENTER RIDGE PROJECT	8/01/88		2,600							2,600	1,005	S/L	50		52
167	POOLE & STEVENSON RD	10/31/88		37,804							37,804	14,428	S/L	50		756
168	1500' OF 6" LINE-SHERMAN	8/07/89		5,129							5,129	1,898	S/L	50		103
169	BLOW OFF HYDRANTS	6/30/89		9,542							9,542	3,555	S/L	50		191
170	BLOW OFF HYDRANTS-DAY	1/08/90		485							485	177	S/L	50		10
171	2112' OF 6" LINE U.S. 25	3/08/90		1,080							1,080	388	S/L	50		22
172	UPGRADE LINE SIZE TO 6"	6/18/90		1,418							1,418	493	S/L	50		28

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
173	1500' OF 6" LINE-WATER MA	6/20/90		885							885	312	S/L	50		18
174	1500' OF 6" LINE & 10 MET	8/14/90		842							842	293	S/L	50		17
175	WARSAW RD CONSTRUCTION	6/01/90		726,020							726,020	255,313	S/L	50		14,520
389	RPLCE RECEPTION CENTER LN	2/21/00		1,184							1,184	188	S/L	50		24
390	4750' BLUEGRASS EST II	7/01/00		34,810							34,810	5,220	S/L	50		696
391	KNOXVILLE ROAD	12/01/00		63,489							63,489	8,996	S/L	50		1,270
392	1-75 WATERLINE CROSSING	12/01/00		67,287							67,287	9,534	S/L	50		1,346
413	4170' LEX TRAILS I	7/01/00		30,750							30,750	4,613	S/L	50		615
414	725' COUNTRY CLUB CARLA C	7/01/00		5,465							5,465	818	S/L	50		109
415	1300' GREENVIEW	7/01/00		9,880							9,880	1,485	S/L	50		198
416	750' HARVESTERS SEC 6	7/01/00		5,640							5,640	847	S/L	50		113
417	1166' SILVER RIDGE	7/01/00		8,552							8,552	1,283	S/L	50		171
418	6500' WALNUT MANOR	7/01/00		46,280							46,280	6,945	S/L	50		926
423	285' OF 6" LINE-VERONA CM	7/01/01		4,845							4,845	630	S/L	50		97
424	1637' OF 6" LINE-AULBACHS	7/01/01		12,409							12,409	1,612	S/L	50		248
425	FARRELL RD-12" LINE TO TW	7/01/01		14,268							14,268	1,853	S/L	50		285
426	1-75 UTIL RELOCATION	7/01/01		1,399							1,399	182	S/L	50		28
447	2235'-12"&16950'-8"-491E	6/12/02		402,284							402,284	44,923	S/L	50		8,046
448	HWY 14 LINE RELOCATION	12/15/02		192,669							192,669	19,586	S/L	50		3,853
449	2270'-6"+2 GV MULLIGAN RD	7/01/02		16,840							16,840	1,853	S/L	50		337
450	2350'-6"+3 GV GREENVIEW	7/01/02		17,875							17,875	1,969	S/L	50		358
451	1750'-6"+2 GV LEX TRAILS	7/01/02		13,200							13,200	1,452	S/L	50		264
452	1450'-6"+2 GV SHADY LANE	7/01/02		10,625							10,625	1,171	S/L	50		213
453	1280'-6"+4 GV CLAIRBORNE	7/01/02		10,860							10,860	1,194	S/L	50		217
454	1100'-6"+2 GV EZ STOP II	7/01/02		8,650							8,650	952	S/L	50		173
455	122481' OF 6" PHASE V	11/04/02		1,056,037							1,056,037	109,125	S/L	50		21,121
456	FOUR CORNERS LINE RELOCAT	8/01/02		31,585							31,585	3,423	S/L	50		632

12/31/08

2008 Federal Depreciation Schedule

Page 26

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
478	360' @ 8" LINE-KNOX/GREEN	7/01/03		15,311							15,311	1,377	S/L	50		306
479	1130' 6" PVC-DEER RUN III	6/30/03		8,410							8,410	756	S/L	50		168
480	1300' PVC+2000' DI-FORD M	6/30/03		41,600							41,600	3,744	S/L	50		832
481	2910' 6"PVC-PORTER PLANT	6/30/03		22,870							22,870	2,057	S/L	50		457
482	1400' @ 6" PVC CASON LANE	6/30/03		10,800							10,800	972	S/L	50		216
483	450' @ 6" PVC-SOUTH COURT	6/30/03		3,650							3,650	329	S/L	50		73
484	2140' @ 6" PVC-STEERS EST	6/30/03		16,980							16,980	1,530	S/L	50		340
485	800' @ 6"PVC-CLAIRBOR III	6/30/03		7,100							7,100	639	S/L	50		142
486	PHASE 5A - WATERLINES	10/16/03		204,602							204,602	17,050	S/L	50		4,092
487	1312' @ 8"+468'@12" DR CON	4/19/03		121,828							121,828	11,372	S/L	50		2,437
513	ADD'L COST - PHASE 5A	2/04/04		1,940							1,940	153	S/L	50		39
514	1-71 WEIGH STATION	4/23/04		80,808							80,808	5,925	S/L	50		1,616
515	LINES-1999 DWSRF-FED FUND	8/02/04		628,602							628,602	42,954	S/L	50		12,572
528	SHERMAN TANK LINE IMPROVE	10/25/04		20,586							20,586	1,305	S/L	50		412
529	1800'-8"PVC SCROG/SPONCIL	8/31/04		16,482							16,482	1,100	S/L	50		330
530	3200'-6"PVC MANOR ESTATES	12/31/04		25,600							25,600	1,536	S/L	50		512
531	2200'-6"PVC-MAPLE RIDGE	12/31/04		17,600							17,600	1,056	S/L	50		352
532	600'-6"PVC+2 G VAL/ALEXIS	12/08/04		5,800							5,800	358	S/L	50		116
533	2400'-6"PVC+1 G VAL/BLAIR	12/31/04		19,700							19,700	1,182	S/L	50		394
534	2300'-6"PVC+4 G VAL/E CRK	12/31/04		20,400							20,400	1,224	S/L	50		408
535	550'-6"PVC+4 G VAL/VER CO	12/31/04		4,400							4,400	264	S/L	50		88
536	1750'-6"PVC+6 G VAL/CLAIB	12/31/04		16,000							16,000	960	S/L	50		320
554	ADD'L-1999 DWSRF-FED FUND	1/02/05		4,500							4,500	270	S/L	50		90
575	130,881' OF 8" PVC - PH 7	7/27/05		278,698							278,698	13,470	S/L	50		5,574
578	8,940' OF 6" PVC I-75 W S	8/23/05		129,276							129,276	6,034	S/L	50		2,586
582	1422' 6" PVC STEPHEN RES	4/11/05		10,807							10,807	594	S/L	50		216
583	4 GATE VALVES STEPHEN RES	4/11/05		2,340							2,340	129	S/L	50		47

12/31/08

2008 Federal Depreciation Schedule

Client 2948

BULLOCK PEN WATER DISTRICT

61-6017292

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
585	3650' @ 6"PVC-FAIRVIEW RD	11/01/05		21,900							21,900	949	S/L	50		438
586	3 GATE VALVES-FAIRVIEW RD	11/01/05		1,755							1,755	76	S/L	50		35
588	4342'@6" PVC-SALEM CREEK	6/06/05		26,052							26,052	1,346	S/L	50		521
589	15 GATE VALVES-SALEM CREEK	6/06/05		8,775							8,775	454	S/L	50		176
591	3200'@6"PVC-EAGLE OAK SUB	3/31/06		19,550							19,550	684	S/L	50		391
592	4 GATE VALVES-EAGLE OAK	3/31/06		2,340							2,340	82	S/L	50		47
595	660'@6"PVC-FAIRVIEW RD EX	3/31/06		3,960							3,960	138	S/L	50		79
596	1 GATE VALVE-FAIRVIEW RD	3/31/06		585							585	21	S/L	50		12
619	39240' OF 8" MAIN-PH 8	8/15/06		696,483							696,483	19,734	S/L	50		13,930
620	146994' -6" & 1356 8"-PH8	9/21/06		1,627,742							1,627,742	40,694	S/L	50		32,555
621	2300'-6"& 8 G VAL-SMRFLD	12/31/06		18,480							18,480	370	S/L	50		370
622	1800'-6"& 7 G VAL-E CRKII	8/01/06		14,895							14,895	422	S/L	50		298
623	1700'-6"& 2 VAL-E CRK III	12/31/06		11,275							11,275	226	S/L	50		226
627	1100' -12" PVC-WAL/VER S	11/29/06		48,950							48,950	1,061	S/L	50		979
628	8-12" G VALVE-WAL/VER SPO	11/29/06		12,600							12,600	273	S/L	50		252
640	1600' -4" WEBB LANE-PH 10	8/22/07		21,614							21,614	144	S/L	50		432
641	1817'-8"-DICKERSON-PH 10	8/22/07		49,577							49,577	331	S/L	50		992
654	4300' - 12" MAIN-SHER SCH	11/21/07		72,097							72,097	120	S/L	50		1,442
665	6976' -6" PVC & 8 GV-CUMM	9/10/07		46,536							46,536	310	S/L	50		931
666	1800' -6" PVC & 5 GV-ASHL	12/15/07		13,725							13,725	23	S/L	50		275
667	1020' -6" PVC-NAP ZION BR	8/01/07		90,242							90,242	752	S/L	50		1,805
682	4,560' OF 4" PVC - PH 11	4/10/08		95,601							95,601		S/L	50		1,434
683	72,768' OF 6" PVC-PH 11	4/10/08		721,739							721,739		S/L	50		10,826
684	3,078' OF 6" DI -PHASE 11	4/10/08		77,844							77,844		S/L	50		1,168
Total TRANSMISSION & DISTRIBU				13,638,216		0	0	0	0	0	13,638,216	2,669,645				268,261

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
WATER TREATMENT EQUIPMENT																
46	2-TWO CYLINDER SCALES	12/13/96		1,060							1,060	1,060	S/L	5		0
47	2 DRUM SCALES	12/13/96		1,890							1,890	1,890	S/L	5		0
48	1-WIZARD INDICATOR AND CA	12/13/96		1,481							1,481	1,481	S/L	5		0
49	WATER TREATMENT EQUIPMENT	7/01/62		11,254							11,254	10,353	S/L	50		225
50	ELECTRIC PUMP MOTOR	2/01/87		403							403	403	S/L	5		0
51	AUTO SWITCHCOVER UNIT	9/01/87		1,000							1,000	1,000	S/L	10		0
52	PUMP AT PLANT	10/01/88		516							516	516	S/L	5		0
53	8" TURBINE METER	6/01/88		2,731							2,731	1,041	S/L	50		55
54	MUD WALL PUMP MOTOR-OVERH	11/07/89		1,472							1,472	1,472	S/L	5		0
55	3 PHASE VOLTAGE MONITOR-P	4/18/90		1,393							1,393	1,234	S/L	20		70
56	CHLORINE MASK	9/15/93		1,310							1,310	1,310	S/L	10		0
57	ALARM PANEL CHLORINE MONI	9/27/93		680							680	680	S/L	10		0
58	SUBMERSIBLE TRANSDUCER	9/24/93		1,838							1,838	1,838	S/L	10		0
59	UNINTERRUPTABLE POWER SUP	10/19/93		3,750							3,750	3,750	S/L	10		0
60	INSTALL PUMPS & RENOVATE	2/08/94		687							687	687	S/L	5		0
61	MODEL 1054 SERIAL # 1032	3/06/95		548							548	548	S/L	5		0
62	LMI A1 PUMP-HYDROFLUOSILI	3/31/95		375							375	375	S/L	5		0
63	SER E+ PULSE PUMP-CAUSTIC	5/31/95		371							371	371	S/L	5		0
64	2 CONTROLERS@FILTERS 1&2	11/07/95		3,424							3,424	3,424	S/L	10		0
421	TURBIDIMETERS	7/01/00		11,295							11,295	8,475	S/L	10		1,130
422	RP BACK UP RAW WATER MTR	10/31/01		1,557							1,557	641	S/L	15		104
476	FLUORIDE TESTER	12/18/03		848							848	680	S/L	5		168
477	CHEMICAL FEED PUMP	12/23/03		732							732	584	S/L	5		148
510	CHLORINE SCALE	1/12/04		778							778	312	S/L	10		78
511	GEAR DRIVE-SETTLING BASIN	8/26/04		7,828							7,828	5,220	S/L	5		1,566

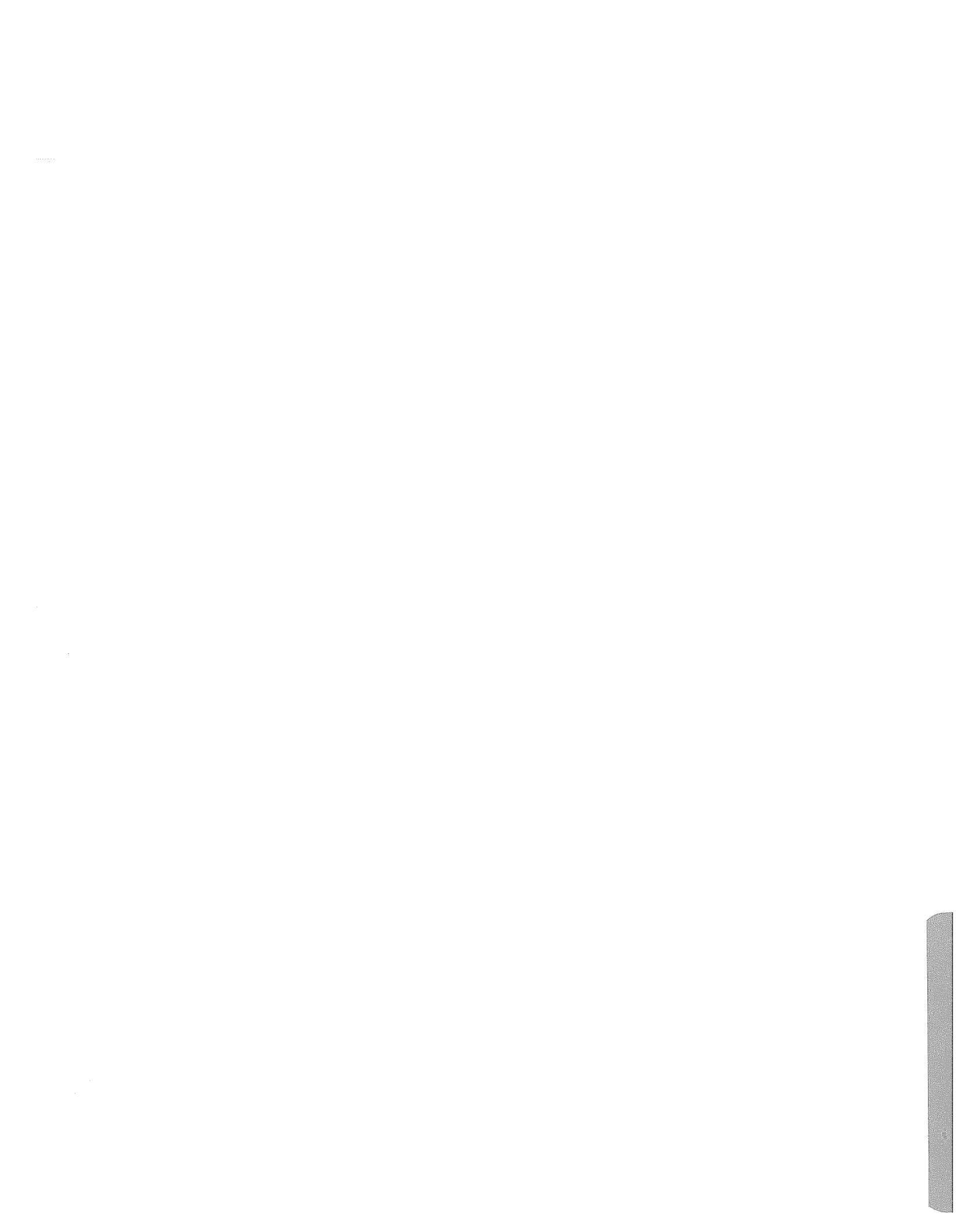
No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
512	COMPUTER-PLANT TELEMETRY	9/16/04		1,157							1,157	751	S/L	5		231
553	AUMA SINGLE PHASE MOTOR	8/19/05		693							693	324	S/L	5		139
600	CHEMICAL TRANSFER PUMP	2/14/06		995							995	381	S/L	5		199
601	CHEMICAL PUMP	2/17/06		521							521	191	S/L	5		104
624	CHLORINE FEEDERS	12/13/06		4,128							4,128	447	S/L	10		413
637	FLASH MIXER REPLACEMENT	3/29/07		11,101							11,101	416	S/L	20		555
638	FILTER CONTROL REBUILT	3/23/07		9,543							9,543	716	S/L	10		954
639	CHEMICAL FEEDER PUMP	4/19/07		1,064							1,064	71	S/L	10		106
668	P H METER	3/04/08		952							952		S/L	10		79
669	CHEMICAL SCALES & ACCESS	4/28/08		3,647							3,647		S/L	13		187
Total WATER TREATMENT EQUIP				93,022		0	0	0	0	0	93,022	52,642				6,511
Total Depreciation				<u>23,042,611</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,042,611</u>	<u>5,045,622</u>				<u>497,308</u>
Grand Total Depreciation				<u>23,042,611</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,042,611</u>	<u>5,045,622</u>				<u>497,308</u>

**BULLOCK PEN WATER DISTRICT
ACCUMULATED DEPRECIATION
12-31-08**

	Accum Depr'n 1/1/2008	Current Year Expense	Retirements	Accum Depr'n 12/31/2008
Structures & Improvements	721,340.00	30,793.00		752,133.00
Pumping Equipment	42,465.00	5,434.00		47,899.00
Water Treatment Equipment	52,642.00	6,511.00		59,153.00
Dist Reservoirs & Standpipes	441,403.00	48,347.00		489,750.00
Transmission & Dist Mains	2,669,645.00	268,261.00		2,937,906.00
Meters	577,193.00	72,134.00		649,327.00
Hydrants	103,877.00	21,677.00		125,554.00
Other Plant & Misc Equipment	173,510.00	14,142.00		187,652.00
Office Furniture	55,151.00	4,761.00		59,912.00
Transportation Equipment	154,365.00	24,116.00		178,481.00
Tools Shop & Garage Equipment	50,467.00	1,132.00		51,599.00
Lab Equipment	3,564.00			3,564.00
Total	5,045,622.00	497,308.00	0.00	5,542,930.00
Backhoe Depr'n Set up as Mtr Cost		5,148.00		
Depreciation Expense Per the Books		492,160.00		

ANALYTICAL PROCEDURES

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Depreciation Expense	497,308.00	463,694.00	411,486.00	380,149.00	344,182.00
Fixed Assets (excluding CIP)	23,042,607.81	21,892,244.84	21,257,100.20	18,107,298.78	17,290,525.33
% of Depr'n to Fixed Assets	2.16%	2.12%	1.94%	2.10%	1.99%



	<u>Debt Description</u>	<u>Use of Funds Borrowed</u>	<u>PSC Proceeding</u>
1.	Series 1978 Bonds	Construction of water line Extension Project	Case No. 6944
2.	Series 1982 Bonds	Construction of water line extensions and plant improvements	Case No. 8335
3.	Series 2001C Bonds	Phase V Water Line Extension Project	Case No. 2002-00015
4.	Series 2002B Bonds	Funds were used to refinance 1987 Series A; 1987 Series B; and 1985 Series A debt.	Refinance No case number
5.	Series 2001G Bonds	Construction of Dry Ridge tanks	Will provide
6.	Series 2004D Bonds	Phase VII Water Line Construction Project	2004-00339
7.	Series 2005B Bonds	Phase X Water Line Extension Project	2005-00231
8.	Series 2005B Bonds	Phase VIII Water Line Construction Project	2005-00231
9.	1991 KIA No. 1 Loan	Will provide	Case No. 89-128
10.	1993 KIA No. 2 Loan	Will provide	Case No. 92-477
11.	2002 KIA Loan (DWSRF No. 1)	Line construction	Will provide
12.	2003 KIA Loan (DSWRF No. 2)	Line construction	Will provide
13.	Kacolt No. 1 Loan	Phase III Water Line Extension Project and tank construction	1995-249
14.	Kacolt No. 2 Loan		Case No. 1996-133
15.	Old National Loan No. 1	Purchase of radio read water meters	No PSC approval requested

- | | | | |
|-----|-------------------------|-------------------------------------|---------------------------|
| 16. | Old National Loan No. 2 | Purchase of radio read water meters | No PSC approval requested |
| 17. | Chrysler Corporation | Purchase 2005 dump truck | No PSC approval requested |

Bullock Pen Water District
Bond Amortization Schedules

DEBT SERVICE
TOTALS

	Series 1978 Bonds	Series 1982 Bonds	Ph 5 Surcharge Series 2001C Loan	Ph 5 District Series 2001C Loan	Refinance Series 2002 Loan	Dry Ridge Tk Series 2001G Loan	Phase 7 Series 2004D Loan	Phase 10 Series 2005B Loan	Phase 8 Series 2005B Loan	1991 KIA #1 Loan	1993 KIA #2 Loan	2002 KIA Loan DWSRF #1	2003 KIA Loan DWSRF #2	KACOLT #1	KACOLT #2	Old Nat'l #1	Old Nat'l #2	Chrysler	
Issue Date	12/21/1978	8/6/1982	5/15/2002	5/15/2002	7/31/2002	7/29/2003	10/19/2004	10/19/2005	10/19/2005	8/29/1991	4/7/1993	12/1/2002	11/1/2003	9/7/1995	11/20/1996	9/1/2003	3/5/2004	10/17/2005	
Maturity Date	1/1/2018	1/1/2022	2/1/2027	2/1/2027	2/1/2021	2/1/2018	2/1/2019	2/1/2031	2/1/2031	6/1/2011	6/1/2013	12/1/2022	6/1/2024	1/20/2019	1/20/2016	2/5/2014	3/5/2011	10/17/2010	
Interest Rate	5.00%	5.00%	5.15% - 5.45%	5.15% - 5.45%	3.15% - 5%	1.47% - 4.52%	3.12% - 4.12%	4.09% - 4.59%	4.09% - 4.59%	4.34% - 4.84%	4.34% - 5.19%	3.80%	3.00%	6.47%	6.13%	4.50%	4.50%	4.94%	
Original Issue	1,330,000.00	125,000.00	374,000.00	341,000.00	574,000.00	460,000.00	98,000.00	290,000.00	514,000.00	437,655.27	582,599.45	350,367.20	1,139,135.00	1,500,000.00	336,000.00	477,050.00	170,450.00	64,371.00	
Future Minimum Cash Requirements																			
2009	79,050.00	7,550.00	27,107.00	25,508.00	45,696.51	40,733.45	8,740.50	19,698.56	34,734.56	27,905.04	37,066.58	25,168.78	81,111.56	122,126.39	28,563.77	60,457.20	27,817.20	14,555.88	713,590.94
2010	79,500.00	7,350.00	26,592.00	24,993.00	45,675.26	40,757.70	8,838.30	19,371.36	34,161.98	28,786.28	35,724.08	25,168.76	81,111.56	120,740.37	28,405.25	60,457.20	27,817.20	12,129.90	705,280.16
2011	78,800.00	7,150.00	26,077.00	24,478.00	45,581.26	40,681.25	8,336.10	19,044.16	33,589.36	13,105.02	36,806.52	25,168.76	81,111.56	120,100.68	28,848.59	60,457.20	6,954.30		656,269.76
2012	79,050.00	7,950.00	29,459.00	24,337.25	44,432.13	41,447.00	8,130.00	18,716.96	33,996.31		37,698.48	25,168.76	81,111.56	119,202.13	29,445.25	60,457.20			640,152.03
2013	79,050.00	7,700.00	28,738.00	24,370.75	44,228.00	41,085.20	8,898.30	19,369.31	33,382.81		18,408.24	25,168.76	81,111.56	118,044.63	27,980.49	60,457.20			617,991.25
2014	78,950.00	7,450.00	28,738.00	24,778.50	43,960.25	42,571.00	8,627.40	19,001.21	33,748.88			25,168.76	81,111.56	116,628.28	27,454.73	10,074.85			546,588.15
2015	78,700.00	7,200.00	27,942.75	24,160.50	44,591.00	40,989.00	8,339.00	18,633.11	34,074.01			25,168.76	81,111.56	114,835.00					543,427.59
2016	78,300.00	7,950.00	26,373.25	25,491.00	43,122.60	44,294.00	8,050.60	19,244.56	33,318.71			25,168.76	81,111.56	113,452.89					509,573.19
2017	78,750.00	7,850.00	28,626.50	24,770.00	43,575.00	37,599.00	7,473.80	19,815.11	34,642.51			25,168.76	81,111.56	111,747.14					421,868.88
2018		8,050.00	26,954.50	24,028.00	43,900.50	40,904.00		19,305.21	33,865.41			25,168.76	81,111.56	111,598.84					262,138.34
2019		8,050.00	28,028.00	26,183.25	44,095.00		8,164.80	18,459.91	33,239.86			25,168.76	81,111.56						260,458.41
2020		7,700.00	27,047.00	25,256.75	44,154.50			18,976.58	33,378.28			25,168.76	81,111.56						210,584.33
2021		7,350.00	26,066.00	24,330.25	44,075.00			18,466.26	32,485.25			25,168.76	81,111.56						182,789.92
2022			26,003.25	25,349.25				17,948.46	32,557.40			0.00							146,377.19
2023			26,858.75	24,313.75				19,384.26	32,580.90										103,709.95
2024			28,632.50	25,223.75				18,773.16	33,533.05										101,491.21
2025			28,351.75	25,052.00				19,132.88	33,407.10										104,032.28
2026			28,071.00	22,880.25				18,464.98	34,204.80										51,727.50
2027			28,708.50	24,654.00				18,772.80	32,954.60										53,667.60
2028								19,034.05	34,633.55										52,465.45
2029								19,239.30	33,228.15										52,170.45
2030								18,413.10	33,757.35										7,623,815.50
2031																			
Years Remaining	9.00	13.00	19.00	19.00	13.00	10.00	11.00	23.00	23.00	2.50	4.50	14.00	15.50	11.00	7.00	5.17	2.25	1.83	
Average Annual Debt Service	78,900.00	7,669.23	27,291.54	24,776.75	44,391.15	41,104.16	8,278.27	16,968.99	33,634.81	27,118.54	36,823.08	25,168.76	81,111.56	116,760.89	29,698.86	60,417.96	27,817.20	14,582.39	704,412.14

AMORTIZATION SCHEDULE

SERIES 1978 BONDS

ISSUED 12/31/78

Bullock Pen Water District
USDA - Rural Development

Issue Date **12/21/1978**

Maturity Date **1/1/2018**

Interest Rate **5.00%**

Original Issue **1,330,000.00**

PSC Case No **6944**

Proceeds Used For: **Construction of Water Line Extension Project**

Balance 12/31/08 **561,000.00**

**BULLOCK PEN WATER DISTRICT
AMORTIZATION SCHEDULE
BONDS ISSUED 12/31/1978**

221.01
FHA #1

Year	Bonds	Coupons	Total Requirements For Year	Remaining Principal
				1,330,000
1980	12,000	66,500	78,500	1,318,000
1981	13,000	65,900	78,900	1,305,000
1982	14,000	65,250	79,250	1,291,000
1983	14,000	64,550	78,550	1,277,000
1984	15,000	63,850	78,850	1,262,000
1985	16,000	63,100	79,100	1,246,000
1986	17,000	62,300	79,300	1,229,000
1987	17,000	61,450	78,450	1,212,000
1988	18,000	60,600	78,600	1,194,000
1989	19,000	59,700	78,700	1,175,000
1990	20,000	58,750	78,750	1,155,000
1991	21,000	57,750	78,750	1,134,000
1992	22,000	56,700	78,700	1,112,000
1993	23,000	55,600	78,600	1,089,000
1994	24,000	54,450	78,450	1,065,000
1995	26,000	53,250	79,250	1,039,000
1996	27,000	51,950	78,950	1,012,000
1997	28,000	50,600	78,600	984,000
1998	30,000	49,200	79,200	954,000
1999	31,000	47,700	78,700	923,000
2000	33,000	46,150	79,150	890,000
2001	34,000	44,500	78,500	856,000
2002	36,000	42,800	78,800	820,000
2003	38,000	41,000	79,000	782,000
2004	40,000	39,100	79,100	742,000 12/31/04
2005	42,000	37,100	79,100	700,000 12/31/05
2006	44,000	35,000	79,000	656,000 12/31/06
2007	46,000	32,800	78,800	610,000 12/31/07
2008	49,000	30,500	79,500	561,000 12/31/08
2009	51,000	28,050	79,050	510,000
2010	54,000	25,500	79,500	456,000
2011	56,000	22,800	78,800	400,000
2012	59,000	20,000	79,000	341,000
2013	62,000	17,050	79,050	279,000
2014	65,000	13,950	78,950	214,000
2015	68,000	10,700	78,700	146,000
2016	71,000	7,300	78,300	75,000
2017	75,000	3,750	78,750	0
2018				
Totals	1,330,000	1,667,200	2,997,200	

590

AMORTIZATION SCHEDULE

SERIES 1982 BONDS

ISSUED 8/6/82

**Bullock Pen Water District
USDA - Rural Development**

Issue Date 8/6/1982

Maturity Date 1/1/2022

Interest Rate 5.00%

Original Issue 125,000.00

PSC Case No 8335

Proceeds Used For: Construction to Improve Hydrolic Flow Within the System

Balance 12/31/08 71,000.00

**BULLOCK PEN WATER DISTRICT
AMORTIZATION SCHEDULE
BONDS ISSUED 8/6/1982**

221.02
FHA #2

Year	Bonds	Coupons	Total Requirements For Year	Remaining Principal
1983				125,000
1984	1,000	6,250	7,250	124,000
1985	1,000	6,200	7,200	123,000
1986	1,000	6,150	7,150	122,000
1987	1,000	6,100	7,100	121,000
1988	1,000	6,050	7,050	120,000
1989	1,000	6,000	7,000	119,000
1990	1,000	5,950	6,950	118,000
1991	2,000	5,900	7,900	116,000
1992	2,000	5,800	7,800	114,000
1993	2,000	5,700	7,700	112,000
1994	2,000	5,600	7,600	110,000
1995	2,000	5,500	7,500	108,000
1996	2,000	5,400	7,400	106,000
1997	2,000	5,300	7,300	104,000
1998	2,000	5,200	7,200	102,000
1999	2,000	5,100	7,100	100,000
2000	3,000	5,000	8,000	97,000
2001	3,000	4,850	7,850	94,000
2002	3,000	4,700	7,700	91,000
2003	3,000	4,550	7,550	88,000
2004	3,000	4,400	7,400	85,000 <i>12/31/04</i>
2005	3,000	4,250	7,250	82,000 <i>12/31/05</i>
2006	3,000	4,100	7,100	79,000 <i>12/31/06</i>
2007	4,000	3,950	7,950	75,000 <i>12/31/07</i>
2008	4,000	3,750	7,750	71,000 <i>12/31/08</i>
2009	4,000	3,550	7,550	67,000
2010	4,000	3,350	7,350	63,000
2011	4,000	3,150	7,150	59,000
2012	5,000	2,950	7,950	54,000
2013	5,000	2,700	7,700	49,000
2014	5,000	2,450	7,450	44,000
2015	5,000	2,200	7,200	39,000
2016	6,000	1,950	7,950	33,000
2017	6,000	1,650	7,650	27,000
2018	6,000	1,350	7,350	21,000
2019	7,000	1,050	8,050	14,000
2020	7,000	700	7,700	7,000
2021	7,000	350	7,350	0
2022				
2023				
Totals	125,000	159,150	253,700	

5% Int

AMORTIZATION SCHEDULE

SERIES 2001C BONDS

ISSUED 5/15/02

Bullock Pen Water District

Series 2001C

	Surcharge Portion	District Portion	Total Issue
Issue Date	5/15/2002	5/15/2002	5/15/2002
Maturity Date	2/1/2027	2/1/2027	2/1/2027
Interest Rate	5.15% - 5.45%	5.15% - 5.45%	5.15% - 5.45%
Original Issue	374,000.00	341,000.00	715,000.00
PSC Case No	2002-00015	2002-00015	2002-00015
Proceeds Used For:	Phase 5 Wtr Line Ext Project	Phase 5 Wtr Line Ext Project	Phase 5 Wtr Line Ext Project
Balance 12/31/08	325,000.00	295,000.00	620,000.00

221.07

Borrower:	Bullock Pen Water District - Surcharge Account
Dated Date:	05/15/02

KRW - Phase V - Surcharge Portion =

Borrower Payment Schedule

Payment Date	Principal	Interest	Trustee Fees	Total	Fiscal Total
05/15/02					
07/01/02					
07/01/03	5,000.00	4,198.58	250.00	4,448.58	4,448.58
07/01/03	0.00	9,944.00	369,000	14,944.00	
07/01/03	0.00	9,815.25	250.00	10,065.25	25,009.25
07/01/04	8,000.00	9,815.25	361,000	17,815.25	
07/01/04	0.00	9,609.25	250.00	9,859.25	27,674.50
07/01/05	8,000.00	9,609.25	353,000	17,609.25	
07/01/05	0.00	9,403.25	250.00	9,653.25	27,262.50
07/01/06	8,000.00	9,403.25	345,000	17,403.25	
07/01/06	0.00	9,197.25	250.00	9,447.25	26,850.50
07/01/07	10,000.00	9,197.25	335,000	19,197.25	
07/01/07	0.00	8,939.75	250.00	9,189.75	28,387.00
07/01/08	10,000.00	8,939.75	325,000	18,939.75	
07/01/08	0.00	8,682.25	250.00	8,932.25	27,872.00
07/01/09	10,000.00	8,682.25	315,000	18,682.25	
07/01/09	0.00	8,424.75	250.00	8,674.75	27,357.00
07/01/10	10,000.00	8,424.75	305,000	18,424.75	
07/01/10	0.00	8,167.25	250.00	8,417.25	26,842.00
01/01/11	10,000.00	8,167.25	295,000	18,167.25	
07/01/11	0.00	7,909.75	250.00	8,159.75	26,327.00
07/01/12	14,000.00	7,909.75	281,000	21,909.75	
07/01/12	0.00	7,549.25	250.00	7,799.25	29,709.00
07/01/13	14,000.00	7,549.25	267,000	21,549.25	
07/01/13	0.00	7,188.75	250.00	7,438.75	28,988.00
07/01/14	13,000.00	7,188.75	254,000	20,188.75	
07/01/14	0.00	6,854.00	250.00	7,104.00	27,292.75
07/01/15	13,000.00	6,854.00	241,000	19,854.00	
07/01/15	0.00	6,519.25	250.00	6,769.25	26,623.25
07/01/16	16,000.00	6,519.25	225,000	22,519.25	
07/01/16	0.00	6,107.25	250.00	6,357.25	28,876.50
07/01/17	16,000.00	6,107.25	209,000	22,107.25	
07/01/17	0.00	5,695.25	250.00	5,945.25	28,052.50
07/01/18	16,000.00	5,695.25	193,000	21,695.25	
07/01/18	0.00	5,259.25	250.00	5,509.25	27,204.50
07/01/19	18,000.00	5,259.25	175,000	23,259.25	
07/01/19	0.00	4,768.75	250.00	5,018.75	28,278.00
07/01/20	18,000.00	4,768.75	157,000	22,768.75	
07/01/20	0.00	4,278.25	250.00	4,528.25	27,297.00
07/01/21	18,000.00	4,278.25	139,000	22,278.25	
07/01/21	0.00	3,787.75	250.00	4,037.75	26,316.00
07/01/22	21,000.00	3,787.75	118,000	24,787.75	
07/01/22	0.00	3,215.50	250.00	3,465.50	28,253.25
07/01/23	21,000.00	3,215.50	97,000	24,215.50	
07/01/23	0.00	2,643.25	250.00	2,893.25	27,108.75
07/01/24	24,000.00	2,643.25	73,000	26,643.25	
07/01/24	0.00	1,989.25	250.00	2,239.25	28,882.50
07/01/25	23,000.00	1,989.25	50,000	24,989.25	
07/01/25	0.00	1,362.50	250.00	1,612.50	26,601.75
07/01/26	24,000.00	1,362.50	26,000	25,362.50	
07/01/26	0.00	708.50	250.00	958.50	26,321.00
07/01/27	26,000.00	708.50	0	26,708.50	
07/01/27	0.00	0.00	0.00	0.00	26,708.50
Totals	374,000.00	310,293.58	6,250.00	690,543.58	

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
7/02	0.00	4,198.58	4,198.58
8/2-1/3	833.33	1,657.33	2,490.67
2/3-7/3	666.67	1,635.88	2,302.54
8/3-1/4	666.67	1,635.88	2,302.54
2/4-7/4	666.67	1,601.54	2,268.21
8/4-1/5	666.67	1,601.54	2,268.21
2/5-7/5	666.67	1,567.21	2,233.88
8/5-1/6	666.67	1,567.21	2,233.88
2/6-7/6	833.33	1,532.88	2,366.21
8/6-1/7	833.33	1,532.88	2,366.21
2/7-7/7	833.33	1,489.96	2,323.29
8/7-1/8	833.33	1,489.96	2,323.29
2/8-7/8	833.33	1,447.04	2,290.39
8/8-1/9	833.33	1,447.04	2,290.39
2/9-7/9	833.33	1,404.13	2,237.46
8/9-1/10	833.33	1,404.13	2,237.46
2/10-7/10	833.33	1,361.21	2,194.54
8/10-1/11	833.33	1,361.21	2,194.54
2/11-7/11	1,166.67	1,318.29	2,484.96
8/11-1/12	1,166.67	1,318.29	2,484.96
2/12-7/12	1,166.67	1,258.21	2,424.88
8/12-1/13	1,166.67	1,258.21	2,424.88
2/13-7/13	1,083.33	1,198.13	2,281.46
8/13-1/14	1,083.33	1,198.13	2,281.46
2/14-7/14	1,083.33	1,142.33	2,225.67
8/14-1/15	1,083.33	1,142.33	2,225.67
2/15-7/15	1,333.33	1,086.54	2,419.88
8/15-1/16	1,333.33	1,086.54	2,419.88
2/16-7/16	1,333.33	1,017.88	2,351.21
8/16-1/17	1,333.33	1,017.88	2,351.21
2/17-7/17	1,333.33	949.21	2,282.54
8/17-1/18	1,333.33	949.21	2,282.54
2/18-7/18	1,500.00	876.54	2,376.54
8/18-1/19	1,500.00	876.54	2,376.54
2/19-7/19	1,500.00	794.79	2,294.79
8/19-1/20	1,500.00	794.79	2,294.79
2/20-7/20	1,500.00	713.04	2,213.04
8/20-1/21	1,500.00	713.04	2,213.04
2/21-7/21	1,750.00	631.29	2,381.29
8/21-1/22	1,750.00	631.29	2,381.29
2/22-7/22	1,750.00	535.92	2,285.92
8/22-1/23	1,750.00	535.92	2,285.92
2/23-7/23	2,000.00	440.54	2,440.54
8/23-1/24	2,000.00	440.54	2,440.54
2/24-7/24	1,916.67	331.54	2,248.21
8/24-1/25	1,916.67	331.54	2,248.21
2/25-7/25	2,000.00	227.08	2,227.08
8/25-1/26	2,000.00	227.08	2,227.08
2/26-7/26	2,166.67	114.83	2,284.75
8/26-1/27	2,166.67	114.83	2,284.75
Totals	374,000.00	310,293.53	684,293.53

2000
2009
2010

Borrower:	Dudlock Pen Water District - Contributions Account
Dated Date:	05/15/02

Prnts Due 2/1 + 2/1

KRW - Phase V - District Portion

Borrower Payment Schedule

Payment Date	Principal	Interest	Trustee Fees	Total	Fiscal Total
05/15/02					
07/01/02	0.00	3,828.39	250.00	4,078.39	4,078.39
01/01/03	5,000.00	9,067.25	0.00	14,067.25	
07/01/03	0.00	8,938.50	250.00	9,188.50	23,255.75
01/01/04	7,000.00	8,938.50	0.00	15,938.50	
07/01/04	0.00	8,758.25	250.00	9,008.25	24,946.75
01/01/05	7,000.00	8,758.25	0.00	15,758.25	
07/01/05	0.00	8,578.00	250.00	8,828.00	24,586.25
01/01/06	7,000.00	8,578.00	0.00	15,578.00	
07/01/06	0.00	8,397.75	250.00	8,647.75	24,225.75
01/01/07	10,000.00	8,397.75	0.00	18,397.75	
07/01/07	0.00	8,140.25	250.00	8,390.25	26,788.00
01/01/08	10,000.00	8,140.25	0.00	18,140.25	
07/01/08	0.00	7,882.75	250.00	8,132.75	26,273.00
01/01/09	10,000.00	7,882.75	0.00	17,882.75	
07/01/09	0.00	7,625.25	250.00	7,875.25	25,758.00
01/01/10	10,000.00	7,625.25	0.00	17,625.25	
07/01/10	0.00	7,367.75	250.00	7,617.75	25,243.00
01/01/11	10,000.00	7,367.75	0.00	17,367.75	
07/01/11	0.00	7,110.25	250.00	7,360.25	24,728.00
01/01/12	11,000.00	7,110.25	0.00	18,110.25	
07/01/12	0.00	6,827.00	250.00	7,077.00	25,187.25
01/01/13	11,000.00	6,827.00	0.00	17,827.00	
07/01/13	0.00	6,543.75	250.00	6,793.75	24,620.75
01/01/14	12,000.00	6,543.75	0.00	18,543.75	
07/01/14	0.00	6,234.75	250.00	6,484.75	25,028.50
01/01/15	12,000.00	6,234.75	0.00	18,234.75	
07/01/15	0.00	5,925.75	250.00	6,175.75	24,410.50
01/01/16	14,000.00	5,925.75	0.00	19,925.75	
07/01/16	0.00	5,565.25	250.00	5,815.25	25,741.00
01/01/17	14,000.00	5,565.25	0.00	19,565.25	
07/01/17	0.00	5,204.75	250.00	5,454.75	25,020.00
01/01/18	14,000.00	5,204.75	0.00	19,204.75	
07/01/18	0.00	4,823.25	250.00	5,073.25	24,278.00
01/01/19	17,000.00	4,823.25	0.00	21,823.25	
07/01/19	0.00	4,360.00	250.00	4,610.00	26,433.25
01/01/20	17,000.00	4,360.00	0.00	21,360.00	
07/01/20	0.00	3,896.75	250.00	4,146.75	25,506.75
01/01/21	17,000.00	3,896.75	0.00	20,896.75	
07/01/21	0.00	3,433.50	250.00	3,683.50	24,580.25
01/01/22	19,000.00	3,433.50	0.00	22,433.50	
07/01/22	0.00	2,915.75	250.00	3,165.75	25,599.25
01/01/23	19,000.00	2,915.75	0.00	21,915.75	
07/01/23	0.00	2,398.00	250.00	2,648.00	24,563.75
01/01/24	21,000.00	2,398.00	0.00	23,398.00	
07/01/24	0.00	1,825.75	250.00	2,075.75	25,473.75
01/01/25	22,000.00	1,825.75	0.00	23,825.75	
07/01/25	0.00	1,226.25	250.00	1,476.25	25,302.00
01/01/26	21,000.00	1,226.25	0.00	22,226.25	
07/01/26	0.00	654.00	250.00	904.00	23,130.25
01/01/27	24,000.00	654.00	0.00	24,654.00	
07/01/27	0.00	0.00	0.00	0.00	24,654.00
Totals	341,000.00	282,162.14	6,250.00	629,412.14	

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
7/02	0.00	3,828.39	3,828.39
8/2-1/3	833.33	1,511.21	2,344.54
2/3-7/3	583.33	1,489.75	2,073.08
8/3-1/4	583.33	1,489.75	2,073.08
2/4-7/4	583.33	1,459.71	2,043.04
8/4-1/5	583.33	1,459.71	2,043.04
2/5-7/5	583.33	1,429.67	2,013.00
8/5-1/6	583.33	1,429.67	2,013.00
2/6-7/6	833.33	1,399.63	2,232.96
8/6-1/7	833.33	1,399.63	2,232.96
2/7-7/7	833.33	1,356.71	2,190.04
8/7-1/8	833.33	1,356.71	2,190.04
2/8-7/8	833.33	1,313.79	2,147.13
8/8-1/9	833.33	1,313.79	2,147.13
2/9-7/9	833.33	1,270.88	2,104.21
8/9-1/10	833.33	1,270.88	2,104.21
2/10-7/10	833.33	1,227.96	2,061.29
8/10-1/11	833.33	1,227.96	2,061.29
2/11-7/11	916.67	1,185.04	2,101.71
8/11-1/12	916.67	1,185.04	2,101.71
2/12-7/12	916.67	1,137.83	2,054.50
8/12-1/13	916.67	1,137.83	2,054.50
2/13-7/13	1,000.00	1,090.63	2,090.63
8/13-1/14	1,000.00	1,090.63	2,090.63
2/14-7/14	1,000.00	1,039.13	2,039.13
8/14-1/15	1,000.00	1,039.13	2,039.13
2/15-7/15	1,166.67	987.63	2,154.29
8/15-1/16	1,166.67	987.63	2,154.29
2/16-7/16	1,166.67	927.54	2,094.21
8/16-1/17	1,166.67	927.54	2,094.21
2/17-7/17	1,166.67	867.46	2,034.13
8/17-1/18	1,166.67	867.46	2,034.13
2/18-7/18	1,416.67	803.88	2,220.54
8/18-1/19	1,416.67	803.88	2,220.54
2/19-7/19	1,416.67	726.67	2,143.33
8/19-1/20	1,416.67	726.67	2,143.33
2/20-7/20	1,416.67	649.46	2,066.13
8/20-1/21	1,416.67	649.46	2,066.13
2/21-7/21	1,583.33	572.25	2,155.58
8/21-1/22	1,583.33	572.25	2,155.58
2/22-7/22	1,583.33	485.96	2,069.29
8/22-1/23	1,583.33	485.96	2,069.29
2/23-7/23	1,750.00	399.67	2,149.67
8/23-1/24	1,750.00	399.67	2,149.67
2/24-7/24	1,833.33	304.29	2,137.63
8/24-1/25	1,833.33	304.29	2,137.63
2/25-7/25	1,750.00	204.38	1,954.38
8/25-1/26	1,750.00	204.38	1,954.38
2/26-7/26	2,000.00	109.00	2,109.00
8/26-1/27	2,000.00	109.00	2,109.00
Totals	341,000.00	282,162.09	623,162.14

2608
2009
2010

AMORTIZATION SCHEDULE

SERIES 2002B BONDS

ISSUED 7/31/02

Rullock Pen Water District

Water - Series 2002B

Issue Date **7/31/2002**

Maturity Date **2/1/2021**

Interest Rate **3.15% - 5%**

Original Issue **574,000.00**

PSC Case No

Proceeds Used For: **Refinance the 1987 Series A; 1987 Series B; and 1985 Series A Bonds**
which were used for the Construction of Water Line Extensions

Balance 12/31/08 **435,000.00**

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM, SERIES 2002

Borrower: Bullock Pen Water District Refunding of Series 1985 A & 1987 A & B
Dated Date: 07/31/02

Pmts Due 2/1 + 8/1

KRW - Refunding P&I

Borrower Payment Schedule

Payment Date	Principal	Interest	Trustee Fees	Total	Fiscal Total
07/31/02					
01/01/03	21,000.00	11,882.02	350.00	32,882.02	
07/01/03	0.00	11,485.63	350.00	11,835.63	44,717.65
01/01/04	23,000.00	11,485.63	0.00	34,485.63	
07/01/04	0.00	11,123.38	350.00	11,473.38	45,959.01
01/01/05	23,000.00	11,123.38	0.00	34,123.38	
07/01/05	0.00	10,761.13	350.00	11,111.13	45,234.51 ✓
01/01/06	23,000.00	10,761.13	0.00	33,761.13	
07/01/06	0.00	10,398.88	350.00	10,748.88	44,510.01
01/01/07	23,000.00	10,398.88	0.00	33,398.88	
07/01/07	0.00	10,036.63	350.00	10,386.63	43,785.51
01/01/08	26,000.00	10,036.63	0.00	36,036.63	
07/01/08	0.00	9,594.63	350.00	9,944.63	45,981.26
01/01/09	27,000.00	9,594.63	0.00	36,594.63	
07/01/09	0.00	9,101.88	350.00	9,451.88	46,046.51
01/01/10	28,000.00	9,101.88	0.00	37,101.88	
07/01/10	0.00	8,573.38	350.00	8,923.38	46,025.26
01/01/11	29,000.00	8,573.38	0.00	37,573.38	
07/01/11	0.00	8,007.88	350.00	8,357.88	45,931.26
01/01/12	29,000.00	8,007.88	0.00	37,007.88	
07/01/12	0.00	7,424.25	350.00	7,774.25	44,782.13
01/01/13	30,000.00	7,424.25	0.00	37,424.25	
07/01/13	0.00	6,801.75	350.00	7,151.75	44,576.00
01/01/14	31,000.00	6,801.75	0.00	37,801.75	
07/01/14	0.00	6,158.50	350.00	6,508.50	44,310.25
01/01/15	33,000.00	6,158.50	0.00	39,158.50	
07/01/15	0.00	5,432.50	350.00	5,782.50	44,941.00
01/01/16	33,000.00	5,432.50	0.00	38,432.50	
07/01/16	0.00	4,690.00	350.00	5,040.00	43,472.50
01/01/17	35,000.00	4,690.00	0.00	39,690.00	
07/01/17	0.00	3,885.00	350.00	4,235.00	43,925.00
01/01/18	37,000.00	3,885.00	0.00	40,885.00	
07/01/18	0.00	3,015.50	350.00	3,365.50	44,250.50
01/01/19	39,000.00	3,015.50	0.00	42,015.50	
07/01/19	0.00	2,079.50	350.00	2,429.50	44,445.00
01/01/20	41,000.00	2,079.50	0.00	43,079.50	
07/01/20	0.00	1,075.00	350.00	1,425.00	44,504.50
01/01/21	43,000.00	1,075.00	0.00	44,075.00	
07/01/21	0.00	0.00	350.00	350.00	44,425.00
Totals	574,000.00	271,172.86	6,650.00	851,822.86	

Principal Balance

Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments	
9/2-1/3	4,200.00	2,376.40	6,576.40
2/2-7/3	1,916.67	1,914.27	3,830.94
8/3-1/4	1,916.67	1,914.27	3,830.94
2/4-7/4	1,916.67	1,853.90	3,770.56
8/4-1/5	1,916.67	1,853.90	3,770.56
2/5-7/5	1,916.67	1,793.52	3,710.19
8/5-1/6	1,916.67	1,793.52	3,710.19
2/6-7/6	1,916.67	1,733.15	3,649.81
8/6-1/7	1,916.67	1,733.15	3,649.81
2/7-7/7	2,166.67	1,672.77	3,839.44
8/7-1/8	2,166.67	1,672.77	3,839.44
2/8-7/8	2,250.00	1,599.11	3,849.11
8/8-1/9	2,250.00	1,599.11	3,849.11
2/9-7/9	2,333.33	1,516.98	3,850.31
8/9-1/10	2,333.33	1,516.98	3,850.31
2/10-7/10	2,416.67	1,428.90	3,845.56
8/10-1/11	2,416.67	1,428.90	3,845.56
2/11-7/11	2,416.67	1,334.65	3,751.31
8/11-1/12	2,416.67	1,334.65	3,751.31
2/12-7/12	2,500.00	1,237.38	3,737.38
8/12-1/13	2,500.00	1,237.38	3,737.38
2/13-7/13	2,583.33	1,133.63	3,716.96
8/13-1/14	2,583.33	1,133.63	3,716.96
2/14-7/14	2,750.00	1,026.42	3,776.42
8/14-1/15	2,750.00	1,026.42	3,776.42
2/15-7/15	2,750.00	905.42	3,655.42
8/15-1/16	2,750.00	905.42	3,655.42
2/16-7/16	2,916.67	781.67	3,698.33
8/16-1/17	2,916.67	781.67	3,698.33
2/17-7/17	3,083.33	647.50	3,730.83
8/17-1/18	3,083.33	647.50	3,730.83
2/18-7/18	3,250.00	502.58	3,752.58
8/18-1/19	3,250.00	502.58	3,752.58
2/19-7/19	3,416.67	346.58	3,763.25
8/19-1-20	3,416.67	346.58	3,763.25
2/20-7/20	3,583.33	179.17	3,762.50
8/20-1/21	3,583.33	179.17	3,762.50
Totals	574,000.00	271,172.86	845,172.86

*2008
2009
2010*

*Bullock Pen Water District
KRW Refunding P&I*

2010

AMORTIZATION SCHEDULE

SERIES 2001G BONDS

ISSUED 7/29/03

KRWFC - DRY RIDGE TANK LOAN

221.10

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM, SERIES 2001 G

Borrower:	Bullock Pen Water District
Dated Date:	07/29/03

Borrower Payment Schedule

Payment Date	Principal	Interest	Trustee Fees	Total	Fiscal Total
07/29/03					
			Loan Balance		
01/01/04	25,000.00	7,205.22	435,000	32,205.22	
07/01/04	0.00	8,405.25	250.00	8,655.25	40,860.47
01/01/05	25,000.00	8,405.25	410,000	33,405.25	
07/01/05	0.00	8,165.25	250.00	8,415.25	41,820.50 ✓
01/01/06	25,000.00	8,165.25	385,000	33,165.25	
07/01/06	0.00	-7,869.00	250.00	8,119.00	41,284.25
01/01/07	26,000.00	7,869.00	359,000	33,869.00	
07/01/07	0.00	7,515.40	250.00	7,765.40	41,634.40
01/01/08	27,000.00	7,515.40	332,000	34,515.40	
07/01/08	0.00	7,094.20	250.00	7,344.20	41,859.60
01/01/09	27,000.00	7,094.20	305,000	34,094.20	
07/01/09	0.00	6,639.25	250.00	6,889.25	40,983.45
01/01/10	28,000.00	6,639.25	277,000	34,639.25	
07/01/10	0.00	6,118.45	250.00	6,368.45	41,007.70
01/01/11	29,000.00	6,118.45	248,000	35,118.45	
07/01/11	0.00	5,542.80	250.00	5,792.80	40,911.25
01/01/12	31,000.00	5,542.80	217,000	36,542.80	
07/01/12	0.00	4,904.20	250.00	5,154.20	41,697.00
01/01/13	32,000.00	4,904.20	185,000	36,904.20	
07/01/13	0.00	4,181.00	250.00	4,431.00	41,335.20
01/01/14	35,000.00	4,181.00	150,000	39,181.00	
07/01/14	0.00	3,390.00	250.00	3,640.00	42,821.00
01/01/15	35,000.00	3,390.00	115,000	38,390.00	
07/01/15	0.00	2,599.00	250.00	2,849.00	41,239.00
01/01/16	40,000.00	2,599.00	75,000	42,599.00	
07/01/16	0.00	1,695.00	250.00	1,945.00	44,544.00
01/01/17	35,000.00	1,695.00	40,000	36,695.00	
07/01/17	0.00	904.00	250.00	1,154.00	37,849.00
01/01/18	40,000.00	904.00	0 -	40,904.00	
07/01/18	0.00	0.00	250.00	250.00	41,154.00
Totals	460,000.00	157,250.82	3,750.00	621,000.82	

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
8/3-1/4	5,000.00	1,441.04	6,441.04
2/4-7/4	2,083.33	1,400.88	3,484.21
8/4-1/5	2,083.33	1,400.88	3,484.21
2/5-7/5	2,083.33	1,360.88	3,444.21
8/5-1/6	2,083.33	1,360.88	3,444.21
2/6-7/6	2,166.67	1,311.50	3,478.17
8/6-1/7	2,166.67	1,311.50	3,478.17
2/7-7/7	2,250.00	1,252.57	3,502.57
8/7-1/8	2,250.00	1,252.57	3,502.57
2/8-7/8	2,250.00	1,182.37	3,432.37
8/8-1/9	2,250.00	1,182.37	3,432.37
2/9-7/9	2,333.33	1,106.54	3,439.88
8/9-1/10	2,333.33	1,106.54	3,439.88
2/10-7/10	2,416.67	1,019.74	3,436.41
8/10-1/11	2,416.67	1,019.74	3,436.41
2/11-7/11	2,583.33	923.80	3,507.13
8/11-1/12	2,583.33	923.80	3,507.13
2/12-7/12	2,666.67	817.37	3,484.03
8/12-1/13	2,666.67	817.37	3,484.03
2/13-7/13	2,916.67	696.83	3,613.50
8/13-1/14	2,916.67	696.83	3,613.50
2/14-7/14	2,916.67	565.00	3,481.67
8/14-1/15	2,916.67	565.00	3,481.67
2/15-7/15	3,333.33	433.17	3,766.50
8/15-1/16	3,333.33	433.17	3,766.50
2/16-7/16	2,916.67	282.50	3,199.17
8/16-1/17	2,916.67	282.50	3,199.17
2/17-7/17	3,333.33	150.67	3,484.00
8/17-1/18	3,333.33	150.67	3,484.00
Totals	460,000.00	157,250.77	617,250.82

2008
2009
2010

Bonds Payable - KRW Dry Ridge Tank 221.10

AMORTIZATION SCHEDULE

SERIES 2004D BONDS

ISSUED 10/19/04

Bullock Pen Water District
KRW - Series 2004D

Issue Date	10/19/2004
Maturity Date	2/1/2019
Interest Rate	3.12% - 4.12%
Original Issue	98,000.00
PSC Case No	2004-00339
Proceeds Used For:	Build the Phase 7 Line Expansion Project
Balance 12/31/08	74,000.00

22.1.11

KRWFC - Phase 7

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2004 D

Borrower:	Bullock Pen Water District
Dated Date:	10/19/04

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
10/19/04		1 year Balance				
01/01/05	6,000.00	92,000 3.12%	1,198.80		7,198.80	
07/01/05	0.00		1,704.60	250.00	1,954.60	9,153.40
01/01/06	6,000.00	86,000 3.12%	1,611.00		7,704.60	
07/01/06	0.00		1,611.00	250.00	1,861.00	9,565.60
01/01/07	6,000.00	80,000 3.12%	1,611.00		7,611.00	
07/01/07	0.00		1,517.40	250.00	1,767.40	9,378.40
01/01/08	6,000.00	74,000 3.22%	1,517.40		7,517.40	
07/01/08	0.00		1,420.80	250.00	1,670.80	9,188.20
01/01/09	6,000.00	68,000 3.37%	1,420.80		7,420.80	
07/01/09	0.00		1,319.70	250.00	1,569.70	8,990.50
01/01/10	6,000.00	62,000 3.37%	1,319.70		7,319.70	
07/01/10	0.00		1,218.60	250.00	1,468.60	8,788.50
01/01/11	6,000.00	56,000 3.37%	1,218.60		7,218.60	
07/01/11	0.00		1,117.50	250.00	1,367.50	8,586.10
01/01/12	6,000.00	50,000 3.50%	1,117.50		7,117.50	
07/01/12	0.00		1,012.50	250.00	1,262.50	8,380.00
01/01/13	7,000.00	43,000 3.62%	1,012.50		8,012.50	
07/01/13	0.00		885.80	250.00	1,135.80	9,148.30
01/01/14	7,000.00	36,000 4.12%	885.80		7,885.80	
07/01/14	0.00		741.60	250.00	991.60	8,877.40
01/01/15	7,000.00	29,000 4.12%	741.60		7,741.60	
07/01/15	0.00		597.40	250.00	847.40	8,589.00
01/01/16	7,000.00	22,000 4.12%	597.40		7,597.40	
07/01/16	0.00		453.20	250.00	703.20	8,300.60
01/01/17	7,000.00	15,000 4.12%	453.20		7,453.20	
07/01/17	0.00		309.00	250.00	559.00	8,012.20
01/01/18	7,000.00	8,000 4.12%	309.00		7,309.00	
07/01/18	0.00		164.80	250.00	414.80	7,723.80
01/01/19	8,000.00	0.00 4.12%	164.80		8,164.80	
07/01/19	0.00		0.00	250.00	250.00	8,414.80
Totals	98,000.00		29,346.60	3,750.00	131,096.60	

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
12/4-1/5	3,000.00	599.40	3,599.40
2/5-7/5	500.00	284.10	784.10
8/5-1/6	500.00	284.10	784.10
2/6-7/6	500.00	268.50	768.50
8/6-1/7	500.00	268.50	768.50
2/7-7/7	500.00	252.90	752.90
8/7-1/8	500.00	252.90	752.90
2/8-7/8	500.00	236.80	736.80
8/8-1/9	500.00	236.80	736.80
2/9-7/9	500.00	219.95	719.95
8/9-1/10	500.00	219.95	719.95
2/10-7/10	500.00	203.10	703.10
8/10-1/11	500.00	203.10	703.10
2/11-7/11	500.00	186.25	686.25
8/11-1/12	500.00	186.25	686.25
2/12-7/12	583.33	168.75	752.08
8/12-1/13	583.33	168.75	752.08
2/13-7/13	583.33	147.63	730.97
8/13-1/14	583.33	147.63	730.97
2/14-7/14	583.33	123.60	706.93
8/14-1/15	583.33	123.60	706.93
2/15-7/15	583.33	99.57	682.90
8/15-1/16	583.33	99.57	682.90
2/16-7/16	583.33	75.53	658.87
8/16-1/17	583.33	75.53	658.87
2/17-7/17	583.33	51.50	634.83
8/17-1/18	583.33	51.50	634.83
2/18-7/18	666.67	27.47	694.13
8/18-1/19	666.67	27.47	694.13
2/19-7/19	0.00	-	-
Totals	98,000.00	29,346.60	127,346.60

2008
2009
2010

Phase 7

AMORTIZATION SCHEDULE

SERIES 2005B BONDS

ISSUED 10/19/05

Bullock Pen Water District
KRW - Series 2005B

Issue Date	10/19/2005
Maturity Date	2/1/2031
Interest Rate	4.09% - 4.59%
Original Issue	290,000.00
PSC Case No	2005-00231
Proceeds Used For:	Build the Phase 10 Line Expansion Project
Balance 12/31/08	276,000.00

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2005 B

Borrower:	Bullock Pen WD
Dated Date:	10/19/05

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
10/19/05						
			Loan Balance			
07/01/06			10,362.29	250.00	10,612.29	10,612.29
01/01/07	7,000.00	283,000 4.090%	6,217.38		13,217.38	
07/01/07	0.00		6,074.23	250.00	6,324.23	19,541.61
01/01/08	7,000.00	276,000 4.090%	6,074.23		13,074.23	
07/01/08	0.00		5,931.08	250.00	6,181.08	19,255.31
01/01/09	8,000.00	264,000 4.090%	5,931.08		13,931.08	
07/01/09	0.00		5,767.48	250.00	6,017.48	19,948.56
01/01/10	8,000.00	260,000 4.090%	5,767.48		13,767.48	
07/01/10	0.00		5,603.88	250.00	5,853.88	19,621.36
01/01/11	8,000.00	252,000 4.090%	5,603.88		13,603.88	
07/01/11	0.00		5,440.28	250.00	5,690.28	19,294.16
01/01/12	8,000.00	244,000 4.090%	5,440.28		13,440.28	
07/01/12	0.00		5,276.68	250.00	5,526.68	18,966.96
01/01/13	9,000.00	235,000 4.090%	5,276.68		14,276.68	
07/01/13	0.00		5,092.63	250.00	5,342.63	19,619.31
01/01/14	9,000.00	226,000 4.090%	5,092.63		14,092.63	
07/01/14	0.00		4,908.58	250.00	5,158.58	19,251.21
01/01/15	9,000.00	217,000 4.090%	4,908.58		13,908.58	
07/01/15	0.00		4,724.53	250.00	4,974.53	18,883.11
01/01/16	10,000.00	207,000 4.090%	4,724.53		14,724.53	
07/01/16	0.00		4,520.03	250.00	4,770.03	19,494.56
01/01/17	11,000.00	196,000 4.090%	4,520.03		15,520.03	
07/01/17	0.00		4,295.08	250.00	4,545.08	20,065.11
01/01/18	11,000.00	185,000 4.090%	4,295.08		15,295.08	
07/01/18	0.00		4,070.13	250.00	4,320.13	19,615.21
01/01/19	11,000.00	174,000 4.090%	4,070.13		15,070.13	
07/01/19	0.00		3,845.18	250.00	4,095.18	19,165.31
01/01/20	11,000.00	163,000 4.190%	3,845.18		14,845.18	
07/01/20	0.00		3,614.73	250.00	3,864.73	18,709.91
01/01/21	12,000.00	151,000 4.215%	3,614.73		15,614.73	
07/01/21	0.00		3,361.83	250.00	3,611.83	19,226.56
01/01/22	12,000.00	139,000 4.290%	3,361.83		15,361.83	
07/01/22	0.00		3,104.43	250.00	3,354.43	18,716.26
01/01/23	12,000.00	127,000 4.340%	3,104.43		15,104.43	
07/01/23	0.00		2,844.03	250.00	3,094.03	18,198.46
01/01/24	14,000.00	113,000 4.340%	2,844.03		16,844.03	
07/01/24	0.00		2,540.23	250.00	2,790.23	19,634.26
01/01/25	14,000.00	99,000 4.390%	2,540.23		16,540.23	
07/01/25	0.00		2,232.93	250.00	2,482.93	19,023.16
01/01/26	15,000.00	84,000 4.440%	2,232.93		17,232.93	
07/01/26	0.00		1,899.93	250.00	2,149.93	19,382.86
01/01/27	15,000.00	69,000 4.465%	1,899.93		16,899.93	
07/01/27	0.00		1,565.05	250.00	1,815.05	18,714.98
01/01/28	16,000.00	53,000 4.465%	1,565.05		17,565.05	
07/01/28	0.00		1,207.85	250.00	1,457.85	19,022.90
01/01/29	17,000.00	36,000 4.490%	1,207.85		18,207.85	
07/01/29	0.00		826.20	250.00	1,076.20	19,284.05
01/01/30	18,000.00	18,000 4.590%	826.20		18,826.20	
07/01/30	0.00		413.10	250.00	663.10	19,489.30
01/01/31	18,000.00	0 4.590%	413.10		18,413.10	
07/01/31	0.00			250.00	250.00	18,663.10
Totals	290,000.00		194,899.87	6,500.00	491,399.87	

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
12/5-1/6			
2/6-7/6		1,295.29	1,295.29
8/6-1/7	583.33	1,295.29	1,878.62
2/7-7/7	583.33	1,036.23	1,619.56
8/7-1/8	583.33	1,012.37	1,595.71
2/8-7/8	666.67	1,012.37	1,595.71
8/8-1/9	666.67	988.51	1,655.18
2/9-7/9	666.67	988.51	1,655.18
8/9-1/10	666.67	961.25	1,627.91
2/10-7/10	666.67	961.25	1,627.91
8/10-1/11	666.67	933.98	1,600.65
2/11-7/11	666.67	933.98	1,600.65
8/11-1/12	666.67	906.71	1,573.38
2/12-7/12	750.00	906.71	1,573.38
8/12-1/13	750.00	879.45	1,629.45
2/13-7/13	750.00	879.45	1,629.45
8/13-1/14	750.00	848.77	1,598.77
2/14-7/14	750.00	848.77	1,598.77
8/14-1/15	750.00	818.10	1,568.10
2/15-7/15	833.33	818.10	1,568.10
8/15-1/16	833.33	787.42	1,620.76
2/16-7/16	916.67	787.42	1,620.76
8/16-1/17	916.67	753.34	1,670.01
2/17-7/17	916.67	753.34	1,670.01
8/17-1/18	916.67	715.85	1,632.51
2/18-7/18	916.67	715.85	1,632.51
8/18-1/19	916.67	678.36	1,595.02
2/19-7/19	916.67	678.36	1,595.02
8/19-1/20	916.67	640.86	1,557.53
2/20-7/20	1,000.00	640.86	1,557.53
8/20-1/21	1,000.00	602.46	1,602.46
2/21-7/21	1,000.00	602.46	1,602.46
8/21-1/22	1,000.00	560.31	1,560.31
2/22-7/22	1,000.00	560.31	1,560.31
8/22-1/23	1,000.00	517.41	1,517.41
2/23-7/23	1,166.67	517.41	1,517.41
8/23-1/24	1,166.67	474.01	1,640.67
2/24-7/24	1,166.67	474.01	1,640.67
8/24-1/25	1,166.67	423.37	1,590.04
2/25-7/25	1,250.00	423.37	1,590.04
8/25-1/26	1,250.00	372.16	1,622.16
2/26-7/26	1,250.00	372.16	1,622.16
8/26-1/27	1,250.00	316.66	1,566.66
2/27-7/27	1,333.33	316.66	1,566.66
8/27-1/28	1,333.33	260.84	1,594.18
2/28-7/28	1,416.67	260.84	1,594.18
8/28-1/29	1,416.67	201.31	1,617.98
2/29-7/29	1,500.00	201.31	1,617.98
8/29-1/30	1,500.00	137.70	1,637.70
2/30-7/30	1,500.00	137.70	1,637.70
8/30-2/31	1,500.00	68.85	1,568.85
8/30-2/31	0.00	68.85	1,568.85
Totals	290,000.00	194,899.87	484,899.87

2008
2009
2010

KRW - Phase 10 - Borrower

21.12

AMORTIZATION SCHEDULE

SERIES 2005B BONDS

ISSUED 10/19/05

Bullock Pen Water District
KRW - Series 2005B

Issue Date	10/19/2005
Maturity Date	2/1/2031
Interest Rate	4.09% - 4.59%
Original Issue	514,000.00
PSC Case No	2005-00231
Proceeds Used For:	Build the Phase 8 Line Expansion Project
Balance 12/31/08	489,000.00

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2005 B

Phase 8

221.13

Borrower:	Bullock Pen WD
Dated Date:	10/19/05

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
10/19/05						
07/01/06						
01/01/07	12,000.00	502,000 4.090%	18,369.46	250.00	18,619.46	18,619.46
07/01/07	0.00		11,021.68		23,021.68	
01/01/08	13,000.00	489,000 4.090%	10,776.28	250.00	11,026.28	34,047.96
07/01/08	0.00		10,776.28		23,776.28	
01/01/09	14,000.00	475,000 4.090%	10,510.43	250.00	10,760.43	34,536.71
07/01/09	0.00		10,510.43		24,510.43	
01/01/10	14,000.00	461,000 4.090%	10,224.13	250.00	10,474.13	34,984.56
07/01/10	0.00		10,224.13		24,224.13	
01/01/11	14,000.00	447,000 4.090%	9,937.83	250.00	10,187.83	34,411.96
07/01/11	0.00		9,937.83		23,937.83	
01/01/12	15,000.00	432,000 4.090%	9,651.53	250.00	9,901.53	33,839.36
07/01/12	0.00		9,651.53		24,651.53	
01/01/13	15,000.00	417,000 4.090%	9,344.78	250.00	9,594.78	34,246.31
07/01/13	0.00		9,344.78		24,344.78	
01/01/14	16,000.00	401,000 4.090%	9,038.03	250.00	9,288.03	33,632.81
07/01/14	0.00		9,038.03		25,038.03	
01/01/15	17,000.00	385,000 4.090%	8,710.83	250.00	8,960.83	33,998.86
07/01/15	0.00		8,710.83		25,710.83	
01/01/16	17,000.00	367,000 4.090%	8,363.18	250.00	8,613.18	34,324.01
07/01/16	0.00		8,363.18		25,363.18	
01/01/17	19,000.00	348,000 4.090%	8,015.53	250.00	8,265.53	33,628.71
07/01/17	0.00		8,015.53		27,015.53	
01/01/18	19,000.00	329,000 4.090%	7,626.98	250.00	7,876.98	34,892.51
07/01/18	0.00		7,626.98		26,626.98	
01/01/19	20,000.00	309,000 4.090%	7,238.43	250.00	7,488.43	34,115.41
07/01/19	0.00		7,238.43		27,238.43	
01/01/20	20,000.00	289,000 4.190%	6,829.43	250.00	7,079.43	34,317.86
07/01/20	0.00		6,829.43		26,829.43	
01/01/21	21,000.00	268,000 4.215%	6,410.43	250.00	6,660.43	33,489.86
07/01/21	0.00		6,410.43		27,410.43	
01/01/22	21,000.00	247,000 4.290%	5,967.85	250.00	6,217.85	33,628.28
07/01/22	0.00		5,967.85		26,967.85	
01/01/23	22,000.00	225,000 4.340%	5,517.40	250.00	5,767.40	32,735.25
07/01/23	0.00		5,517.40		27,517.40	
01/01/24	23,000.00	202,000 4.340%	5,040.00	250.00	5,290.00	32,807.40
07/01/24	0.00		5,040.00		28,040.00	
01/01/25	25,000.00	177,000 4.390%	4,540.90	250.00	4,790.90	32,830.90
07/01/25	0.00		4,540.90		29,540.90	
01/01/26	26,000.00	151,000 4.440%	3,992.15	250.00	4,242.15	33,783.05
07/01/26	0.00		3,992.15		29,992.15	
01/01/27	28,000.00	123,000 4.465%	3,414.95	250.00	3,664.95	33,657.10
07/01/27	0.00		3,414.95		31,414.95	
01/01/28	28,000.00	95,000 4.465%	2,789.85	250.00	3,039.85	34,454.80
07/01/28	0.00		2,789.85		30,789.85	
01/01/29	31,000.00	40,000 4.490%	2,164.75	250.00	2,414.75	33,204.60
07/01/29	0.00		2,164.75		33,164.75	
01/01/30	31,000.00	3,000 4.590%	1,468.80	250.00	1,718.80	34,883.55
07/01/30	0.00		1,468.80		32,468.80	
01/01/31	33,000.00	- 0 - 4.590%	757.35	250.00	1,007.35	33,476.15
07/01/31	0.00		757.35		33,757.35	
Totals	514,000.00		346,054.78	6,500.00	866,304.78	

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
12/5-1/6		2,296.18	2,296.18
2/6-7/6	1,000.00	2,296.18	3,296.18
8/6-1/7	1,000.00	1,836.95	2,836.95
2/7-7/7	1,083.33	1,796.05	2,879.38
8/7-1/8	1,083.33	1,796.05	2,879.38
2/8-7/8	1,166.67	1,751.74	2,918.41
8/8-1/9	1,166.67	1,751.74	2,918.41
2/9-7/9	1,166.67	1,704.02	2,870.69
8/9-1/10	1,166.67	1,704.02	2,870.69
2/10-7/10	1,166.67	1,656.31	2,822.97
8/10-1/11	1,166.67	1,656.31	2,822.97
2/11-7/11	1,250.00	1,608.59	2,858.59
8/11-1/12	1,250.00	1,608.59	2,858.59
2/12-7/12	1,250.00	1,557.46	2,807.46
8/12-1/13	1,250.00	1,557.46	2,807.46
2/13-7/13	1,333.33	1,506.34	2,839.67
8/13-1/14	1,333.33	1,506.34	2,839.67
2/14-7/14	1,416.67	1,451.81	2,868.47
8/14-1/15	1,416.67	1,451.81	2,868.47
2/15-7/15	1,416.67	1,393.86	2,810.53
8/15-1/16	1,416.67	1,393.86	2,810.53
2/16-7/16	1,583.33	1,335.92	2,919.26
8/16-1/17	1,583.33	1,335.92	2,919.26
2/17-7/17	1,583.33	1,271.16	2,854.50
8/17-1/18	1,583.33	1,271.16	2,854.50
2/18-7/18	1,666.67	1,206.41	2,873.07
8/18-1/19	1,666.67	1,206.41	2,873.07
2/19-7/19	1,666.67	1,138.24	2,804.91
8/19-1/20	1,666.67	1,138.24	2,804.91
2/20-7/20	1,750.00	1,068.41	2,818.41
8/20-1/21	1,750.00	1,068.41	2,818.41
2/21-7/21	1,750.00	994.64	2,744.64
8/21-1/22	1,750.00	994.64	2,744.64
2/22-7/22	1,833.33	919.57	2,752.90
8/22-1/23	1,833.33	919.57	2,752.90
2/23-7/23	1,916.67	840.00	2,756.67
8/23-1/24	1,916.67	840.00	2,756.67
2/24-7/24	2,083.33	756.82	2,840.15
8/24-1/25	2,083.33	756.82	2,840.15
2/25-7/25	2,166.67	665.36	2,832.03
8/25-1/26	2,166.67	665.36	2,832.03
2/26-7/26	2,333.33	569.16	2,902.49
8/26-1/27	2,333.33	569.16	2,902.49
2/27-7/27	2,333.33	464.98	2,798.31
8/27-1/28	2,333.33	464.98	2,798.31
2/28-7/28	2,583.33	360.79	2,944.13
8/28-1/29	2,583.33	360.79	2,944.13
2/29-7/29	2,583.33	244.80	2,828.13
8/29-1/30	2,583.33	244.80	2,828.13
2/30-7/30	2,750.00	126.23	2,876.23
8/30-2/31	2,750.00	126.23	2,876.23
Totals	514,000.00	346,054.78	860,054.78

2008
2009
2010

KR30 - Phase 8 - Bonds

221.13

YAL:mdc 221.13

AMORTIZATION SCHEDULE

1991 KIA NO. 1 LOAN

ISSUED 9/1/04

KIA #1

07/22/2004 08:52 FAX 502 573 0157

KY INFRA AUTH

002/005

Kentucky Infrastructure Authority

MONTHLY PAYMENT SCHEDULE

Bullock-Pen Water District
C89-05

Payment Date	Principal	Coupon	Interest	Debt Service	Service Fee	Surplus Fund	Net Total Payment	Loan Amount	185,000.00	Principal Balance Remaining
9/1/2004	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			183,000.00
10/1/2004	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			181,000.00
11/1/2004	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			179,000.00
12/1/2004	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			177,000.00
1/1/2005	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			175,000.00
2/1/2005	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			173,000.00
3/1/2005	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			171,000.00
4/1/2005	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			169,000.00
5/1/2005	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			167,000.00
6/1/2005	2,000.00	2.250%	647.28	2,647.28	93.00	0.00	2,880.28			165,000.00
7/1/2005	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			143,333.33
8/1/2005	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			141,866.67
9/1/2005	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			140,000.00
10/1/2005	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			138,833.33
11/1/2005	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			136,666.67
12/1/2005	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			135,000.00
1/1/2006	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			133,333.33
2/1/2006	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			131,666.67
3/1/2006	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			130,000.00
4/1/2006	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			128,333.33
5/1/2006	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			126,666.67
6/1/2006	1,866.67	3.100%	498.92	2,165.58	24.17	0.00	2,189.75			125,000.00
7/1/2006	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			122,916.67
8/1/2006	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			120,833.33
9/1/2006	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			118,750.00
10/1/2006	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			116,666.67
11/1/2006	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			114,583.33
12/1/2006	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			112,500.00
1/1/2007	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			110,416.67
2/1/2007	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			108,333.33
3/1/2007	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			106,250.00
4/1/2007	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			104,166.67
5/1/2007	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			102,083.33
6/1/2007	2,083.33	3.500%	446.25	2,529.58	20.83	0.00	2,550.42			100,000.00
7/1/2007	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			97,916.67
8/1/2007	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			95,833.33
9/1/2007	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			93,750.00
10/1/2007	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			91,666.67
11/1/2007	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			89,583.33
12/1/2007	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			87,500.00
1/1/2008	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			85,416.67
2/1/2008	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			83,333.33
3/1/2008	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			81,250.00
4/1/2008	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			79,166.67
5/1/2008	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			77,083.33
6/1/2008	2,083.33	4.040%	371.48	2,454.79	16.67	0.00	2,471.46			75,000.00
7/1/2008	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			72,916.67
8/1/2008	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			70,833.33
9/1/2008	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			68,750.00
10/1/2008	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			66,666.67
11/1/2008	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			64,583.33
12/1/2008	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			62,500.00
1/1/2009	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			60,416.67
2/1/2009	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			58,333.33

22,500.00

25,000.00

25,000.00

28877.16

28170.96

29,906.22

28,529.52

12/31/08

07/22/2004 09:53 FAX 502 578 0157

KY INFRA AUTH

003/005

Kentucky Infrastructure Authority

MONTHLY PAYMENT SCHEDULE

Bullock-Pan Water District

C89-05

Payment Date	Principal	Coupon	Interest	Debt Service	Service Fee	Surplus Fund	Net Total Payment	Loan Amount	165,000.00	Principal Balance Remaining
3/1/2009	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			58,250.00
4/1/2009	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			54,166.67
5/1/2009	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			52,083.33
6/1/2009	2,083.33	4.340%	287.29	2,370.63	12.50	0.00	2,383.13			50,000.00
7/1/2009	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			47,711.67
8/1/2009	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			45,423.33
9/1/2009	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			43,135.00
10/1/2009	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			40,846.67
11/1/2009	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			38,558.33
12/1/2009	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			37,500.00
1/1/2010	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			35,416.67
2/1/2010	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			33,333.33
3/1/2010	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			31,250.00
4/1/2010	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			29,166.67
5/1/2010	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			27,083.33
6/1/2010	2,083.33	4.610%	196.88	2,280.21	8.33	0.00	2,288.54			25,000.00
7/1/2010	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			22,816.67
8/1/2010	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			20,633.33
9/1/2010	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			18,450.00
10/1/2010	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			16,266.67
11/1/2010	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			14,083.33
12/1/2010	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			12,500.00
1/1/2011	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			10,416.67
2/1/2011	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			8,333.33
3/1/2011	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			6,250.00
4/1/2011	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			4,166.67
5/1/2011	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			2,083.33
6/1/2011	2,083.33	4.840%	100.83	2,184.17	4.17	616.02	1,571.42			0.00
TOTAL	165,000.00		28,282.26	194,282.26	1,370.00	7,403.00	185,259.26			

RS 000.00

2805.04

27905.04

RS 000.00

1786.28

24725.28

12/31/09

12/31/10

Bullock-Pen Water District

C89-05

2002 Assistance Agreement

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Fee	Total P+I	FISCAL TOTAL
12/19/2002	-	-	-	-	-	-
6/01/2003	18,803.17	2.500%	4,599.85	249.11	23,652.13	-
6/30/2003	-	-	-	-	-	23,652.13
12/01/2003	-	-	4,875.90	257.99	5,133.89	-
6/01/2004	28,567.52	2.750%	4,875.90	257.99	33,701.41	-
6/30/2004	-	-	-	-	-	38,835.30
12/01/2004	-	-	4,483.10	229.42	4,712.52	-
6/01/2005	29,489.14	3.000%	4,483.10	229.42	34,201.66	-
6/30/2005	-	-	-	-	-	38,914.18
12/01/2005	-	-	4,040.76	199.93	4,240.69	-
6/01/2006	30,180.11	3.000%	4,040.76	199.93	34,420.80	-
6/30/2006	-	-	-	-	-	38,661.49
12/01/2006	-	-	3,588.06	169.75	3,757.81	-
6/01/2007	31,404.82	3.500%	3,588.06	169.75	35,162.63	-
6/30/2007	-	-	-	-	-	38,920.44
12/01/2007	-	-	3,038.47	138.35	3,176.82	-
6/01/2008	32,486.97	4.000%	3,038.47	138.35	35,663.79	-
6/30/2008	-	-	-	-	-	38,840.61
12/01/2008	-	-	2,388.73	105.86	2,494.59	-
6/01/2009	33,680.52	5.000%	2,388.73	105.86	36,175.11	-
6/30/2009	-	-	-	-	-	38,669.70
12/01/2009	-	-	1,546.72	72.18	1,618.90	-
6/01/2010	35,368.33	4.000%	1,546.72	72.18	36,987.23	-
6/30/2010	-	-	-	-	-	38,606.13
12/01/2010	-	-	839.36	36.81	876.17	-
6/01/2011	36,805.76	4.561%	839.36	36.81	37,681.93	-
6/30/2011	-	-	-	-	-	38,558.10
Total	276,786.34	-	54,202.05	2,669.69	333,658.08	-

257,983.17

229,415.65

YIELD STATISTICS

Bond Year Dollars	229,415.65	+	39850.40	=	269266.05	\$1,334.80
Average Life						4.822 Years
Average Coupon						4.0606821%
Net Interest Cost (NIC)						4.0606821%
True Interest Cost (TIC)						4.0396740%
Bond Yield for Arbitrage Purposes						4.2386965%
All Inclusive Cost (AIC)						4.2386992%

IRS FORM 8038

Net Interest Cost	4.0606821%
Weighted Average Maturity	4.822 Years

First Albany Corporation
Public Finance

File = KIA_Fund C_Loan Sizing_Files.xls

276,786.34 New Principal
 268,300.88 Old Principal
8485.46 Cost of Issuance

Bullcock Pen Water District
Notes Payable - KIA #1

Account Code 224.11

Related Issue 1991D
Loan # 289-05-30
Loan Date 2/1/93
Maturity Date 4/1/11

Kentucky Infrastructure Authority

Project Construction Cost	\$389,259.00
Debt Service Reserve	\$41,021.82
Cost of Issuance	\$7,374.45
Total Loan	\$437,655.27

Cash Restrictions
Debt Service Reserve
Required Balance 41021.82

Assets Pledged
System Revenues

Payment Date	Principal Due	Interest Due	Interest Rate	Annual Payment	Servicing Fee	Adjustment Column	Total Payment	Principal Balance
08/29/91		9400						\$437,655.27
12/01/91		\$7,788.35	6.9100%		\$437.66	\$8,489.31	\$16,715.31	\$437,655.27
06/01/92	\$10,781.05	\$15,120.99	6.9100%	\$33,690.39	\$437.66	\$0.00	\$26,339.70	\$426,874.22
12/01/92		\$14,748.50	6.9100%		\$426.87	\$0.00	\$15,175.38	\$426,874.27
06/01/93	\$11,526.02	\$14,748.50	6.9100%	\$41,023.03	\$426.87	\$0.00	\$26,701.40	\$415,348.19
12/01/93		\$14,350.28	6.9100%		\$415.35	\$0.00	\$14,765.63	\$415,348.19
06/01/94	\$12,322.47	\$14,350.28	6.9100%	\$41,023.03	\$415.35	\$0.00	\$27,088.10	\$403,025.72
12/01/94		\$13,924.54	6.9100%		\$403.03	\$0.00	\$14,327.56	\$403,025.72
06/01/95	\$13,173.95	\$13,924.54	6.9100%	\$41,023.03	\$403.03	\$0.00	\$27,501.52	\$389,851.77
12/01/95		\$13,469.38	6.9100%		\$389.85	\$0.00	\$13,859.23	\$389,851.77
06/01/96	\$14,084.27	\$13,469.38	6.9100%	\$41,023.03	\$389.85	\$0.00	\$27,943.50	\$375,767.49
12/01/96		\$12,982.77	6.9100%		\$375.77	\$0.00	\$13,358.53	\$375,767.49
06/01/97	\$15,057.50	\$12,982.77	6.9100%	\$41,023.03	\$375.77	\$0.00	\$28,416.03	\$360,710.00
12/01/97		\$12,462.53	6.9100%		\$360.71	\$0.00	\$12,823.24	\$360,710.00
06/01/98	\$16,097.97	\$12,462.53	6.9100%	\$41,023.03	\$360.71	\$0.00	\$28,921.21	\$344,612.03
12/01/98		\$11,906.35	6.9100%		\$344.61	\$0.00	\$12,250.96	\$344,612.03
06/01/99	\$17,210.34	\$11,906.35	6.9100%	\$41,023.03	\$344.61	\$0.00	\$29,461.30	\$327,401.68
12/01/99		\$11,311.73	6.9100%		\$327.40	\$0.00	\$11,639.13	\$327,401.68
01/2000	\$18,399.58	\$11,311.73	6.9100%	\$41,023.03	\$327.40	\$0.00	\$30,038.71	\$309,002.11
12/01/2000		\$10,876.02	6.9100%		\$309.00	\$0.00	\$10,985.02	\$309,002.11
06/01/2001	\$19,670.99	\$10,876.02	6.9100%	\$41,023.03	\$309.00	\$0.00	\$30,656.01	\$289,331.12
12/01/2001		\$9,996.39	6.9100%		\$289.33	\$0.00	\$10,285.72	\$289,331.12
06/01/2002	\$21,030.25	\$9,996.39	6.9100%	\$41,023.03	\$289.33	\$0.00	\$31,315.97	\$268,300.87
12/01/2002		\$9,269.80	6.9100%		\$268.30	\$0.00	\$9,538.10	\$268,300.87
06/01/2003	\$22,483.44	\$9,269.80	6.9100%	\$41,023.03	\$268.30	\$0.00	\$32,021.54	\$245,817.43
12/01/2003		\$8,492.99	6.9100%		\$245.82	\$0.00	\$8,738.81	\$245,817.43
06/01/2004	\$24,037.05	\$8,492.99	6.9100%	\$41,023.03	\$245.82	\$0.00	\$32,775.86	\$221,780.38
12/01/2004		\$7,662.51	6.9100%		\$221.78	\$0.00	\$7,884.29	\$221,780.38
06/01/2005	\$25,698.01	\$7,662.51	6.9100%	\$41,023.03	\$221.78	\$0.00	\$33,562.30	\$196,082.38
12/01/2005		\$6,774.65	6.9100%		\$196.08	\$0.00	\$6,970.73	\$196,082.38
06/01/2006	\$27,473.74	\$6,774.65	6.9100%	\$41,023.03	\$196.08	\$0.00	\$34,444.47	\$168,608.64
12/01/2006		\$5,825.43	6.9100%		\$168.61	\$0.00	\$5,994.04	\$168,608.64
06/01/2007	\$29,372.17	\$5,825.43	6.9100%	\$41,023.03	\$168.61	\$0.00	\$35,366.21	\$139,236.46
12/01/2007		\$4,810.62	6.9100%		\$139.24	\$0.00	\$4,949.86	\$139,236.46
06/01/2008	\$31,401.79	\$4,810.62	6.9100%	\$41,023.03	\$139.24	\$0.00	\$36,351.65	\$107,834.67
12/01/2008		\$3,725.69	6.9100%		\$107.83	\$0.00	\$3,833.52	\$107,834.67
06/01/2009	\$33,571.66	\$3,725.69	6.9100%	\$41,023.03	\$107.83	\$0.00	\$37,405.18	\$74,263.01
12/01/2009		\$2,565.79	6.9100%		\$74.26	\$0.00	\$2,640.05	\$74,263.01
06/01/2010	\$35,891.46	\$2,565.79	6.9100%	\$41,023.03	\$74.26	\$0.00	\$38,531.51	\$38,371.56
12/01/2010		\$1,325.74	6.9100%		\$38.37	\$0.00	\$1,364.11	\$38,371.56
06/01/2011	\$38,371.56	\$1,325.74	6.9100%	\$41,023.03	\$38.37	\$0.00	\$39,735.67	(\$0.00)
Totals	\$437,655.27	\$375,472.72		\$813,127.99	\$11,079.75	\$8,489.31	\$832,697.05	

,489.31 Interest Owed Prior to August 29, 1991

AMORTIZATION SCHEDULE

1993 KIA NO. 2 LOAN

ISSUED 9/1/04

Bullock Pen Water District
Kentucky Infrastructure Authority

Issue Date **4/7/1993** **Refinanced 2002 and 2004 by KIA**

Maturity Date **6/1/2013**

Interest Rate **4.34% - 5.19%**

Original Issue **582,599.45**

PSC Case No *92-477*

Proceeds Used For:

Balance 12/31/08 **145,000.00**

KIA #2

Kentucky Infrastructure Authority

MONTHLY PAYMENT SCHEDULE

Bullock-Pen Water District

081-13

Payment Date	Principal	Coupon	Interest	Debt Service	Service Fee	Surplus Fund	Net Total Payment	Loan Amount	Principal Balance Remaining
8/1/2004	2,500.00	2.280%	1,158.10	3,658.10	65.00	0.00	3,713.10	275,000.00	272,500.00
10/1/2004	2,500.00	2.250%	1,158.10	3,658.10	65.00	0.00	3,713.10		270,000.00
11/1/2004	2,500.00	2.250%	1,158.10	3,658.10	55.00	0.00	3,713.10		267,500.00
12/1/2004	2,500.00	2.250%	1,158.10	3,658.10	55.00	0.00	3,713.10		265,000.00
1/1/2005	2,500.00	2.250%	1,158.10	3,658.10	55.00	0.00	3,713.10		262,600.00
2/1/2005	2,500.00	2.250%	1,158.10	3,658.10	65.00	0.00	3,713.10		260,000.00
3/1/2005	2,500.00	2.250%	1,158.10	3,658.10	55.00	0.00	3,713.10		267,500.00
4/1/2005	2,500.00	2.250%	1,158.10	3,658.10	55.00	0.00	3,713.10		265,000.00
5/1/2005	2,500.00	2.250%	1,158.10	3,658.10	55.00	0.00	3,713.10		262,500.00
6/1/2005	2,500.00	2.250%	1,158.10	3,658.10	55.00	0.00	3,713.10		260,000.00
7/1/2005	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		247,500.00
8/1/2005	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		245,000.00
9/1/2005	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		242,500.00 ✓
10/1/2005	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		240,000.00 ✓
11/1/2005	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		237,500.00 ✓
12/1/2005	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		235,000.00 ✓
1/1/2006	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		232,500.00
2/1/2006	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		230,000.00
3/1/2006	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		227,500.00
4/1/2006	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		225,000.00 ✓
5/1/2006	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		222,500.00
6/1/2006	2,500.00	3.160%	812.88	3,412.88	41.67	0.00	3,454.54		220,000.00 ✓
7/1/2006	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		217,500.00 ✓
8/1/2006	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		215,000.00 ✓
9/1/2006	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		212,500.00 ✓
10/1/2006	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		210,000.00 ✓
11/1/2006	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		207,500.00 ✓
12/1/2006	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		205,000.00
1/1/2007	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		202,500.00 ✓
2/1/2007	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		200,000.00
3/1/2007	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		197,500.00 ✓
4/1/2007	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		195,000.00 ✓
5/1/2007	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		192,500.00 ✓
6/1/2007	2,500.00	3.590%	833.88	3,333.88	36.67	0.00	3,370.54		190,000.00 ✓
7/1/2007	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		187,500.00 ✓
8/1/2007	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		185,000.00 ✓
9/1/2007	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		182,500.00 ✓
10/1/2007	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		180,000.00 ✓
11/1/2007	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		177,500.00
12/1/2007	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		175,000.00 12/31/07
1/1/2008	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		172,500.00 ✓
2/1/2008	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		170,000.00
3/1/2008	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		167,500.00
4/1/2008	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		165,000.00 ✓
5/1/2008	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		162,500.00 ✓
6/1/2008	2,500.00	4.040%	744.13	3,244.13	31.67	0.00	3,275.79		160,000.00 ✓
7/1/2008	2,500.00	4.340%	643.13	3,143.13	26.67	0.00	3,169.79		157,500.00 ✓
8/1/2008	2,500.00	4.340%	643.13	3,143.13	26.67	0.00	3,169.79		155,000.00
9/1/2008	2,500.00	4.340%	643.13	3,143.13	26.67	0.00	3,169.79		152,500.00
10/1/2008	2,500.00	4.340%	643.13	3,143.13	26.67	0.00	3,169.79		150,000.00
11/1/2008	2,500.00	4.340%	643.13	3,143.13	26.67	0.00	3,169.79		147,500.00
12/1/2008	2,500.00	4.340%	643.13	3,143.13	26.67	0.00	3,169.79		145,000.00 12/31/08

30,000.00

30,000.00

50,000.00

10,480.56

9,468.04

8,223.56

49,425.48

40,490.56

39,468.04

38,223.56

Kentucky Infrastructure Authority

MONTHLY PAYMENT SCHEDULE

Bullock-Pen Water District

091-13

Payment Date	Principal	Coupon	Interest	Debt Service	Service Fee	Surplus Fund	Net Total Payment	Loan Amount	275,000.00
3/1/2009	2,500.00	4.340%	843.13	3,143.13	26.67	0.00	3,169.79	275,000.00	Principal Balance Remaining
4/1/2009	2,500.00	4.340%	843.13	3,143.13	26.67	0.00	3,169.79	138,000.00	
5/1/2009	2,500.00	4.340%	843.13	3,143.13	26.67	0.00	3,169.79	132,500.00	
6/1/2009	2,500.00	4.340%	843.13	3,143.13	26.67	0.00	3,169.79	130,000.00	
7/1/2009	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	127,500.00	
8/1/2009	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	126,000.00	
9/1/2009	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	122,500.00	
10/1/2009	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	120,000.00	
11/1/2009	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	117,500.00	
12/1/2009	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	116,000.00	
1/1/2010	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	112,500.00	
2/1/2010	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	110,000.00	
3/1/2010	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	107,500.00	
4/1/2010	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	106,000.00	
5/1/2010	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	105,000.00	
6/1/2010	2,500.00	4.610%	534.63	3,034.63	21.67	0.00	3,056.29	102,500.00	
7/1/2010	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	100,000.00	
8/1/2010	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	97,500.00	
9/1/2010	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	95,000.00	
10/1/2010	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	92,500.00	
11/1/2010	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	90,000.00	
12/1/2010	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	87,500.00	
1/1/2011	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	85,000.00	
2/1/2011	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	82,500.00	
3/1/2011	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	80,000.00	
4/1/2011	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	77,500.00	
5/1/2011	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	75,000.00	
6/1/2011	2,500.00	4.840%	419.38	2,919.38	16.67	0.00	2,936.04	70,000.00	
7/1/2011	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	67,083.33	
8/1/2011	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	64,166.66	
9/1/2011	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	61,249.99	
10/1/2011	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	58,333.32	
11/1/2011	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	55,416.65	
12/1/2011	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	52,499.98	
1/1/2012	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	49,583.31	
2/1/2012	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	46,666.64	
3/1/2012	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	43,749.97	
4/1/2012	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	40,833.30	
5/1/2012	2,916.67	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	37,916.63	
6/1/2012	2,916.63	5.040%	288.38	3,215.04	11.67	0.00	3,226.71	35,000.00	
7/1/2012	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	32,083.33	
8/1/2012	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	28,166.66	
9/1/2012	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	26,249.99	
10/1/2012	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	23,333.32	
11/1/2012	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	20,416.66	
12/1/2012	2,916.07	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	17,499.98	
1/1/2013	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	14,583.31	
2/1/2013	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	11,666.64	
3/1/2013	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	8,749.97	
4/1/2013	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	5,833.30	
5/1/2013	2,916.67	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	2,916.63	
6/1/2013	2,916.63	5.190%	151.38	3,068.04	5.83	1,718.94	1,354.94	0.00	
TOTAL	275,000.00		66,034.48	341,034.32	2,860.24	20,827.28	323,266.68		

50,000.00

30,000.00

32,500.02

35,000.04

17499.98

7.066.54

5.724.06

4306.50

2688.48

908.24

37064.54

351724.06

36806.52

37698.48

18468.24



Revised copy

Kentucky Infrastructure Authority

375 Versailles Road
Frankfort, Kentucky 40601-3646
502-573-0260 • 502-573-0157 fax
<http://wris.state.ky.us/kia/>

KIA #2

June 18, 2004

Mr. Bob Burgess, Chairman
Post Office Box 185
Crittenden, Kentucky 41030

RE: Governmental Agencies Program Restructuring (Fund C)
Bullock-Pen Water District, C91-13

Dear Mr. Burgess:

The Kentucky Infrastructure Authority (the Authority) over the past few months has conducted an in-depth review of the Governmental Agencies Program (Fund C). As a result of this review, the Authority feels it is in your best interest, as a Fund C borrower, to restructure the Fund C program. This is to inform you that the Authority intends to proceed with the restructuring of the Fund C program. This will have a significant impact on your loan.

Two changes will have the most effect on your loan. The first change is that you will no longer be required to fund the Debt Service Reserve Fund. This will allow the Authority to release your Debt Service Reserve Fund balance, which will be used to reduce your loan principal. The result will be a reduction in the annual debt service requirement.

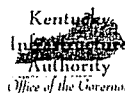
The second change will be the billing cycle for loan payments. When the Fund C program is restructured borrowers will be required to make monthly loan payments instead of semi-annual payments. Loan payments will be made by automatic electronic funds transfer from an account designated by the borrower to the Authority's trustee. Failure to maintain an adequate balance in the account used to make the monthly debt service payments will be a default.

The Authority is still in the process of finalizing the Fund C restructuring, when complete additional details will be provided. Next month you will receive a supplemental assistance agreement detailing the changed terms and conditions for your loan and instructions concerning electronic repayments. It is critical that these documents be returned as soon as possible. Your debt service requirement cannot be reduced until the new loan documents are returned.

If you have any comments, questions or concerns please promptly contact John Covington of this office at (502) 573-0260.

Sincerely,

Jody E. Hughes
Executive Director



An Equal Opportunity Employer M/F/D

KIA #2

224.12

Bullock-Pen Water District (C91-13) 2002 Assistance Agreement DEBT SERVICE SCHEDULE						
Date	Principal	Coupon	Interest	Fee	Total P+I	FISCAL TOTAL
12/19/2002	-	-	-	-	-	-
6/01/2003	22,012.57	2.500%	6,910.95	363.73	29,287.25	-
6/30/2003	-	-	-	-	-	29,287.25
12/01/2003	-	-	7,403.68	382.13	7,785.81	-
6/01/2004	32,520.33	2.750%	7,403.68	382.13	40,306.14	-
6/30/2004	-	-	-	-	-	48,091.95
12/01/2004	-	-	6,956.52	349.61	7,306.13	-
6/01/2005	33,536.60	3.000%	6,956.52	349.61	40,842.73	-
6/30/2005	-	-	-	-	-	48,148.86
12/01/2005	-	-	6,453.48	316.07	6,769.55	-
6/01/2006	34,552.86	3.000%	6,453.48	316.07	41,322.41	-
6/30/2006	-	-	-	-	-	48,091.96
12/01/2006	-	-	5,935.18	281.52	6,216.70	-
6/01/2007	35,569.12	3.500%	5,935.18	281.52	41,785.82	-
6/30/2007	-	-	-	-	-	48,002.52
12/01/2007	-	-	5,312.72	245.95	5,558.67	-
6/01/2008	36,585.34	4.000%	5,312.72	245.95	42,144.01	-
6/30/2008	-	-	-	-	-	47,702.68
12/01/2008	-	-	4,581.02	209.37	4,790.39	-
6/01/2009	38,617.93	5.000%	4,581.02	209.37	43,408.32	-
6/30/2009	-	-	-	-	-	48,198.71
12/01/2009	-	-	3,615.57	170.75	3,786.32	-
6/01/2010	40,142.29	4.000%	3,615.57	170.75	43,928.61	-
6/30/2010	-	-	-	-	-	47,714.93
12/01/2010	-	-	2,812.72	130.60	2,943.32	-
6/01/2011	41,666.66	4.561%	2,812.72	130.60	44,609.98	-
6/30/2011	-	-	-	-	-	47,553.30
12/01/2011	-	-	1,862.51	88.94	1,951.45	-
6/01/2012	43,704.30	4.125%	1,862.51	88.94	45,655.75	-
6/30/2012	-	-	-	-	-	47,607.20
12/01/2012	-	-	961.11	45.23	1,006.34	-
6/01/2013	45,228.86	4.250%	961.11	45.23	46,235.20	-
6/30/2013	-	-	-	-	-	47,241.54
Total	404,136.86	-	98,699.97	4,804.07	507,640.90	-

404,136.86
382,124.29
382,124.29
349,403.94
349,603.96
316,067.34
316,067.34
281,514.50
281,514.50
245,945.38
245,945.38
209,360.04
209,360.04
170,742.11
170,742.11
130,599.82
130,599.82
88,933.14
88,933.14
45,228.86
- 0 -

YIELD STATISTICS

Bond Year Dollars.....	\$2,401.98
Average Life.....	5.943 Years
Average Coupon.....	4.1091069%
Net Interest Cost (NIC).....	4.1091069%
True Interest Cost (TIC).....	4.0928798%
Bond Yield for Arbitrage Purposes.....	4.2920307%
All Inclusive Cost (AIC).....	4.2921254%
IRS FORM 8038	
Net Interest Cost.....	4.1091069%
Weighted Average Maturity.....	5.943 Years

Bullock-Pen Water District
(C91-13)
1993 Assistance Agreement

PRIOR NET DEBT SERVICE

Date	Principal	Interest	Fee	Net Debt Service	FISCAL TOTAL
12/01/2002	-	-	-	-	-
6/01/2003	26,033.44	10,808.01	386.85	37,228.30	-
6/30/2003	-	-	-	-	37,228.30
12/01/2003	-	10,131.14	360.82	10,491.96	-
6/01/2004	27,950.42	10,131.14	360.82	38,442.38	-
6/30/2004	-	-	-	-	48,934.34
12/01/2004	-	9,397.44	332.87	9,730.31	-
6/01/2005	29,474.99	9,397.44	332.87	39,205.30	-
6/30/2005	-	-	-	-	48,935.61
12/01/2005	-	8,605.30	303.39	8,908.69	-
6/01/2006	30,999.56	8,605.30	303.39	39,908.25	-
6/30/2006	-	-	-	-	48,816.94
12/01/2006	-	7,768.31	272.39	8,040.70	-
6/01/2007	33,032.32	7,768.31	272.39	41,073.02	-
6/30/2007	-	-	-	-	49,113.72
12/01/2007	-	6,859.92	239.36	7,099.28	-
6/01/2008	34,556.88	6,859.92	239.36	41,656.16	-
6/30/2008	-	-	-	-	48,755.44
12/01/2008	-	5,888.01	204.81	6,092.82	-
6/01/2009	36,589.64	5,888.01	204.81	42,682.46	-
6/30/2009	-	-	-	-	48,775.28
12/01/2009	-	4,836.06	168.22	5,004.28	-
6/01/2010	38,622.40	4,836.06	168.22	43,626.68	-
6/30/2010	-	-	-	-	48,630.96
12/01/2010	-	3,725.66	129.59	3,855.25	-
6/01/2011	40,655.16	3,725.66	129.59	44,510.41	-
6/30/2011	-	-	-	-	48,365.66
12/01/2011	-	2,556.83	88.94	2,645.77	-
6/01/2012	43,196.11	2,556.83	88.94	45,841.88	-
6/30/2012	-	-	-	-	48,487.65
12/01/2012	-	1,314.94	45.74	1,360.68	-
6/01/2013	45,737.05	1,314.94	45.74	47,097.73	-
6/30/2013	-	-	-	-	48,458.41
Total	386,847.97	132,975.23	4,679.11	524,502.31	-

YIELD STATISTICS

Average Life..... 5.998 Years
Average Coupon..... 5.6846985%

AMORTIZATION SCHEDULE
2002 KIA LOAN (DWSRF NO. 1)
ISSUED 6/1/03

Bullock Pen Water District

Kentucky Infrastructure Authority/Drinking Water Revolving Fund Trust

Issue Date 12/1/2002

Maturity Date 12/1/2022

Interest Rate 3.80%

Original Issue 350,367.20

PSC Case No

Proceeds Used For: Improvement & Replacement of Waterlines on 491E

Balance 12/31/08 271,313.92

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #F01-06
 Bullock-Penn Water District
 FINAL

3.80% Rate \$12,584.38 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$350,367.20		
06/01/03	\$5,927.40	\$6,656.98	3.8000%	\$12,584.38	\$437.96	\$0.00	\$13,022.34	\$344,439.80	\$0.00	\$0.00
12/01/03	\$6,040.02	\$6,544.36	3.8000%	\$12,584.38	\$430.55	\$0.00	\$13,014.93	\$338,399.78	\$14,000.00	\$14,000.00
06/01/04	\$6,154.78	\$6,429.60	3.8000%	\$12,584.38	\$423.00	\$0.00	\$13,007.38	\$332,245.00	\$0.00	\$14,000.00
12/01/04	\$6,271.72	\$6,312.66	3.8000%	\$12,584.38	\$415.31	\$0.00	\$12,999.69	\$325,973.28	\$14,000.00	\$28,000.00
06/01/05	\$6,390.89	\$6,193.49	3.8000%	\$12,584.38	\$407.47	\$0.00	\$12,991.85	\$319,582.39	\$0.00	\$28,000.00
12/01/05	\$6,512.31	\$6,072.07	3.8000%	\$12,584.38	\$399.48	\$0.00	\$12,983.86	\$313,070.08	\$14,000.00	\$42,000.00
06/01/06	\$6,636.05	\$5,948.33	3.8000%	\$12,584.38	\$391.34	\$0.00	\$12,975.72	\$306,434.03	\$0.00	\$42,000.00
12/01/06	\$6,762.13	\$5,822.25	3.8000%	\$12,584.38	\$383.04	\$0.00	\$12,967.42	\$299,671.90	\$14,000.00	\$56,000.00
06/01/07	\$6,890.61	\$5,693.77	3.8000%	\$12,584.38	\$374.59	\$0.00	\$12,958.97	\$292,781.29	\$0.00	\$56,000.00
12/01/07	\$7,021.54	\$5,562.84	3.8000%	\$12,584.38	\$365.98	\$0.00	\$12,950.36	\$285,759.75	\$14,000.00	\$70,000.00
06/01/08	\$7,154.94	\$5,429.44	3.8000%	\$12,584.38	\$357.20	\$0.00	\$12,941.58	\$278,604.81	\$0.00	\$70,000.00
12/01/08	\$7,290.89	\$5,293.49	3.8000%	\$12,584.38	\$348.26	\$0.00	\$12,932.64	\$271,313.92	\$14,000.00	\$84,000.00
06/01/09	\$7,429.42	\$5,154.96	3.8000%	\$12,584.38	\$339.14	\$0.00	\$12,923.52	\$263,884.50	\$0.00	\$84,000.00
12/01/09	\$7,570.57	\$5,013.81	3.8000%	\$12,584.38	\$329.86	\$0.00	\$12,914.24	\$256,313.93	\$14,000.00	\$98,000.00
06/01/10	\$7,714.42	\$4,869.96	3.8000%	\$12,584.38	\$320.39	\$0.00	\$12,904.77	\$248,599.51	\$0.00	\$98,000.00
12/01/10	\$7,860.99	\$4,723.39	3.8000%	\$12,584.38	\$310.75	\$0.00	\$12,895.13	\$240,738.52	\$14,000.00	\$112,000.00
06/01/11	\$8,010.35	\$4,574.03	3.8000%	\$12,584.38	\$300.92	\$0.00	\$12,885.30	\$232,728.17	\$0.00	\$112,000.00
12/01/11	\$8,162.54	\$4,421.84	3.8000%	\$12,584.38	\$290.91	\$0.00	\$12,875.29	\$224,565.63	\$14,000.00	\$126,000.00
06/01/12	\$8,317.63	\$4,266.75	3.8000%	\$12,584.38	\$280.71	\$0.00	\$12,865.09	\$216,248.00	\$0.00	\$126,000.00
12/01/12	\$8,475.67	\$4,108.71	3.8000%	\$12,584.38	\$270.31	\$0.00	\$12,854.69	\$207,772.33	\$14,000.00	\$140,000.00
06/01/13	\$8,636.71	\$3,947.67	3.8000%	\$12,584.38	\$259.72	\$0.00	\$12,844.10	\$199,135.62	\$0.00	\$140,000.00
12/01/13	\$8,800.80	\$3,783.58	3.8000%	\$12,584.38	\$248.92	\$0.00	\$12,833.30	\$190,334.82	\$0.00	\$140,000.00
06/01/14	\$8,968.02	\$3,616.36	3.8000%	\$12,584.38	\$237.92	\$0.00	\$12,822.30	\$181,366.80	\$0.00	\$140,000.00
12/01/14	\$9,138.41	\$3,445.97	3.8000%	\$12,584.38	\$226.71	\$0.00	\$12,811.09	\$172,228.39	\$0.00	\$140,000.00
06/01/15	\$9,312.04	\$3,272.34	3.8000%	\$12,584.38	\$215.29	\$0.00	\$12,799.67	\$162,916.35	\$0.00	\$140,000.00
12/01/15	\$9,488.97	\$3,095.41	3.8000%	\$12,584.38	\$203.65	\$0.00	\$12,788.03	\$153,427.38	\$0.00	\$140,000.00
06/01/16	\$9,669.26	\$2,915.12	3.8000%	\$12,584.38	\$191.78	\$0.00	\$12,776.16	\$143,758.12	\$0.00	\$140,000.00
12/01/16	\$9,852.98	\$2,731.40	3.8000%	\$12,584.38	\$179.70	\$0.00	\$12,764.08	\$133,905.14	\$0.00	\$140,000.00
06/01/17	\$10,040.18	\$2,544.20	3.8000%	\$12,584.38	\$167.38	\$0.00	\$12,751.76	\$123,864.97	\$0.00	\$140,000.00
12/01/17	\$10,230.95	\$2,353.43	3.8000%	\$12,584.38	\$154.83	\$0.00	\$12,739.21	\$113,634.02	\$0.00	\$140,000.00
06/01/18	\$10,425.33	\$2,159.05	3.8000%	\$12,584.38	\$142.04	\$0.00	\$12,726.42	\$103,208.69	\$0.00	\$140,000.00
12/01/18	\$10,623.41	\$1,960.97	3.8000%	\$12,584.38	\$129.01	\$0.00	\$12,713.39	\$92,585.28	\$0.00	\$140,000.00
06/01/19	\$10,825.26	\$1,759.12	3.8000%	\$12,584.38	\$115.73	\$0.00	\$12,700.11	\$81,760.02	\$0.00	\$140,000.00
12/01/19	\$11,030.94	\$1,553.44	3.8000%	\$12,584.38	\$102.20	\$0.00	\$12,686.58	\$70,729.08	\$0.00	\$140,000.00
06/01/20	\$11,240.53	\$1,343.85	3.8000%	\$12,584.38	\$88.41	\$0.00	\$12,672.79	\$59,488.55	\$0.00	\$140,000.00
12/01/20	\$11,454.10	\$1,130.28	3.8000%	\$12,584.38	\$74.36	\$0.00	\$12,658.74	\$48,034.45	\$0.00	\$140,000.00
06/01/21	\$11,671.73	\$912.65	3.8000%	\$12,584.38	\$60.04	\$0.00	\$12,644.42	\$36,362.72	\$0.00	\$140,000.00
12/01/21	\$11,893.49	\$690.89	3.8000%	\$12,584.38	\$45.45	\$0.00	\$12,629.83	\$24,469.23	\$0.00	\$140,000.00
06/01/22	\$12,119.46	\$464.92	3.8000%	\$12,584.38	\$30.59	\$0.00	\$12,614.97	\$12,349.77	\$0.00	\$140,000.00
12/01/22	\$12,349.77	\$234.61	3.8000%	\$12,584.38	\$15.44	\$0.00	\$12,599.82	(\$0.00)	\$0.00	\$140,000.00
Totals	\$350,367.20	\$153,007.99		\$503,375.19	\$10,066.32	\$0.00	\$513,441.51		\$140,000.00	

AMORTIZATION SCHEDULE
2003 KIA LOAN (DWSRF NO. 2)
ISSUED 12/1/04

Bullock Pen Water District

Kentucky Infrastructure Authority/Drinking Water Revolving Fund Trust

Issue Date 11/1/2003

Maturity Date 6/1/2024

Interest Rate 3.00%

Original Issue 1,139,135.00

PSC Case No 9720

Proceeds Used For: Construction of 300,000 Elevated Storage Tank & Water Main
Replacement on Violet Rd, Sherman Newtown Rd & Stephenson Mill Rd

Balance 12/31/08 999,543.58

1999 DW F LOAN

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #F02-11
 BULLOCK PEN WATER DISTRICT
 SUBJECT TO CHANGE WITH ADDITIONAL DRAWS

3.00% Rate
 \$40,555.78 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/04	\$20,990.95	\$16,542.90	3.0000%	\$37,533.85	\$1,423.92	\$0.00	\$38,957.77	\$1,139,135.00		
06/01/05	\$21,401.79	\$16,847.72	3.0000%	\$38,249.51	\$1,403.98	\$0.00	\$39,653.49	\$1,123,181.05	\$36,000.00	\$36,000.00
12/01/05	\$23,032.61	\$17,266.04	3.0000%	\$40,298.65	\$1,460.26	\$0.00	\$41,758.91	\$1,168,211.25	\$0.00	\$36,000.00
06/01/06	\$23,378.11	\$17,177.67	3.0000%	\$40,555.78	\$1,431.47	\$0.00	\$41,987.25	\$1,145,178.65	\$36,000.00	\$72,000.00
12/01/06	\$23,728.77	\$16,827.01	3.0000%	\$40,555.78	\$1,402.25	\$0.00	\$41,958.03	\$1,121,800.54	\$0.00	\$72,000.00
06/01/07	\$24,084.70	\$16,471.08	3.0000%	\$40,555.78	\$1,372.59	\$0.00	\$41,928.37	\$1,098,071.77	\$36,000.00	\$108,000.00
12/01/07	\$24,445.97	\$16,109.81	3.0000%	\$40,555.78	\$1,342.48	\$0.00	\$41,898.26	\$1,073,987.08	\$0.00	\$108,000.00
06/01/08	\$24,812.66	\$15,743.12	3.0000%	\$40,555.78	\$1,311.93	\$0.00	\$41,867.70	\$1,049,541.11	\$36,000.00	\$144,000.00
12/01/08	\$25,184.86	\$15,370.92	3.0000%	\$40,555.78	\$1,280.91	\$0.00	\$41,836.69	\$1,024,728.45	\$0.00	\$144,000.00
06/01/09	\$25,562.63	\$14,993.15	3.0000%	\$40,555.78	\$1,249.43	\$0.00	\$41,805.21	\$999,543.60	\$36,000.00	\$180,000.00
12/01/09	\$25,946.07	\$14,609.71	3.0000%	\$40,555.78	\$1,217.48	\$0.00	\$41,773.25	\$973,980.97	\$0.00	\$180,000.00
06/01/10	\$26,335.25	\$14,220.53	3.0000%	\$40,555.78	\$1,185.04	\$0.00	\$41,740.82	\$948,034.90	\$36,000.00	\$216,000.00
12/01/10	\$26,730.28	\$13,825.50	3.0000%	\$40,555.78	\$1,152.12	\$0.00	\$41,707.90	\$921,699.66	\$0.00	\$216,000.00
06/01/11	\$27,131.24	\$13,424.54	3.0000%	\$40,555.78	\$1,118.71	\$0.00	\$41,674.49	\$894,969.38	\$36,000.00	\$252,000.00
12/01/11	\$27,538.21	\$13,017.57	3.0000%	\$40,555.78	\$1,084.80	\$0.00	\$41,640.57	\$867,838.14	\$0.00	\$252,000.00
06/01/12	\$27,951.29	\$12,604.49	3.0000%	\$40,555.78	\$1,050.37	\$0.00	\$41,606.15	\$840,299.94	\$36,000.00	\$288,000.00
12/01/12	\$28,370.55	\$12,185.23	3.0000%	\$40,555.78	\$1,015.44	\$0.00	\$41,571.21	\$812,348.65	\$0.00	\$288,000.00
06/01/13	\$28,796.11	\$11,759.67	3.0000%	\$40,555.78	\$979.97	\$0.00	\$41,535.75	\$783,978.10	\$36,000.00	\$324,000.00
12/01/13	\$29,228.05	\$11,327.73	3.0000%	\$40,555.78	\$943.98	\$0.00	\$41,499.75	\$755,182.00	\$0.00	\$324,000.00
06/01/14	\$29,666.46	\$10,889.32	3.0000%	\$40,555.78	\$907.44	\$0.00	\$41,463.22	\$725,953.95	\$36,000.00	\$360,000.00
12/01/14	\$30,111.46	\$10,444.32	3.0000%	\$40,555.78	\$870.36	\$0.00	\$41,426.14	\$696,287.49	\$0.00	\$360,000.00
06/01/15	\$30,563.14	\$9,992.64	3.0000%	\$40,555.78	\$832.72	\$0.00	\$41,388.50	\$666,176.03	\$0.00	\$360,000.00
12/01/15	\$31,021.58	\$9,534.20	3.0000%	\$40,555.78	\$794.52	\$0.00	\$41,350.29	\$635,612.90	\$0.00	\$360,000.00
06/01/16	\$31,486.91	\$9,068.87	3.0000%	\$40,555.78	\$755.74	\$0.00	\$41,311.52	\$604,591.32	\$0.00	\$360,000.00
12/01/16	\$31,959.21	\$8,596.57	3.0000%	\$40,555.78	\$716.38	\$0.00	\$41,272.16	\$573,104.41	\$0.00	\$360,000.00
06/01/17	\$32,438.60	\$8,117.18	3.0000%	\$40,555.78	\$676.43	\$0.00	\$41,232.21	\$541,145.21	\$0.00	\$360,000.00
12/01/17	\$32,925.18	\$7,630.60	3.0000%	\$40,555.78	\$635.88	\$0.00	\$41,191.66	\$508,706.61	\$0.00	\$360,000.00
06/01/18	\$33,419.05	\$7,136.73	3.0000%	\$40,555.78	\$594.73	\$0.00	\$41,150.50	\$475,781.43	\$0.00	\$360,000.00
12/01/18	\$33,920.34	\$6,635.44	3.0000%	\$40,555.78	\$552.95	\$0.00	\$41,108.73	\$442,362.39	\$0.00	\$360,000.00
06/01/19	\$34,429.15	\$6,126.63	3.0000%	\$40,555.78	\$510.55	\$0.00	\$41,066.33	\$408,442.05	\$0.00	\$360,000.00
12/01/19	\$34,945.59	\$5,610.19	3.0000%	\$40,555.78	\$467.52	\$0.00	\$41,023.29	\$374,012.90	\$0.00	\$360,000.00
06/01/20	\$35,469.78	\$5,086.00	3.0000%	\$40,555.78	\$423.83	\$0.00	\$40,979.61	\$339,067.32	\$0.00	\$360,000.00
12/01/20	\$36,001.82	\$4,553.96	3.0000%	\$40,555.78	\$379.50	\$0.00	\$40,935.27	\$303,597.54	\$0.00	\$360,000.00
06/01/21	\$36,541.84	\$4,013.94	3.0000%	\$40,555.78	\$334.49	\$0.00	\$40,890.27	\$267,595.72	\$0.00	\$360,000.00
12/01/21	\$37,089.97	\$3,465.81	3.0000%	\$40,555.78	\$288.82	\$0.00	\$40,844.59	\$231,053.89	\$0.00	\$360,000.00
06/01/22	\$37,646.32	\$2,909.46	3.0000%	\$40,555.78	\$242.45	\$0.00	\$40,798.23	\$193,963.92	\$0.00	\$360,000.00
12/01/22	\$38,211.01	\$2,344.77	3.0000%	\$40,555.78	\$195.40	\$0.00	\$40,751.17	\$156,317.60	\$0.00	\$360,000.00
06/01/23	\$38,784.19	\$1,771.59	3.0000%	\$40,555.78	\$147.63	\$0.00	\$40,703.41	\$118,106.60	\$0.00	\$360,000.00
12/01/23	\$39,365.95	\$1,189.83	3.0000%	\$40,555.78	\$99.15	\$0.00	\$40,654.93	\$79,322.41	\$0.00	\$360,000.00
06/01/24	\$39,956.47	\$599.31	3.0000%	\$40,555.78	\$49.95	\$0.00	\$40,605.72	\$39,956.46	\$0.00	\$360,000.00
								(\$0.00)	\$0.00	\$360,000.00
Totals	\$1,210,604.00	\$406,041.75		\$1,616,645.76	\$33,903.59	\$0.00	\$1,650,549.34		\$360,000.00	

AMORTIZATION SCHEDULE

KACOLT LOAN NO. 1

ISSUED 9/7/95

**Bullock Pen Water District
Kentucky Association of Counties Leasing Trust
Capitalized Lease**

Issue Date	9/7/1995
Maturity Date	1/20/2019
Interest Rate	6.47%
Original Issue	1,500,000.00
PSC Case No	1995-249
Proceeds Used For:	Phase 3 Water Line Construction Project
Balance 12/31/08	877,000.00

Phase III - KACOLT #1

Kentucky Association of Counties Leasing Trust Program

Grant County #4 (Waterlines)

Assumptions

\$1,500,000	Lease Amt
County	Lessee Type
5.450000%	Bond Rate
Swap	Bond Type
24	Lease Term (Yrs)
1	Prin per Yr
288	Total # Pmts
12	Pmts per Yr
\$82,000,000	Max Tot Projects
\$83,000,000	Total MMM Bonds
\$22,000,000	Total Fixed Bonds
0	Int & Fee Only Pmts

** TIC on Swap Debt

1.8293%	Prop Share
0.250%	Admin Fee
0.500%	Credit Fee
0.233%	Fiduc Fees*
\$53,000.00	*Trustee
\$32,000.00	*Pay Agent
\$2,500.00	*Rating Agt
\$103,750.00	*Remktg
\$0.00	*Others
0.000%	Local LOC
\$113,513.62	Calc P+I Amt

(on LOC Amt, on Par 0.541%)

Projected Annual Total Pmts

Base+LOC	FY
\$76,338	1
\$130,191	2
\$129,936	3
\$129,551	4
\$129,037	5
\$128,394	6
\$128,594	7
\$127,627	8
\$127,503	9
\$126,212	10
\$125,765	11
\$125,123	12
\$124,287	13
\$124,230	14
\$105,484	15
\$123,985	16
\$123,302	17
\$122,361	18
\$121,160	19
\$120,695	20
\$119,906	21
\$118,794	22
\$117,358	23
\$117,587	24
\$0	25
\$0	26
\$0	27
\$0	28
\$0	29
\$0	30
\$2,923,417	Total

Estimated Lease Size

Project		\$1,500,000.00	100.000%
LOC Application	N	\$0.00	0.000%
Takedown		\$0.00	0.000%
Share of Issuance ***	N	\$0.00	0.000%
Closing expenses	N	\$0.00	0.000%
1st Payment	N	\$0.00	0.000%
Contingency		\$0.00	0.000%
		\$1,500,000.00	100.000%

*** to be rebated after Parity

Estimated Cost Summary

Total Interest	\$1,198,300.56
Total Admin Fees	\$54,968.06
Total Credit Fees	\$118,867.60
Total Fiduciary Fees	\$51,281.01
Total Local LOC	\$0.00
Total Cost	\$1,423,417.23
Effective Interest Rate	6.474%
Internal Rate of Return (IRR)	3.053%

Kentucky Association of Counties Leasing Trust Program

Grant County #4 - Bullock Pen

Water Tower - Mills Road
Phase III Construction Project

EXHIBIT B
Base Rentals

#	Date	Base Rental Principal Component	Base Rental Interest Component *	Admin Fees	Credit Fees	Fiduciary Fees	Adjustments	Total Base Rental	Prin Balance	Total Interest Remaining
	09/07/95	← Closing Date							1,500,000	\$1,424,091.69
1	10/20/95	0.00	9,764.58	447.92	969.74	422.24	(1,791.67)	9,812.81	1,500,000	\$1,412,487.21
2	11/20/95	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,404,391.06
3	12/20/95	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,396,294.91
4	01/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,388,198.76
5	02/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,380,102.61
6	03/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,372,006.46
7	04/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,363,910.31
8	05/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,355,814.16
9	06/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,347,718.01
10	07/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,339,621.86
11	08/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,331,525.71
12	09/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,323,429.56
13	10/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,315,333.41
14	11/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,307,237.26
15	12/20/96	0.00	6,812.50	312.50	676.56	294.59	(1,250.00)	6,846.15	1,500,000	\$1,299,141.11
16	01/20/97	34,000.00	6,812.50	312.50	676.56	294.59	(1,250.00)	40,846.15	1,466,000	\$1,291,044.96
17	02/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,283,132.32
18	03/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,275,219.68
19	04/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,267,307.04
20	05/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,259,394.40
21	06/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,251,481.76
22	07/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,243,569.12
23	08/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,235,656.48
	09/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,227,743.84
	10/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,219,831.20
26	11/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,211,918.56
27	12/20/97	0.00	6,658.08	305.42	661.23	287.91	(1,221.67)	6,690.97	1,466,000	\$1,204,005.92
28	01/20/98	36,000.00	6,658.08	305.42	661.23	287.91	(1,221.67)	42,690.97	1,430,000	\$1,196,093.28
29	02/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,188,374.95
30	03/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,180,656.62
31	04/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,172,938.29
32	05/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,165,219.96
33	06/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,157,501.63
34	07/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,149,783.30
35	08/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,142,064.97
36	09/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,134,346.64
37	10/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,126,628.31
38	11/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,118,909.98
39	12/20/98	0.00	6,494.58	297.92	644.99	280.84	(1,191.67)	6,526.66	1,430,000	\$1,111,191.65
40	01/20/99	38,000.00	6,494.58	297.92	644.99	280.84	(1,191.67)	44,526.66	1,392,000	\$1,103,473.32
41	02/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,095,960.09
42	03/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,088,446.86
43	04/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,080,933.63
44	05/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,073,420.40
45	06/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,065,907.17
46	07/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,058,393.94
47	08/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,050,880.71
48	09/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,043,367.48
49	10/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,035,854.25
50	11/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,028,341.02
51	12/20/99	0.00	6,322.00	290.00	627.85	273.38	(1,160.00)	6,353.23	1,392,000	\$1,020,827.79
52	01/20/00	40,000.00	6,322.00	290.00	627.85	273.38	(1,160.00)	46,353.23	1,352,000	\$1,013,314.56
53	02/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$1,006,017.23
54	03/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$998,719.90
	04/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$991,422.57
	05/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$984,125.24
57	06/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$976,827.91
58	07/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$969,530.58
59	08/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$962,233.25
60	09/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$954,935.92
61	KACOLT Leasing Trust	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$947,638.59

52	11/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$940,341.26
53	12/20/00	0.00	6,140.33	281.67	609.81	265.52	(1,126.67)	6,170.66	1,352,000	\$933,043.93
54	01/20/01	42,000.00	6,140.33	281.67	609.81	265.52	(1,126.67)	48,170.66	1,310,000	\$925,746.60
55	02/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$918,675.97
	03/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$911,605.34
	04/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$904,534.71
	05/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$897,464.08
59	06/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$890,393.45
70	07/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$883,322.82
71	08/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$876,252.19
72	09/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$869,181.56
73	10/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$862,110.93
74	11/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$855,040.30
75	12/20/01	0.00	5,949.58	272.92	590.86	257.27	(1,091.67)	5,978.96	1,310,000	\$847,969.67
76	01/20/02	45,000.00	5,949.58	272.92	590.86	257.27	(1,091.67)	50,978.96	1,265,000	\$840,899.04
77	02/20/02	0.00	5,745.21	263.54	570.57	248.44	(1,054.17)	5,773.59	1,265,000	\$834,071.28
78	03/20/02	0.00	5,745.21	263.54	570.57	248.44	(1,054.17)	5,773.59	1,265,000	\$827,243.52
79	04/20/02	0.00	5,745.21	263.54	570.57	248.44	(1,054.17)	5,773.59	1,265,000	\$820,415.76
80	05/20/02	0.00	5,745.21	263.54	570.57	248.44	(1,054.17)	5,773.59	1,265,000	\$813,588.00
81	06/20/02	0.00	5,745.21	263.54	570.57	248.44	(1,054.17)	5,773.59	1,265,000	\$806,760.24
82	07/20/02	0.00	5,745.21	263.54	570.57	248.44	0.00	6,827.76	1,265,000	\$799,932.48
83	08/20/02	0.00	5,745.21	263.54	570.57	248.44	0.00	6,827.76	1,265,000	\$793,104.72
84	09/20/02	0.00	5,745.21	263.54	570.57	248.44	0.00	6,827.76	1,265,000	\$786,276.96
85	10/20/02	0.00	5,745.21	263.54	570.57	248.44	0.00	6,827.76	1,265,000	\$779,449.20
86	11/20/02	0.00	5,745.21	263.54	570.57	248.44	0.00	6,827.76	1,265,000	\$772,621.44
87	12/20/02	0.00	5,745.21	263.54	570.57	248.44	0.00	6,827.76	1,265,000	\$765,793.68
88	01/20/03	47,000.00	5,745.21	263.54	570.57	248.44	0.00	53,827.76	1,218,000	\$758,965.92
89	02/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$752,391.84
90	03/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$745,817.76
91	04/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$739,243.68
92	05/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$732,669.60
93	06/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$726,095.52
94	07/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$719,521.44
95	08/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$712,947.36
96	09/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$706,373.28
	10/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$699,799.20
	11/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$693,225.12
	12/20/03	0.00	5,531.75	253.75	549.37	239.21	0.00	6,574.08	1,218,000	\$686,651.04
100	01/20/04	50,000.00	5,531.75	253.75	549.37	239.21	0.00	56,574.08	1,168,000	\$680,076.96
101	02/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$673,772.75
102	03/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$667,468.54
103	04/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$661,164.33
104	-05/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$654,860.12
105	06/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$648,555.91
106	07/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$642,251.70
107	08/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$635,947.49
108	09/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$629,643.28
109	10/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$623,339.07
110	11/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$617,034.86
111	12/20/04	0.00	5,304.67	243.33	526.82	229.39	0.00	6,304.21	1,168,000	\$610,730.65
112	01/20/05	52,000.00	5,304.67	243.33	526.82	229.39	0.00	58,304.21	1,116,000	\$604,426.44
113	02/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$598,402.91
114	03/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$592,379.38
115	04/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$586,355.85
116	05/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$580,332.32
117	06/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$574,308.79
118	07/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$568,285.26
119	08/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$562,261.73
120	09/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$556,238.20
121	10/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$550,214.67
122	11/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$544,191.14
123	12/20/05	0.00	5,068.50	232.50	503.36	219.17	0.00	6,023.53	1,116,000	\$538,167.61
124	01/20/06	55,000.00	5,068.50	232.50	503.36	219.17	0.00	61,023.53	1,061,000	\$532,144.08
125	02/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$526,417.40
126	03/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$520,690.72
127	04/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$514,964.04
	05/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$509,237.36
	06/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$503,510.68
130	07/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$497,784.00
131	08/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$492,057.32
132	09/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$486,330.64
133	10/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$480,603.96
134	KACOL Leasing Trust	0.00	4,818.71	221.04	5,187,200.00 +	208.37	0.00	5,726.68	1,061,000	Model 474 877.28

6

7

8

9

10

11

b. 471692

730
710

1,116,000

0.00

5000

10000

50000

100000

1000000

KACOLT #1

Admin

Credit

Fid

1804.54

Line	Date	Amount	Balance	Admin	Credit	Fid	0.00	5,726.68	1,061,000	\$469,150.60
135	12/20/06	0.00	4,818.71	221.04	478.56	208.37	0.00	5,726.68	1,061,000	\$469,150.60
136	01/20/07	58,000.00	4,818.71	221.04	478.56	208.37	0.00	63,726.68	1,003,000	\$463,423.92
137	02/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$458,010.30
138	03/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$452,596.68
	04/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$447,183.06
	05/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$441,769.44
	06/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$436,355.82
142	07/20/07	12 0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$430,942.20
143	08/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$425,528.58
144	09/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$420,114.96
145	10/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$414,701.34
146	11/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$409,287.72
147	12/20/07	0.00	4,555.29	208.96	452.39	196.98	0.00	5,413.62	1,003,000	\$403,874.10
148	01/20/08	61,000.00	4,555.29	208.96	452.39	196.98	0.00	66,413.62	942,000	\$398,460.48
149	02/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$393,376.10
150	03/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$388,291.72
151	04/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$383,207.34
152	05/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$378,122.96
153	06/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$373,038.58
154	07/20/08	13 0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$367,954.20
155	08/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$362,869.82
156	09/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$357,785.44
157	10/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$352,701.06
158	11/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$347,616.68
159	12/20/08	0.00	4,278.25	196.25	424.88	185.00	0.00	5,084.38	942,000	\$342,532.30
160	01/20/09	65,000.00	4,278.25	196.25	424.88	185.00	0.00	70,084.38	877,000	\$337,447.92
161	02/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$332,363.54
162	03/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$327,279.16
163	04/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$322,194.78
164	05/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$317,110.40
165	06/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$312,026.02
166	07/20/09	14 0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$306,941.64
167	08/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$301,857.26
168	09/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$296,772.88
169	10/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$291,688.50
	11/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$286,604.12
	12/20/09	0.00	3,983.04	182.71	395.56	172.24	0.00	4,733.55	877,000	\$281,519.74
	01/20/10	68,000.00	3,983.04	182.71	395.56	172.24	0.00	72,733.55	809,000	\$276,435.36
173	02/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$271,350.98
174	03/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$266,266.60
175	04/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$261,182.22
176	05/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$256,097.84
177	06/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$251,013.46
178	07/20/10	15 0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$245,929.08
179	08/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$240,844.70
180	09/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$235,760.32
181	10/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$230,675.94
182	11/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$225,591.56
183	12/20/10	0.00	3,674.21	168.54	364.89	158.88	0.00	4,366.52	809,000	\$220,507.18
184	01/20/11	72,000.00	3,674.21	168.54	364.89	158.88	0.00	76,366.52	737,000	\$215,422.80
185	02/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$210,338.42
186	03/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$205,254.04
187	04/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$200,169.66
188	05/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$195,085.28
189	06/20/11	16 0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$189,999.90
190	07/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$184,914.52
191	08/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$179,829.14
192	09/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$174,743.76
193	10/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$169,658.38
194	11/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$164,572.99
195	12/20/11	0.00	3,347.21	153.54	332.42	144.74	0.00	3,977.91	737,000	\$159,487.61
196	01/20/12	76,000.00	3,347.21	153.54	332.42	144.74	0.00	79,977.91	661,000	\$154,402.22
197	02/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$149,316.84
198	03/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$144,231.46
199	04/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$139,146.08
200	05/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$134,060.70
	06/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$128,975.32
	07/20/12	17 0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$123,889.94
	08/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$118,804.56
203	09/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$113,719.18
204	10/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$108,633.80
205	11/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$103,548.42
206	12/20/12	0.00	3,002.04	137.71	298.14	129.82	0.00	3,567.71	661,000	\$98,463.04
207	KACOLT Leasing Trust	0.00	3,002.04	137.71	5/12/2004 +	129.82	0.00	3,567.71	661,000	\$93,377.66

208	01/20/13	80,000.00	3,002.04	137.71	298.14	129.82	0.00	83,567.71	581,000	\$137,699.64	
209	02/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$134,563.73	
210	03/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$131,427.82	
211	04/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$128,291.91	
	05/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$125,156.00	
	06/20/13	18	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$122,020.09
	07/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$118,884.18	
215	08/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$115,748.27	
216	09/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$112,612.36	
217	10/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$109,476.45	
218	11/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$106,340.54	
219	12/20/13	0.00	2,638.71	121.04	262.06	114.10	0.00	3,135.91	581,000	\$103,204.63	
220	01/20/14	84,000.00	2,638.71	121.04	262.06	114.10	0.00	87,135.91	497,000	\$100,068.72	
221	02/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$97,386.19	
222	03/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$94,703.66	
223	04/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$92,021.13	
224	05/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$89,338.60	
225	06/20/14	19	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$86,656.07
226	07/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$83,973.54	
227	08/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$81,291.01	
228	09/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$78,608.48	
229	10/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$75,925.95	
230	11/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$73,243.42	
231	12/20/14	0.00	2,257.21	103.54	224.17	97.61	0.00	2,682.53	497,000	\$70,560.89	
232	01/20/15	89,000.00	2,257.21	103.54	224.17	97.61	0.00	91,682.53	408,000	\$67,878.36	
233	02/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$65,676.20	
234	03/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$63,474.04	
235	04/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$61,271.88	
236	05/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$59,069.72	
237	06/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$56,867.56	
238	07/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$54,665.40	
239	08/20/15	20	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$52,463.24
240	09/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$50,261.08	
241	10/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$48,058.92	
242	11/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$45,856.76	
	12/20/15	0.00	1,853.00	85.00	184.03	80.13	0.00	2,202.16	408,000	\$43,654.60	
	01/20/16	94,000.00	1,853.00	85.00	184.03	80.13	0.00	96,202.16	314,000	\$41,452.44	
243	02/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$39,757.64	
246	03/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$38,062.84	
247	04/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$36,368.04	
248	05/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$34,673.24	
249	06/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$32,978.44	
250	07/20/16	21	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$31,283.64
251	08/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$29,588.84	
252	09/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$27,894.04	
253	10/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$26,199.24	
254	11/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$24,504.44	
255	12/20/16	0.00	1,426.08	65.42	141.63	61.67	0.00	1,694.80	314,000	\$22,809.64	
256	01/20/17	99,000.00	1,426.08	65.42	141.63	61.67	0.00	100,694.80	215,000	\$21,114.84	
257	02/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$19,954.40	
258	03/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$18,793.96	
259	04/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$17,633.52	
260	05/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$16,473.08	
261	06/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$15,312.64	
262	07/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$14,152.20	
263	08/20/17	22	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$12,991.76
264	09/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$11,831.32	
265	10/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$10,670.88	
266	11/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$9,510.44	
267	12/20/17	0.00	976.46	44.79	96.97	42.22	0.00	1,160.44	215,000	\$8,350.00	
268	01/20/18	104,000.00	976.46	44.79	96.97	42.22	0.00	105,160.44	111,000	\$7,189.56	
269	02/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$6,590.43	
270	03/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$5,991.30	
271	04/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$5,392.17	
272	05/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$4,793.04	
273	06/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$4,193.91	
	07/20/18	23	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$3,594.78
	08/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$2,995.65	
275	09/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$2,396.52	
277	10/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$1,797.39	
278	11/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$1,198.26	
279	12/20/18	0.00	504.13	23.13	50.07	21.80	0.00	599.13	111,000	\$599.13	
280	KA201 Beasing Ttds	000.00	504.13	23.13	5/1952007 +	21.80	0.00	111,599.13	0 Model: ^	\$0.00	

281	02/20/19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	\$0.00
282	03/20/19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	\$0.00
283	04/20/19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	\$0.00
284	05/20/19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	\$0.00
	06/20/19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	\$0.00
	07/20/19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	\$0.00
	08/20/19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	\$0.00
288	09/20/19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	\$0.00
		=====	=====	=====	=====	=====	=====	=====	=====		
		\$1,500,000.00	\$1,198,300.56	\$54,968.06	\$119,005.70	\$51,817.37	(\$95,312.68)	\$2,828,779.01			

23 yr 4 mo 7 ds
 121,251

* Computed at an assumed rate per annum equal to 5.450000% , such rate being the fixed rate per annum payable under the Swap Rate in respect to the Lease.

AMORTIZATION SCHEDULE

KACOLT LOAN NO. 2

ISSUED 11/20/96

**Bullock Pen Water District
Kentucky Association of Counties Leasing Trust
Capitalized Lease**

Issue Date	11/20/1996
Maturity Date	1/20/2016
Interest Rate	6.13%
Original Issue	336,000.00
PSC Case No	1996-133
Proceeds Used For:	Construction of Water Tower on Mitts Road
Balance 12/31/08	171,000.00

Kentucky Association of Counties Leasing Trust Program

Grant County #6 (Bullock Pen #2)

Assumptions

\$336,000	Lease Amt
County	Leasee Type
5.100000%	Bond Rate
Swap	Bond Type
20	Lease Term (Yrs)
1	Pmts per Yr
240	Total # Pmts
12	Pmts per Yr
\$82,000,000	Max Tot Project
\$83,000,000	Total MMN Bonds
\$22,000,000	Total Fixed Bonds
1	Am & Fees Only Pmts

** TIC on Swap Debt

0.4098%	Prop Share
0.250%	Admin Fee
0.500%	Credit Fee
0.233%	Fiduc Fees*
\$53,000.00	Trustee
\$32,000.00	Pay Agent
\$2,500.00	*Rating Agt
\$103,750.00	*Remita
\$0.00	*Others
0.000%	Local LOC
\$28,029.35	Calc Pmt Amt

(on LOC Amt, on Par
0.541%)

Projected Annual Total Pmts

Base LOC	FY
\$13,889	1
\$30,321	2
\$30,683	3
\$30,009	4
\$30,310	5
\$29,575	6
\$29,815	7
\$29,993	8
\$30,111	9
\$30,167	10
\$29,187	11
\$29,181	12
\$29,115	13
\$28,987	14
\$28,798	15
\$29,522	16
\$29,149	17
\$28,715	18
\$28,220	19
\$39,358	20
\$0	21
\$0	22
\$0	23
\$0	24
\$0	25
\$0	26
\$0	27
\$0	28
\$0	29
\$0	30
\$585,107	Total

Estimated Lease Size

Project		\$336,000.00	100.000%
LCC Application	N	\$0.00	0.000%
Takedown		\$0.00	0.000%
Share of Issuance ***	N	\$0.00	0.000%
Closing expenses	N	\$0.00	0.000%
1st Payment	N	\$0.00	0.000%
Contingency		\$0.00	0.000%
		<u>\$336,000.00</u>	<u>100.000%</u>

*** to be rebated after Parity

Estimated Cost Summary

Total Interest	\$207,457.80
Total Admin Fees	\$10,169.92
Total Credit Fees	\$21,991.75
Total Fiduciary Fees	\$9,487.32
Total Local LOC	\$0.00
Total Cost	<u>\$249,106.79</u>
Effective Interest Rate	
Internal Rate of Return (IRR)	6.130%

Kentucky Association of Counties Leasing Trust Program

Grant County #6 (Bullock Pen #2)

EXHIBIT B

Base Rentals

#	Date	Base Rental Principal Component	Base Rental Interest Component	Admin Fees	Credit Fees	Fiduciary Fees	Adjustments	Total Base Rentals	Prin Balance	Total Interest Remaining	New LOC Amt	
	11/20/96	← Closing Date										
1	12/20/96	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$247,245.70	363,720	
2	01/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$245,530.85	363,720	
3	02/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$243,816.00	363,720	
4	03/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$242,101.15	363,720	
5	04/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$240,386.30	363,720	
6	05/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$238,671.45	363,720	
7	06/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$236,956.60	363,720	
8	07/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$235,241.75	363,720	
9	08/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$233,526.90	363,720	
10	09/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$231,812.05	363,720	
11	10/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$230,097.20	363,720	
12	11/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$228,382.35	363,720	
13	12/20/97	0.00	1,428.00	70.00	151.55	65.30	(280.00)	1,434.85	336,000	\$226,667.50	363,720	
14	01/20/98	10,000.00	1,428.00	70.00	151.55	65.30	(280.00)	11,434.85	326,000	\$224,952.65	363,720	
15	02/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$223,237.80	352,895	
16	03/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$221,573.98	352,895	
17	04/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$219,910.16	352,895	
18	05/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$218,246.34	352,895	
19	06/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$216,582.52	352,895	
20	07/20/98	2	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$214,918.70	352,895	
21	08/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$213,254.88	352,895	
22	09/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$211,591.06	352,895	
23	10/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$209,927.24	352,895	
24	11/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$208,263.42	352,895	
25	12/20/98	0.00	1,385.50	67.92	147.04	63.36	(271.67)	1,392.15	326,000	\$206,599.60	352,895	
26	01/20/99	11,000.00	1,385.50	67.92	147.04	63.36	(271.67)	12,392.15	315,000	\$204,935.78	352,895	
27	02/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$203,271.96	340,988	
28	03/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$201,664.28	340,988	
29	04/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$200,056.60	340,988	
30	05/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$198,448.92	340,988	
31	06/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$196,841.24	340,988	
	07/20/99	3	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$195,233.56	340,988	
	08/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$193,625.88	340,988	
	09/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$192,018.20	340,988	
	10/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$190,410.52	340,988	
15	11/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$188,802.84	340,988	
16	12/20/99	0.00	1,338.75	65.63	142.08	61.22	(262.50)	1,345.18	315,000	\$187,195.16	340,988	
17	01/20/00	11,000.00	1,338.75	65.63	142.08	61.22	(262.50)	12,345.18	304,000	\$185,587.48	340,988	
18	02/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$183,979.80	329,080	
19	03/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$182,428.26	329,080	
0	04/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$180,876.72	329,080	
1	05/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$179,325.18	329,080	
2	06/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$177,773.64	329,080	
3	07/20/00	4	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$176,222.10	329,080	
4	08/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$174,670.56	329,080	
5	09/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$173,119.02	329,080	
6	10/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$171,567.48	329,080	
7	11/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$170,015.94	329,080	
8	12/20/00	0.00	1,292.00	63.33	137.12	59.09	(253.33)	1,298.21	304,000	\$168,464.40	329,080	
9	01/20/01	12,000.00	1,292.00	63.33	137.12	59.09	(253.33)	13,298.21	292,000	\$166,912.86	329,080	
0	02/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$165,361.32	316,090	
1	03/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$163,871.04	316,090	
2	04/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$162,380.76	316,090	
3	05/20/01	5	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$160,890.48	316,090	
4	06/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$159,400.20	316,090	
5	07/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$157,909.92	316,090	
6	08/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$156,419.64	316,090	
7	09/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$154,929.36	316,090	
8	10/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$153,439.08	316,090	
9	11/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$151,948.80	316,090	
0	12/20/01	0.00	1,241.00	60.83	131.70	56.75	(243.33)	1,246.95	292,000	\$150,458.52	316,090	
1	01/20/02	12,000.00	1,241.00	60.83	131.70	56.75	(243.33)	13,246.95	280,000	\$148,968.24	316,090	
2	02/20/02	0.00	1,190.00	58.33	126.29	54.42	(233.33)	1,195.71	280,000	\$147,477.96	303,100	
3	03/20/02	0.00	1,190.00	58.33	126.29	54.42	(233.33)	1,195.71	280,000	\$146,048.92	303,100	
4	04/20/02	0.00	1,190.00	58.33	126.29	54.42	(233.33)	1,195.71	280,000	\$144,619.88	303,100	
5	05/20/02	0.00	1,190.00	58.33	126.29	54.42	(233.33)	1,195.71	280,000	\$143,190.84	303,100	
6	06/20/02	0.00	1,190.00	58.33	126.29	54.42	(233.33)	1,195.71	280,000	\$141,761.80	303,100	
7	07/20/02	0.00	1,190.00	58.33	126.29	54.42	0.00	1,429.04	280,000	\$140,332.76	303,100	
8	08/20/02	0.00	1,190.00	58.33	126.29	54.42	0.00	1,429.04	280,000	\$138,903.72	303,100	
9	09/20/02	0.00	1,190.00	58.33	126.29	54.42	0.00	1,429.04	280,000	\$137,474.68	303,100	
0	10/20/02	0.00	1,190.00	58.33	126.29	54.42	0.00	1,429.04	280,000	\$136,045.64	303,100	
1	11/20/02	0.00	1,190.00	58.33	126.29	54.42	0.00	1,429.04	280,000	\$134,616.60	303,100	
2	12/20/02	0.00	1,190.00	58.33	126.29	54.42	0.00	1,429.04	280,000	\$133,187.56	303,100	
3	01/20/03	13,000.00	1,190.00	58.33	126.29	54.42	0.00	14,429.04	267,000	\$131,758.52	303,100	
4	02/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$130,329.48	289,028	
5	03/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$128,966.78	289,028	
6	04/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$127,604.08	289,028	
7	05/20/03	0.00	1,134.75	55.63	120.43							

3	06/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$123,515.98	289,028	
10	07/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$122,153.28	289,028	
51	08/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$120,790.58	289,028	
52	09/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$119,427.88	289,028	
17	10/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$118,065.18	289,028	
	11/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$116,702.48	289,028	
	12/20/03	0.00	1,134.75	55.63	120.43	51.89	0.00	1,362.70	267,000	\$115,339.78	289,028	
36	01/20/04	14,000.00	1,134.75	55.63	120.43	51.89	0.00	15,362.70	253,000	\$113,977.08	273,873	
37	02/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$112,685.84	273,873	
38	03/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$111,394.60	273,873	
39	04/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$110,103.36	273,873	
10	05/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$108,812.12	273,873	
11	06/20/04	8	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$107,520.88	273,873
12	07/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$106,229.64	273,873	
13	08/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$104,938.40	273,873	
14	09/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$103,647.16	273,873	
5	10/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$102,355.92	273,873	
6	11/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$101,064.68	273,873	
7	12/20/04	0.00	1,075.25	52.71	114.11	49.17	0.00	1,291.24	253,000	\$99,773.44	273,873	
8	01/20/05	15,000.00	1,075.25	52.71	114.11	49.17	0.00	16,291.24	238,000	\$98,482.20	257,635	
9	02/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$97,267.51	257,635	
0	03/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$96,052.82	257,635	
1	04/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$94,838.13	257,635	
2	05/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$93,623.44	257,635	
3	06/20/05	9	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$92,408.75	257,635
4	07/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$91,194.06	257,635	
5	08/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$89,979.37	257,635	
5	09/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$88,764.68	257,635	
7	10/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$87,549.99	257,635	
3	11/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$86,335.30	257,635	
3	12/20/05	0.00	1,011.50	49.58	107.35	46.26	0.00	1,214.69	238,000	\$85,120.61	257,635	
1	01/20/06	16,000.00	1,011.50	49.58	107.35	46.26	0.00	17,214.69	222,000	\$83,905.92	240,315	
1	02/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$82,772.89	240,315	
1	03/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$81,639.86	240,315	
1	04/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$80,506.83	240,315	
1	05/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$79,373.80	240,315	
1	06/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$78,240.77	240,315	
1	07/20/06	10	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$77,107.74	240,315
1	08/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$75,974.71	240,315	
1	09/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$74,841.68	240,315	
1	10/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$73,708.65	240,315	
1	11/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$72,575.62	240,315	
1	12/20/06	0.00	943.50	46.25	100.13	43.15	0.00	1,133.03	222,000	\$71,442.59	240,315	
1	01/20/07	16,000.00	943.50	46.25	100.13	43.15	0.00	17,133.03	206,000	\$70,309.56	222,995	
1	2/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$69,258.19	222,995	
1	3/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$68,206.82	222,995	
1	04/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$67,155.45	222,995	
1	05/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$66,104.08	222,995	
1	06/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$65,052.71	222,995	
1	07/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$64,001.34	222,995	
1	08/20/07	11	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$62,949.97	222,995
1	09/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$61,898.60	222,995	
1	10/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$60,847.23	222,995	
1	11/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$59,795.86	222,995	
1	12/20/07	0.00	875.50	42.92	92.91	40.04	0.00	1,051.37	206,000	\$58,744.49	222,995	
1	01/20/08	17,000.00	875.50	42.92	92.91	40.04	0.00	18,051.37	189,000	\$57,693.12	204,593	
1	02/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$56,728.51	204,593	
1	03/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$55,763.90	204,593	
1	04/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$54,799.29	204,593	
1	05/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$53,834.68	204,593	
1	06/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$52,870.07	204,593	
1	07/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$51,905.46	204,593	
1	08/20/08	12	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$50,940.85	204,593
1	09/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$49,976.24	204,593	
1	10/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$49,011.63	204,593	
1	11/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$48,047.02	204,593	
1	12/20/08	0.00	803.25	39.38	85.25	36.73	0.00	964.61	189,000	\$47,082.41	204,593	
1	01/20/09	18,000.00	803.25	39.38	85.25	36.73	0.00	18,964.61	171,000	\$46,117.80	185,108	
1	02/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$45,245.05	185,108	
1	03/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$44,372.30	185,108	
1	04/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$43,499.55	185,108	
1	05/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$42,626.80	185,108	
1	06/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$41,754.05	185,108	
1	07/20/09	13	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$40,881.30	185,108
1	08/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$40,008.55	185,108	
1	09/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$39,135.80	185,108	
1	10/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$38,263.05	185,108	
1	11/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$37,390.30	185,108	
1	12/20/09	0.00	726.75	35.63	77.13	33.24	0.00	872.75	171,000	\$36,517.55	185,108	
1	01/20/10	19,000.00 + 1000	726.75	35.63	77.13	33.24	0.00	19,872.75	152,000	\$35,644.80	164,540	
1	02/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$34,869.03	164,540	
1	03/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$34,093.26	164,540	
1	4/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$33,317.49	164,540	
1	5/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$32,541.72	164,540	
1	6/20/10	14	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$31,765.95	164,540
1	7/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$30,990.18	164,540	
1	8/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$30,214.41	164,540	
1	9/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$29,438.64	164,540	
1	10/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$28,662.87	164,540	
1	11/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$27,887.10	164,540	

159	12/20/10	0.00	646.00	31.67	68.56	29.54	0.00	775.77	152,000	\$27,111.33	164,540
170	01/20/11	20,000.00	646.00	31.67	68.56	29.54	0.00	20,775.77	132,000	\$26,335.56	142,890
171	02/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$25,661.86	142,890
72	03/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$24,988.16	142,890
	04/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$24,314.46	142,890
	05/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$23,640.76	142,890
	06/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$22,967.06	142,890
76	07/20/11	15 0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$22,293.36	142,890
77	08/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$21,619.66	142,890
78	09/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$20,945.96	142,890
79	10/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$20,272.26	142,890
80	11/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$19,598.56	142,890
81	12/20/11	0.00	561.00	27.50	59.54	25.66	0.00	673.70	132,000	\$18,924.86	142,890
82	01/20/12	22,000.00	561.00	27.50	59.54	25.66	0.00	22,673.70	110,000	\$18,251.16	119,075
83	02/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$17,689.75	119,075
84	03/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$17,128.34	119,075
85	04/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$16,566.93	119,075
86	05/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$16,005.52	119,075
87	06/20/12	16 0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$15,444.11	119,075
88	07/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$14,882.70	119,075
89	08/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$14,321.29	119,075
90	09/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$13,759.88	119,075
91	10/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$13,198.47	119,075
92	11/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$12,637.06	119,075
93	12/20/12	0.00	467.50	22.92	49.61	21.38	0.00	561.41	110,000	\$12,075.65	119,075
94	01/20/13	23,000.00	467.50	22.92	49.61	21.38	0.00	23,561.41	87,000	\$11,514.24	94,178
95	02/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$11,070.21	94,178
96	03/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$10,626.18	94,178
97	04/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$10,182.15	94,178
98	05/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$9,738.12	94,178
99	06/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$9,294.09	94,178
100	07/20/13	17 0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$8,850.06	94,178
11	08/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$8,406.03	94,178
12	09/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$7,962.00	94,178
13	10/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$7,517.97	94,178
14	11/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$7,073.94	94,178
15	12/20/13	0.00	369.75	18.13	39.24	16.91	0.00	444.03	87,000	\$6,629.91	94,178
16	01/20/14	24,000.00	369.75	18.13	39.24	16.91	0.00	24,444.03	63,000	\$6,185.88	68,198
17	02/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$5,864.34	68,198
18	03/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$5,542.80	68,198
19	04/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$5,221.26	68,198
0	05/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$4,899.72	68,198
	06/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$4,578.18	68,198
	07/20/14	18 0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$4,256.64	68,198
	08/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$3,935.10	68,198
4	09/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$3,613.56	68,198
5	10/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$3,292.02	68,198
6	11/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$2,970.48	68,198
7	12/20/14	0.00	267.75	13.13	28.42	12.24	0.00	321.54	63,000	\$2,648.94	68,198
8	01/20/15	25,000.00	267.75	13.13	28.42	12.24	0.00	25,321.54	38,000	\$2,327.40	41,135
9	02/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$2,133.45	41,135
0	03/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$1,939.50	41,135
1	04/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$1,745.55	41,135
2	05/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$1,551.60	41,135
3	06/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$1,357.65	41,135
4	07/20/15	19 0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$1,163.70	41,135
5	08/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$969.75	41,135
6	09/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$775.80	41,135
7	10/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$581.85	41,135
8	11/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$387.90	41,135
9	12/20/15	0.00	161.50	7.92	17.14	7.39	0.00	193.95	38,000	\$193.95	41,135
0	01/20/16	38,000.00	161.50	7.92	17.14	7.39	0.00	38,193.95	0	(\$0.00)	0
1	02/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
2	03/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
3	04/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
4	05/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
5	06/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
6	07/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
7	08/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
8	09/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
9	10/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
0	11/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(\$0.00)	0
=====											
		\$336,000.00	\$205,887.00	\$10,092.92	\$21,850.30	\$9,415.48	(\$17,456.61)	\$565,789.09			

19% 2 mo =
19.17 | 565,789.09

* Computed at an assumed rate per annum equal to 5.100000% , such rate being the fixed rate per annum payable under the Swap Rate in respect to the Lease. 29,514

AMORTIZATION SCHEDULE

OLD NATIONAL LOAN NO. 1

ISSUED 3/5/04

**Bullock Pen Water District
Old National Bank
Capitalized Lease**

Issue Date 9/1/2003

Maturity Date 2/5/2014

Interest Rate 4.50%

Original Issue 477,050.00

PSC Case No *No P.S.C. Approval Requested*

Proceeds Used For: **Purchase of Radio Read Water Meters**

Balance 12/31/08 229,307.46

**SCHEDULE OF PAYMENTS
OLD NATIONAL #1**

Payment Date	Principal Component	Interest Component	Payment Amount	Loan Balance
03/05/04	-5,857.65	10,895.75	5,038.10	482,907.65
04/05/04	3,227.19	1,810.91	5,038.10	479,680.46
05/05/04	3,239.30	1,798.80	5,038.10	476,441.16
06/05/04	3,251.44	1,786.66	5,038.10	473,189.72
07/05/04	3,263.64	1,774.46	5,038.10	469,926.08
08/05/04	3,275.88	1,762.22	5,038.10	466,650.20
09/05/04	3,288.16	1,749.94	5,038.10	463,362.04
10/05/04	3,300.49	1,737.61	5,038.10	460,061.55
11/05/04	3,312.87	1,725.23	5,038.10	456,748.68
12/05/04	3,325.29	1,712.81	5,038.10	453,423.39
Totals	23,626.61	26,754.39		
01/05/05	3,337.76	1,700.34	5,038.10	450,085.63
02/05/05	3,350.28	1,687.82	5,038.10	446,735.35
03/05/05	3,362.84	1,675.26	5,038.10	443,372.51
04/05/05	3,375.45	1,662.65	5,038.10	439,997.06
05/05/05	3,388.11	1,649.99	5,038.10	436,608.95
06/05/05	3,400.82	1,637.28	5,038.10	433,208.13
07/05/05	3,413.57	1,624.53	5,038.10	429,794.56
08/05/05	3,426.37	1,611.73	5,038.10	426,368.19
09/05/05	3,439.22	1,598.88	5,038.10	422,928.97
10/05/05	3,452.12	1,585.98	5,038.10	419,476.85
11/05/05	3,465.06	1,573.04	5,038.10	416,011.79
12/05/05	3,478.05	1,560.05	5,038.10	412,533.74
Totals	40,889.65	19,567.55		
01/05/06	3,491.10	1,547.00	5,038.10	409,042.64
02/05/06	3,504.19	1,533.91	5,038.10	405,538.45
03/05/06	3,517.33	1,520.77	5,038.10	402,021.12
04/05/06	3,530.52	1,507.58	5,038.10	398,490.60
05/05/06	3,543.76	1,494.34	5,038.10	394,946.84
06/05/06	3,557.05	1,481.05	5,038.10	391,389.79
07/05/06	3,570.39	1,467.71	5,038.10	387,819.40
08/05/06	3,583.78	1,454.32	5,038.10	384,235.62
09/05/06	3,597.22	1,440.88	5,038.10	380,638.40
10/05/06	3,610.70	1,427.40	5,038.10	377,027.70
11/05/06	3,624.25	1,413.85	5,038.10	373,403.45
12/05/06	3,637.84	1,400.26	5,038.10	369,765.61
Totals	42,768.13	17,689.07		

**SCHEDULE OF PAYMENTS
OLD NATIONAL #1**

Payment Date	Principal Component	Interest Component	Payment Amount	Loan Balance
01/05/07	3,651.48	1,386.62	5,038.10	366,114.13
02/05/07	3,665.17	1,372.93	5,038.10	362,448.96
03/05/07	3,678.92	1,359.18	5,038.10	358,770.04
04/05/07	3,692.71	1,345.39	5,038.10	355,077.33
05/05/07	3,706.56	1,331.54	5,038.10	351,370.77
06/05/07	3,720.46	1,317.64	5,038.10	347,650.31
07/05/07	3,734.41	1,303.69	5,038.10	343,915.90
08/05/07	3,748.41	1,289.69	5,038.10	340,167.49
09/05/07	3,762.47	1,275.63	5,038.10	336,405.02
10/05/07	3,776.58	1,261.52	5,038.10	332,628.44
11/05/07	3,790.74	1,247.36	5,038.10	328,837.70
12/05/07	3,804.96	1,233.14	5,038.10	325,032.74
Totals	44,732.87	15,724.33		
01/05/08	3,819.23	1,218.87	5,038.10	321,213.51
02/05/08	3,833.55	1,204.55	5,038.10	317,379.96
03/05/08	3,847.92	1,190.18	5,038.10	313,532.04
04/05/08	3,862.35	1,175.75	5,038.10	309,669.69
05/05/08	3,876.84	1,161.26	5,038.10	305,792.85
06/05/08	3,891.38	1,146.72	5,038.10	301,901.47
07/05/08	3,905.97	1,132.13	5,038.10	297,995.50
08/05/08	3,920.62	1,117.48	5,038.10	294,074.88
09/05/08	3,935.32	1,102.78	5,038.10	290,139.56
10/05/08	3,950.08	1,088.02	5,038.10	286,189.48
11/05/08	3,964.89	1,073.21	5,038.10	282,224.59
12/05/08	3,979.76	1,058.34	5,038.10	278,244.83
Totals	46,787.91	13,669.29		
01/05/09	3,994.68	1,043.42	5,038.10	274,250.15 12/31/08
02/05/09	4,009.66	1,028.44	5,038.10	270,240.49
03/05/09	4,024.70	1,013.40	5,038.10	266,215.79
04/05/09	4,039.79	998.31	5,038.10	262,176.00
05/05/09	4,054.94	983.16	5,038.10	258,121.06
06/05/09	4,070.15	967.95	5,038.10	254,050.91
07/05/09	4,085.41	952.69	5,038.10	249,965.50
08/05/09	4,100.73	937.37	5,038.10	245,864.77
09/05/09	4,116.11	921.99	5,038.10	241,748.66
10/05/09	4,131.54	906.56	5,038.10	237,617.12
11/05/09	4,147.04	891.06	5,038.10	233,470.08
12/05/09	4,162.59	875.51	5,038.10	229,307.49
Totals	48,937.34	11,519.86		

**SCHEDULE OF PAYMENTS
OLD NATIONAL #1**

Payment Date	Principal Component	Interest Component	Payment Amount	Loan Balance
01/05/10	4,178.20	859.90	5,038.10	225,129.29
02/05/10	4,193.86	844.24	5,038.10	220,935.43
03/05/10	4,209.59	828.51	5,038.10	216,725.84
04/05/10	4,225.38	812.72	5,038.10	212,500.46
05/05/10	4,241.22	796.88	5,038.10	208,259.24
06/05/10	4,257.13	780.97	5,038.10	204,002.11
07/05/10	4,273.09	765.01	5,038.10	199,729.02
08/05/10	4,289.12	748.98	5,038.10	195,439.90
09/05/10	4,305.20	732.90	5,038.10	191,134.70
10/05/10	4,321.34	716.76	5,038.10	186,813.36
11/05/10	4,337.55	700.55	5,038.10	182,475.81
12/05/10	4,353.82	684.28	5,038.10	178,121.99
Totals	51,185.50	9,271.70		
01/05/11	4,370.14	667.96	5,038.10	173,751.85
02/05/11	4,386.53	651.57	5,038.10	169,365.32
03/05/11	4,402.98	635.12	5,038.10	164,962.34
04/05/11	4,419.49	618.61	5,038.10	160,542.85
05/05/11	4,436.06	602.04	5,038.10	156,106.79
06/05/11	4,452.70	585.40	5,038.10	151,654.09
07/05/11	4,469.40	568.70	5,038.10	147,184.69
08/05/11	4,486.16	551.94	5,038.10	142,698.53
09/05/11	4,502.98	535.12	5,038.10	138,195.55
10/05/11	4,519.87	518.23	5,038.10	133,675.68
11/05/11	4,536.82	501.28	5,038.10	129,138.86
12/05/11	4,553.83	484.27	5,038.10	124,585.03
Totals	53,536.96	6,920.24		
01/05/12	4,570.91	467.19	5,038.10	120,014.12
02/05/12	4,588.05	450.05	5,038.10	115,426.07
03/05/12	4,605.25	432.85	5,038.10	110,820.82
04/05/12	4,622.52	415.58	5,038.10	106,198.30
05/05/12	4,639.86	398.24	5,038.10	101,558.44
06/05/12	4,657.26	380.84	5,038.10	96,901.18
07/05/12	4,674.72	363.38	5,038.10	92,226.46
08/05/12	4,692.25	345.85	5,038.10	87,534.21
09/05/12	4,709.85	328.25	5,038.10	82,824.36
10/05/12	4,727.51	310.59	5,038.10	78,096.85
11/05/12	4,745.24	292.86	5,038.10	73,351.61
12/05/12	4,763.03	275.07	5,038.10	68,588.58
Totals	55,996.45	4,460.75		

**SCHEDULE OF PAYMENTS
OLD NATIONAL #1**

Payment Date	Principal Component	Interest Component	Payment Amount	Loan Balance
01/05/13	4,780.89	257.21	5,038.10	63,807.69
02/05/13	4,798.82	239.28	5,038.10	59,008.87
03/05/13	4,816.82	221.28	5,038.10	54,192.05
04/05/13	4,834.88	203.22	5,038.10	49,357.17
05/05/13	4,853.01	185.09	5,038.10	44,504.16
06/05/13	4,871.21	166.89	5,038.10	39,632.95
07/05/13	4,889.48	148.62	5,038.10	34,743.47
08/05/13	4,907.81	130.29	5,038.10	29,835.66
09/05/13	4,926.22	111.88	5,038.10	24,909.44
10/05/13	4,944.69	93.41	5,038.10	19,964.75
11/05/13	4,963.23	74.87	5,038.10	15,001.52
12/05/13	4,981.84	56.26	5,038.10	10,019.68
Totals	58,568.90	1,888.30		
01/05/14	5,000.53	37.57	5,038.10	5,019.15
02/05/14	5,019.15	18.95	5,038.10	0.00
Totals	10,019.68	56.52		

AMORTIZATION SCHEDULE

OLD NATIONAL LOAN NO. 2

ISSUED ___/5/04

**Bullock Pen Water District
Old National Bank
Capitalized Lease**

Issue Date 3/5/2004

Maturity Date 3/5/2011

Interest Rate 4.50%

Original Issue 170,450.00

PSC Case No *No P.S.R. Approval Requested*

Proceeds Used For: **Purchase of Radio Read Water Meters**

Balance 12/31/08 33,894.84

SCHEDULE OF PAYMENTS

LESSEE BULLOCK PEN WATER DISTRICT (KENTUCKY)
 AMOUNT OF LEASE \$170,450.00
 NUMBER OF PAYMENTS 84
 PAYMENT FREQUENCY Monthly
 PAYMENT MADE IN Arrears

PAYMENT NUMBER	PAYMENT DATE	PRINCIPAL COMPONENT	INTEREST COMPONENT	PAYMENT AMOUNT	OPTION PURCHASE PRICE
1	04/05/2004	1,771.23	548.87	2,318.10	168,678.77 ✓ 415
2	05/05/2004	1,778.92	541.18	2,318.10	166,901.85 ✓ 515
3	06/05/2004	1,782.82	535.48	2,318.10	165,119.23 ✓ 615
4	07/05/2004	1,788.34	529.78	2,318.10	163,330.89 ✓ 715
5	08/05/2004	1,794.08	524.02	2,318.10	161,536.81 ✓ 815
6	09/05/2004	1,799.89	518.27	2,318.10	159,736.98 ✓ 915
7	10/05/2004	1,805.61	512.49	2,318.10	157,931.37 ✓ 1015
8	11/05/2004	1,811.40	506.70	2,318.10	156,119.97 ✓ 1115
9	12/05/2004	1,817.27	500.89	2,318.10	154,302.74 ✓ 1215
10	01/05/2005	1,823.04	495.08	2,318.10	152,479.72
11	02/05/2005	1,828.89	489.21	2,318.10	150,650.83
12	03/05/2005	1,834.78	483.34	2,318.10	148,816.07
13	04/05/2005	1,840.84	477.48	2,318.10	146,975.53
14	05/05/2005	1,846.55	471.55	2,318.10	145,128.18
15	06/05/2005	1,852.47	465.63	2,318.10	143,273.91
16	07/05/2005	1,858.42	459.68	2,318.10	141,412.72
17	08/05/2005	1,864.38	453.72	2,318.10	139,553.61
18	09/05/2005	1,870.36	447.74	2,318.10	137,683.05 ✓
19	10/05/2005	1,878.38	441.74	2,318.10	135,806.69 ✓
20	11/05/2005	1,882.38	435.72	2,318.10	133,924.21 ✓
21	12/05/2005	1,888.42	429.88	2,318.10	132,035.89 ✓
22	01/05/2006	1,894.48	423.62	2,318.10	130,141.41 ✓
23	02/05/2006	1,900.56	417.54	2,318.10	128,240.85 ✓
24	03/05/2006	1,906.66	411.44	2,318.10	126,334.19 ✓
25	04/05/2006	1,912.77	405.33	2,318.10	124,421.42 ✓
26	05/05/2006	1,918.91	399.19	2,318.10	122,502.51 ✓
27	06/05/2006	1,925.07	393.03	2,318.10	120,577.44 ✓
28	07/05/2006	1,931.24	386.86	2,318.10	118,646.20 ✓
29	08/05/2006	1,937.44	380.66	2,318.10	116,709.71 ✓
30	09/05/2006	1,943.66	374.44	2,318.10	114,768.00 ✓
31	10/05/2006	1,949.89	368.21	2,318.10	112,821.09 ✓
32	11/05/2006	1,956.15	361.95	2,318.10	110,869.04 ✓
33	12/05/2006	1,962.42	355.68	2,318.10	108,911.84 ✓
34	01/05/2007	1,968.72	349.38	2,318.10	106,949.47 ✓
35	02/05/2007	1,975.04	343.06	2,318.10	104,981.92 ✓
36	03/05/2007	1,981.37	336.73	2,318.10	102,999.15 ✓
37	04/05/2007	1,987.73	330.37	2,318.10	100,991.17 ✓
38	05/05/2007	1,994.11	323.99	2,318.10	98,957.96 ✓
39	06/05/2007	2,000.50	317.60	2,318.10	96,899.51 ✓
40	07/05/2007	2,006.92	311.18	2,318.10	94,815.81 ✓
41	08/05/2007	2,013.36	304.74	2,318.10	92,706.85 ✓
42	09/05/2007	2,019.82	298.28	2,318.10	90,572.61 ✓
43	10/05/2007	2,026.30	291.80	2,318.10	88,413.07 ✓
44	11/05/2007	2,032.80	285.30	2,318.10	86,228.22 ✓
45	12/05/2007	2,039.32	278.78	2,318.10	84,018.04 ✓
46	01/05/2008	2,045.87	272.23	2,318.10	81,782.51 ✓
47	02/05/2008	2,052.43	265.67	2,318.10	79,521.62 ✓
48	03/05/2008	2,059.02	259.08	2,318.10	77,235.36 ✓
49	04/05/2008	2,065.62	252.48	2,318.10	74,924.71 ✓
50	05/05/2008	2,072.25	245.85	2,318.10	72,599.66 ✓
51	06/05/2008	2,078.90	239.20	2,318.10	70,250.20 ✓
52	07/05/2008	2,085.57	232.53	2,318.10	67,876.43 ✓
53	08/05/2008	2,092.28	225.84	2,318.10	65,478.34 ✓
54	09/05/2008	2,098.97	219.13	2,318.10	63,055.91 ✓
55	10/05/2008	2,105.71	212.39	2,318.10	60,609.14 ✓
56	11/05/2008	2,112.48	205.64	2,318.10	58,138.02 ✓
57	12/05/2008	2,119.24	198.88	2,318.10	55,642.54 ✓
58	01/05/2009	2,126.04	192.06	2,318.10	53,122.70 ✓
59	02/05/2009	2,132.86	185.24	2,318.10	50,578.44 ✓
60	03/05/2009	2,139.70	178.40	2,318.10	48,009.74 ✓
61	04/05/2009	2,146.57	171.53	2,318.10	45,417.59 ✓
62	05/05/2009	2,153.48	164.64	2,318.10	42,801.97 ✓
63	06/05/2009	2,160.36	157.74	2,318.10	40,172.86 ✓
64	07/05/2009	2,167.30	150.80	2,318.10	37,530.24 ✓
65	08/05/2009	2,174.25	143.85	2,318.10	34,874.09 ✓
66	09/05/2009	2,181.22	136.88	2,318.10	32,204.41 ✓
67	10/05/2009	2,188.22	129.88	2,318.10	29,521.21 ✓
68	11/05/2009	2,195.24	122.86	2,318.10	26,824.45 ✓

Aug Annual
 Bobt Service

2318.10

X 12

27,817

12/31/07

SCHEDULE OF PAYMENTS

LESSEE BULLOCK PEN WATER DISTRICT (KENTUCKY)
 AMOUNT OF LEASE \$170,450.00
 NUMBER OF PAYMENTS 84
 PAYMENT FREQUENCY Monthly
 PAYMENT MADE IN Arrears

PAYMENT NUMBER	PAYMENT DATE	PRINCIPAL COMPONENT	INTEREST COMPONENT	PAYMENT AMOUNT	OPTION PURCHASE PRICE
69	12/05/2009	2,202.29	115.81	2,318.10	34,029.54
70	01/05/2010	2,209.35	108.75	2,318.10	31,803.60
71	02/05/2010	2,216.44	101.66	2,318.10	29,571.63
72	03/05/2010	2,223.55	94.55	2,318.10	27,333.62
73	04/05/2010	2,230.69	87.41	2,318.10	25,089.55
74	05/05/2010	2,237.84	80.26	2,318.10	22,839.40
75	06/05/2010	2,245.02	73.08	2,318.10	20,583.16
76	07/05/2010	2,252.23	65.87	2,318.10	18,320.81
77	08/05/2010	2,259.45	58.65	2,318.10	16,052.33
78	09/05/2010	2,266.70	51.40	2,318.10	13,777.71
79	10/05/2010	2,273.97	44.13	2,318.10	11,496.92
80	11/05/2010	2,281.27	36.83	2,318.10	9,209.96
81	12/05/2010	2,288.59	29.51	2,318.10	6,916.80
82	01/05/2011	2,295.93	22.17	2,318.10	4,617.43
83	02/05/2011	2,303.30	14.80	2,318.10	2,311.84
84	03/05/2011	2,310.71	7.39	2,318.10	0.00

Handwritten notes:
 33894.04 (next to row 69)
 170,450.00 (under Principal column, rows 69-84)
 24,270.40 (under Interest column, rows 69-84)
 194,720.40 = 2,318.10 x 84 (at bottom right)

BY: _____

TITLE: _____

DATE: _____

* NO PREPAYMENT DURING THESE PERIODS

AMORTIZATION SCHEDULE
CHRYSLER CORPORATION LOAN
ISSUED 10/17/05

**Bullock Pen Water District
Daimler Chrysler
Capitalized Lease**

Issue Date 10/17/2005

Maturity Date 10/17/2010

Interest Rate 4.94%

Original Issue 64,371.00

PSC Case No No P.S.C. Approval Requested

Proceeds Used For: 2006 Frliner Dump Truck

Balance 12/31/08 11,859.75

EXHIBIT A-1
Capitalized Lease - Daimler Chrysler
INSTALLMENT PAYMENT SCHEDULE

10/1/02

Pmt #	Payment Date	Payment Amount	Interest	Principal	Purchase Price	Outstanding Balance
	10/17/2005					\$64,371.00
1	11/17/2005	\$1,212.99	\$264.99	\$948.00	\$64,691.46	\$63,423.00 X
2	12/17/2005	\$1,212.99	\$261.09	\$951.90	\$63,720.52	\$62,471.10 ✓
3	1/17/2006	\$1,212.99	\$257.17	\$955.82	\$62,745.59	\$61,515.28
4	2/17/2006	\$1,212.99	\$253.24	\$959.75	\$61,766.64	\$60,555.53
5	3/17/2006	\$1,212.99	\$249.29	\$963.70	\$60,783.66	\$59,591.83
6	4/17/2006	\$1,212.99	\$245.32	\$967.67	\$59,796.64	\$58,624.15 ✓
7	5/17/2006	\$1,212.99	\$241.34	\$971.66	\$58,805.55	\$57,652.50
8	6/17/2006	\$1,212.99	\$237.34	\$975.66	\$57,810.38	\$56,676.84 ✓
9	7/17/2006	\$1,212.99	\$233.32	\$979.67	\$56,811.11	\$55,697.17 ✓
10	8/17/2006	\$1,212.99	\$229.29	\$983.70	\$55,807.74	\$54,713.47
11	9/17/2006	\$1,212.99	\$225.24	\$987.75	\$54,800.23	\$53,725.71 ✓
12	10/17/2006	\$1,212.99	\$221.17	\$991.82	\$53,788.57	\$52,733.89 ✓
13	11/17/2006	\$1,212.99	\$217.09	\$995.90	\$52,772.75	\$51,737.99 ✓
14	12/17/2006	\$1,212.99	\$212.99	\$1,000.00	\$51,752.74	\$50,737.98
15	1/17/2007	\$1,212.99	\$208.87	\$1,004.12	\$50,728.54	\$49,733.86 ✓
16	2/17/2007	\$1,212.99	\$204.74	\$1,008.25	\$49,700.12	\$48,725.61
17	3/17/2007	\$1,212.99	\$200.59	\$1,012.40	\$48,667.47	\$47,713.21 ✓
18	4/17/2007	\$1,212.99	\$196.42	\$1,016.57	\$47,630.57	\$46,696.63 ✓
19	5/17/2007	\$1,212.99	\$192.23	\$1,020.76	\$46,589.39	\$45,675.88 ✓
20	6/17/2007	\$1,212.99	\$188.03	\$1,024.96	\$45,543.94	\$44,650.92 ✓
21	7/17/2007	\$1,212.99	\$183.81	\$1,029.18	\$44,494.17	\$43,621.74 ✓
22	8/17/2007	\$1,212.99	\$179.58	\$1,033.42	\$43,440.09	\$42,588.32 ✓
23	9/17/2007	\$1,212.99	\$175.32	\$1,037.67	\$42,381.67	\$41,550.65 ✓
24	10/17/2007	\$1,212.99	\$171.05	\$1,041.94	\$41,318.89	\$40,508.71 ✓
25	11/17/2007	\$1,212.99	\$166.76	\$1,046.23	\$40,251.73	\$39,462.48 ✓
26	12/17/2007	\$1,212.99	\$162.45	\$1,050.54	\$39,180.18	\$38,411.94 ✓
27	1/17/2008	\$1,212.99	\$158.13	\$1,054.86	\$38,104.22	\$37,357.08 ✓
28	2/17/2008	\$1,212.99	\$153.79	\$1,059.20	\$37,023.83	\$36,297.88
29	3/17/2008	\$1,212.99	\$149.43	\$1,063.57	\$35,939.00	\$35,234.31
30	4/17/2008	\$1,212.99	\$145.05	\$1,067.94	\$34,849.70	\$34,166.37 ✓
31	5/17/2008	\$1,212.99	\$140.65	\$1,072.34	\$33,755.91	\$33,094.03
32	6/17/2008	\$1,212.99	\$136.24	\$1,076.75	\$32,657.62	\$32,017.27 ✓
33	7/17/2008	\$1,212.99	\$131.80	\$1,081.19	\$31,554.81	\$30,936.09 ✓
34	8/17/2008	\$1,212.99	\$127.35	\$1,085.64	\$30,447.46	\$29,850.45
35	9/17/2008	\$1,212.99	\$122.88	\$1,090.11	\$29,335.55	\$28,760.34 ✓
36	10/17/2008	\$1,212.99	\$118.40	\$1,094.59	\$28,219.06	\$27,665.75
37	11/17/2008	\$1,212.99	\$113.89	\$1,099.10	\$27,097.98	\$26,566.65
38	12/17/2008	\$1,212.99	\$109.37	\$1,103.63	\$25,972.28	\$25,463.02 ✓
39	1/17/2009	\$1,212.99	\$104.82	\$1,108.17	\$24,841.95	\$24,354.85
40	2/17/2009	\$1,212.99	\$100.26	\$1,112.73	\$23,706.96	\$23,242.12
41	3/17/2009	\$1,212.99	\$95.68	\$1,117.31	\$22,567.31	\$22,124.81
42	4/17/2009	\$1,212.99	\$91.08	\$1,121.91	\$21,422.96	\$21,002.90 ✓
43	5/17/2009	\$1,212.99	\$86.46	\$1,126.53	\$20,273.90	\$19,876.37
44	6/17/2009	\$1,212.99	\$81.82	\$1,131.17	\$19,120.11	\$18,745.20
45	7/17/2009	\$1,212.99	\$77.17	\$1,135.82	\$17,961.57	\$17,609.38
46	8/17/2009	\$1,212.99	\$72.49	\$1,140.50	\$16,798.26	\$16,468.88
47	9/17/2009	\$1,212.99	\$67.80	\$1,145.19	\$15,630.16	\$15,323.68
48	10/17/2009	\$1,212.99	\$63.08	\$1,149.91	\$14,457.25	\$14,173.78

Capitalized Lease - Daimler Chrysler

Pmt #	Payment Date	Payment Amount	Interest	Principal	Purchase Price	Outstanding Balance
49	11/17/2009	\$1,212.99	\$58.35	\$1,154.64	\$13,279.51	\$13,019.13
50	12/17/2009	\$1,212.99	\$53.60	\$1,159.40	\$12,096.93	\$11,859.74
51	1/17/2010	\$1,212.99	\$48.82	\$1,164.17	\$10,909.48	\$10,695.57
52	2/17/2010	\$1,212.99	\$44.03	\$1,168.96	\$9,717.14	\$9,526.61
53	3/17/2010	\$1,212.99	\$39.22	\$1,173.77	\$8,519.89	\$8,352.83
54	4/17/2010	\$1,212.99	\$34.39	\$1,178.61	\$7,317.71	\$7,174.23
55	5/17/2010	\$1,212.99	\$29.53	\$1,183.46	\$6,110.58	\$5,990.77
56	6/17/2010	\$1,212.99	\$24.66	\$1,188.33	\$4,898.49	\$4,802.44
57	7/17/2010	\$1,212.99	\$19.77	\$1,193.22	\$3,681.40	\$3,609.22
58	8/17/2010	\$1,212.99	\$14.86	\$1,198.13	\$2,459.31	\$2,411.08
59	9/17/2010	\$1,212.99	\$9.93	\$1,203.07	\$1,232.18	\$1,208.02
60	10/17/2010	\$1,212.99	\$4.97	\$1,208.02	\$0.00	\$0.00
Totals:		\$72,779.49	\$8,408.49	\$64,371.00	Rate 4.940%	

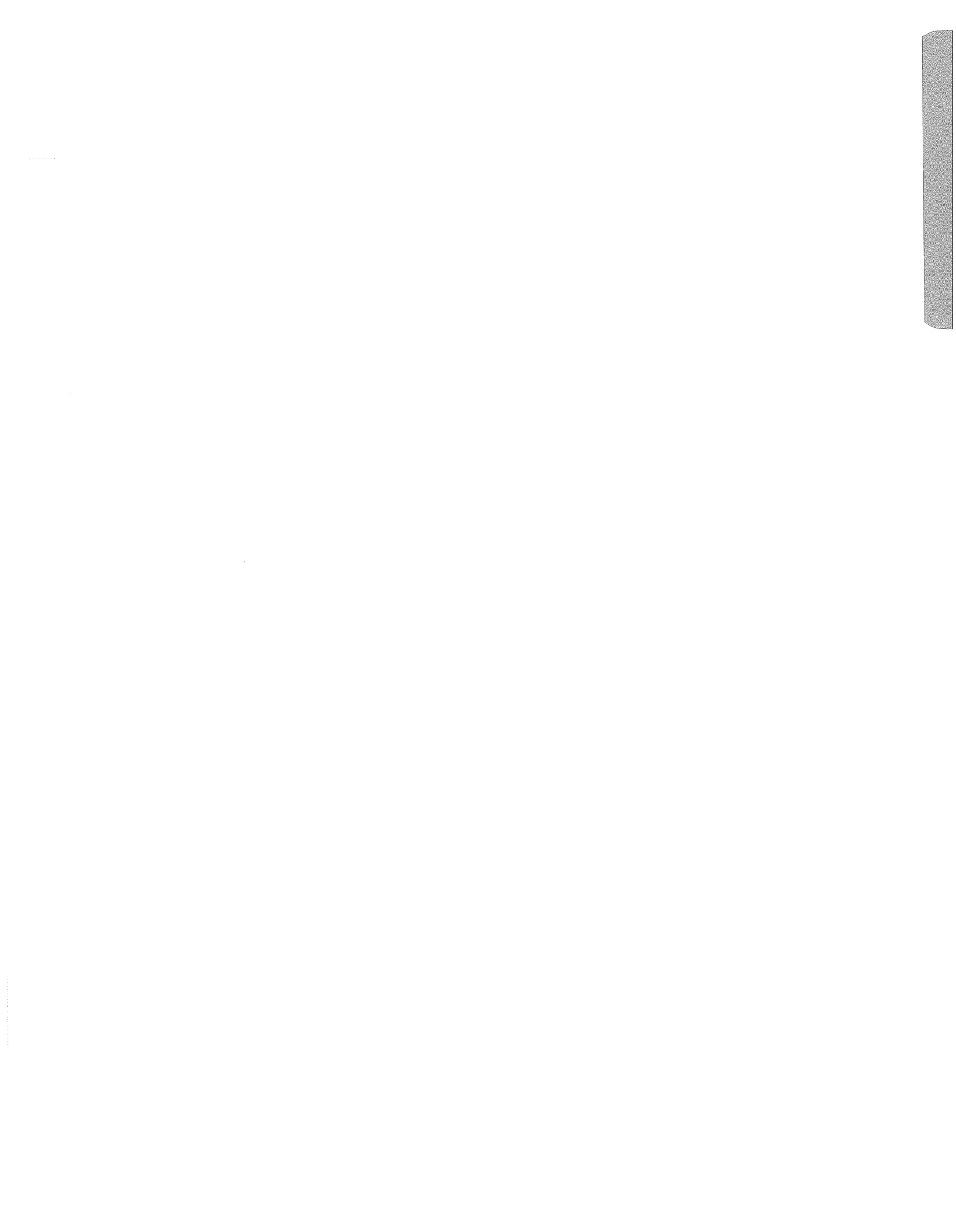
COMMENCEMENT DATE: October 17, 2005

Bullock Pen Water District

By: _____

Title: _____

Date: _____



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2008-00170
PROPOSED WATERWORKS IMPROVEMENT)
PROJECT AND FOR APPROVAL OF PROPOSED)
PLAN OF FINANCING, INCREASE IN RATES,)
NONRECURRING CHARGES, AND TARIFF)
REVISIONS)

AFFIDAVIT OF GAIL BOWLING

Comes now the Affiant, Gail Bowling, and after having first been duly cautioned and sworn, states and deposes as follows:

1. The Affiant, Gail Bowling, is the acting office manager of Bullock Pen Water District.

2. The Affiant assumed the responsibilities as Office Manager on January 1, 2009 following the retirement of the previous office manager, Paula Massie.

3. Affiant has been an employee of Bullock Pen for approximately 18 years.

4. Affiant has reviewed with representatives of Morris & Bressler and Counsel Thomas R. Nienaber the Commission Staff's Second Information Request ("Second Information Request").

5. In response to the information requested in the Second Information Request, Affiant has provided information in response to Items No. 2, 5, 6, 7, 8, 12a, 12b, 13, 14, 16, 18a, 18b, 18c and 18d. In addition, Affiant has provided information contained in Exhibits "22", "23", "26", "27", "28", "30", "31", "33", "34", "38", "42" and "43".

6. Affiant states that the information contained in the foregoing responses and exhibits is true and correct to the best of Affiant's knowledge and belief.

Further, Affiant sayeth naught.

BULLOCK PEN WATER DISTRICT

BY: Gail Bowling
GAIL BOWLING, OFFICE MANAGER

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said Gail Bowling, Office Manager, Bullock Pen Water District this 29 day of May, 2009.


Notary Public

My Commission Expires: 3/24/12



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2008-00170
PROPOSED WATERWORKS IMPROVEMENT)
PROJECT AND FOR APPROVAL OF PROPOSED)
PLAN OF FINANCING, INCREASE IN RATES,)
NONRECURRING CHARGES, AND TARIFF)
REVISIONS)

AFFIDAVIT OF WILLIAM L. CATLETT

Comes now the Affiant, William L. Catlett, and after having first been duly cautioned and sworn, states and deposes as follows:

1. Affiant, William L. Catlett, is the current Superintendent of the Bullock Pen Water District. He assumed that position on January 1, 2009. Affiant has been an employee of Bullock Pen since 1993 and has served in various capacities, including Assistant Superintendent.

2. In response to the Commission's Second Information Request, the Affiant has provided various information in formulating responses thereto, including the information concerning monthly Water Loss Reports included in Exhibit "31".

3. Affiant states that he has reviewed the information contained in the foregoing identified item and that to the best of his knowledge the information so provided is true and accurate.

Further, Affiant sayeth naught.

BULLOCK PEN WATER DISTRICT

BY: William L. Catlett
WILLIAM L. CATLETT,
SUPERINTENDENT

COMMONWEALTH OF KENTUCKY

COUNTY OF KENTON

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said William L. Catlett, Superintendent, Bullock Pen Water District, this 29 day of May, 2009.

J. David Bowling
Notary Public
My Commission Expires: 2/12/12



BOND RESOLUTION

BULLOCK PEN WATER DISTRICT

WATERWORKS REVENUE BONDS OF 1978

IN THE AMOUNT OF

\$1,330,000

ARTICLE 4.

OPERATION OF SYSTEM; FLOW OF FUNDS; CURRENT BONDS
SUBJECT TO PRIORITY OF PRIOR BONDS; MONTHLY PAY-
MENTS OF PRINCIPAL AND INTEREST SO LONG AS FmHA
HOLDS OR INSURES THE CURRENT BONDS.

SECTION 401. OPERATION OF SYSTEM TO CONTINUE AS HERETOFORE;
PROVISIONS OF PRIOR BOND RESOLUTION INCORPORATED
HEREIN; CREATION OF NEW FUNDS.

All proceedings preliminary to and in connection with the issuance of the outstanding Prior Bonds of the District, including provisions made for the receipt, custody and application of the proceeds of said Bonds; for the operation of the waterworks system on a revenue-producing basis; for the segregation, allocation and custody of the revenues derived from the operation of the system; for the enforcement and payment of said Bonds; and all other covenants for the benefit of bondholders set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Prior Bonds, and (subject to the priority of the Prior Bonds) of the Current Bonds herein authorized, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, after the issuance of the Current Bonds, the income and revenues of the system shall be collected, segregated, accounted for and distributed as follows:

A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was heretofore created by the Prior Bond Resolution, which fund has been and is designated and identified as the "Waterworks System Revenue Fund" (the "Revenue Fund"), in the custody of the District Treasurer, which fund has been deposited with and shall continue to be maintained and deposited with the Depository Bank, so long as any of the Prior Bonds, the Current Bonds, or any parity bonds are outstanding. The District covenants and agrees that it will continue to deposit therein,

promptly as received from time to time, all cash income and revenues of the system, as same may be extended and improved from time to time. The moneys in the Revenue Fund from time to time shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified, all as permitted by the applicable statutes, and in accordance with previous contractual commitments as follows:

A. Prior Sinking Fund.

A separate and special fund or account of the District was created in Section 9A of the Prior Bond Resolution, entitled "Waterworks System Revenue Bond and Interest Sinking Fund" (the "Prior Sinking Fund"), into which the District covenanted to deposit on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, sums not less than:

(1) A sum equal to one-sixth (1/6) of the next succeeding interest installment to become due on all Prior Bonds then outstanding, and

(2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding September 1, plus

(3) The sum of \$200.00 per month to be held in said Fund and accumulated for a Debt Service Reserve, until such time as the amount of such Reserve, after making provision for paying all Prior Bonds and coupons becoming due on and prior to the next succeeding September 1, is equal to at least 6% of the Prior Bonds authorized and delivered; and thereafter, in like manner and amount, such deposits shall be resumed and continued whenever and so long as may be necessary to accumulate and maintain such Debt Service Reserve to an amount equal to at least 6% of the Prior Bonds authorized and delivered.

The District hereby covenants to continue making the deposits specified in (1), (2) and (3) above in said Depository Bank with reference to the Prior Bonds until the balance in said Prior Sinking Fund is sufficient to pay the interest and principal next becoming due on all of the Prior Bonds

and until there has been accumulated and is being maintained in the Debt Service Reserve in the amount of \$21,060 (6% of the \$351,000 of Prior Bonds which were actually issued).

Said Prior Sinking Fund shall be used solely and only and has been (in the Prior Bond Resolution) and is hereby pledged for the purpose of paying the principal of and interest on the Prior Bonds.

Whenever the aforesaid Debt Service Reserve has been accumulated in the specified amount, the deposits into the Prior Sinking Fund may thereafter be reduced to sums not less than (1) a sum equal to 1/6 of the next succeeding interest installment to become due on the Prior Bonds then outstanding; and (2) a sum equal to 1/12 of the principal of the Prior Bonds maturing on the next succeeding September 1.

If the District shall for any reason fail to make any required monthly deposit, then an amount equal to the amount of the deficiency shall be set apart and deposited into the Prior Sinking Fund out of the first available gross revenues in the ensuing month or months, which amount shall be in addition to the monthly deposit required above during such succeeding month or months.

B. Current Sinking Fund.

At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account an amount sufficient (currently estimated at \$75,000) to provide for capitalized interest during the construction of the construction project, as approved by the Engineers and by the FmHA, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the construction project. Such amount so transferred from the Construction Account shall be deposited in the

Payor Bank in the "Bullock Pen water District Waterworks Bond and Interest Sinking Fund of 1978" (the "Current Sinking Fund"), hereby created.

After the transfers required in the preceding sub-paragraph to be made in each month have been paid from the Revenue Fund, and after the expiration of the month in which interest on the Current Bonds is last payable out of the sum set aside into the Current Sinking Fund as capitalized interest, there shall next be transferred in each month from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (or such larger amount as is necessary) of the next succeeding six-month interest installment to become due on the Current Bonds then outstanding, plus
- (2) Beginning in January, 1980, a sum equal to one-twelfth (or such larger amount as is necessary) of the principal of any Current Bonds maturing on the next succeeding January 1.

After all of the transfers required to be made in Sub-Paragraph A above and in the foregoing provisions of this paragraph B, have been made, there shall next be transferred from the Revenue Fund to the Current Sinking Fund, to be held as a reserve therein (the "Current Reserve Fund"), the sum of \$660 each month until there is accumulated in such Current Reserve Fund the sum of \$79,200, after which no further deposits need be made into such Fund except to replace withdrawals.

If the District for any reason shall fail to make any monthly deposits as required, then an amount equal to the deficiency shall be set apart and deposited into the Current Sinking Fund and/or the Current Reserve Fund out of the first available revenues in the ensuing month or months, which amount shall be in addition to the monthly deposit(s) otherwise required

during such succeeding month or months. Whenever there shall accumulate in the Current Sinking Fund and/or in the Current Reserve Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest on outstanding Current Bonds as same fall due, and if at such time the District is in compliance with all provisions of the Prior Bond Resolution, such excess amount may be used for redemption of such Current Bonds prior to maturity, as set forth in Section 205 hereof.

On or before the first days of January and/or July in each year, the Payor Bank shall transfer from the Current Sinking Fund and from the Current Reserve Fund (if necessary) a sum equal to the interest or a sum equal to the principal and interest, as the case may be, becoming due on the next following respective January 1 and/or July 1, and deposit the same in an account hereby created and identified as the "Bullock Pen Water District 1978 Waterworks Bond and Interest Payment Account," and shall notify the alternate payor bank, if any, that the same is held as a trust fund to be drawn upon by the paying agent(s) to pay maturing coupons, and/or interest installments, or Bonds and coupons, and/or principal and interest installments, as the case may be, upon presentation thereof on or after maturity and upon surrender of maturing Bonds and/or coupons.

The Payor Bank and the District Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal and interest on any Coupon Bonds. Provided, however, that so long as the only Bond(s) outstanding is (are) Fully Registered Bond(s), the functions contemplated by this paragraph shall be performed by the District Treasurer.

All funds in the Current Sinking Fund and in the Current Reserve Fund shall be deposited in the Depository Bank, or such portion of said amounts on deposit in said respective Funds as is designated by the Commission shall be invested for the benefit of such respective Funds in Certificates

of Time Deposit, savings accounts, or U. S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for meeting interest and/or principal payments, to mature or be called, provided that to the extent that any amounts on deposit in said Bank shall cause the total deposits of the District in said bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U. S. Obligations, having an equivalent market value, in conformity with KRS 66.480. Investments in Certificates of Time Deposit may be made only if a separate FmHA Form 402-4 agreement is executed, if the FmHA has purchased any of the Bonds. Any such investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds.

C. District To Make Principal And Interest Payments On Current Bonds On A Monthly Basis So Long As FmHA Holds Or Insures All Current Bonds.

So long as all of the Current Bonds are held or insured by the FmHA, the District shall, if requested by the FmHA, make payments of amounts equal to the total of the payments required by subsections (1) and (2) of the preceding Section B being the total of the monthly principal and interest requirements of the Current Bonds, in monthly payments to the FmHA or to the insured owner of the Current Bonds, out of the Current Sinking Fund; provided further that at the option of any other owner of all of the Current Bonds, such payments shall similarly be made in monthly payments to such owner.

D. Depreciation Fund.

A separate and special fund or account of said District was created in Section 9B of said Prior Bond Resolution, which fund was designated "Waterworks System Depreciation Fund" (the "Depreciation Fund"), which fund is hereby ratified, confirmed and ordered to be continued so long as any of the Prior

Bonds, the Current Bonds and any parity bonds are outstanding. Said Prior Bond Resolution required and it is hereby required (subject to the modifications set out herein) that from the balance of the income and revenues of the system remaining after the transfers required in Subsections A and B above are made in each month, there shall be set aside into said Depreciation Fund the sum of \$75.00 per month for the purpose of accumulating and maintaining therein a balance of at least \$12,000, which sum may be expended in making good any depreciation in the system and in making any additions or improvements to the system. It was further provided in the Prior Bond Resolution, that moneys at any time in the Depreciation Fund shall be transferred to the Prior Sinking Fund if and to the extent required in order to prevent default in the payment of the principal or interest on any Prior Bonds outstanding. It is hereby ordered that all such Depreciation Fund provisions shall continue in effect without reduction so long as any of the Prior Bonds and/or Current Bonds are outstanding.

Funds in the Depreciation Fund may be invested in U. S. Obligations, as defined herein, as shall be determined by the Commission, and all such investments, as well as the income therefrom, shall be carried to the credit of the Depreciation Fund.

In addition to the monthly transfers and the maintenance of the minimum balance in said Depreciation Fund, the Prior Bond Resolution requires that there be deposited in the Depreciation Fund the proceeds from the sale of any equipment no longer usable or needed, fees or charges collected from potential customers to aid in the financing of the cost of further extensions and improvements, and the proceeds from any property damage insurance, and that such amounts so deposited be used only for the purposes for which such Fund is established.

It was provided in said Prior Bond Resolution, and is hereby again reaffirmed, that after said balance of \$12,000 shall have been accumulated in the Depreciation Fund, the monthly deposits therein may be discontinued, but such deposits shall be resumed whenever authorized disbursements therefrom shall reduce the balance below \$12,000 and shall be continued until such balance is restored.

E. Operation and Maintenance Fund.

A separate and special fund or account of the District was created in Section 9C of the Prior Bond Resolution, which Fund was designated as the "Waterworks System Operation and Maintenance Fund" (the "Operation and Maintenance Fund"). Said Prior Bond Resolution required that from the balance of the income and revenues of the system remaining after the transfers required in Subsections A and D above are made in each month (herein adjusted to refer to transfers required in Subsections A, B and D), there shall be transferred into said Operation and Maintenance Fund such sums as may be sufficient to meet the reasonable and necessary current expenses of operating and maintaining the system, pursuant to the "Annual Budget for Current Expenses". Said Operation and Maintenance Fund shall be maintained so long as any of the Prior Bonds, the Current Bonds and any additional parity bonds are outstanding.

ARTICLE 5.

COVENANTS OF DISTRICT TO BONDHOLDERS

So long as any of the Current Bonds are outstanding and unpaid (and not provided for or defeased as permitted by Section 703 hereof), the District covenants as follows:

SECTION 501. RATES AND CHARGES.

The rates and charges for all services and facilities rendered by the system shall be reasonable and just, taking into account and consideration the cost and value of the system (including all extensions, additions and improvements thereto), the cost of maintaining, repairing and operating the same, and the amounts necessary for the payment of principal of and interest on all bonds outstanding against the system, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this and ARTICLE 4 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the system without first filing with the Secretary a certification of an Independent Consulting Engineer, as defined herein, that the annual net revenues (defined as gross revenues less current expenses) of the then existing system for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in "annual net revenues" anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the system, calculated in the manner specified in Section 603 hereof.

SECTION 502. BOOKS AND ACCOUNTS.

If and to the extent not now fully required by the Prior Bond Resolution, the District shall install and maintain proper records and accounts

relating to the operation of the system and its financial affairs, and the holders of any of the Prior Bonds or of the Current Bonds, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the system and all records, accounts and data relating thereto. An annual audit on a fiscal year basis shall be made of the books and accounts pertinent to the system by a Certified Public Accountant licensed in Kentucky. No later than sixty days after the close of each fiscal year, copies of such audit reports certified by such Accountant shall be promptly mailed to the Government without request, so long as the Government is the holder of any of the Current Bonds, and to any bondholder that may have made a written request for same. Monthly operating reports shall be furnished to the FmIA and to any bondholder requesting same, during the first two years of operation after completion of the construction project, and whenever and so long as the District is delinquent in any of the covenants set out herein. Quarterly operating reports shall be furnished to such parties at all other times.

SECTION 503. SYSTEM TO CONTINUE TO BE OPERATED
ON FISCAL YEAR BASIS.

While any of the Prior Bonds, the Current Bonds and any parity bonds are outstanding and unpaid and to the extent not now prohibited by law, the system shall continue to be operated and maintained on a fiscal year basis commencing on September 1 of each year and ending on August 31 of the succeeding year, which period shall also constitute the fiscal year and budget year for the operation and maintenance of the system. Not later than 60 days after the beginning of each fiscal year, beginning immediately after the issuance of the Current Bonds, the District and the Commission agree to cause to be prepared a detailed statement of income and expenditures for the past year, a current financial statement and a "Proposed Annual Budget of Current Expenses" of the system for the then ensuing fiscal year, itemized on the basis

of monthly requirements. A copy of said "Proposed Annual Budget of Current Expenses" shall be mailed to any bondholder who may request in writing a copy of such Budget, and to the Government without request if the Government is the holder of any of the Current Bonds.

Current expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the system, but shall exclude depreciation, payments into the Sinking Fund, the Reserve Fund and the Depreciation Fund. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution by the District that such expenses are necessary to operate and maintain the system. At the same time and in like manner, the District shall prepare an estimate of gross revenues to be derived from the operation of the system for said Fiscal year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all outstanding bonds during the ensuing fiscal year, (b) to accumulate and maintain all required reserves enumerated herein, and (c) to pay Current Expenses, the District shall revise the rates and charges sufficiently to provide the funds required.

If the holders of at least 50% in amount of the outstanding Prior Bonds and Current Bonds, or the Government so long as it is the holder of any of said Bonds, so request, the Commission shall hold an open hearing not later than thirty days before the beginning of the ensuing fiscal year, at which time any bondholder may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least 15 days prior to the hearing to each registered bondholder and to the Government.

The District and its Commission covenant that annually before the first day of July, the annual budget of current expenses for the then current fiscal year will be adopted substantially in accordance with the preliminary or proposed annual budget, and that no expenditures for operation and maintenance expenses of the system in excess of the budgeted amount shall be made during such fiscal year unless directed by said District by a specific resolution duly adopted.

SECTION 504. GENERAL COVENANTS.

The District through its Commission hereby covenants and agrees with the holders of the Current Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the system required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the system;
- (3) It will segregate the revenues and income from the system and make application thereof consistent with and as provided by this Resolution;
- (4) Unless the written consent of the holders of a majority in amount of the outstanding Current Bonds plus all of the outstanding Prior Bonds, has been obtained, the District agrees not to sell, lease, mortgage, or in any manner dispose of any integral part of the system, including any and all appurtenances thereto and extensions, additions and/or improvements that may be made thereto until all of the Prior Bonds and all of the Current Bonds shall have been paid or provided for in full, as provided in Section 703 (Dafeasement) hereof, subject to the provisions of Section 606 hereof;
- (5) It will maintain in good condition and continuously operate the system and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times to pay the interest on and principal of the Prior Bonds, the Current Bonds and any parity bonds as same become due, to pay the cost of operating and maintaining the system and to provide for an adequate depreciation account;

- (6) It will carry and maintain insurance on properties of the system subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the holder of any of the Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

SECTION 505. OTHER GENERAL COVENANTS APPLICABLE SO LONG AS FmHA HOLDS ANY BONDS.

So long as the FmHA shall hold any of the Current Bonds, the District shall comply with such FmHA regulations, requirements and requests as shall be made by the FmHA, including the furnishing of operating and other financial statements in such form and substance and for such periods as may be requested by the FmHA, the carrying of insurance of such types and in such amounts as the FmHA may specify, with insurance carriers acceptable to the FmHA, and compliance with all of the terms and conditions of the Loan Resolution (FmHA Form 442-47) executed by the District.

SECTION 506. INSURANCE OF MOTORS, TANKS AND STRUCTURES.

If and to the extent not now fully required by the Prior Bond Resolution, the District shall (a) immediately after the adoption of this Resolution, and (b) at the time of final acceptance of the construction project from the constructor(s), insure all electric motors, elevated water storage tanks, pumping stations and major structures of the entire waterworks system, in an amount recommended by the District's Engineers and approved by the FmHA, so long as the FmHA is the holder of any of the Current Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the District's Engineers, without the necessity of approval by the FmHA if and whenever the District has bonds outstanding against the system and none of such bonds are held by the FmHA.

BOND RESOLUTION

BULLOCK PEN WATER DISTRICT

WATERWORKS REVENUE BONDS OF 1982

IN THE AMOUNT OF

\$125,000

ARTICLE 4

OPERATION OF SYSTEM; FLOW OF FUNDS; CURRENT BONDS ON A PARITY WITH PRIOR SECOND LIEN BONDS, SUBJECT TO PRIORITY OF PRIOR FIRST LIEN BONDS; MONTHLY PAYMENTS OF PRINCIPAL AND INTEREST, IF REQUESTED BY FmHA, SO LONG AS FmHA HOLDS OR INSURES ANY OF THE BONDS.

Section 401. Current Bonds on a Parity with Prior Second Lien Bonds by Consent.

It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the Secretary of the District (a) a letter from the Farmers Home Administration (FmHA) to the effect that the FmHA agrees to the issuance of these Current Bonds ranking on a parity as to security and source of payment with the Prior Second Lien Bonds, all of which are held by the FmHA, together with (b) a certification signed by the FmHA to the effect that a legend has been typed, stamped or otherwise affixed on each of the Prior Second Lien Bonds held by the FmHA, evidencing the agreement of the FmHA as the then holder of the Prior Second Lien Bonds, to the issuance of the Current Bonds in the amount of \$125,000, so as to rank on a parity with the Prior Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$125,000 of Bonds of 1982 ranking on a parity as to security and source of payment with this Bond.

Accordingly, it is hereby found and declared that the \$125,000 of Current Bonds shall rank and be payable on a parity with said outstanding Prior Second Lien Bonds, from a fixed portion of the gross income and revenues of the System, subject to the priority of the Prior First Lien Bonds.

Section 402. Operation of System to Continue as Heretofore; Provisions of Prior Bond Resolutions Incorporated Herein; Adjustments in Required Deposits.

All proceedings preliminary to and in connection with the issuance of the outstanding Prior Bonds of the District, including provisions made for the receipt, custody, and application of the proceeds of said Bonds; for the operation of the waterworks System on a revenue-producing basis; for the

regation, allocation, and custody of the revenues derived from the operation of the System; for the enforcement and payment of said Bonds; and all other covenants for the benefit of bondholders set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Prior Bonds, and of the Current Bonds herein authorized, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was heretofore created by the Prior First Lien Bond Resolution, which fund has been and is designated and identified as the "Waterworks Revenue Fund" (the "Revenue Fund"), in the custody of the District Treasurer, which fund has been deposited with and shall continue to be maintained and deposited with the Depository Bank, so long as any of the Prior First Lien Bonds, the Prior Second Lien Bonds, the Current Bonds, or any parity bonds are outstanding. The District covenants and agrees that it will continue to deposit therein, promptly as received from time to time, all cash income and revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund from time to time shall continue to be used, disbursed, and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolutions, as hereinafter modified, all as permitted by the applicable statutes, and in accordance with previous contractual commitments as follows:

A. Prior First Lien Sinking Fund.

A separate and special fund or account of the District designated "Waterworks Bond Sinking Fund" (the "Prior First Lien Sinking Fund"), was created by the Prior First Lien Bond Resolution, and the same (including the Debt Service Reserve therein, hereinafter referred to as the "Prior First Lien Reserve Fund") shall continue to be maintained as provided in the Prior First Lien Bond Resolution; and the District covenants and agrees that it will continue to deposit

in such funds from the Revenue Fund as are required by the terms of the Prior First Lien Bond Resolution to be so deposited; and such sums shall be held and applied by the District in the manner required by the respective Prior Bond Resolutions and by this Current Bond Resolution.

B. Adjustments in Required Prior Second Lien Sinking Fund Deposits.

In accordance with the requirements of Sections 401B and 605 of the Prior Second Lien Bond Resolution, it is hereby recognized that the District is obligated upon the issuance of the Current Bonds, ranking on a parity with the Prior Second Lien Bonds, to provide for additional debt service requirements of the Current Bonds.

Accordingly, it is hereby provided that Section 401B of the Prior Second Lien Bond Resolution is amended and supplemented to provide further as follows:

At or after the delivery of the Current Bonds, there shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$1,000) on the Current Bonds during the construction of the Project, as approved by the Engineers and by the FmHA, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project. Such amount so transferred from the Construction Account, shall be deposited in the Prior Second Lien Sinking Fund.

Until the expiration of the month in which interest on the Current Bonds is last payable out of the sum set aside into the Prior Second Lien Sinking Fund as capitalized interest, there shall continue to be transferred (as heretofore required by Section 401B of the Prior Second Lien Bond Resolution) in each month from the Revenue Fund created in Section 9 of the Prior First Lien Bond Resolution and into which Revenue Fund all cash income and revenues derived from the operation of the System are required to be deposited, and deposited into the Prior Second Lien Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior Second Lien Bonds, a sum equal to the total of the following:

- (a) An amount equal to one-sixth (or such larger amount as is necessary) of the next succeeding six month interest installment to become due on the Prior Second Lien Bonds, plus
- (b) A sum equal to one-twelfth of the principal of any Prior Second Lien Bonds maturing on the next succeeding January 1.

After the expiration of the month in which interest on the Current Bonds is last payable out of the sum set aside into the Prior Second Lien Sinking Fund as capitalized interest, the deposits required by subsection (a) and (b) above shall be superseded, and thenceforth and thereafter, there shall be transferred in each month from the Revenue Fund and deposited into the Prior Second Lien Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of all of the outstanding Prior Second Lien Bonds and Current Bonds (and any other parity bonds), a sum equal to the total of the following:

- (1) An amount equal to one-sixth (or such larger amount as is necessary) of the next succeeding six month interest installment to become due on all of the Bonds then outstanding (including the Prior Second Lien Bonds, the Current Bonds, and any other outstanding parity bonds), plus
- (2) A sum equal to one-twelfth of the principal of any Bonds (Prior Second Lien Bonds, Current Bonds and any other parity bonds then outstanding) maturing on the next succeeding January 1.

It is hereby further recognized that in and by Section 401B of the Prior Second Lien Bond Resolution, provision was made for the accumulation of a "Reserve Fund" to be held as a debt service reserve within the Prior Second Lien Sinking Fund (the "Prior Second Lien Reserve Fund"), into which there was required to be transferred from the Revenue Fund, after the deposits required to be made by Subsection A above and in the foregoing provisions of this Subsection B, the sum of \$660 in each month until there has been accumulated in the Prior Second Lien Reserve Fund the sum of \$79,200, after which no further deposits are required (by the Prior Second Lien Bond Resolution) to be made into such Fund except to replace withdrawals. It was further required by Section 605 of the Prior Second Lien Bond Resolution that upon the issuance of additional bonds ranking on a parity with the Prior Second Lien Bonds, adjustments

...id be made in such monthly deposits into such Prior Second Lien Reserve Fund, taking into account the future debt service requirements of all second lien bonds which will then be outstanding against the System. Accordingly, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Construction Project, as certified by the Engineers and by the FmHA, the sum of \$725 (increased from \$660) each month shall be deposited into the Second Lien Reserve Fund until there is accumulated in such Reserve Fund the sum of \$8,000 (increased from \$79,200), which amount shall be maintained, and when necessary, restored to said sum of \$8,000, so long as any of the Prior Second Lien Bonds and/or Current Bonds are outstanding and unpaid.

If the District for any reason shall fail to make any monthly deposit(s) as required, then an amount equal to the deficiency shall be set apart and deposited into the Prior Second Lien Sinking Fund and/or the Prior Second Lien Reserve Fund out of the first available revenues in the ensuing month(s), which amount shall be in addition to the monthly deposits otherwise required during such succeeding month(s). Whenever there shall accumulate in the Prior Second Lien Sinking Fund and/or the Prior Second Lien Reserve Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on any of the outstanding Prior Second Lien Bonds and Current Bonds and additional parity bonds, as same fall due, such excess may be used for redemption or prepayment of any of such Bonds prior to maturity, as set forth in Section 205 hereof and as provided in the Prior Second Lien Bond Resolution.

C. District to Make Principal and Interest Payments on Prior Second Lien Bonds and Current Bonds on a Monthly Basis, if Requested by the FmHA, so Long as FmHA Holds or Insures all of the Prior Second Lien Bonds and Current Bonds, or any Bonds of Either Issue.

So long as all of the Prior Second Lien Bonds and Current Bonds, or any bonds of either issue, are held or insured by the FmHA, the District shall, if requested by the FmHA, make payments of amounts equal to the total of the payments required by subsections (1) and (2) of the preceding Subsection B, being the total of the monthly principal and interest requirements of the

Second Lien Bonds and Current Bonds, or of either issue, in monthly payments to the FmHA or to the insured owner of the Prior Second Lien Bonds and Current Bonds, or to the insured owner of all of the Bonds of either issue, out of the Prior Second Lien Sinking Fund; provided further that at the option of any other owner of all of the Prior Second Lien Bonds and Current Bonds, or of either issue, such payments shall similarly be made in monthly payments to such owner.

D. Depreciation Fund.

A separate and special fund or account of the District was created in Section 9B of the Prior First Lien Bond Resolution, which fund was designated "Depreciation Fund," which fund is hereby ratified, confirmed, and ordered to be continued so long as any of the Prior First Lien Bonds, the Prior Second Lien Bonds, the Current Bonds, and any parity bonds are outstanding. The Prior First Lien Bond Resolution and the Prior Second Lien Bond Resolution required and it is hereby required that from the balance of the funds remaining after the requirements of Subsections A and B above are satisfied, there shall be set aside and paid in each month, as the next payment from the Revenue Fund, the sum of \$75.00 in each month, until there has been accumulated in such Depreciation Fund the sum of \$12,000, after which no further deposits are required to be made into such Fund except to replace withdrawals.

In accordance with the provisions of Section 9B of the Prior First Lien Bond Resolution, and as further security for the bondholders and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions, and/or improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended. The term "cash income and revenues" of the System, as used in Section 402 hereof, means all proceeds of water service rates and charges, and does not include any of the cash items enumerated in this paragraph.

Moneys in the Depreciation Fund may be withdrawn and used by the district, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions, and/or improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Prior Bonds and/or Current Bonds if the moneys on deposit in the respective Sinking Funds (including the respective Reserve Funds) are not sufficient to make such payments.

E. Operation and Maintenance Fund.

There shall next be transferred monthly from the Revenue Fund, as and when revenues of the System are available in said Revenue Fund, and deposited into the Operation and Maintenance Fund created in Section 9C of the Prior First Lien Bond Resolution, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Fund shall not be in excess of the amount required to cover anticipated expenditures for a two-month period pursuant to the annual budget.

F. Excess Funds.

Subject to the provisions for the disposition of the income and revenues of the System in Subsections A, B, D, and E above, which provisions are cumulative, within 60 days after the close of each fiscal year, the balance remaining in the Revenue Fund shall be used for any or all of the following purposes:

- (1) to transfer additional amounts to the Depreciation Fund, or
- (2) to retire any outstanding obligations against the System, or
- (3) to pay debt service on any outstanding junior and subordinate obligations.

G. General Requirements as to Fund Deposits.

All payments into the above special funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All moneys held in any of the above special funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U. S. Obligations, having a market value equivalent to such deposit.

On or before the 20th days of June and/or December in each year, the depository bank shall transfer from the Prior Second Lien Sinking Fund and from the Prior Second Lien Reserve Fund (if necessary) a sum equal to the interest, or a sum equal to the principal and interest, as the case may be, becoming due on all outstanding Second Lien Bonds on the next following respective January 1 and/or July 1, and deposit the same in an account hereby created and identified as the "Bullock Pen Water District Waterworks Bond and Interest Payment Account," and shall notify the alternate payor bank, if any, that the same is held as a trust fund to be drawn upon by the paying agents to pay maturing coupons, and/or interest installments, or Bonds and coupons, and/or principal and interest installments, as the case may be, upon presentation thereof on or after maturity and upon surrender of maturing Prior Second Lien Bonds, Current Bonds, and/or coupons.

The Depository Bank and the District Secretary shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Coupon Bonds. Provided, however, that so long as the only Bonds outstanding is (are) Fully Registered Bond(s), the functions contemplated by this paragraph shall be performed by the District Treasurer.

ARTICLE 5

COVENANTS OF DISTRICT TO BONDHOLDERS

So long as any of the Current Bonds are outstanding and unpaid, the District covenants as follows:

Section 501. Rates and Charges.

The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into account and consideration the cost and value of the System (including all extensions, additions, and improvements thereto), the cost of maintaining, repairing, and operating the same, and the amounts necessary for the payment of principal of and interest on all bonds outstanding against the System, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this and ARTICLE 4 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer, as defined herein, that the annual net revenues (defined as gross revenues less current expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in "annual net revenues" anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

Section 502. Books and Accounts.

If and to the extent not now fully required by the Prior Bond Resolution, the District shall install and maintain proper records and accounts relating to the operation of the System and its financial affairs; and the holders of any of the Prior Bonds or of the Current Bonds, or their authorized

representatives, shall have the right at all reasonable times to inspect facilities of the System and all records, accounts, and data relating hereto. An annual audit on a fiscal year basis shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than sixty days after the close of each fiscal year, copies of such audit reports certified by such Accountant shall be promptly mailed to the Government without request, so long as the Government is the holder of any of the Current Bonds, and to any bondholder that may have made a written request for same. Monthly operating reports shall be furnished to the FmHA and to any bondholder requesting same, during the first two years of operation after completion of the Construction Project, and whenever and so long as the District is delinquent in any of the covenants set out herein. Quarterly operating reports shall be furnished to such parties at all other times.

Section 503. System to Continue to be Operated on Fiscal Year Basis.

While any of the Prior First Lien Bonds, the Prior Second Lien Bonds, the Current Bonds and any parity bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall continue to be operated and maintained on a fiscal year basis commencing on September 1 of each year and ending on October 31 of the succeeding year, which period shall also constitute the fiscal year and budget year (the "fiscal year") for the operation and maintenance of the System. Not later than 60 days after the beginning of each fiscal year, beginning immediately after the issuance of the Current Bonds, the District and the Commission agree to cause to be prepared a detailed statement of income and expenditures for the past year, a current financial statement and a "Proposed Annual Budget of Current Expenses" of the System for the then ensuing fiscal year, itemized on the basis of monthly requirements. A copy of said "Proposed Annual Budget of Current Expenses" shall be mailed to any bondholder who may request in writing a copy of such Budget, and to the Government without request if the Government is the holder of any of the Current Bonds.

Current expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation, payments into the Prior First Lien Sinking Fund, the Prior Second Lien Sinking Fund, the Prior First Lien Reserve Fund, the Prior Second Lien Reserve Fund, and the Depreciation Fund. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System. At the same time and in like manner, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said fiscal year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all outstanding bonds during the ensuing fiscal year, (b) to accumulate and maintain all required reserves enumerated herein, and (c) to pay Current Expenses, the District shall revise the rates and charges sufficiently to provide the funds required.

If the holders of at least 50% in amount of the outstanding Prior Bonds and Current Bonds, or the Government so long as it is the holder of any of said Bonds, so request, the Commission shall hold an open hearing not later than thirty days before the beginning of the ensuing fiscal year, at which time any bondholder may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least 15 days prior to the hearing to each registered bondholder and to the Government.

The District and its Commission covenant that annually before the first day of July, the annual budget of current expenses for the then current fiscal year will be adopted substantially in accordance with the preliminary or proposed annual budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such fiscal year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants.

The District through its Commission hereby covenants and agrees

with the holders of the Current Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;
- (4) Unless the written consent of the holders of a majority in amount of the outstanding Current Bonds plus all of the outstanding Prior Bonds, has been obtained, the District agrees not to sell, lease, mortgage, or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions, and/or improvements that may be made thereto, until all of the Prior Bonds and all of the Current Bonds shall have been paid or provided for in full, as provided herein, subject to the provisions of Section 605 hereof;
- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times to pay the interest on and principal of the Prior Bonds, the Current Bonds, and any additional parity bonds, as same become due, to pay the cost of operating and maintaining the System, and to provide for an adequate depreciation account;
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities, or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the holder of any of the Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks, and structures).

Section 505. Other Covenants Applicable So Long as FmHA Holds Any Bonds.

So long as the FmHA shall hold any of the Current Bonds, the District shall comply with such FmHA regulations, requirements, and requests as shall be made by the FmHA, including the furnishing of operating and other financial

ements, in such form and substance and for such periods as may be requested by the FmHA, the carrying of insurance of such types and in such amounts as the FmHA may specify, with insurance carriers acceptable to the FmHA, and compliance with all of the terms and conditions of the Loan Resolution (FmHA Form 442-47) adopted and executed by the District.

Section 506. Insurance on Motors, Tanks, and Structures.

If and to the extent not now fully required by the Prior Bond Resolutions, the District shall (a) immediately after the adoption of this Resolution, and (b) at the time of final acceptance of the Construction Project from the contractor(s), insure all electric motors, elevated water storage tanks, pumping stations, and major structures of the System, in an amount recommended by the District's Engineers and approved by the FmHA, so long as the FmHA is the holder of any of the Current Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the District's Engineers, without the necessity of approval by the FmHA if and whenever the District has bonds outstanding against the System and none of such bonds are held by the FmHA.

Phase V

TRANSCRIPT OF PROCEEDINGS

**BULLOCK PEN WATER DISTRICT
LOAN IN THE AMOUNT OF \$715,000**

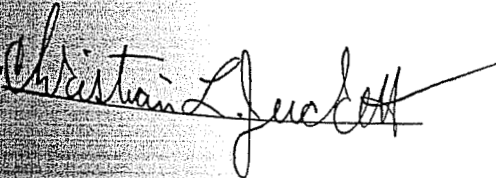
**FROM THE
KENTUCKY RURAL WATER FINANCE CORPORATION
MULTIMODAL PUBLIC PROJECTS REVENUE BONDS
(FLEXIBLE TERM PROGRAM)
SERIES 2001C
DATED MAY 15, 2002**

**APPROVING LEGAL OPINION
BY RUBIN & HAYS
MUNICIPAL BOND ATTORNEYS
KENTUCKY HOME TRUST BUILDING
450 SOUTH THIRD STREET
LOUISVILLE, KENTUCKY 40202
(502) 569-7525**

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
BULLOCK PEN WATER DISTRICT

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By 

INDEX TO ASSISTANCE AGREEMENT

Section 1	Definitions	2
Section 2	Reaffirmation of Declaration of Waterworks System	7
Section 3	Authorization of Obligations; Place of Payment; Manner of Execution	7
Section 4	Redemption	8
Section 5	Obligations Payable Out of Revenues on a Parity with Prior Bonds	9
Section 6	Compliance with Parity Coverage Requirements of the Prior Bond Legislation	9
Section 7	Flow of Funds	9
Section 8	Disposition of Proceeds of the Obligations; Governmental Agency Account	11
Section 9	Arbitrage Limitations	12
Section 10	Parity Bonds	14
Section 11	Rates and Charges for Services of the System	16
Section 12	All Obligations of this Issue Are Equal	16
Section 13	Defeasance and/or Refunding of Obligations	17
Section 14	Contractual Nature of Assistance Agreement	17
Section 15	Appointment and Duties of Bond Registrar and Paying Agent	17
Section 16	Provisions in Conflict Repealed	18
Section 17	Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986	18
Section 18	Insurance	19
Section 19	Event of Default; Remedies	20
Section 20	Annual Reports	21
Section 21	Supplemental Assistance Agreement	21
Section 22	No Remedy Exclusive	21
Section 23	Waivers	21
Section 24	Agreement to Pay Attorney's Fees and Expenses	22
Section 25	Signatures of Officers	22
Section 26	Severability Clause	22

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the 1st day of May, 2002 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Bullock Pen Water District (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer has determined to issue under its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001 (the "Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and Fifth Third Bank, trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to finance improvements to the Governmental Agency's waterworks system (the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, the Governmental Agency, presently owns and operates the waterworks system (the "System") of said Governmental Agency; and

WHEREAS, the Governmental Agency has heretofore issued its Prior Bonds (as hereinafter defined); and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the outstanding Prior Bonds, for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System, and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$715,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions whereunder similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

"*Act*" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"*Assistance Agreement*" refers to this Assistance Agreement authorizing the Loan and the Obligations.

"*Bond Counsel*" refers to a nationally recognized firm of Bond Counsel which firm has prepared the legal proceedings for the Obligations, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Obligations and the tax exemption of the interest thereon.

"*Bond Legislation of 1978*" or "*1978 Bond Legislation*" refers to the resolution authorizing the Series 1978 Bonds, which was adopted by the Governing Body on March 29, 1978.

"*Bond Legislation of 1982*" or "*1982 Bond Legislation*" refers to the resolution authorizing the Series 1982 Bonds, which was adopted by the Governing Body on July 20, 1982.

"*Bond Legislation of 1985*" or "*1985 Bond Legislation*" refers to the resolution authorizing the Series 1985 Bonds, which was adopted by the Governing Body on September 25, 1985.

"*Bond Legislation of 1988*" or "*1988 Bond Legislation*" refer to the Resolution authorizing the Series 1987 Bonds, duly adopted by the Commission of the District on May 4, 1988 and amended on April 25, 1989.

"*Bondowner*", "*Owner*", "*Bondholder*" means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

"*Bonds*" refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

"*Certified Public Accountants*" refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

"*Code*" refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

"*Compliance Group*" refers to the Compliance Group identified and defined in the Indenture.

"*Depository Bank*" refers to the bank or banks in which the Funds referred to in this Assistance Agreement will be deposited and maintained as the depository(ies) for such Funds; as determined by the Governmental Agency.

"*Depreciation Fund*" refers to the Bullock Pen Water District Waterworks Revenue Bond Depreciation Reserve Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

"*Engineer*" or "*Independent Consulting Engineer*" refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

"*Funds*" refers to the Revenue Fund, the Sinking Fund, the Depreciation Fund, the Reserve Fund, the Operation and Maintenance Fund and the Governmental Agency Account.

"*Governing Body*" means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

"*Governmental Agency*" refers to the Bullock Pen Water District.

"*Governmental Agency Chief Executive*" refers to the Chairman of the Governmental Agency.

"*Governmental Agency Clerk*" refers to the Secretary of the Governmental Agency.

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental mortgage, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing June 1, 2002 and continuing through and including January 1, 2027 or until the Loan has been paid in full.

"*Issuer*" refers to the Kentucky Rural Water Finance Corporation.

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$715,000.

"*Operation and Maintenance Fund*" refers to the " Bullock Pen Water District Waterworks Operation and Maintenance Fund " created in the Prior Bond Legislation and confirmed in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

"*Outstanding Bonds*" refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds which have been defeased.

"*Parity Bonds*" means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

"*Permitted Investments*" refers to investments of funds on deposit in the various funds created herein and includes:

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;
- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;
- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;
- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:

(i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;

(ii) The management company of the investment company shall have been in operation for at least five (5) years; and

(iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

"*Prior Bond Legislation*" refers collectively to the 1978, 1982, 1985 and the 1988 Bond Legislation.

"*Prior Bonds*" refers collectively to the Series 1978 Bonds, the Series 1982 Bonds, the Series 1985 Bonds and the Series 1987 Bonds.

"*Program*" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvements of public projects for governmental entities.

"*Program Administrator*" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"*Program Reserve Fund*" refers to the Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"*Project*" refers to financing the installation of approximately 23.19 miles of six inch water line with appurtenances, with the proceeds of the Obligations.

"*Record Date*" shall mean with respect to any Interest Payment Date, the close of business on the 15th day next preceding such Interest Payment Date, whether or not such day is a business day.

"*Requisition Certificate*" means the form attached hereto as Exhibit C to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Governmental Agency Account as construction of the Project progresses.

"*Reserve Fund*" refers to the Bullock Pen Water District Waterworks Debt Service Reserve Fund, created in the Prior Bond Legislation and which Reserve Fund will continue to be maintained for the benefit of all of the Bonds.

"*Revenue Fund*" refers to the Bullock Pen Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"*Sinking Fund*" refers to the Bullock Pen Water District Waterworks Revenue Bond Sinking Fund created and confirmed in the Prior Bond Legislation.

"Series 1978 Bonds" refers to the original authorized \$1,277,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1978, dated December 21, 1978.

"Series 1982 Bonds" refers to the original authorized \$125,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1982, dated August 6, 1982.

"Series 1985 Bonds" refers to the original authorized \$194,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1985, dated February 25, 1986.

"Series 1987 Bonds" refers to the original authorized \$240,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1987, Series A and \$168,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1987, Series B, dated April 28, 1988.

"System" refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

"Treasurer" refers to the Treasurer of the Governmental Agency.

"Trustee" refers to Fifth Third Bank, Cincinnati, Ohio.

"U.S. Obligations" refers to bonds, notes, or Treasury Bills which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a municipal waterworks system are hereby in all respects ratified and confirmed; and so long as any of the obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of said obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$715,000 from the Program, for the purpose of providing funds for the Project. Said Obligations shall mature on each January 1 beginning January 1, 2003 and continuing thereafter through and until January 1, 2027, in such principal amounts, and shall bear interest payable on the Interest Payment Dates, commencing June 1, 2002 in the maturities and at the interest rates set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Dates, beginning June 1,

2002 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") attached hereto as Exhibit B. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before the first day of each month, from the Sinking Fund, the amounts hereinafter specified:

- (1) An amount equal to one-sixth (1/6) of the interest becoming due on the Obligations on the next succeeding interest due date, and subject to a credit for the amount on deposit in the Sinking Fund transferred thereto on the date of issue of the Obligations; plus
- (2) An amount equal to one-twelfth (1/12) of the principal amount of all Obligations maturing on the next succeeding January 1.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, in each month, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption. (a) *Optional Redemption.* Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2013, are subject to redemption, in whole or in part, at any time, by the Governmental Agency prior to their stated maturities, on any date falling on or after January 1, 2012, upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
January 1, 2012 through December 31, 2012	102%
January 1, 2013 through December 31, 2013	101%
January 1, 2014 and thereafter	100%

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. **Revenue Fund.** The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for additional debt service requirements of the Obligations.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, including the Obligations, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Outstanding Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Outstanding Bonds maturing on the next succeeding principal payment date.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

E. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account.

Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used to construct the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Bullock Pen Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of additions and improvements to and the construction of the Project.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental

Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate delivered to the Trustee which has been approved by the Engineers having charge of supervising such acquisition, improvement and construction, and countersigned by the Governmental Agency Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Governmental Agency for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Governmental Agency in connection with said Project.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the acquisition, improvement and construction of the Project in accordance with the contracts, plans and specifications approved by the Governmental Agency.

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations. (1) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

(2) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

- (a) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and
- (b) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt

service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(3) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Section 9(1) above.

On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

- (a) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.
- (b) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.
- (c) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.
- (d) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.
- (e) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.
- (f) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt

from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance expenses), of the then existing System for the fiscal year preceding the year in which such parity bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to equal at least 120% of the average annual debt service requirements for principal of and interest on all outstanding Bonds payable from the revenues of the System, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The "annual net revenues" referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(i) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(ii) any increase in the "annual net revenues" to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the "RD"] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(1) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(2) Adjust the minimum annual amount to be deposited monthly into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, taking into account the future debt service requirements of all first lien bonds which will then be outstanding against the System.

The Governmental Agency reserves the right to issue parity bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(b) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed refunding Parity Bonds, in any year of maturities thereof after the redemption of the Bonds scheduled to be refunded through the issuance of such proposed refunding Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided (a) that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Bond Registrar and Paying Agent. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (1) To register all of the Obligations in the names of the Issuer;
- (2) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;

(3) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;

(4) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and

(5) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance. (a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000

for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable.

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure.

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2001) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

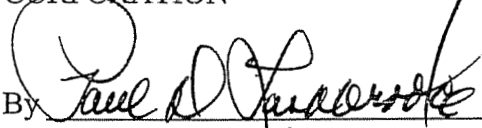
Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.


Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By 
President

Attest:


Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By _____
Chairman

Attest:

Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By *Robert J. [Signature]*
Chairman

Attest:

Del Duley
Secretary

TRANSCRIPT OF PROCEEDINGS

**BULLOCK PEN WATER DISTRICT, KENTUCKY
LOAN IN THE AMOUNT OF \$574,000**

FROM THE

**KENTUCKY RURAL WATER FINANCE CORPORATION
PUBLIC PROJECTS REFUNDING REVENUE BONDS
(FLEXIBLE TERM PROGRAM)
SERIES 2002
DATED JULY 31, 2002
IN THE AMOUNT OF \$1,640,000**

**APPROVING LEGAL OPINION
BY RUBIN & HAYS
MUNICIPAL BOND ATTORNEYS
KENTUCKY HOME TRUST BUILDING
450 SOUTH THIRD STREET
LOUISVILLE, KENTUCKY 40202
(502) 569-7525**

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

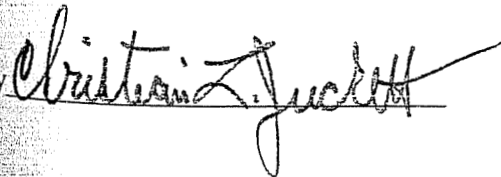
AND

BULLOCK PEN WATER DISTRICT

DATED JULY 31, 2002

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By 

INDEX TO ASSISTANCE AGREEMENT

Section 1	Definitions	3
Section 2	Reaffirmation of Declaration of Waterworks System	8
Section 3	Authorization of Obligations; Place of Payment; Manner of Execution	8
Section 4	Redemption	9
Section 5	Obligations Payable Out of Revenues on a Parity with Prior Bonds	10
Section 6	Compliance with Parity Coverage Requirements of the Prior Bond Legislation	10
Section 7	Flow of Funds	10
Section 8	Disposition of Proceeds of the Obligations; Governmental Agency Account ...	12
Section 9	Arbitrage Limitations	13
Section 10	Parity Bonds	15
Section 11	Rates and Charges for Services of the System	17
Section 12	All Obligations of this Issue Are Equal	18
Section 13	Defeasance and/or Refunding of Obligations	18
Section 14	Contractual Nature of Assistance Agreement	19
Section 15	Appointment and Duties of Trustee	19
Section 16	Provisions in Conflict Repealed	20
Section 17	Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986	20
Section 18	Insurance	21
Section 19	Event of Default; Remedies	22
Section 20	Annual Reports	23
Section 21	Supplemental Assistance Agreement	23
Section 22	No Remedy Exclusive	23
Section 23	Waivers	24
Section 24	Agreement to Pay Attorney's Fees and Expenses	24
Section 25	Signatures of Officers	24
Section 26	Severability Clause	24

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the 31st day of July, 2002 (the Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of various entities of the Commonwealth of Kentucky (the "Issuer") and the Bullock Pen Water District, Crittenden, Kentucky (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer has determined to issue under its Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002 which were issued on July 31, 2002 (the "Bonds") issued by KRWFC pursuant to and secured by a Trust Indenture, dated as of April 4, 2001 between the Issuer and Fifth Third Bank, Cincinnati, Ohio (the "Trustee") as supplemented by a Supplemental Trust Indenture No. 4, dated July 15, 2002 (the "Indenture") between the Issuer and Fifth Third Bank, trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to refinance and currently refund certain outstanding indebtedness of said Governmental Agency (the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, the Governmental Agency, presently owns and operates the waterworks system (the "System") of said Governmental Agency; and

WHEREAS, the Governmental Agency has heretofore issued its (i) Bullock Pen Water District Waterworks Revenue Bonds of 1985, in the original principal amount of \$194,000, dated February 25, 1986, (ii) Bullock Pen Water District Waterworks Revenue Bonds of 1985, Second Series, in the original principal amount of \$50,000, dated February 25, 1986 [collectively the "Series 1985 Bonds"], (iii) Bullock Pen Water District Waterworks Revenue Bonds of 1987, Series A, in the original principal amount of \$240,000, dated April 28, 1988, and (iv) Bullock Pen Water District Waterworks Revenue Bonds of 1987, Series B, in the original principal amount of \$168,000, dated April 28, 1988 [collectively the "Series 1987 Bonds"]; and

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the 31st day of July, 2002 (the Assistance Agreement”) by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of various entities of the Commonwealth of Kentucky (the “Issuer”) and the Bullock Pen Water District, Crittenden, Kentucky (the “Governmental Agency”):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the “Program”) designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer has determined to issue under its Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002 which were issued on July 31, 2002 (the “Bonds”) issued by KRWFC pursuant to and secured by a Trust Indenture, dated as of April 4, 2001 between the Issuer and Fifth Third Bank, Cincinnati, Ohio (the “Trustee”) as supplemented by a Supplemental Trust Indenture No. 4, dated July 15, 2002 (the “Indenture”) between the Issuer and Fifth Third Bank, trustee (the “Trustee”), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to refinance and currently refund certain outstanding indebtedness of said Governmental Agency (the “Project”), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, the Governmental Agency, presently owns and operates the waterworks system (the “System”) of said Governmental Agency; and

WHEREAS, the Governmental Agency has heretofore issued its (i) Bullock Pen Water District Waterworks Revenue Bonds of 1985, in the original principal amount of \$194,000, dated February 25, 1986, (ii) Bullock Pen Water District Waterworks Revenue Bonds of 1985, Second Series, in the original principal amount of \$50,000, dated February 25, 1986 [collectively the “Series 1985 Bonds”], (iii) Bullock Pen Water District Waterworks Revenue Bonds of 1987, Series A, in the original principal amount of \$240,000, dated April 28, 1988, and (iv) Bullock Pen Water District Waterworks Revenue Bonds of 1987, Series B, in the original principal amount of \$168,000, dated April 28, 1988 [collectively the “Series 1987 Bonds”]; and

WHEREAS, the Governmental Agency has found and determined that it is in the public interest to refinance and currently refund the Series 1985 Bonds and the Series 1987 Bonds in order to achieve interest savings; and

WHEREAS, the Governmental Agency has heretofore issued its Prior Bonds (as hereinafter defined); and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the outstanding Prior Bonds, for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System, and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$574,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions whereunder similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

“Act” refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

“Assistance Agreement” refers to this Assistance Agreement authorizing the Loan and the Obligations.

“Bond Counsel” refers to a nationally recognized firm of Bond Counsel which firm has prepared the legal proceedings for the Obligations, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Obligations and the tax exemption of the interest thereon.

“Bond Legislation of 1978” or *“1978 Bond Legislation”* refers to the resolution authorizing the Series 1978 Bonds, which was adopted by the Governing Body on March 29, 1978.

“Bond Legislation of 1982” or *“1982 Bond Legislation”* refers to the resolution authorizing the Series 1982 Bonds, which was adopted by the Governing Body on July 20, 1982.

“Bond Legislation of 1985” or *“1985 Bond Legislation”* refers to the resolution authorizing the Series 1985 Bonds, which was adopted by the Governing Body on September 25, 1985.

“Bond Legislation of 1988” or *“1988 Bond Legislation”* refers to the Resolution authorizing the Series 1987 Bonds, duly adopted by the Governing Body on May 4, 1988 and amended on April 25, 1989.

“Bondowner”, *“Owner”*, *“Bondholder”* means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

“Bonds” refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

“Certified Public Accountants” refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

“Code” refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

“Compliance Group” refers to the Compliance Group identified and defined in the Indenture.

“*Depository Bank*” refers to the bank or banks in which the Funds referred to in this Assistance Agreement will be deposited and maintained as the depository(ies) for such Funds; as determined by the Governmental Agency.

“*Depreciation Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Depreciation Reserve Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

“*Engineer*” or “*Independent Consulting Engineer*” refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

“*Funds*” refers to the Revenue Fund, the Sinking Fund, the Depreciation Fund, the Reserve Fund, the Operation and Maintenance Fund and the Governmental Agency Account.

“*Governing Body*” means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

“*Governmental Agency*” refers to the Bullock Pen Water District.

“*Governmental Agency Chief Executive*” refers to the Chairman of the Governmental Agency.

“*Governmental Agency Clerk*” refers to the Secretary of the Governmental Agency.

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental mortgage, including the Supplemental Trust Indenture No. 4, dated July 15, 2002, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing January 1, 2003 and continuing through and including January 1, 2024 or until the Loan has been paid in full.

“*Issuer*” refers to the Kentucky Rural Water Finance Corporation.

“*KRWFC 2001C Assistance Agreement*” refers to the Assistance Agreement, dated May 1, 2002, authorizing the loan in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Flexible Term Program, Series 2001C (the “KRWFC 2001C Loan”).

“*KRWFC 2001C Loan*” refers to the loan in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Flexible Term Program, Series 2001C (the “*KRWFC Loan*”).

“*Obligations*” refers to the Loan authorized by this Assistance Agreement in the principal amount of \$574,000.

“*Operation and Maintenance Fund*” refers to the “Bullock Pen Water District Waterworks Operation and Maintenance Fund” created in the Prior Bond Legislation and confirmed in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

“*Outstanding Bonds*” refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds which have been defeased.

“*Parity Bonds*” means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

“*Permitted Investments*” refers to investments of funds on deposit in the various funds created herein and includes:

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;

- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;
- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;
- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;
- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:
 - (i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;
 - (ii) The management company of the investment company shall have been in operation for at least five (5) years; and
 - (iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

"Prior Bond Legislation" refers collectively to the 1978 Bond Legislation, the 1982 Bond Legislation and the KRWFC 2001C Assistance Agreement.

"Prior Bonds" refers collectively to the Series 1978 Bonds, the Series 1982 Bonds, and the KRWFC 2001C Loan.

"Program" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvements of public projects for governmental entities.

"Program Administrator" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"Program Reserve Fund" refers to the Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"Project" refers to refinancing and current refunding of the Governmental Agency's Series 1985 Bonds and Series 1987 Bonds with the proceeds of the Obligations.

"Record Date" shall mean with respect to any Interest Payment Date, the close of business on the 15th day next preceding such Interest Payment Date, whether or not such day is a business day.

"Requisition Certificate" means the form attached hereto as Exhibit C to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Governmental Agency Account as construction of the Project progresses.

"Reserve Fund" refers to the Bullock Pen Water District Waterworks Debt Service Reserve Fund, created in the Prior Bond Legislation and which Reserve Fund will continue to be maintained for the benefit of all of the Bonds.

"Revenue Fund" refers to the Bullock Pen Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"Series 1978 Bonds" refers to the original authorized \$1,277,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1978, dated December 21, 1978.

"Series 1982 Bonds" refers to the original authorized \$125,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1982, dated August 6, 1982.

"Series 1985 Bonds" refers collectively to the original authorized \$194,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1985 and \$50,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1985, Second Series, both dated February 25, 1986.

"Series 1987 Bonds" refers to the original authorized \$240,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1987, Series A and \$168,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1987, Series B, dated April 28, 1988.

"Sinking Fund" refers to the Bullock Pen Water District Waterworks Revenue Bond Sinking Fund created and confirmed in the Prior Bond Legislation.

"System" refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

"Treasurer" refers to the Treasurer of the Governmental Agency.

"Trustee" refers to Fifth Third Bank, Cincinnati, Ohio.

"U.S. Obligations" refers to bonds, notes, or Treasury Bills which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a municipal waterworks system are hereby in all respects ratified and confirmed; and so long as any of the obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of said obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$574,000 from the Program, for the purpose of providing funds for the Project. Said Obligations shall mature on each January 1 beginning January 1, 2003 and continuing thereafter through and until January 1, 2021, in such principal amounts, and shall bear interest payable on the Interest Payment Dates, commencing January 1, 2003 in the maturities and at the interest rates set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Dates, beginning January

1, 2003 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") attached hereto as Exhibit B. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before the first day of each month, from the Sinking Fund, the amounts hereinafter specified:

- (1) An amount equal to one-sixth (1/6) of the interest becoming due on the Obligations on the next succeeding interest due date [provided that for the first seven payments one-seventh (1/7) of the interest due on the Obligations on the next succeeding interest due date], and subject to a credit for the amount on deposit in the Sinking Fund transferred thereto on the date of issue of the Obligations; plus
- (2) An amount equal to one-twelfth (1/12) of the principal amount of all Obligations maturing on the next succeeding January 1 [provided that for the first seven payments one-seventh (1/7) of the principal due on the Obligations on January 1].

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, in each month, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption. (a) *Optional Redemption.* Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2013, are subject to redemption, in whole or in part, at any time, by the Governmental Agency prior to their stated maturities, on any date falling on or after January 1, 2012, upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
January 1, 2012 through December 31, 2012	101.0%
January 1, 2013 through December 31, 2013	100.5%
January 1, 2014 and thereafter	100.0%

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof

(b) Notice of Redemption. The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the

purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for additional debt service requirements of the Obligations.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, including the Obligations, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Outstanding Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Outstanding Bonds maturing on the next succeeding principal payment date.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient

to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

E. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account.

Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) Disposition of the Proceeds. There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used to construct the Project.

(b) Governmental Agency Account. It is hereby acknowledged that a fund entitled "Bullock Pen Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of additions and improvements to and the construction of the Project.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of 550,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate delivered to the Trustee which has been approved by the Engineers having charge of supervising such acquisition, improvement and construction, and countersigned by the Governmental Agency Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Governmental Agency for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Governmental Agency in connection with said Project.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the acquisition, improvement and construction of the Project in accordance with the contracts, plans and specifications approved by the Governmental Agency.

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof

Section 9. Arbitrage Limitations. (1) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

(2) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be

used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

- (a) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and
- (b) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(3) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Section 9(1) above.

On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

- (a) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.
- (b) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.
- (c) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.
- (d) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.

- (e) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.
- (f) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance expenses), of the then existing System for the fiscal year preceding the year in which such parity bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to equal at least 120% of the average annual debt service requirements for principal of and interest on all outstanding Bonds payable from the revenues of the System, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The "annual net revenues" referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(i) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(ii) any increase in the "annual net revenues" to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor (the "RD") for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(1) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(2) Adjust the minimum annual amount to be deposited monthly into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, taking into account the future debt service requirements of all first lien bonds which will then be outstanding against the System.

The Governmental Agency reserves the right to issue parity bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the

Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing System for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(b) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed refunding Parity Bonds, in any year of maturities thereof after the redemption of the Bonds scheduled to be refunded through the issuance of such proposed refunding Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption of the Bonds to be refunded.

Section 11. Rates and Charges for Services of the System. While any Bonds are outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the outstanding Bonds and the accruing interest on all such Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less essential operation and maintenance expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of

the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof, and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided (a) that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (1) To register all of the Obligations in the names of the Issuer;
- (2) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (3) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (4) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (5) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated

bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency hereby certifies that it does not reasonably expect to issue bonds or other obligations considered under the Code to be "tax-exempt obligations" in the aggregate principal amount in excess of \$5,000,000 during the calendar year in which the Obligations are being issued, and has irrevocably allocated that portion of its \$5,000,000 small issuer exemption equal to the principal amount of the Obligations, and for that reason the Governmental Agency has been advised by Bond Counsel that pursuant to Section 148(f)(4)(C) of the Code, neither the debt service fund nor any other fund or account established under the provisions of this Assistance Agreement is subject to the "rebate requirements" on excess earnings in favor of the United States of America imposed by the Code. The Governmental Agency covenants and agrees that in the event it is subsequently determined, upon advice of nationally recognized bond counsel, that any fund or account established under this Assistance Agreement, are subject to said rebate requirements and do, in fact, generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Obligations, plus any income attributable to such excess, it shall rebate to the United States of America any such excess generated from such investments and remit such excess to the United States of America on or before five (5) years from the date of issuance of the Obligations, and once every five years thereafter until the final retirement of the Obligations; the last installment, to the extent required, to be made no later than

sixty (60) days following the date on which funds sufficient for the complete retirement of the Obligations are deposited with the Paying Agent or any escrow agent.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance. (a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable.

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure.

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2002) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair

any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys; Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

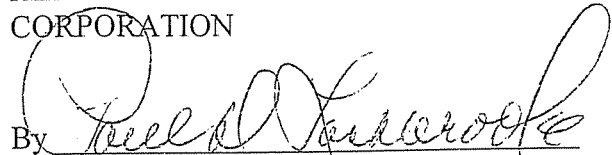
By *Bobby Burgess*
Chairman

Attest:

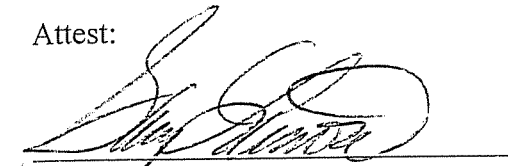
Dal Duley
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By 
President

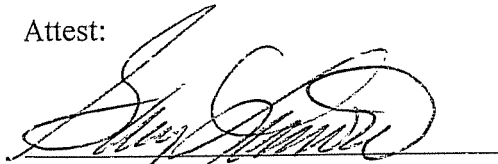
Attest:

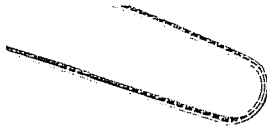

Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By _____
Chairman

Attest:


Secretary



GOVERNMENTAL AGENCY ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

The foregoing instrument was acknowledged before me this 29th day of July, 2002 by Bobby Burgess and Dale Dudley who are the Chairman and Secretary of the Bullock Pen Water District, on behalf of said District.

WITNESS my hand this 29th day of July, 2002.

My Commission expires: 9-13-2003.

Paula Massie

Notary Public, in and for said County and State



ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
BULLOCK PEN WATER DISTRICT
DATED JULY 30, 2003



This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By _____

INDEX TO ASSISTANCE AGREEMENT

Section 1	Definitions	4
Section 2	Reaffirmation of Declaration of Waterworks System	9
Section 3	Authorization of Obligations; Place of Payment; Manner of Execution	9
Section 4	Redemption	10
Section 5	Obligations Payable Out of Revenues on a Parity with Prior Bonds	10
Section 6	Compliance with Parity Coverage Requirements of the Prior Bond Legislation	10
Section 7	Flow of Funds	10
Section 8	Disposition of Proceeds of the Obligations; Governmental Agency Account . . .	12
Section 9	Arbitrage Limitations	13
Section 10	Parity Bonds	15
Section 11	Rates and Charges for Services of the System	17
Section 12	All Obligations of this Issue Are Equal	18
Section 13	Defeasance and/or Refunding of Obligations	18
Section 14	Contractual Nature of Assistance Agreement	18
Section 15	Appointment and Duties of Trustee	19
Section 16	Provisions in Conflict Repealed	19
Section 17	Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986	20
Section 18	Insurance	21
Section 19	Event of Default; Remedies	22
Section 20	Annual Reports	22
Section 21	Supplemental Assistance Agreement	23
Section 22	No Remedy Exclusive	23
Section 23	Waivers	23
Section 24	Agreement to Pay Attorney's Fees and Expenses	23
Section 25	Signatures of Officers	23
Section 26	Severability Clause	24

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the 30th day of July, 2003 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Bullock Pen Water District, Crittenden, Kentucky (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001, in the aggregate principal amount of \$46,000,000 (the "Series 2001 Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and Fifth Third Bank, trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001G, in the aggregate principal amount of \$795,000 (the "Series 2001G Bonds") pursuant to Supplemental Trust Indenture No. 10, dated as of July 30, 2003 by and between the Issuer and the Trustee (the "Series 2001G Indenture"), which Series 2001G Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Issuer has previously remarketed, reissued and delivered \$5,315,000 of the Series 2001 Bonds in a Fixed Rate Mode to be known as Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001A (the "Series 2001A Bonds") pursuant to Supplemental Trust Indenture No. 1, dated as of June 27, 2001 by and between the Issuer and the Trustee (the "Series 2001A Indenture"); and

WHEREAS, the Issuer has previously remarketed, reissued and delivered \$1,005,000 of the Series 2001 Bonds in a Fixed Rate Mode to be known as Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001B (the "Series 2001B Bonds") pursuant to Supplemental Trust Indenture No. 2, dated as of December 19, 2001 by and between the Issuer and the Trustee (the "Series 2001B Indenture"); and

WHEREAS, the Issuer has previously remarketed, reissued and delivered \$715,000 of the Series 2001 Bonds in a Fixed Rate Mode to be known as Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001C (the "Series 2001C Bonds") pursuant to Supplemental Trust Indenture No. 3, dated as of May 15, 2002 by and between the Issuer and the Trustee (the "Series 2001C Indenture"); and

WHEREAS, the Issuer has previously issued and delivered \$1,640,000 of Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002 (the “Series 2002 Bonds”), which rank on a parity with the Series 2001 Bonds, pursuant to Supplemental Trust Indenture No. 4, dated as of July 15, 2002 by and between the Issuer and the Trustee (the “Series 2002 Indenture”); and

WHEREAS, the Issuer has previously remarketed, reissued and delivered \$2,830,000 of the Series 2001 Bonds in a Fixed Rate Mode to be known as Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001D (the “Series 2001D Bonds”) pursuant to Supplemental Trust Indenture No. 5, dated as of September 25, 2002 by and between the Issuer and the Trustee (the “Series 2001D Indenture”); and

WHEREAS, the Issuer has previously issued and delivered \$1,375,000 of Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002B (the “Series 2002B Bonds”), which rank on a parity with the Series 2001 Bonds, pursuant to Supplemental Trust Indenture No.6, dated as of October 30, 2002 by and between the Issuer and the Trustee (the “Series 2002B Indenture”); and

WHEREAS, the Issuer has previously remarketed, reissued and delivered \$1,810,000 of the Series 2001 Bonds in a Fixed Rate Mode to be known as Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001E (the “Series 2001E Bonds”) pursuant to Supplemental Trust Indenture No. 7, dated as of December 18, 2002 by and between the Issuer and the Trustee (the “Series 2001E Indenture”); and

WHEREAS, the Issuer has previously issued and delivered \$8,805,000 of Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2003A (the “Series 2003A Bonds”), which rank on a parity with the Series 2001 Bonds, pursuant to Supplemental Trust Indenture No.8, dated as of March 15, 2003 by and between the Issuer and the Trustee (the “Series 2003A Indenture”); and

WHEREAS, the Issuer has previously remarketed, reissued and delivered \$1,250,000 of the Series 2001 Bonds in a Fixed Rate Mode to be known as Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001F (the “Series 2001F Bonds”) pursuant to Supplemental Trust Indenture No. 9, dated as of May 28, 2003 by and between the Issuer and the Trustee (the “Series 2001F Indenture”); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to finance improvements to the Governmental Agency's waterworks system (the “Project”), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, the Governmental Agency, presently owns and operates the waterworks system (the "System") of said Governmental Agency; and

WHEREAS, the Governmental Agency has heretofore issued its Prior Bonds (as hereinafter defined); and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the outstanding Prior Bonds, for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System, and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$460,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions whereunder similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

“*Act*” refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

“*Assistance Agreement*” refers to this Assistance Agreement authorizing the Loan and the Obligations.

“*Bond Counsel*” refers to a nationally recognized firm of Bond Counsel which firm has prepared the legal proceedings for the Obligations, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Obligations and the tax exemption of the interest thereon.

“*Bond Legislation of 1978*” or “*1978 Bond Legislation*” refers to the resolution authorizing the Series 1978 Bonds, which was adopted by the Governing Body on March 29, 1978.

“*Bond Legislation of 1982*” or “*1982 Bond Legislation*” refers to the resolution authorizing the Series 1982 Bonds, which was adopted by the Governing Body on July 20, 1982.

“*Bondowner*,” “*Owner*,” “*Bondholder*” means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

“*Bonds*” refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

“*Certified Public Accountants*” refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

“*Code*” refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

“*Compliance Group*” refers to the Compliance Group identified and defined in the Indenture.

“*Depository Bank*” refers to the bank or banks in which the Funds referred to in this Assistance Agreement will be deposited and maintained as the depository(ies) for such Funds; as

determined by the Governmental Agency.

“*Depreciation Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Depreciation Reserve Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

“*Engineer*” or “*Independent Consulting Engineer*” refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

“*Funds*” refers to the Revenue Fund, the Sinking Fund, the Depreciation Fund, the Reserve Fund, the Operation and Maintenance Fund and the Governmental Agency Account.

“*Governing Body*” means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

“*Governmental Agency*” refers to the Bullock Pen Water District.

“*Governmental Agency Chief Executive*” refers to the Chairman of the Governmental Agency.

“*Governmental Agency Clerk*” refers to the Secretary of the Governmental Agency.

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental mortgage, including the Supplemental Trust Indenture No. 10, dated July 30, 2003, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing January 1, 2004 and continuing through and including January 1, 2013 or until the Loan has been paid in full.

“*Issuer*” refers to the Kentucky Rural Water Finance Corporation.

“*Obligations*” refers to the Loan authorized by this Assistance Agreement in the principal amount of \$460,000.

“*Operation and Maintenance Fund*” refers to the “Bullock Pen Water District Waterworks Operation and Maintenance Fund” created and confirmed in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

“*Outstanding Bonds*” refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds which have been defeased.

“*Parity Bonds*” means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

“*Permitted Investments*” refers to investments of funds on deposit in the various funds created herein and includes:

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal

Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;

- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;
- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;
- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:

(i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;

(ii) The management company of the investment company shall have been in operation for at least five (5) years; and

(iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

“*Prior Bond Legislation*” refers collectively to the 1978 Bond Legislation, the 1982 Bond Legislation, the Series 2001C Assistance Agreement, and the Series 2002 Assistance Agreement.

“*Prior Bonds*” refers collectively to the Series 1978 Bonds, the Series 1982 Bonds, the Series 2001C Loan, and the Series 2002 Loan.

“*Program*” refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvements of public projects for governmental entities.

“*Program Administrator*” refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

“*Program Reserve Fund*” refers to the Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

“*Project*” refers to financing the construction of a 200,000 gallon elevated water storage tank to replace an existing standpipe tank in Grant County, Kentucky with appurtenances, with the proceeds of the Obligations.

“*Record Date*” shall mean with respect to any Interest Payment Date, the close of business on the 15th day next preceding such Interest Payment Date, whether or not such day is a business day.

“*Requisition Certificate*” means the form attached hereto as Exhibit C to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Governmental Agency Account as construction of the Project progresses.

“*Reserve Fund*” refers to the Bullock Pen Water District Waterworks Debt Service Reserve Fund, created in the Prior Bond Legislation and which Reserve Fund will continue to be maintained for the benefit of all of the Bonds.

“*Revenue Fund*” refers to the Bullock Pen Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

“*Sinking Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Sinking Fund created and confirmed in the Prior Bond Legislation.

“*Series 1978 Bonds*” refers to the original authorized \$1,277,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1978, dated December 21, 1978.

“*Series 1982 Bonds*” refers to the original authorized \$125,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1982, dated August 6, 1982.

“*Series 2001C Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 1, 2002, authorizing the loan in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001C.

“*Series 2001C Loan*” refers to the loan to the Governmental Agency in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001C.

“*Series 2002 Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated July 31, 2002, authorizing the loan in the principal amount of \$574,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002.

“*Series 2002 Loan*” refers to the loan to the Governmental Agency in the principal amount of \$574,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002.

“*System*” refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

“*Treasurer*” refers to the Treasurer of the Governmental Agency.

“*Trustee*” refers to Fifth Third Bank, Cincinnati, Ohio.

“*U.S. Obligations*” refers to bonds, notes, or Treasury Bills which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a municipal waterworks system are hereby in all respects ratified and confirmed; and so long as any of the obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of said obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$460,000 from the Program, for the purpose of providing funds for the Project. Said Obligations shall mature on each January 1 beginning January 1, 2004 and continuing thereafter through and until January 1, 2013, in such principal amounts, and shall bear interest payable on the Interest Payment Dates, commencing January 1, 2004 in the maturities and at the interest rates set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Dates, beginning January 1, 2004 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the “ACH Debit Direct Payment Method”) as described and detailed in the ACH Debit Direct Payment Authorization Form (the “ACH Authorization Form”) attached hereto as Exhibit B. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before the first day of each month, from the Sinking Fund, the amounts hereinafter specified:

- (1) An amount equal to one-sixth (1/6) of the interest becoming due on the Obligations on the next succeeding interest due date [provided that for the first seven payments one-seventh (1/7) of the interest due on the Obligations on the next succeeding interest due date], and subject to a credit for the amount on deposit in the Sinking Fund transferred thereto on the date of issue of the Obligations; plus
- (2) An amount equal to one-twelfth (1/12) of the principal amount of all Obligations maturing on the next succeeding January 1 [provided that for the first seven payments one-seventh (1/7) of the principal due on the Obligations on January 1].

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, in each month, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption. The Obligations are not subject to redemption prior to maturity.

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application

of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for additional debt service requirements of the Obligations.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, including the Obligations, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Outstanding Bonds [provided that for the first seven payments one-seventh (1/7) of the interest due on the Obligations on the next succeeding interest due date], plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Outstanding Bonds maturing on the next succeeding principal payment date [provided that for the first seven payments one-seventh (1/7) of the principal due on the Obligations].

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

E. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used to construct the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Bullock Pen Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of additions and improvements to and the construction of the Project.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate delivered to the Trustee which has been approved by the Engineers having charge of supervising such acquisition, improvement and construction, and countersigned by the Governmental Agency Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Governmental Agency for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Governmental Agency in connection with said Project.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the acquisition, improvement and construction of the Project in accordance with the contracts, plans and specifications approved by the Governmental Agency.

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal

provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations. (1) The Governmental Agency covenants that neither the proceeds of the Obligations, nor “Non-Exempt Revenues” of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as “arbitrage bonds.”

(2) “Non-Exempt Revenues” within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of “Exempt Revenues,” which Exempt Revenues are:

- (a) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and
- (b) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(3) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Section 9(1) above.

On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

- (a) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as “arbitrage bonds” within the meaning of Section 148 of the Code and the applicable regulations thereunder.
- (b) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably

anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

- (c) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.
- (d) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.
- (e) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.
- (f) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance expenses), of the then existing System for the fiscal year preceding the year in which such parity bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to equal at least 120% of the average annual debt service requirements for principal of and interest on all outstanding Bonds payable from the revenues of the System, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The “annual net revenues” referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(i) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(ii) any increase in the “annual net revenues” to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the “RD”] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(1) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(2) Adjust the minimum annual amount to be deposited monthly into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, taking into account the future debt service requirements of all first lien bonds which will then be outstanding against the System.

The Governmental Agency reserves the right to issue parity bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(b) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed refunding Parity Bonds, in any year of maturities thereof after the redemption of the Bonds scheduled to be refunded through the issuance of such proposed refunding Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption of the Bonds to be refunded.

Section 11. Rates and Charges for Services of the System. While any Bonds are outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the outstanding Bonds and the accruing interest on all such Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations

a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less essential operation and maintenance expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay

all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided (a) that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (1) To register all of the Obligations in the names of the Issuer;
- (2) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (3) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (4) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (5) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become “private activity bonds” within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency hereby certifies that it does not reasonably expect to issue bonds or other obligations considered under the Code to be “tax-exempt obligations” in the aggregate principal amount in excess of \$5,000,000 during the calendar year in which the Obligations are being issued, and has irrevocably allocated that portion of its \$5,000,000 small issuer exemption equal to the principal amount of the Obligations, and for that reason the Governmental Agency has been advised by Bond Counsel that pursuant to Section 148(f)(4)(C) of the Code, neither the debt service fund nor any other fund or account established under the provisions of this Assistance Agreement

is subject to the “rebate requirements” on excess earnings in favor of the United States of America imposed by the Code. The Governmental Agency covenants and agrees that in the event it is subsequently determined, upon advice of nationally recognized bond counsel, that any fund or account established under this Assistance Agreement, are subject to said rebate requirements and do, in fact, generate earnings from “non-purpose investments” in excess of the amount which said investments would have earned at a rate equal to the “yield” on the Obligations, plus any income attributable to such excess, it shall rebate to the United States of America any such excess generated from such investments and remit such excess to the United States of America on or before five (5) years from the date of issuance of the Obligations, and once every five years thereafter until the final retirement of the Obligations; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Obligations are deposited with the Paying Agent or any escrow agent.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not “arbitrage bonds” within the meaning of Section 148 of the Code.

Section 18. Insurance. (a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in

such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) Liability Insurance on Facilities. So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) Vehicle Liability Insurance. If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable.

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure.

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2003) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by

the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;

- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By _____
Chairman

Attest:

Secretary

ISSUER ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF BOYD

The foregoing instrument was acknowledged before me this ____ day of July, 2003 by Bob McGlothlin who is the President of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this ____ day of July, 2003.

My Commission expires: _____.

Notary Public, in and for said County and State

COMMONWEALTH OF KENTUCKY

COUNTY OF WARREN

The foregoing instrument was acknowledged before me this ____ day of July, 2003 by Gary Larimore who is the Secretary/Treasurer of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this ____ day of July, 2003.

My Commission expires: _____.

Notary Public, in and for said County and State

GOVERNMENTAL AGENCY ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

The foregoing instrument was acknowledged before me this ____ day of July, 2003 by Bobby Burgess and Dale Duley who are the Chairman and Secretary of the Bullock Pen Water District, on behalf of said District.

WITNESS my hand this ____ day of July, 2003.

My Commission expires: _____.

Notary Public, in and for said County and State

EXHIBIT A

Debt Service Schedule

EXHIBIT C

**REQUEST FOR PAYMENT WITH RESPECT TO
KENTUCKY RURAL WATER FINANCE CORPORATION
(FLEXIBLE TERM PROGRAM)**

Request No. _____

Dated _____

To: Fifth Third Bank
Corporate Trust Administration
38 Fountain Square Plaza
MD 10AT60
Cincinnati, Ohio 45202
Fax Number: (513) 534-6785

From: Bullock Pen Water District ("Governmental Agency")

Contact Person: _____

Address: _____

Ladies and Gentlemen:

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

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

Respectfully submitted,

BULLOCK PEN WATER DISTRICT

By _____

Title _____

**Certificate of Consulting Engineers as to
Payment Request**

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

Engineer/Consultant

Firm Name _____

By _____

Title _____



ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
BULLOCK PEN WATER DISTRICT
DATED OCTOBER 19, 2004
IN THE AMOUNT OF \$98,000



This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By _____

INDEX TO ASSISTANCE AGREEMENT

Section 1	Definitions	3
Section 2	Reaffirmation of Declaration of Waterworks System	8
Section 3	Authorization of Obligations; Place of Payment; Manner of Execution	8
Section 4	Redemption	9
Section 5	Obligations Payable Out of Revenues on a Parity with Prior Bonds	10
Section 6	Compliance with Parity Coverage Requirements of the Prior Bond Legislation	10
Section 7	Flow of Funds	10
Section 8	Disposition of Proceeds of the Obligations; Governmental Agency Account ...	12
Section 9	Arbitrage Limitations	13
Section 10	Parity Bonds	15
Section 11	Rates and Charges for Services of the System	17
Section 12	All Obligations of this Issue Are Equal	18
Section 13	Defeasance and/or Refunding of Obligations	18
Section 14	Contractual Nature of Assistance Agreement	19
Section 15	Appointment and Duties of Trustee	19
Section 16	Provisions in Conflict Repealed	20
Section 17	Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986	20
Section 18	Insurance	21
Section 19	Event of Default; Remedies	22
Section 20	Annual Reports	23
Section 21	Supplemental Assistance Agreement	23
Section 22	No Remedy Exclusive	23
Section 23	Waivers	24
Section 24	Agreement to Pay Attorney's Fees and Expenses	24
Section 25	Signatures of Officers	24
Section 26	Severability Clause	24

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the 19th day of October, 2004 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Bullock Pen Water District, Crittenden, Kentucky (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001, in the aggregate principal amount of \$46,000,000 (the "Series 2001 Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A. (as successor in interest to Fifth Third Bank), as trustee, the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D (the "Series 2004D Bonds") in the aggregate principal amount of \$15,160,000, pursuant to a Supplemental Trust Indenture No. 16, dated as of October 1, 2004 by and between the Issuer and Regions Bank, Nashville, Tennessee (the "Trustee"), which Series 2004D Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to finance improvements to the Governmental Agency's waterworks system (the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, the Governmental Agency, presently owns and operates the waterworks system (the "System") of said Governmental Agency; and

WHEREAS, the Governmental Agency has heretofore issued its Prior Bonds (as hereinafter defined); and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the outstanding Prior Bonds, for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System, and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$98,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions whereunder similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

“*Act*” refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

“*Assistance Agreement*” refers to this Assistance Agreement authorizing the Loan and the Obligations.

“*Bond Counsel*” refers to a nationally recognized firm of Bond Counsel which firm has prepared the legal proceedings for the Obligations, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Obligations and the tax exemption of the interest thereon.

“*Bond Legislation of 1978*” or “*1978 Bond Legislation*” refers to the resolution authorizing the Series 1978 Bonds, which was adopted by the Governing Body on March 29, 1978.

“*Bond Legislation of 1982*” or “*1982 Bond Legislation*” refers to the resolution authorizing the Series 1982 Bonds, which was adopted by the Governing Body on July 20, 1982.

“*Bondowner*,” “*Owner*,” “*Bondholder*” means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

“*Bonds*” refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

“*Certified Public Accountants*” refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

“*Code*” refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

“*Compliance Group*” refers to the Compliance Group identified and defined in the Indenture.

“*Depository Bank*” refers to the bank or banks in which the Funds referred to in this Assistance Agreement will be deposited and maintained as the depository(ies) for such Funds; as determined by the Governmental Agency.

“*Depreciation Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Depreciation Reserve Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

“*Engineer*” or “*Independent Consulting Engineer*” refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

“*Funds*” refers to the Revenue Fund, the Sinking Fund, the Depreciation Fund, the Reserve Fund, the Operation and Maintenance Fund and the Governmental Agency Account.

“*Governing Body*” means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

“*Governmental Agency*” refers to the Bullock Pen Water District.

“*Governmental Agency Chief Executive*” refers to the Chairman of the Governmental Agency.

“*Governmental Agency Clerk*” refers to the Secretary of the Governmental Agency.

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental mortgage, including the Supplemental Trust Indenture No. 16, dated October 1, 2004, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing November 1, 2004 and continuing through and including January 1, 2019 or until the Loan has been paid in full.

“*Issuer*” refers to the Kentucky Rural Water Finance Corporation.

“*Obligations*” refers to the Loan authorized by this Assistance Agreement in the principal amount of \$98,000.

“*Operation and Maintenance Fund*” refers to the “Bullock Pen Water District Waterworks Operation and Maintenance Fund” created and confirmed in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

“*Outstanding Bonds*” refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds which have been defeased.

“*Parity Bonds*” means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

“*Permitted Investments*” refers to investments of funds on deposit in the various funds created herein and includes:

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;
- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;

- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;
- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:
 - (i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;
 - (ii) The management company of the investment company shall have been in operation for at least five (5) years; and
 - (iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

“Prior Bond Legislation” refers collectively to the 1978 Bond Legislation, the 1982 Bond Legislation, the Series 2001C Assistance Agreement, the Series 2002 Assistance Agreement, and the Series 2001G Assistance Agreement.

“Prior Bonds” refers collectively to the Series 1978 Bonds, the Series 1982 Bonds, the Series 2001C Loan, the Series 2002 Loan, and the Series 2001G Loan.

“Program” refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvements of public projects for governmental entities.

“Program Administrator” refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

“Program Reserve Fund” refers to the Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

“Project” refers to financing the construction of an eight inch waterline extension for 2.6 miles to serve a potential 75 new customers on McCoy Fork and adjacent roads, with appurtenances, with the proceeds of the Obligations.

“Record Date” shall mean with respect to any Interest Payment Date, the close of business on the 15th day next preceding such Interest Payment Date, whether or not such day is a business day.

“Requisition Certificate” means the form attached hereto as Exhibit C to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Governmental Agency Account as construction of the Project progresses.

“Reserve Fund” refers to the Bullock Pen Water District Waterworks Debt Service Reserve Fund, created in the Prior Bond Legislation and which Reserve Fund will continue to be maintained for the benefit of all of the Bonds.

“Revenue Fund” refers to the Bullock Pen Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

“Series 1978 Bonds” refers to the original authorized \$1,277,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1978, dated December 21, 1978.

“Series 1982 Bonds” refers to the original authorized \$125,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1982, dated August 6, 1982.

“Series 2001C Assistance Agreement” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 1, 2002, authorizing the loan in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001C.

“Series 2001C Loan” refers to the loan to the Governmental Agency in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001C.

“Series 2001G Assistance Agreement” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated July 30, 2003, authorizing the loan in the principal amount of \$460,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001G.

“Series 2001G Loan” refers to the loan to the Governmental Agency in the principal amount of \$460,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001G.

“Series 2002 Assistance Agreement” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated July 31, 2002, authorizing the loan in the principal amount of \$574,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002.

“*Series 2002 Loan*” refers to the loan to the Governmental Agency in the principal amount of \$574,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002.

“*Sinking Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Sinking Fund created and confirmed in the Prior Bond Legislation.

“*System*” refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

“*Treasurer*” refers to the Treasurer of the Governmental Agency.

“*Trustee*” refers to Regions Bank, Nashville, Tennessee.

“*U.S. Obligations*” refers to bonds, notes, or Treasury Bills which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a municipal waterworks system are hereby in all respects ratified and confirmed; and so long as any of the obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of said obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$98,000 from the Program, for the purpose of providing funds for the Project. Said Obligations shall mature on each January 1 beginning January 1, 2005 and continuing thereafter through and until January 1, 2019, in such principal amounts, and shall bear interest payable on the Interest Payment Dates, commencing November 1, 2004 in the maturities and at the interest rates set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Dates, beginning November 1, 2004 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the “ACH Debit Direct Payment Method”) as described and detailed in the ACH Debit Direct Payment Authorization Form (the “ACH Authorization Form”) attached hereto as

Exhibit B. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before the first day of each month, from the Sinking Fund, the amounts hereinafter specified:

- (1) An amount equal to one-sixth (1/6) of the interest becoming due on the Obligations on the next succeeding interest due date, and subject to a credit for the amount on deposit in the Sinking Fund transferred thereto on the date of issue of the Obligations; plus
- (2) An amount equal to one-twelfth (1/12) of the principal amount of all Obligations maturing on the next succeeding January 1.

Notwithstanding the provisions of paragraph (1) above, because the Issuer must make payments on the Series 2004D Bonds every February 1 and August 1, and the Governmental Agency must make monthly principal and interest payments on the Interest Payment Date totaling the Governmental Agency's pro rata share of the principal and interest payments on the Series 2004D Bonds by each January 1 and July 1, the Governmental Agency's initial three (3) payments on the Obligations will include interest amortized from October 1, 2004 to February 1, 2004.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, in each month, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption. (a) *Optional Redemption.* Obligations maturing on and prior to January 1, 2013, shall not be subject to redemption prior to maturity. Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2014, are subject to redemption, in whole or in part, by the Governmental Agency prior to their stated maturities, at any time falling on or after January 1, 2013 upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
January 1, 2013 through December 31, 2013	101.0%
January 1, 2014 through December 31, 2014	100.5%
January 1, 2015 and thereafter	100.0%

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as

hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for additional debt service requirements of the Obligations.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, including the Obligations, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Outstanding Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Outstanding Bonds maturing on the next succeeding principal payment date.

Notwithstanding the provisions of paragraph (1) above, because the Issuer must make payments on the Series 2004D Bonds every February 1 and August 1, and the Governmental Agency must make monthly principal and interest payments on the Interest Payment Date totaling the Governmental Agency's pro rata share of the principal and interest payments on the Series 2004D Bonds by each January 1 and July 1, the Governmental Agency's initial three (3) payments on the Obligations will include interest amortized from October 1, 2004 to February 1, 2004.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements

to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

E. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) Disposition of the Proceeds. There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used to construct the Project.

(b) Governmental Agency Account. It is hereby acknowledged that a fund entitled "Bullock Pen Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of additions and improvements to and the construction of the Project.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate delivered to the Trustee which has been approved by the Engineers having charge of supervising such acquisition, improvement and construction, and countersigned by the Governmental Agency Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Governmental Agency for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Governmental Agency in connection with said Project.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the acquisition, improvement and construction of the Project in accordance with the contracts, plans and specifications approved by the Governmental Agency.

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations. (a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues

may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as “arbitrage bonds.”

(b) “Non-Exempt Revenues” within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of “Exempt Revenues,” which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as “arbitrage bonds” within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance expenses), of the then existing System for the fiscal year preceding the year in which such parity bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to equal at least 120% of the average annual debt service requirements for principal of and interest on all outstanding Bonds payable from the revenues of the System, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The “annual net revenues” referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the “annual net revenues” to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the “RD”] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(b) Adjust the minimum annual amount to be deposited monthly into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, taking into account the future debt service requirements of all first lien bonds which will then be outstanding against the System.

The Governmental Agency reserves the right to issue parity bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(b) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed refunding Parity Bonds, in any year of maturities thereof after the redemption of the Bonds scheduled to be refunded through the issuance of such proposed refunding Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption of the Bonds to be refunded.

Section 11. Rates and Charges for Services of the System. While any Bonds are outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the outstanding Bonds and the accruing interest on all such Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less essential operation and maintenance expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not

less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided (a) that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated

bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become “private activity bonds” within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency hereby certifies that it does not reasonably expect to issue bonds or other obligations considered under the Code to be “tax-exempt obligations” in the aggregate principal amount in excess of \$5,000,000 during the calendar year in which the Obligations are being issued, and has irrevocably allocated that portion of its \$5,000,000 small issuer exemption equal to the principal amount of the Obligations, and for that reason the Governmental Agency has been advised by Bond Counsel that pursuant to Section 148(f)(4)(C) of the Code, neither the debt service fund nor any other fund or account established under the provisions of this Assistance Agreement is subject to the “rebate requirements” on excess earnings in favor of the United States of America imposed by the Code. The Governmental Agency covenants and agrees that in the event it is subsequently determined, upon advice of nationally recognized bond counsel, that any fund or account established under this Assistance Agreement, are subject to said rebate requirements and do, in fact, generate earnings from “non-purpose investments” in excess of the amount which said investments would have earned at a rate equal to the “yield” on the Obligations, plus any income attributable to such excess, it shall rebate to the United States of America any such excess generated from such investments and remit such excess to the United States of America on or before five (5) years from the date of issuance of the Obligations, and once every five years thereafter until the final retirement of the Obligations; the last installment, to the extent required, to be made no later than

sixty (60) days following the date on which funds sufficient for the complete retirement of the Obligations are deposited with the Paying Agent or any escrow agent.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance. *(a) Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies. The following items shall constitute an “Event of Default” on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable.

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure.

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2003) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair

any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By *Bobby Hargers*
Chairman

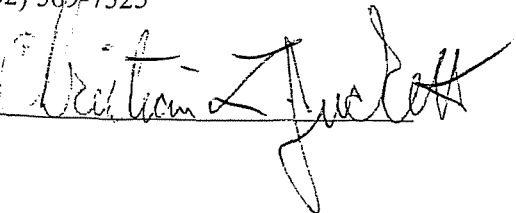
Attest:

Juni-elli A. King
Secretary

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
BULLOCK PEN WATER DISTRICT
DATED OCTOBER 19, 2005
IN THE AMOUNT OF \$290,000

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By 

INDEX TO ASSISTANCE AGREEMENT

Section 1.	Definitions	3
Section 2.	Reaffirmation of Declaration of Waterworks System	8
Section 3.	Authorization of Obligations; Place of Payment; Manner of Execution.....	9
Section 4.	Redemption	10
Section 5.	Obligations Payable Out of Revenues on a Parity with Prior Bonds	10
Section 6.	Compliance with Parity Coverage Requirements of the Prior Bond Legislation ..	10
Section 7.	Flow of Funds	11
Section 8.	Disposition of Proceeds of the Obligations; Governmental Agency Account	13
Section 9.	Arbitrage Limitations	14
Section 10.	Parity Bonds.....	15
Section 11.	Rates and Charges for Services of the System.....	17 ✓
Section 12.	All Obligations of this Issue Are Equal.....	18
Section 13.	Defeasance and/or Refunding of Obligations.....	18
Section 14.	Contractual Nature of Assistance Agreement.....	19
Section 15.	Appointment and Duties of Trustee	19
Section 16.	Provisions in Conflict Repealed.....	20
Section 17.	Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986.....	20
Section 18.	Insurance.....	21
Section 19.	Event of Default; Remedies.....	22
Section 20.	Annual Reports.....	22
Section 21.	Supplemental Assistance Agreement	22
Section 22.	No Remedy Exclusive	23
Section 23.	Waivers	23
Section 24.	Agreement to Pay Attorneys' Fees and Expenses.....	23
Section 25.	Signatures of Officers.....	23
Section 26.	Severability Clause.....	23

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of October 19, 2005 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Bullock Pen Water District, Crittenden, Kentucky (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001, in the aggregate principal amount of \$46,000,000 (the "Series 2001 Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A. (as successor in interest to Fifth Third Bank), as trustee, the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B (the "Series 2005B Bonds") in the aggregate principal amount of \$4,855,000, pursuant to a Supplemental Trust Indenture No. 18, dated as of October 1, 2005 by and between the Issuer and the Trustee, which Series 2005B Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency, presently owns and operates the waterworks system (the "System") of said Governmental Agency; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to finance improvements to the System (hereinafter more specifically defined as the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency's outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System, and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$290,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, on this same date the Governmental Agency will enter in to a separate Assistance Agreement with the Issuer in order to borrow funds in the amount of \$514,000, for the purpose of financing a different project (the "Series 2005B Loan"); and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

“*Act*” refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

“*Assistance Agreement*” refers to this Assistance Agreement authorizing the Loan and the Obligations.

“*Bond Counsel*” refers to a nationally recognized firm of Bond Counsel which firm has prepared the legal proceedings for the Obligations, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Obligations and the tax exemption of the interest thereon.

“*Bond Legislation of 1978*” or “*1978 Bond Legislation*” refers to the resolution authorizing the Series 1978 Bonds, which was adopted by the Governing Body on March 29, 1978.

“*Bond Legislation of 1982*” or “*1982 Bond Legislation*” refers to the resolution authorizing the Series 1982 Bonds, which was adopted by the Governing Body on July 20, 1982.

“*Bondowner*,” “*Owner*,” “*Bondholder*” means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

“*Bonds*” refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

“*Certified Public Accountants*” refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

“*Code*” refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

“*Compliance Group*” refers to the Compliance Group identified and defined in the Indenture.

“*Depreciation Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Depreciation Reserve Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

“*Engineer*” or “*Independent Consulting Engineer*” refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

"Funds" refers to the Revenue Fund, the Sinking Fund, the Depreciation Fund, the Reserve Fund, the Operation and Maintenance Fund and the Governmental Agency Account.

"Governing Body" means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

"Governmental Agency" refers to the Bullock Pen Water District.

"Governmental Agency Chief Executive" refers to the Chairman of the Governmental Agency.

"Governmental Agency Clerk" refers to the Secretary of the Governmental Agency.

"Indenture" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 18, dated October 1, 2005, by and between the Issuer and the Trustee.

"Interest Payment Date" shall mean the 1st day of each month, commencing December 1, 2005 and continuing through and including January 1, 2031 or until the Loan has been paid in full.

"Issuer" refers to the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky.

"Obligations" refers to the Loan authorized by this Assistance

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);

(2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

(3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;

(4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;

(5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;

(6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;

(7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:

(i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;

(ii) The management company of the investment company shall have been in operation for at least five (5) years; and

(iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

"Prior Bond Legislation" refers collectively to the 1978 Bond Legislation, the 1982 Bond Legislation, the Series 2001C Assistance Agreement, the Series 2002 Assistance Agreement, the Series 2001G Assistance Agreement, the Series 2004D Assistance Agreement, and the Series 2005B Assistance Agreement.

"Prior Bonds" refers collectively to the Series 1978 Bonds, the Series 1982 Bonds, the Series 2001C Loan, the Series 2002 Loan, the Series 2001G Loan, the Series 2004D Loan, and the Series 2005B Loan.

"Program" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvement of public projects for governmental entities.

"Program Administrator" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"Program Reserve Fund" refers to the Program Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"Project" refers to financing the construction of a water line extension of approximately 7.9 miles to serve 152 new customers in Boone County, including new water line extensions along Buffalo Road (Highway 1292), Highway 42, Dickerson Road, Crouch Road, Cleeks Lane and Webb Road, with appurtenances, with the proceeds of the Obligations.

"Record Date" shall mean with respect to any Interest Payment Date, the close of business on the 15th day next preceding such Interest Payment Date, whether or not such day is a business day.

"Requisition Certificate" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Governmental Agency Account as the Project progresses.

"Reserve Fund" refers to the Bullock Pen Water District Waterworks Debt Service Reserve Fund, created in the Prior Bond Legislation and which Reserve Fund will continue to be maintained for the benefit of all of the Bonds.

"Revenue Fund" refers to the Bullock Pen Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"Series 1978 Bonds" refers to the original authorized \$1,277,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1978, dated December 21, 1978.

"Series 1982 Bonds" refers to the original authorized \$125,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1982, dated August 6, 1982.

"Series 2001C Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 1, 2002, authorizing the loan in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001C.

"Series 2001C Loan" refers to the loan to the Governmental Agency in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001C.

"Series 2001G Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated July 30, 2003, authorizing the loan in the principal amount of \$460,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001G.

"Series 2001G Loan" refers to the loan to the Governmental Agency in the principal amount of \$460,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001G.

"Series 2002 Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated July 31, 2002, authorizing the loan in the principal amount of \$574,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002.

"Series 2002 Loan" refers to the loan to the Governmental Agency in the principal amount of \$574,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002.

“*Series 2004D Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2004, authorizing the loan in the principal amount of \$98,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D.

“*Series 2004D Loan*” refers to the loan to the Governmental Agency in the principal amount of \$98,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D.

“*Series 2005B Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2004, authorizing a loan in the principal amount of \$514,000 of a total loan of \$804,000, dated October 19, 2005, to the Bullock Pen Water District from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B.

“*Series 2005B Loan*” refers to \$514,000 of a total loan of \$804,000, dated October 19, 2005, to the Bullock Pen Water District from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B. The Series 2005B Loan is evidenced by a separate Assistance Agreement of the same date as this Assistance Agreement, and will be used to finance the construction of a water line extension of approximately 21.75 miles to serve 173 new customers in Grant County, including new water line extensions along Chapman road, Lawrenceville Road, Juett Road, Gold Valley Road, Tanglewood Estates, Mt. Pisgah Road, Gold Valley Spur, Kinman Road, Kentucky 36, Jonesville Folsom Road, Calendar Road, and Buffalo Ridge, with appurtenances.

“*Sinking Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Sinking Fund created and confirmed in the Prior Bond Legislation.

“*System*” refers to the Governmental Agency’s waterworks system, together with all future extensions, additions and improvements to said System.

“*Treasurer*” refers to the Treasurer of the Governmental Agency.

“*Trustee*” refers to Regions Bank, Nashville, Tennessee.

“*U.S. Obligations*” refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued

remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$290,000 from the Program, for the purpose of providing funds for the Project. The Obligations shall mature on each January 1 beginning January 1, 2007 and continuing thereafter through and until January 1, 2031, in such principal amounts, and shall bear interest payable on the Interest Payment Dates, commencing December 1, 2005 in the maturities and at the interest rates set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Dates, beginning December 1, 2005 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before the first day of each month, from the Sinking Fund, the amounts hereinafter specified:

- (1) An amount equal to one-sixth (1/6) of the interest becoming due on the Obligations on the next succeeding interest due date, and subject to a credit for the amount on deposit in the Sinking Fund transferred thereto on the date of issue of the Obligations; plus
- (2) An amount equal to one-twelfth (1/12) of the principal amount of all Obligations maturing on the next succeeding January 1.

Notwithstanding the provisions of paragraph (1) above, because the Issuer must make payments on the Series 2005B Bonds every February 1 and August 1, and the Governmental Agency must make monthly principal and interest payments on the Interest Payment Date totaling the Governmental Agency's pro rata share of the principal and interest payments on the Series 2005B Bonds by each January 1 and July 1, the Governmental Agency's initial eight (8) payments on the Obligations will include interest amortized from October 1, 2005 to August 1, 2006.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the

Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, in each month, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption. (a) *Optional Redemption.* Obligations maturing on and prior to January 1, 2015, shall not be subject to redemption prior to maturity. Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2016, are subject to redemption, in whole or in part, by the Governmental Agency prior to their stated maturities, at any time falling on or after January 1, 2015 upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
January 1, 2016 through December 31, 2016	101.00%
January 1, 2017 through December 31, 2017	100.05%
January 1, 2018 and thereafter	100.00%

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided, and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond

Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit into the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for the additional debt service requirements of the Obligations.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, including the Obligations, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Outstanding Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Outstanding Bonds maturing on the next succeeding principal payment date.

Notwithstanding the provisions of paragraph (1) above, because the Issuer must make payments on the Series 2005B Bonds every February 1 and August 1, and the Governmental Agency must make monthly principal and interest payments on the Interest Payment Date totaling the Governmental Agency's pro rata share of the principal and interest payments on the Series 2005B Bonds by each January 1 and July 1, the Governmental Agency's initial eight (8) payments on the Obligations will include interest amortized from October 1, 2005 to August 1, 2006.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

E. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any

reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Bullock Pen Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of the Project.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate delivered to the Trustee which has been approved by the Engineers having charge of supervising the Project, and countersigned by the Governmental Agency Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Governmental Agency for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Governmental Agency in connection with said Project.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project in accordance with the contracts, plans and specifications approved by the Governmental Agency.

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations. (a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

(b) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the

Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the

Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance expenses), of the then existing System for the fiscal year preceding the year in which such parity bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to equal at least 120% of the average annual debt service requirements for principal of and interest on the Outstanding Bonds, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The "annual net revenues" referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the "annual net revenues" to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the "RD"] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance expenses), of the then existing System for the fiscal year preceding the year in which such parity bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to equal at least 120% of the average annual debt service requirements for principal of and interest on the Outstanding Bonds, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The "annual net revenues" referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the "annual net revenues" to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the "RD"] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future replacement costs of the facilities to be constructed and acquired with the proceeds of such additional Parity Bonds.

The Governmental Agency reserves the right to issue Parity Bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such Parity Bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of the Parity Bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of the Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of the Parity Bonds and from the elimination of the Outstanding Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the Outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(b) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed Parity Bonds, in any year of maturities thereof after the redemption of the Outstanding Bonds scheduled to be refunded through the issuance of the proposed Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of the proposed Parity Bonds and the redemption of the Outstanding Bonds to be refunded.

Section 11. Rates and Charges for Services of the System. While there are any Outstanding Bonds, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the

System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less essential operation and maintenance expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the

determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided (a) that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred

upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance. (a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

- (a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption;
- (b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable;
- (c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or
- (d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2005) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

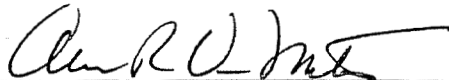
Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officers thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By 
President

Attest:

Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By _____
Chairman

Attest:

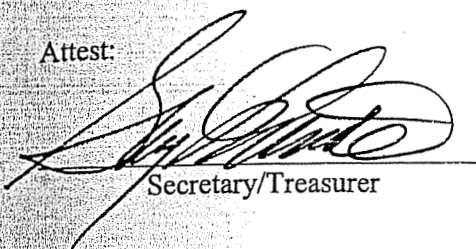
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officers thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:


Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By _____
Chairman

Attest:

Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officers thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By *Bobby Bungee*
Chairman

Attest:

James A. King
Secretary

ISSUER ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF HENDERSON

The foregoing instrument was acknowledged before me this October 27, 2005 by Allan VanMeter who is the President of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this October 27, 2005.

My Commission expires: 10-21-06.

Sandra K. Wilkerson
Notary Public, in and for said County and State

COMMONWEALTH OF KENTUCKY

COUNTY OF _____

The foregoing instrument was acknowledged before me this October ____, 2005 by Gary Larimore who is the Secretary/Treasurer of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this October ____, 2005.

My Commission expires: _____.

Notary Public, in and for said County and State

ISSUER ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF HENDERSON

The foregoing instrument was acknowledged before me this October ____, 2005 by Allan VanMeter who is the President of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this October ____, 2005.

My Commission expires: _____.

Notary Public, in and for said County and State

COMMONWEALTH OF KENTUCKY

COUNTY OF Warren

The foregoing instrument was acknowledged before me this October 27, 2005 by Gary Larimore who is the Secretary/Treasurer of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this October 27, 2005.

My Commission expires: 7.11.06.

Bobbie S. Shanahan

Notary Public, in and for said County and State

GOVERNMENTAL AGENCY ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

The foregoing instrument was acknowledged before me this October 17, 2005 by Bobby Burgess and Jimmie A. King who are the Chairman and Secretary of the Bullock Pen Water District, on behalf of said District.

WITNESS my hand this October 17, 2005.

My Commission expires: 9-15-2007.

Paula A. Massie

Notary Public, in and for said County and State

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
BULLOCK PEN WATER DISTRICT
DATED OCTOBER 19, 2005
IN THE AMOUNT OF \$514,000

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By _____

INDEX TO ASSISTANCE AGREEMENT

<u>Section 1.</u>	<u>Definitions.....</u>	<u>3</u>
<u>Section 2.</u>	<u>Reaffirmation of Declaration of Waterworks System</u>	<u>8</u>
<u>Section 3.</u>	<u>Authorization of Obligations; Place of Payment; Manner of Execution</u>	<u>9</u>
<u>Section 4.</u>	<u>Redemption</u>	<u>10</u>
<u>Section 5.</u>	<u>Obligations Payable Out of Revenues on a Parity with Prior Bonds.....</u>	<u>10</u>
<u>Section 6.</u>	<u>Compliance with Parity Coverage Requirements of the Prior Bond Legislation ..</u>	<u>10</u>
<u>Section 7.</u>	<u>Flow of Funds</u>	<u>11</u>
<u>Section 8.</u>	<u>Disposition of Proceeds of the Obligations; Governmental Agency Account</u>	<u>13</u>
<u>Section 9.</u>	<u>Arbitrage Limitations.....</u>	<u>14</u>
<u>Section 10.</u>	<u>Parity Bonds.....</u>	<u>15</u>
<u>Section 11.</u>	<u>Rates and Charges for Services of the System.....</u>	<u>17</u>
<u>Section 12.</u>	<u>All Obligations of this Issue Are Equal</u>	<u>18</u>
<u>Section 13.</u>	<u>Defeasance and/or Refunding of Obligations</u>	<u>18</u>
<u>Section 14.</u>	<u>Contractual Nature of Assistance Agreement.....</u>	<u>19</u>
<u>Section 15.</u>	<u>Appointment and Duties of Trustee</u>	<u>19</u>
<u>Section 16.</u>	<u>Provisions in Conflict Repealed.....</u>	<u>20</u>
<u>Section 17.</u>	<u>Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986</u>	<u>20</u>
<u>Section 18.</u>	<u>Insurance.....</u>	<u>21</u>
<u>Section 19.</u>	<u>Event of Default; Remedies</u>	<u>22</u>
<u>Section 20.</u>	<u>Annual Reports</u>	<u>22</u>
<u>Section 21.</u>	<u>Supplemental Assistance Agreement.....</u>	<u>22</u>
<u>Section 22.</u>	<u>No Remedy Exclusive.....</u>	<u>23</u>
<u>Section 23.</u>	<u>Waivers</u>	<u>23</u>
<u>Section 24.</u>	<u>Agreement to Pay Attorneys' Fees and Expenses</u>	<u>23</u>
<u>Section 25.</u>	<u>Signatures of Officers</u>	<u>23</u>
<u>Section 26.</u>	<u>Severability Clause</u>	<u>23</u>

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of October 19, 2005 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Bullock Pen Water District, Crittenden, Kentucky (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001, in the aggregate principal amount of \$46,000,000 (the "Series 2001 Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A. (as successor in interest to Fifth Third Bank), as trustee, the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B (the "Series 2005B Bonds") in the aggregate principal amount of \$4,855,000, pursuant to a Supplemental Trust Indenture No. 18, dated as of October 1, 2005 by and between the Issuer and the Trustee, which Series 2005B Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency, presently owns and operates the waterworks system (the "System") of said Governmental Agency; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to finance improvements to the System (hereinafter more specifically defined as the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency's outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System, and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$514,000 [the "Obligations"], for the purpose of financing the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, on this same date the Governmental Agency will enter in to a separate Assistance Agreement with the Issuer in order to borrow funds in the amount of \$219,000, for the purpose of financing a different project (the "Series 2005B Loan"); and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

“*Act*” refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

“*Assistance Agreement*” refers to this Assistance Agreement authorizing the Loan and the Obligations.

“*Bond Counsel*” refers to a nationally recognized firm of Bond Counsel which firm has prepared the legal proceedings for the Obligations, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Obligations and the tax exemption of the interest thereon.

“*Bond Legislation of 1978*” or “*1978 Bond Legislation*” refers to the resolution authorizing the Series 1978 Bonds, which was adopted by the Governing Body on March 29, 1978.

“*Bond Legislation of 1982*” or “*1982 Bond Legislation*” refers to the resolution authorizing the Series 1982 Bonds, which was adopted by the Governing Body on July 20, 1982.

“*Bondowner,*” “*Owner,*” “*Bondholder*” means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

“*Bonds*” refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

“*Certified Public Accountants*” refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

“*Code*” refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

“*Compliance Group*” refers to the Compliance Group identified and defined in the Indenture.

“*Depreciation Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Depreciation Reserve Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

“*Engineer*” or “*Independent Consulting Engineer*” refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

“*Funds*” refers to the Revenue Fund, the Sinking Fund, the Depreciation Fund, the Reserve Fund, the Operation and Maintenance Fund and the Governmental Agency Account.

“*Governing Body*” means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

“*Governmental Agency*” refers to the Bullock Pen Water District.

“*Governmental Agency Chief Executive*” refers to the Chairman of the Governmental Agency.

“*Governmental Agency Clerk*” refers to the Secretary of the Governmental Agency.

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 18, dated October 1, 2005, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing December 1, 2005 and continuing through and including January 1, 2031 or until the Loan has been paid in full.

“*Issuer*” refers to the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky.

“*Obligations*” refers to the Loan authorized by this Assistance Agreement in the principal amount of \$514,000.

“*Operation and Maintenance Fund*” refers to the Bullock Pen Water District Waterworks Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

“*Outstanding Bonds*” refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds that have been defeased.

“*Parity Bonds*” means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

“*Permitted Investments*” refers to investments of funds on deposit in the various funds created herein and includes:

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;
- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;
- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:
 - (i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;
 - (ii) The management company of the investment company shall have been in operation for at least five (5) years; and
 - (iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

"Prior Bond Legislation" refers collectively to the 1978 Bond Legislation, the 1982 Bond Legislation, the Series 2001C Assistance Agreement, the Series 2002 Assistance Agreement, the Series 2001G Assistance Agreement, the Series 2004D Assistance Agreement, and the Series 2005B Assistance Agreement.

"Prior Bonds" refers collectively to the Series 1978 Bonds, the Series 1982 Bonds, the Series 2001C Loan, the Series 2002 Loan, the Series 2001G Loan, the Series 2004D Loan, and the Series 2005B Loan.

"Program" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvement of public projects for governmental entities.

"Program Administrator" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"Program Reserve Fund" refers to the Program Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"Project" refers to financing the construction of a water line extension of approximately 21.75 miles to serve 173 new customers in Grant County, including new water line extensions along Chapman road, Lawrenceville Road, Juett Road, Gold Valley Road, Tanglewood Estates, Mt. Pisgah Road, Gold Valley Spur, Kinman Road, Kentucky 36, Jonesville Folsom Road, Calendar Road, and Buffalo Ridge, with appurtenances, with the proceeds of the Obligations.

"Record Date" shall mean with respect to any Interest Payment Date, the close of business on the 15th day next preceding such Interest Payment Date, whether or not such day is a business day.

“Requisition Certificate” means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Governmental Agency Account as the Project progresses.

“Reserve Fund” refers to the Bullock Pen Water District Waterworks Debt Service Reserve Fund, created in the Prior Bond Legislation and which Reserve Fund will continue to be maintained for the benefit of all of the Bonds.

“Revenue Fund” refers to the Bullock Pen Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

“Series 1978 Bonds” refers to the original authorized \$1,277,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1978, dated December 21, 1978.

“Series 1982 Bonds” refers to the original authorized \$125,000 of Bullock Pen Water District Waterworks Revenue Bonds of 1982, dated August 6, 1982.

“Series 2001C Assistance Agreement” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 1, 2002, authorizing the loan in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001C.

“Series 2001C Loan” refers to the loan to the Governmental Agency in the principal amount of \$715,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001C.

“Series 2001G Assistance Agreement” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated July 30, 2003, authorizing the loan in the principal amount of \$460,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001G.

“Series 2001G Loan” refers to the loan to the Governmental Agency in the principal amount of \$460,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001G.

“Series 2002 Assistance Agreement” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated July 31, 2002, authorizing the loan in the principal amount of \$574,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002.

“Series 2002 Loan” refers to the loan to the Governmental Agency in the principal amount of \$574,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2002.

“*Series 2004D Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2004, authorizing the loan in the principal amount of \$98,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D.

“*Series 2004D Loan*” refers to the loan to the Governmental Agency in the principal amount of \$98,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D.

“*Series 2005B Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2004, authorizing a loan in the principal amount of \$290,000 of a total loan of \$804,000, dated October 19, 2005, to the Bullock Pen Water District from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B.

“*Series 2005B Loan*” refers to \$290,000 of a total loan of \$804,000, dated October 19, 2005, to the Bullock Pen Water District from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B. The Series 2005B Loan is evidenced by a separate Assistance Agreement of the same date as this Assistance Agreement, and will be used to finance the construction of a water line extension of approximately 7.9 miles to serve 152 new customers in Boone County, including new water line extensions along Buffalo Road (Highway 1292), Highway 42, Dickerson Road, Crouch Road, Cleeks Lane and Webb Road, with appurtenances.

“*Sinking Fund*” refers to the Bullock Pen Water District Waterworks Revenue Bond Sinking Fund created and confirmed in the Prior Bond Legislation.

“*System*” refers to the Governmental Agency’s waterworks system, together with all future extensions, additions and improvements to said System.

“*Treasurer*” refers to the Treasurer of the Governmental Agency.

“*Trustee*” refers to Regions Bank, Nashville, Tennessee.

“*U.S. Obligations*” refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the

security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$514,000 from the Program, for the purpose of providing funds for the Project. The Obligations shall mature on each January 1 beginning January 1, 2007 and continuing thereafter through and until January 1, 2031, in such principal amounts, and shall bear interest payable on the Interest Payment Dates, commencing December 1, 2005 in the maturities and at the interest rates set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Dates, beginning December 1, 2005 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before the first day of each month, from the Sinking Fund, the amounts hereinafter specified:

- (1) An amount equal to one-sixth (1/6) of the interest becoming due on the Obligations on the next succeeding interest due date, and subject to a credit for the amount on deposit in the Sinking Fund transferred thereto on the date of issue of the Obligations; plus
- (2) An amount equal to one-twelfth (1/12) of the principal amount of all Obligations maturing on the next succeeding January 1.

Notwithstanding the provisions of paragraph (1) above, because the Issuer must make payments on the Series 2005B Bonds every February 1 and August 1, and the Governmental Agency must make monthly principal and interest payments on the Interest Payment Date totaling the Governmental Agency's pro rata share of the principal and interest payments on the Series 2005B Bonds by each January 1 and July 1, the Governmental Agency's initial eight (8) payments on the Obligations will include interest amortized from October 1, 2005 to August 1, 2006.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the

Governmental Agency (the “Reserve Withdrawal”), the Governmental Agency shall pay to the Trustee, in each month, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption. (a) *Optional Redemption.* Obligations maturing on and prior to January 1, 2015, shall not be subject to redemption prior to maturity. Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2016, are subject to redemption, in whole or in part, by the Governmental Agency prior to their stated maturities, at any time falling on or after January 1, 2015 upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
January 1, 2016 through December 31, 2016	101.00%
January 1, 2017 through December 31, 2017	100.05%
January 1, 2018 and thereafter	100.00%

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided, and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be

procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit into the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for the additional debt service requirements of the Obligations.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, including the Obligations, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Outstanding Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Outstanding Bonds maturing on the next succeeding principal payment date.

Notwithstanding the provisions of paragraph (1) above, because the Issuer must make payments on the Series 2005B Bonds every February 1 and August 1, and the Governmental Agency must make monthly principal and interest payments on the Interest Payment Date totaling the Governmental Agency's pro rata share of the principal and interest payments on the Series 2005B Bonds by each January 1 and July 1, the Governmental Agency's initial eight (8) payments on the Obligations will include interest amortized from October 1, 2005 to August 1, 2006.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

E. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any

reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Bullock Pen Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of the Project.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate delivered to the Trustee which has been approved by the Engineers having charge of supervising the Project, and countersigned by the Governmental Agency Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Governmental Agency for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Governmental Agency in connection with said Project.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project in accordance with the contracts, plans and specifications approved by the Governmental Agency.

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations. (a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor “Non-Exempt Revenues” of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as “arbitrage bonds.”

(b) “Non-Exempt Revenues” within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of “Exempt Revenues,” which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the

Obligations to be treated as “arbitrage bonds” within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the

Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance expenses), of the then existing System for the fiscal year preceding the year in which such parity bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to equal at least 120% of the average annual debt service requirements for principal of and interest on the Outstanding Bonds, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The “annual net revenues” referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the “annual net revenues” to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the “RD”] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future replacement costs of the facilities to be constructed and acquired with the proceeds of such additional Parity Bonds.

The Governmental Agency reserves the right to issue Parity Bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such Parity Bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of the Parity Bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of the Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of the Parity Bonds and from the elimination of the Outstanding Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the Outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(b) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed Parity Bonds, in any year of maturities thereof after the redemption of the Outstanding Bonds scheduled to be refunded through the issuance of the proposed Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of the proposed Parity Bonds and the redemption of the Outstanding Bonds to be refunded.

Section 11. Rates and Charges for Services of the System. While there are any Outstanding Bonds, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the

System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less essential operation and maintenance expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the

determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided (a) that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred

upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance. *(a) Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) Liability Insurance on Facilities. So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) Vehicle Liability Insurance. If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies. The following items shall constitute an “Event of Default” on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable;

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2005) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Bullock Pen Water District has caused this Assistance Agreement to be signed in corporate name and by its officers thereunder duly authorized, all as of the day and year first above written.

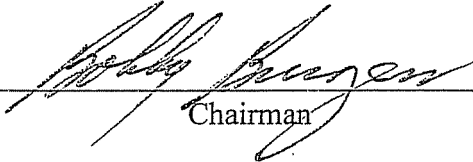
KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

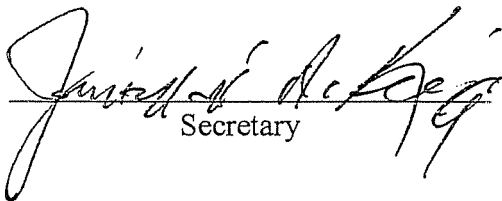
Attest:

Secretary/Treasurer

BULLOCK PEN WATER DISTRICT

By  _____
Chairman

Attest:


Secretary

KIA #1

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND C

PROJECT NUMBER	<u>C91-13</u>
BORROWER:	<u>Bullock-Pen Water District</u>
BORROWER'S ADDRESS	<u>1 Farrell Drive</u>
	<u>Crittenden, Kentucky 41030</u>
DATE OF ASSISTANCE AGREEMENT:	<u>May 1, 1992</u>

ASSISTANCE AGREEMENT

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

ARTICLE II

REPRESENTATIONS AND WARRANTIES

SECTION 2.1.	Representations and Warranties of Authority	6
SECTION 2.2.	Representations and Warranties of the Governmental Agency	7

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

SECTION 3.1.	Determination of Eligibility	9
SECTION 3.2.	Principal Amount of Final Loan and Interim Loan Established; Disbursement of Funds; Loan Payments.....	9
SECTION 3.3.	Governmental Agency's Right to Repay Interim Loan: Termination of Right	10
SECTION 3.4.	Amortization of Final Loan; Schedule of Payments Incorporated	10
SECTION 3.5.	Authority's Discretion Regarding Terms of Bonds; Prepayment of Final Loan Restricted	11
SECTION 3.6.	Subordination of Final Loan	11

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT OF INTERIM LOAN;
REQUISITION FOR FUNDS

SECTION 4.1.	Covenants of Governmental Agency and Conditions of Loan	12
SECTION 4.2.	Disbursements of Interim Loan Requisition for Funds	15

ARTICLE VSERVICES CHARGES OF GOVERNMENTAL AGENCY;
PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

SECTION 5.1.	Imposition of Service Charges	16
SECTION 5.2.	Governmental Agency's Obligation to Repay Loan	16
SECTION 5.3.	Covenant to Adjust Service Charges	17
SECTION 5.4.	Adequacy of Service Charges	17
SECTION 5.5.	Covenant to Charge Sufficient Rates; Reports: Inspection	17
SECTION 5.6.	Segregation of Funds	18
SECTION 5.7.	Mandatory Sewer Connection	18
SECTION 5.8.	Termination of Water Services to Delinquent Users	18

ARTICLE VI

FURTHER COVENANTS OF THE GOVERNMENTAL AGENCY

SECTION 6.1.	Further Assurance	18
SECTION 6.2.	Completion of Project	19
SECTION 6.3.	Establishment of Completion Date	19
SECTION 6.4.	Commitment to Operate	19
SECTION 6.5.	Continue to Operate	19
SECTION 6.6.	Tax Covenant	19
SECTION 6.7.	Accounts and Reports	20
SECTION 6.8.	Financial Statements	20
SECTION 6.9.	General Compliance With All Duties	20
SECTION 6.10.	System Not to Be Disposed Of	20
SECTION 6.11.	General	21

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

SECTION 7.1.	Maintain System	21
SECTION 7.2.	Additions and Improvements	21
SECTION 7.3.	Compliance with State and Federal Standards	21
SECTION 7.4.	Access to Records	21
SECTION 7.5.	Covenant to Insure - Casualty	21
SECTION 7.6.	Authority as Named Insured	22
SECTION 7.7.	Covenant to Insure - Liability	22
SECTION 7.8.	Covenant Regarding Workmen's Compensation	22
SECTION 7.9.	Application of Casualty Insurance Proceeds	22
SECTION 7.10.	Eminent Domain	22

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1.	Events of Default Defined	23
SECTION 8.2.	Remedies on Default	24
SECTION 8.3.	Appointment of Receiver	24
SECTION 8.4.	No Remedy Exclusive	25
SECTION 8.5.	Consent to Powers of Authority Under Act ...	25
SECTION 8.6.	Waivers	25
SECTION 8.7.	Agreement to Pay Attorneys' Fees and Expenses	25

ARTICLE IX

MISCELLANEOUS PROVISIONS

SECTION 9.1.	Approval not to be Unreasonably Withheld ...	25
SECTION 9.2.	Approval	26
SECTION 9.3.	Effective Date	26
SECTION 9.4.	Binding Effect	26
SECTION 9.5.	Severability	26
SECTION 9.6.	Execution in Counterparts	26
SECTION 9.7.	Applicable Law	27
SECTION 9.8.	Venue	27
SECTION 9.9.	Captions	27
SIGNATURES		27
EXHIBIT A -	PROJECT SPECIFICS	A-1
EXHIBIT B -	REQUISITION FORM	B-1
EXHIBIT C -	SCHEDULE OF SERVICE CHARGES	C-1
EXHIBIT D -	RESOLUTION	D-1
EXHIBIT E -	LEGAL OPINION	E-1
EXHIBIT F -	SCHEDULE OF PAYMENTS	F-1
EXHIBIT G -	ADDITIONAL COVENANTS AND AGREEMENTS	G-1

FUND C
ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency").

W I T N E S S E T H

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Governmental Agencies Program as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of Projects, as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize and manage the resources of the Commonwealth of Kentucky (the "Commonwealth") for the protection and preservation of the health, safety, convenience and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of April 1, 1989 (the "Indenture") between the Authority and First Kentucky Trust Company (the "Trustee") in order to Provide funding for its Governmental Agencies Program; and

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

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the

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

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the System, which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within ninety (90) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the this Assistance Agreement and any other Debt Obligations.

Section 6.10. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not sell, mortgage, or in any manner dispose of, or surrender

control or otherwise dispose of any of the facilities of the System or any part thereof without the prior written consent of the Authority, which consent shall not be unreasonably withheld (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act and this Assistance Agreement in accordance with the terms of such provisions.

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.4. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to

the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the project, and commencement of operations thereof.

Section 7.5. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.6. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.8. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.9. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.10. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of

eminent domain by any governmental body or by any person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the project or any part thereof without the written consent of the Authority.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any payments at the times specified herein.

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

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

(D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations which would in the opinion of the Authority materially and adversely affect the performance of the obligations of the Governmental Agency under the Agreement.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing, the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

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

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

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

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce

Section 9.7. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.8. Venue. The parties hereto agree that in the event of a default by the Governmental Agency pursuant to the provisions of Article 8 of this Agreement, the Authority shall, to the extent permitted under the laws of the Commonwealth, have the right to file any necessary actions with respect thereto in Franklin Circuit Court.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

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

ATTEST:

KENTUCKY INFRASTRUCTURE
AUTHORITY

Marilyn Eaton-Thomas
Title: Secretary/Treasurer

By: James A. Burns
Title: Executive Director

ATTEST:

GOVERNMENTAL AGENCY:
BULLOCK-PEN WATER DISTRICT

Dale Duley
Title: Secretary

By: Bobby Burgess
Title: Chairman

APPROVED:

EXAMINED:

James H. Trotter
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

Peck Shaffer + Williams
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

1997 DWSRF#1
491E IMPR. +
REPLACEMENT

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F01-06
BORROWER: Bullock Pen Water District
BORROWER'S ADDRESS: P.O. Box 188
Crittenden, Kentucky 41030
DATE OF ASSISTANCE AGREEMENT: February 1, 2002
CFDA NO.: 66.458

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable semiannually, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; and shall be subject to the further requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Prepay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue revenue bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Governmental Agency (i) of its intention to proceed with the authorization of such bonds (ii) of the limitation on prepayments after such bonds are issued and (iii) that the Governmental Agency has thirty (30) days from its receipt of said notice to exercise its option to prepay the Loan. Upon the expiration of said thirty day period the Governmental Agency's right to prepay the Loan shall be limited to the terms described in such notice.

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable

from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority indicating the following:

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

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

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

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

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

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

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

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

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

(J) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, the Cabinet and any other participating federal or state agency, the Engineers, and all construction contractors, such conference to be held in accordance with guidelines established by the Authority and the Cabinet. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each agency involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

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

(L) Any change or changes in a construction contract will be promptly submitted to the Cabinet and any state or federal agencies.

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

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers for the Governmental Agency and approved by state and federal agencies.

(O) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the Authority and the U.S. Government, respectively, in the financing of the Project.

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

(Q) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Authority and the Cabinet, acting by and through their duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority and the Cabinet such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state assistance.

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

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

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

(U) The Governmental Agency shall demonstrate to the satisfaction of the Authority the legal capability of the Governmental Agency to enact, adopt, levy, charge, collect, enforce and remit to the Authority and the Cabinet the Service Charges of the Governmental Agency described in the Schedule of Service Charges attached to and made a part of this Assistance Agreement as Exhibit C and submit proof satisfactory to the Authority that the Service Charges are in full force and effect

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with

generally accepted governmental accounting standards, as required by the Federal Agreement. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

(B) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(C) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(D) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Governmental Agency's records in Section 4.2(A).

(E) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

(F) That no more than ninety percent (90%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the draft operations and maintenance manual.

(G) That final disbursement will not be allowed until approval by the Cabinet of a final operations and maintenance manual.

(H) That, as required by 40 CFR 35.2218, all engineering services regarding construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and

(3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one project performance report).

(I) That it shall advise the Cabinet and the Authority in writing of the date for initiation of operation of the Project.

(J) That one year after operation is initiated, it shall certify to the Cabinet and the Authority that the Project is capable of meeting the Project performance standards.

(K) That it shall provide that qualified inspectors are present at the construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

(L) That it shall notify the Authority and the Cabinet of the completion date of the Project.

(M) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(N) That all measures required to minimize water pollution to affected waters shall be employed in the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

Section 4.3. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the planning and design of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting;

(B) A full and complete accounting of any costs of the planning and design of the Project paid by the Governmental Agency from its own funds with the approval of the Authority and not included in any previous accounting for which it seeks reimbursement;

(C) A full and complete accounting of any costs of the planning and design of the Project paid or requisitioned under any other financing, loan, bond, grant or similar agreement or paid from its own funds for which it does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The Contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment thereunder due, together with the Engineer's and Governmental Agency's approval thereof for disbursement by the Authority.

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

ARTICLE V

CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System and accordingly the Project not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the

Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspections. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribe, charge and collect the Service Charges set forth in Exhibit C as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System and to make the required deposits to the Maintenance and Replacement Reserve.

(B) That it will furnish to the Authority and the Cabinet not less than annually reports of the operations and income and revenues of the System, and will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

(C) That it will collect, account for and promptly remit to the Authority those specific revenues, funds, income and proceeds derived from Service Charges incident to this Assistance Agreement.

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations. It further covenants that it will not issue any notes, bonds or other obligations payable from the revenues of the System, if the pledge of the revenues of the System to the repayment of such obligations is to rank on a parity with, or superior to, the pledge of the revenues of the System for the repayment of the Loan granted under this Assistance Agreement, unless the Governmental Agency has secured the consent of the Authority not less than fifteen (15) days prior to the issuance of such obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of

Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within ninety (90) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project and the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.11. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) Coastal Barrier Resources Act, Pub. L. 97-348
- (d) Coastal Zone Management Act, Pub. L. 93-583, as amended
- (e) Endangered Species Act, Pub. L. 93-205, as amended
- (f) Environmental Justice, Executive Order 12898
- (g) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (h) Protection of Wetlands, Executive Order 11990
- (i) Farmland Protection Policy Act, Pub. L. 97-98
- (j) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (k) National Historic Preservation Act of 1966, PL 89-665, as amended
- (l) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (m) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432

(g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

(2) State:

- (a) KRS 224
- (b) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.12. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.12 by an action in mandamus, for specific performance, or similar remedy to compel performance.

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 7.4. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.5. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.6. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.7. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.8. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.9. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.10. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.11. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has

complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.12. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.



KENTUCKY INFRASTRUCTURE AUTHORITY

Steven L. Beshear
Governor

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Executive Director

May 13, 2008

Mr. Bobby Burgess, Chairman
Bullock Pen Water District
PO Box 188
Crittenden, KY 41030

RE: Bullock Pen Water District – Water Line Replacement
KIA Drinking Water State Revolving Fund Loan F01-06

Dear Chairman Burgess:

Attached for your review and signature is the Exhibit F to the Assistance Agreement (dated February 1, 2002) for the above-mentioned project. All eligible funds have been drawn and the total amount is \$350,367.20. This exhibit shows acknowledgement of the loan repayment schedule from which the district is retiring its debt.

The total amount of \$350,367.20 stated above was the balance of the loan prior to repayment (starting June 1, 2003). As of today, the principal balance due on the loan is \$285,759.75.

The execution of this document will complete the Assistance Agreement documentation requirements of the Kentucky Infrastructure Authority.

Please sign all four copies and return three to the Authority as soon as possible. A copy should be retained for your records. Please call (502) 573-0260 with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Kasi L. White".

Kasi L. White
Financial Analyst

Attachments

FUND F
EXHIBIT F
F01-06
TO ASSISTANCE AGREEMENT BETWEEN
BULLOCK PEN WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

TOTAL LOAN TO BE REPAYED BY
BULLOCK PEN WATER DISTRICT (F01-06)
KENTUCKY INFRASTRUCTURE AUTHORITY \$350,367.20
PRINCIPAL AND INTEREST PAYABLE
ON EACH JUNE AND DECEMBER

IT IS UNDERSTOOD AND AGREED BY THE PARTIES TO THIS ASSISTANCE AGREEMENT THAT THIS EXHIBIT F IS AN INTEGRAL PART OF THE ASSISTANCE AGREEMENT BETWEEN THE GOVERNMENTAL AGENCY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS EXHIBIT F TO ASSISTANCE AGREEMENT TO BE EXECUTED BY THEIR RESPECTIVE DULY AUTHORIZED OFFICERS AS OF THE DATE OF SAID ASSISTANCE AGREEMENT.

KENTUCKY INFRASTRUCTURE AUTHORITY

BY *Ma Denise Pitt*

TITLE Secretary

BULLOCK PEN WATER DISTRICT

BY *Bobby Burgess*

TITLE *Chairman*

ATTEST:

Paula Masse

TITLE *Office Manager*

DATE *5-16-08*

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #F01-06
 Bullock-Penn Water District
 FINAL

3.80% Rate
 \$12,584.38 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/03	\$5,927.40	\$6,656.98	3.8000%					\$350,367.20		
12/01/03	\$6,040.02	\$6,544.36	3.8000%	\$12,584.38	\$437.96	\$0.00	\$13,022.34	\$344,439.80	\$0.00	\$0.00
06/01/04	\$6,154.78	\$6,429.60	3.8000%	\$12,584.38	\$430.55	\$0.00	\$13,014.93	\$338,399.78	\$14,000.00	\$14,000.00
12/01/04	\$6,271.72	\$6,312.66	3.8000%	\$12,584.38	\$423.00	\$0.00	\$13,007.38	\$332,245.00	\$0.00	\$14,000.00
06/01/05	\$6,390.89	\$6,193.49	3.8000%	\$12,584.38	\$415.31	\$0.00	\$12,999.69	\$325,973.28	\$14,000.00	\$28,000.00
12/01/05	\$6,512.31	\$6,072.07	3.8000%	\$12,584.38	\$407.47	\$0.00	\$12,991.85	\$319,582.39	\$0.00	\$28,000.00
06/01/06	\$6,636.05	\$5,948.33	3.8000%	\$12,584.38	\$399.48	\$0.00	\$12,983.86	\$313,070.08	\$14,000.00	\$42,000.00
12/01/06	\$6,762.13	\$5,822.25	3.8000%	\$12,584.38	\$391.34	\$0.00	\$12,975.72	\$306,434.03	\$0.00	\$42,000.00
06/01/07	\$6,890.61	\$5,693.77	3.8000%	\$12,584.38	\$383.04	\$0.00	\$12,967.42	\$299,671.90	\$14,000.00	\$56,000.00
12/01/07	\$7,021.54	\$5,562.84	3.8000%	\$12,584.38	\$374.59	\$0.00	\$12,958.97	\$292,781.29	\$0.00	\$56,000.00
06/01/08	\$7,154.94	\$5,429.44	3.8000%	\$12,584.38	\$365.98	\$0.00	\$12,950.36	\$285,759.75	\$14,000.00	\$70,000.00
12/01/08	\$7,290.89	\$5,293.49	3.8000%	\$12,584.38	\$357.20	\$0.00	\$12,941.58	\$278,604.81	\$0.00	\$70,000.00
06/01/09	\$7,429.42	\$5,154.96	3.8000%	\$12,584.38	\$348.26	\$0.00	\$12,932.64	\$271,313.92	\$14,000.00	\$84,000.00
12/01/09	\$7,570.57	\$5,013.81	3.8000%	\$12,584.38	\$339.14	\$0.00	\$12,923.52	\$263,884.50	\$0.00	\$84,000.00
06/01/10	\$7,714.42	\$4,869.96	3.8000%	\$12,584.38	\$329.86	\$0.00	\$12,914.24	\$256,313.93	\$14,000.00	\$98,000.00
12/01/10	\$7,860.99	\$4,723.39	3.8000%	\$12,584.38	\$320.39	\$0.00	\$12,904.77	\$248,599.51	\$0.00	\$98,000.00
06/01/11	\$8,010.35	\$4,574.03	3.8000%	\$12,584.38	\$310.75	\$0.00	\$12,895.13	\$240,738.52	\$14,000.00	\$112,000.00
12/01/11	\$8,162.54	\$4,421.84	3.8000%	\$12,584.38	\$300.92	\$0.00	\$12,885.30	\$232,728.17	\$0.00	\$112,000.00
06/01/12	\$8,317.63	\$4,266.75	3.8000%	\$12,584.38	\$290.91	\$0.00	\$12,875.29	\$224,565.63	\$14,000.00	\$126,000.00
12/01/12	\$8,475.67	\$4,108.71	3.8000%	\$12,584.38	\$280.71	\$0.00	\$12,865.09	\$216,248.00	\$0.00	\$126,000.00
06/01/13	\$8,636.71	\$3,947.67	3.8000%	\$12,584.38	\$270.31	\$0.00	\$12,854.69	\$207,772.33	\$14,000.00	\$140,000.00
12/01/13	\$8,800.80	\$3,783.58	3.8000%	\$12,584.38	\$259.72	\$0.00	\$12,844.10	\$199,135.62	\$0.00	\$140,000.00
06/01/14	\$8,968.02	\$3,616.36	3.8000%	\$12,584.38	\$248.92	\$0.00	\$12,833.30	\$190,334.82	\$0.00	\$140,000.00
12/01/14	\$9,138.41	\$3,445.97	3.8000%	\$12,584.38	\$237.92	\$0.00	\$12,822.30	\$181,366.80	\$0.00	\$140,000.00
06/01/15	\$9,312.04	\$3,272.34	3.8000%	\$12,584.38	\$226.71	\$0.00	\$12,811.09	\$172,228.39	\$0.00	\$140,000.00
12/01/15	\$9,488.97	\$3,095.41	3.8000%	\$12,584.38	\$215.29	\$0.00	\$12,799.67	\$162,916.35	\$0.00	\$140,000.00
06/01/16	\$9,669.26	\$2,915.12	3.8000%	\$12,584.38	\$203.65	\$0.00	\$12,788.03	\$153,427.38	\$0.00	\$140,000.00
12/01/16	\$9,852.98	\$2,731.40	3.8000%	\$12,584.38	\$191.78	\$0.00	\$12,776.16	\$143,758.12	\$0.00	\$140,000.00
06/01/17	\$10,040.18	\$2,544.20	3.8000%	\$12,584.38	\$179.70	\$0.00	\$12,764.08	\$133,905.14	\$0.00	\$140,000.00
12/01/17	\$10,230.95	\$2,353.43	3.8000%	\$12,584.38	\$167.38	\$0.00	\$12,751.76	\$123,864.97	\$0.00	\$140,000.00
06/01/18	\$10,425.33	\$2,159.05	3.8000%	\$12,584.38	\$154.83	\$0.00	\$12,739.21	\$113,634.02	\$0.00	\$140,000.00
12/01/18	\$10,623.41	\$1,960.97	3.8000%	\$12,584.38	\$142.04	\$0.00	\$12,726.42	\$103,208.69	\$0.00	\$140,000.00
06/01/19	\$10,825.26	\$1,759.12	3.8000%	\$12,584.38	\$129.01	\$0.00	\$12,713.39	\$92,585.28	\$0.00	\$140,000.00
12/01/19	\$11,030.94	\$1,553.44	3.8000%	\$12,584.38	\$115.73	\$0.00	\$12,700.11	\$81,760.02	\$0.00	\$140,000.00
06/01/20	\$11,240.53	\$1,343.85	3.8000%	\$12,584.38	\$102.20	\$0.00	\$12,686.58	\$70,729.08	\$0.00	\$140,000.00
12/01/20	\$11,454.10	\$1,130.28	3.8000%	\$12,584.38	\$88.41	\$0.00	\$12,672.79	\$59,488.55	\$0.00	\$140,000.00
06/01/21	\$11,671.73	\$912.65	3.8000%	\$12,584.38	\$74.36	\$0.00	\$12,658.74	\$48,034.45	\$0.00	\$140,000.00
12/01/21	\$11,893.49	\$690.89	3.8000%	\$12,584.38	\$60.04	\$0.00	\$12,644.42	\$36,362.72	\$0.00	\$140,000.00
06/01/22	\$12,119.46	\$464.92	3.8000%	\$12,584.38	\$45.45	\$0.00	\$12,629.83	\$24,469.23	\$0.00	\$140,000.00
12/01/22	\$12,349.77	\$234.61	3.8000%	\$12,584.38	\$30.59	\$0.00	\$12,614.97	\$12,349.77	\$0.00	\$140,000.00
Totals	\$350,367.20	\$153,007.99		\$503,375.19	\$10,066.32	\$0.00	\$513,441.51	\$140,000.00	\$0.00	\$140,000.00

Created by KIA on 5/13/2008

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F02-11
BORROWER: Bullock Pen Water District
BORROWER'S ADDRESS: P.O. Box 188
Crittenden, Kentucky 41030
DATE OF ASSISTANCE AGREEMENT: November 1, 2003
CFDA NO.: 66.458

ARTICLE V

CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System and accordingly the Project not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the

Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspections. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribed, charge and collect the Service Charges set forth in Exhibit C as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System and to make the required deposits to the Maintenance and Replacement Reserve.

(B) That it will furnish to the Authority and the Cabinet not less than annually reports of the operations and income and revenues of the System, and will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

(C) That it will collect, account for and promptly remit to the Authority those specific revenues, funds, income and proceeds derived from Service Charges incident to this Assistance Agreement.

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations. It further covenants that it will not issue any notes, bonds or other obligations payable from the revenues of the System, if the pledge of the revenues of the System to the repayment of such obligations is to rank on a parity with, or superior to, the pledge of the revenues of the System for the repayment of the Loan granted under this Assistance Agreement, unless the Governmental Agency has secured the consent of the Authority not less than fifteen (15) days prior to the issuance of such obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of

Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within ninety (90) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project and the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.11. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by the Federal Act can be maintained and (iii) the Authority can furnish the information required of it under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) Coastal Barrier Resources Act, Pub. L. 97-348
- (d) Coastal Zone Management Act, Pub. L. 93-583, as amended
- (e) Endangered Species Act, Pub. L. 93-205, as amended
- (f) Environmental Justice, Executive Order 12898
- (g) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (h) Protection of Wetlands, Executive Order 11990
- (i) Farmland Protection Policy Act, Pub. L. 97-98
- (j) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (k) National Historic Preservation Act of 1966, PL 89-665, as amended
- (l) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (m) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432

(g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

(2) State:

- (a) KRS 224
- (b) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.12. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.12 by an action in mandamus, for specific performance, or similar remedy to compel performance.

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 7.4. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.5. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.6. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.7. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.8. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.9. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.10. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.11. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has

complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.12. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.



KENTUCKY INFRASTRUCTURE AUTHORITY

Ernie Fletcher
Governor

Capital Center Complex
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
(502) 573-0260
(502) 573-0157 (fax)
kia.ky.gov

Tim Thomas
Executive Director

August 13, 2007

Bobby Burgess, Chairman
Bullock Pen Water District
P.O. Box 188
Crittenden, KY 41030

1999 DWSRF

RE: Bullock Pen Water District, KIA Drinking Water State Revolving Fund Loan F02-11
300,000 Gallon Elevated Storage Tank, Violet Road Water Main Replacement, Sherman-
Newton Road Water Main Replacement, & Stephenson Mill Road Water Main
Replacement

Dear Mr. Burgess:

Attached for your review and signature is the Exhibit F to the Assistance Agreement (dated November 1, 2003) for the above mentioned project. All eligible funds have been drawn and the total amount is \$1,210,604.00. This exhibit shows acknowledgement of the loan repayment schedule from which the district is retiring its debt.

The total amount of \$1,210,604.00 stated above was the balance of the loan prior to repayment (starting December 1, 2004). As of today, the principal balance due on the loan is \$1,073,987.08.

The execution of this document will complete the Assistance Agreement documentation requirements of the Kentucky Infrastructure Authority.

Please sign all four copies and return three to the Authority as soon as possible. A copy should be retained for your records. Please call (502) 573-0260 with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Chris Whitaker".

Chris Whitaker
Financial Analyst

Attachments

FUND F
EXHIBIT F
F02-11
TO ASSISTANCE AGREEMENT BETWEEN
BULLOCK PEN WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

TOTAL LOAN TO BE REPAYED BY
BULLOCK PEN WATER DISTRICT (F02-11)
KENTUCKY INFRASTRUCTURE AUTHORITY \$1,210,604.00
PRINCIPAL AND INTEREST PAYABLE
ON EACH JUNE AND DECEMBER

IT IS UNDERSTOOD AND AGREED BY THE PARTIES TO THIS ASSISTANCE AGREEMENT THAT THIS EXHIBIT F IS AN INTEGRAL PART OF THE ASSISTANCE AGREEMENT BETWEEN THE GOVERNMENTAL AGENCY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS EXHIBIT F TO ASSISTANCE AGREEMENT TO BE EXECUTED BY THEIR RESPECTIVE DULY AUTHORIZED OFFICERS AS OF THE DATE OF SAID ASSISTANCE AGREEMENT.

KENTUCKY INFRASTRUCTURE AUTHORITY

BY Michael Pate

TITLE Secretary

BULLOCK PEN WATER DISTRICT

BY Bobby Ferguson

TITLE Chairman

ATTEST:

Paula Massie

TITLE Office MANAGER

DATE 8-16-07

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #F02-11
 BULLOCK PEN WATER DISTRICT
 FINAL

3.00% Rate \$40,555.78 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$1,139,135.00		
12/01/04	\$20,990.95	\$16,542.90	3.0000%	\$37,533.85	\$1,423.92	\$0.00	\$38,957.77	\$1,123,181.05	\$36,000.00	\$36,000.00
06/01/05	\$21,401.79	\$16,847.72	3.0000%	\$38,249.51	\$1,403.98	\$0.00	\$39,653.49	\$1,168,211.25	\$0.00	\$36,000.00
12/01/05	\$23,032.61	\$17,266.04	3.0000%	\$40,298.65	\$1,460.26	\$0.00	\$41,758.91	\$1,145,178.65	\$36,000.00	\$72,000.00
06/01/06	\$23,378.11	\$17,177.67	3.0000%	\$40,555.78	\$1,431.47	\$0.00	\$41,987.25	\$1,121,800.54	\$0.00	\$72,000.00
12/01/06	\$23,728.77	\$16,827.01	3.0000%	\$40,555.78	\$1,402.25	\$0.00	\$41,958.03	\$1,098,071.77	\$36,000.00	\$108,000.00
06/01/07	\$24,084.70	\$16,471.08	3.0000%	\$40,555.78	\$1,372.59	\$0.00	\$41,928.37	\$1,073,987.08	\$0.00	\$108,000.00
12/01/07	\$24,445.97	\$16,109.81	3.0000%	\$40,555.78	\$1,342.48	\$0.00	\$41,898.26	\$1,049,541.11	\$36,000.00	\$144,000.00
06/01/08	\$24,812.66	\$15,743.12	3.0000%	\$40,555.78	\$1,311.93	\$0.00	\$41,867.70	\$1,024,728.45	\$0.00	\$144,000.00
12/01/08	\$25,184.86	\$15,370.92	3.0000%	\$40,555.78	\$1,280.91	\$0.00	\$41,836.69	\$999,543.60	\$36,000.00	\$180,000.00
06/01/09	\$25,562.63	\$14,993.15	3.0000%	\$40,555.78	\$1,249.43	\$0.00	\$41,805.21	\$973,980.97	\$0.00	\$180,000.00
12/01/09	\$25,946.07	\$14,609.71	3.0000%	\$40,555.78	\$1,217.48	\$0.00	\$41,773.25	\$948,034.90	\$36,000.00	\$216,000.00
06/01/10	\$26,335.25	\$14,220.53	3.0000%	\$40,555.78	\$1,185.04	\$0.00	\$41,740.82	\$921,699.66	\$0.00	\$216,000.00
12/01/10	\$26,730.28	\$13,825.50	3.0000%	\$40,555.78	\$1,152.12	\$0.00	\$41,707.90	\$894,969.38	\$36,000.00	\$252,000.00
06/01/11	\$27,131.24	\$13,424.54	3.0000%	\$40,555.78	\$1,118.71	\$0.00	\$41,674.49	\$867,838.14	\$0.00	\$252,000.00
12/01/11	\$27,538.21	\$13,017.57	3.0000%	\$40,555.78	\$1,084.80	\$0.00	\$41,640.57	\$840,299.94	\$36,000.00	\$288,000.00
06/01/12	\$27,951.29	\$12,604.49	3.0000%	\$40,555.78	\$1,050.37	\$0.00	\$41,606.15	\$812,348.65	\$0.00	\$288,000.00
12/01/12	\$28,370.55	\$12,185.23	3.0000%	\$40,555.78	\$1,015.44	\$0.00	\$41,571.21	\$783,978.10	\$36,000.00	\$324,000.00
06/01/13	\$28,796.11	\$11,759.67	3.0000%	\$40,555.78	\$979.97	\$0.00	\$41,535.75	\$755,182.00	\$0.00	\$324,000.00
12/01/13	\$29,228.05	\$11,327.73	3.0000%	\$40,555.78	\$943.98	\$0.00	\$41,499.75	\$725,953.95	\$36,000.00	\$360,000.00
06/01/14	\$29,666.46	\$10,889.32	3.0000%	\$40,555.78	\$907.44	\$0.00	\$41,463.22	\$696,287.49	\$0.00	\$360,000.00
12/01/14	\$30,111.46	\$10,444.32	3.0000%	\$40,555.78	\$870.36	\$0.00	\$41,426.14	\$666,176.03	\$0.00	\$360,000.00
06/01/15	\$30,563.14	\$9,992.64	3.0000%	\$40,555.78	\$832.72	\$0.00	\$41,388.50	\$635,612.90	\$0.00	\$360,000.00
12/01/15	\$31,021.58	\$9,534.20	3.0000%	\$40,555.78	\$794.52	\$0.00	\$41,350.29	\$604,591.32	\$0.00	\$360,000.00
06/01/16	\$31,486.91	\$9,068.87	3.0000%	\$40,555.78	\$755.74	\$0.00	\$41,311.52	\$573,104.41	\$0.00	\$360,000.00
12/01/16	\$31,959.21	\$8,596.57	3.0000%	\$40,555.78	\$716.38	\$0.00	\$41,272.16	\$541,145.21	\$0.00	\$360,000.00
06/01/17	\$32,438.60	\$8,117.18	3.0000%	\$40,555.78	\$676.43	\$0.00	\$41,232.21	\$508,706.61	\$0.00	\$360,000.00
12/01/17	\$32,925.18	\$7,630.60	3.0000%	\$40,555.78	\$635.88	\$0.00	\$41,191.66	\$475,781.43	\$0.00	\$360,000.00
06/01/18	\$33,419.05	\$7,136.73	3.0000%	\$40,555.78	\$594.73	\$0.00	\$41,150.50	\$442,362.39	\$0.00	\$360,000.00
12/01/18	\$33,920.34	\$6,635.44	3.0000%	\$40,555.78	\$552.95	\$0.00	\$41,108.73	\$408,442.05	\$0.00	\$360,000.00
06/01/19	\$34,429.15	\$6,126.63	3.0000%	\$40,555.78	\$510.55	\$0.00	\$41,066.33	\$374,012.90	\$0.00	\$360,000.00
12/01/19	\$34,945.59	\$5,610.19	3.0000%	\$40,555.78	\$467.52	\$0.00	\$41,023.29	\$339,067.32	\$0.00	\$360,000.00
06/01/20	\$35,469.78	\$5,086.00	3.0000%	\$40,555.78	\$423.83	\$0.00	\$40,979.61	\$303,597.54	\$0.00	\$360,000.00
12/01/20	\$36,001.82	\$4,553.96	3.0000%	\$40,555.78	\$379.50	\$0.00	\$40,935.27	\$267,595.72	\$0.00	\$360,000.00
06/01/21	\$36,541.84	\$4,013.94	3.0000%	\$40,555.78	\$334.49	\$0.00	\$40,890.27	\$231,053.89	\$0.00	\$360,000.00
12/01/21	\$37,089.97	\$3,465.81	3.0000%	\$40,555.78	\$288.82	\$0.00	\$40,844.59	\$193,963.92	\$0.00	\$360,000.00
06/01/22	\$37,646.32	\$2,909.46	3.0000%	\$40,555.78	\$242.45	\$0.00	\$40,798.23	\$156,317.60	\$0.00	\$360,000.00
12/01/22	\$38,211.01	\$2,344.77	3.0000%	\$40,555.78	\$195.40	\$0.00	\$40,751.17	\$118,106.60	\$0.00	\$360,000.00
06/01/23	\$38,784.19	\$1,771.59	3.0000%	\$40,555.78	\$147.63	\$0.00	\$40,703.41	\$79,322.41	\$0.00	\$360,000.00
12/01/23	\$39,365.95	\$1,189.83	3.0000%	\$40,555.78	\$99.15	\$0.00	\$40,654.93	\$39,956.46	\$0.00	\$360,000.00
06/01/24	\$39,956.47	\$599.31	3.0000%	\$40,555.78	\$49.95	\$0.00	\$40,605.72	(\$0.00)	\$0.00	\$360,000.00
Totals	\$1,210,604.00	\$406,041.75		\$1,616,645.76	\$33,903.59	\$0.00	\$1,650,549.34		\$360,000.00	

LEASE AGREEMENT

KENTUCKY ASSOCIATION OF COUNTIES
LEASING TRUST PROGRAM

LESSEE: Grant County Fiscal Court
LESSEE'S ADDRESS: Grant County Courthouse
Main Street
Williamstown KY 41097
DATE OF LEASE: September 7, 1995
TERMINATION DATE: February 1, 2019

This Lease Agreement constitutes a Security Agreement under the Kentucky Uniform Commercial Code and all right, title and interest of the Lessor herein has been assigned to Liberty National Bank and Trust Company of Louisville, as trustee under a Trust Indenture dated as of March 1, 1989 between it, Pendleton County, Kentucky and the Lessor.

LEASE AGREEMENT

THIS LEASE AGREEMENT, dated the date shown on the cover page hereof (together with any amendments hereto made in accordance herewith, this "Lease"), is entered into by and between the Kentucky Association of Counties Leasing Trust (the "Lessor"), as the lessor hereunder, a trust duly created and existing under the laws of the Commonwealth of Kentucky (the "State"), and the lessee shown on the cover page hereof (the "Lessee"), as lessee hereunder, a body politic and corporate validity existing under the constitution, statutes and laws of the State.

W I T N E S S E T H :

WHEREAS, the Fiscal Court of the Lessee (the "Fiscal Court") has the power, pursuant to Kentucky Revised Statutes, Sections 67.080 and 67.083 to enter into lease agreements with or without the option to purchase in order to provide for the use of property for public purposes;

WHEREAS, the Fiscal Court has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined herein;

WHEREAS, the Fiscal Court has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Lessor enter into this Lease for the leasing by the Lessee from the Lessor of the Project;

WHEREAS, the execution, delivery and performance of this Lease, have been authorized, approved and directed by the Fiscal Court by an ordinance or resolution finally passed and adopted by the Fiscal Court;

WHEREAS, the execution, delivery and performance of this Lease by the Lessor have been authorized, approved and directed by all necessary and appropriate action of the Lessor;

WHEREAS, the Lessor desires to lease the Project to the Lessee, and the Lessee desires to lease the Project from the Lessor, pursuant to the terms and conditions and for the purposes set forth herein; and

WHEREAS, the Base Rentals and Additional Rentals payable by the Lessee under the Lease are a limited obligation of the Lessee, payable from the appropriation in each year hereof of moneys sufficient to pay such Base Rentals and Additional Rentals.

ARTICLE IV

LEASE TERM

Section 4.1. Duration of Lease Term; Lessee's Annual Right to Terminate; Furnishing of Budgets and Appropriation Ordinances. The Lease Term will commence and terminate on the dates shown on the cover page hereof unless earlier terminated as provided in Section 4.2. In the event that the Lessee determines, for any reason, to exercise its annual right to terminate this Lease, effective on June 30 of any Fiscal Year, the Lessee must give written notice to such effect to the Lessor not later than May 31 of such Fiscal Year; provided, however, that a failure to give such notice will not constitute an Event of Default, nor prevent the Lessee from terminating this Lease, nor result in any liability on the part of the Lessee (except for the payment of all Lease Rental Payments accrued prior to the termination of this Lease). The exercise by the Lessee of its annual option to terminate this Lease will be conclusively determined by the occurrence of an Event of Nonappropriation as provided in Section 6.6. The Lessee will in any event, whether or not this Lease is to be terminated, furnish the Lessor with copies of its annual budget and appropriation ordinance (and any supplemental appropriation ordinance relating to this Lease) promptly after the budget is adopted and the appropriation ordinance (and any supplemental appropriation ordinance relating to this Lease) is enacted by the Lessee.

Unless and until terminated as provided in Section 4.2, the Lease Term will continue in effect from Fiscal Year to Fiscal Year.

Section 4.2. Termination of Lease Term. The Lease Term will terminate upon the earliest of any of the following events:

(a) June 30 of any Fiscal Year during which there has occurred an Event of Nonappropriation as provided in Section 6.6 (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.6);

(b) The purchase by the Lessee of the Project as provided in Article XII of this Lease;

(c) An Event of Default and termination of this Lease as provided in Article XIV of this Lease; or

(d) Conveyance of the Project to the Lessee upon payment by the Lessee of all Base Rentals for the entire Lease Term and all Additional Rentals accrued to the date of termination of this Lease.

Termination of the Lease Term will terminate all obligations of the Lessee to pay Lease Rental Payments, except the payment of

all Lease Rental Payments accrued to the date of termination of this Lease, and will terminate the Lessee's rights to use, possess or occupy the Project under this Lease (unless a conveyance of the Project to the Lessee has occurred pursuant to Article XII of this Lease).

[End of Article IV]

ARTICLE V

ENJOYMENT OF THE PROJECT

The Lessor hereby covenants that the Lessee will during the Lease Term peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Lessor, except as expressly required or permitted by this Lease or any Collateral Document. The Lessor will not interfere with the quiet use and enjoyment of the Project by the Lessee during the Lease Term, so long as no Event of Default or Event of Nonappropriation has occurred. The Lessor will, at the request of the Lessee and at the cost of the Lessee, join and cooperate fully in any legal action in which the Lessee asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Project. In addition, the Lessee may at its own expense join in any legal action affecting its possession and enjoyment of the Project, and will be joined (to the extent legally possible, and at the expense of the Lessee) in any action affecting its liabilities hereunder.

The provisions of this Article V will be subject to the Lessor's right to inspect the Project and records of the Lessee pursuant to Section 9.7.

[End of Article V]

ARTICLE VI

PAYMENTS BY THE LESSEE

Section 6.1. Base Rentals and Additional Rentals.

(a) The Lessee will pay Base Rentals in the amounts and at the times set forth in Exhibit B, as said Exhibit B is in effect on the first day of each Fiscal Year during the Lease Term. The Lessee agrees and acknowledges that Exhibit B may be amended at any time for the following purposes:

(i) to reflect an increase in Administrative Fees, Credit Fees or Fiduciary Fees;

(ii) to reamortize the principal component of Base Rentals in the event moneys are transferred from the Lessee's Lessee Acquisition Account as provided in Sections 7.1, 7.2 and 7.4;

(iii) to reflect a change in the interest component of Base Rentals if the Lessee exercises its option to convert the interest rate on this Lease to a fixed rate as described in Section 6.7 following a Rate Swap Termination; and

(iv) to reflect a change in the rate used to compute the interest component of Base Rentals if (A) there is a Rate Swap Termination, (B) following a Rate Swap Termination, a different Rate Swap becomes effective with respect to this Lease, and/or (C) following a Rate Swap Termination, no other Rate Swap becomes effective with respect to this Lease and (1) an assumed rate is used to compute the interest component of Base Rentals or (2) there is a change in the assumed rate used to compute the interest component of Base Rentals, in each case, as described in Section 6.1(f).

If the Lessor or the Credit Facility Provider determines that an amendment to Exhibit B is appropriate, the Lessor will mail to the Lessee a revised Exhibit B (identified by date or other means), by certified mail, postage prepaid. Said amendment will become effective and will for all purposes become a part of this Lease and will reflect Base Rentals to be paid by the Lessee for subsequent Fiscal Years (unless Exhibit B is further amended as provided in this Section) upon the earlier of the acknowledgment thereof by the Lessee or automatically on the first day of the next Fiscal Year; provided that any amendment mailed by the Lessor after May 1 of any year will become effective upon the earlier of the acknowledgment thereof by the Lessee or automatically on the first day of the second succeeding Fiscal Year; and provided further that any

amendment pursuant to clause (iii) of subsection (a) will become effective simultaneously with the related conversion of the interest rate on this Lease to a fixed rate as described in Section 6.7 following a Rate Swap Termination.

(b) Except as provided in subsection (e) of this Section, the Lessee will pay Additional Rentals within fifteen (15) days after a written request therefor is mailed to the Lessee by the Lessor, except that any deficiency in the Lessee's Proportionate Share of the Debt Service Reserve Requirement may be paid in not more than six (6) equal monthly installments.

(c) Any Lease Rental Payment that is not paid within 10 days of the date due will bear interest thereon at the "Default Rate" as defined in the Indenture (which, with respect to the initial Credit Facility, is the rate per annum equal to the Credit Facility Provider's prime rate plus a margin at least equal to 3%). Amounts due pursuant to this subsection will be deemed to be Additional Rentals due and payable when incurred and without further written demand therefor.

(d) Notwithstanding anything herein to the contrary, if this Lease and any Collateral Documents are assigned and become payable exclusively to the Credit Facility Provider, the interest component of Base Rentals will be changed automatically (without any necessity to amend Exhibit B) to be equal to the "Default Rate" as defined in the Indenture (which, with respect to the initial Credit Facility, is the rate per annum equal to the Credit Facility Provider's prime rate plus a margin at least equal to 3%).

(e) The Lessee acknowledges and agrees as follows:

(i) As of the date of this Lease, the interest components of Base Rentals have been calculated at a fixed interest rate equal to the fixed interest rate payable under a Rate Swap that has become effective with respect to this Lease (and on the basis of the amortization of the principal component of Base Rentals set forth in Exhibit B);

(ii) Upon the occurrence of a Rate Swap Termination, (a) if another Rate Swap becomes effective with respect to this Lease, Exhibit B will be amended as described in Section 6.1(a) to cause the interest components of Base Rentals to be recalculated at a fixed interest rate equal to the fixed interest rate payable under such Rate Swap, or (b) if no other Rate Swap becomes effective with respect to this Lease, (1) Exhibit B will be amended as described in Section 6.1(a) to cause the interest

components of Base Rentals to be recalculated at an assumed interest rate determined by the Lessor, with the consent of the Credit Facility Provider, as provided in the Indenture, and (2) thereafter, Exhibit B may be further amended as described in Section 6.1 (a) to cause the interest components of Base Rentals to be recalculated at a different assumed interest rate determined by the Lessor, with the consent of the Credit Facility Provider, as provided in the Indenture;

(iii) If an amendment to Exhibit B described in the preceding clause (ii) becomes effective (in accordance with Section 6.1(a)) subsequent to the effective date of the related Rate Swap Termination, then (a) after notice from the Lessor, the Lessee will receive a credit against the Base Rental payable on August 1 of the Fiscal Year in which such amendment becomes effective in an amount equal to the excess, if any, of the aggregate of the interest components of Base Rentals paid by the Lessee during the period between the effective date of the Related Swap Termination and the effective date of such amendment (at the rate used to calculate such interest components) over the Lessee's Proportionate Share of all interest paid on variable rate Bonds other than a principal amount of variable rate Bonds equal to the Debt Service Reserve Requirement during such period, or (b) after notice from the Lessor, the Lessee will pay as Additional Rentals not later than August 1 of the Fiscal Year in which such amendment becomes effective, an amount equal to the excess, if any, of the Lessee's Proportionate Share of all interest paid on variable rate Bonds other than the principal amount of variable rate Bonds equal to the Debt Service Reserve Requirement during the period between the effective date of the Related Swap Termination and the effective date of such amendment over the aggregate of the interest components of Base Rentals paid by the Lessee during such period (at the rate used to calculate such interest components);

(iv) If an assumed interest rate is used to calculate the interest components of Base Rentals following Rate Swap Termination as described in the preceding clause (ii), then (a) after notice from the Lessor, the Lessee will receive a credit against the Base Rental payable on August 1 of each Fiscal Year, commencing with the Fiscal Year next succeeding the first full Fiscal Year during which such assumed interest rate has been effective pursuant to an amendment to Exhibit B, in an amount equal to the excess, if any, of the aggregate of the interest components of Base Rentals paid by the Lessee during the preceding Fiscal Year (at such assumed interest rate) over the Lessee's Proportionate

Share of all interest paid on variable rate Bonds other than a principal amount of variable rate Bonds equal to the Debt Service Reserve Requirement during such Fiscal Year, or (b) after notice from the Lessor, the Lessee will pay as Additional Rentals not later than August 1 of each Fiscal Year commencing with the Fiscal Year next succeeding the first full Fiscal Year during which such assumed interest rate has been effective pursuant to an amendment to Exhibit B, an amount equal to the excess, if any, of the Lessee's Proportionate Share of all interest paid on variable rate Bonds other than the principal amount of variable rate Bonds equal to the Debt Service Reserve Requirement during the preceding Fiscal Year over the aggregate of the interest components of Base Rentals paid by the Lessee during such Fiscal Year (at such assumed interest rate);

(v) While a Rate Swap is in effect with respect to this Lease, the interest components of Base Rental will be calculated without regard to any reamortization of the principal components of Base Rentals (whether as provided in Sections 7.1, 7.2, and 7.4 or otherwise);

(vi) Following a Rate Swap Termination, neither the Lessor nor the Credit Facility Provider shall be obligated to cause another Rate Swap to become effective with respect to this Lease; and

(vii) Other than if the Lessee exercises its option to convert the interest rate on this Lease to a fixed rate as described in Section 6.7 following a Rate Swap Termination, the principal components of Base Rentals do not and will not correspond to fixed rate Bonds.

(f) Prior to May 1 of each Fiscal Year during the Lease Term, the Lessor will inform the Lessee of the amount of Additional Rentals (including, without limitation, Additional Rentals payable under subsection (e) of this Section) that are estimated to be payable during the next ensuing Fiscal Year; and the amount of such estimate of Additional Rentals payable in the next ensuing Fiscal Year, plus the amount of Base Rentals payable in the next ensuing Fiscal Year (as shown on Exhibit B or, if applicable, the most recent amendment to Exhibit B which is or is to be effective with respect to the next ensuing Fiscal Year) will be included in the Lessee's appropriation ordinance for the next ensuing Fiscal Year, subject to the right of the Lessee to terminate the Lease Term as provided in Sections 4.1 and 6.6. In the event the Lease Term is continued for the next ensuing Fiscal Year (as provided in Section 4.1), the Lessee's obligation under this Lease for Lease Rental Payments will be limited to the amount so appropriated for Lease Rental Payments in accordance with the procedures described above and any amounts subsequently appropriated by supplemental

appropriation ordinances for payment of Additional Rentals during such Fiscal Year. If the amount of the Additional Rentals exceeds the estimated amount of the Additional Rentals as described above, the Lessee will use its best efforts to enact or adopt, when needed to pay the same, supplemental appropriation ordinances specifically appropriating the additional amounts actually required to be paid hereunder as Additional Rentals.

Section 6.2. Manner of Payment. All Lease Rental Payments will be paid by check made payable to the Trustee and delivered to the Lessor (or, if the Lessor is not the Program Administrator, the Program Administrator); provided that any payment in excess of \$100,000 will be paid by wire transfer of immediately available funds to the Trustee. The obligation of the Lessee to pay the Base Rentals and Additional Rentals and to perform and observe the covenants and conditions contained herein, during the Lease Term, will be absolute and unconditional except as otherwise expressly provided in this Lease, and payment of the Base Rentals and Additional Rentals may not be abated through accident or unforeseen circumstances or because of payment under the Letter of Credit or any other Collateral Document securing the Lessee's obligations under this Lease or payment of this Lease from the Debt Service Reserve Fund or payment under the Credit Facility or damage to, destruction of, or failure to complete, the Project. Notwithstanding any dispute between the Lessee and the Lessor, or any other person (including any contractor or vendor for the Project), the Lessee will, during the Lease Term, make all payments of Base Rentals and Additional Rentals when due and will not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute, nor will the Lessee assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor (or any of its assigns) will affect the Lessee's obligation to pay all Base Rentals and Additional Rentals during the Lease Term.

Section 6.3. Disposition of Lease Rental Payments. Each Lease Rental Payment will be applied first to the principal component of Base Rentals then due and payable, then as Additional Rentals then due and payable, then to the components of Base Rentals then due and payable other than the interest component and principal component, and finally to the interest component of Base Rentals then due and payable.

Section 6.4. Rental Payments to Constitute Currently Appropriated Expenditures of the Lessee. The Lessee and the Lessor acknowledge and agree that the Base Rentals and Additional Rentals hereunder will constitute currently appropriated expenditures of the Lessee. The Lessee's obligations under this Lease will be subject to the Lessee's annual right to terminate this Lease (as further provided in Sections 4.1 and 6.6) and will not constitute a mandatory charge or requirement in any Fiscal Year beyond the

then current Fiscal Year. No provision of this Lease will be construed as creating a general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation. Neither this Lease nor the issuance of the Bonds will directly or indirectly obligate the Lessee to make any payments beyond those specifically appropriated for its then current Fiscal Year. The Lessee will be under no obligation whatsoever to exercise its option to purchase the Project. No provision of this Lease will be construed to pledge or to create a lien on any class of source of moneys of the Lessee, nor will any provision of this Lease restrict the future issuance of any bonds or other obligations of the Lessee, payable from any class or source of moneys of the Lessee. Notwithstanding the foregoing provisions of this Section, the Lessee's obligation to make the Lease Rental Payments due hereunder during the Lease Term will not be limited to any class or source of revenues of the Lessee, but such Lease Rental Payments will be payable from any funds of the Lessee legally available and appropriated therefor.

Section 6.5. Expression of Lessee's Need for the Project; Determinations as to Fair Market Value and Fair Purchase Price. The Lessee hereby declares its current need for the Project and further determines and declares its expectations that the Project will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being acquired through the Lease Term. It is hereby declared to be the present intention and expectation of the Lessee that this Lease will be continued annually until title to the Project is acquired or reacquired by the Lessee pursuant to this Lease; but this declaration may not be construed as contractually obligating or otherwise binding the Lessee to make appropriations for payment of Base Rentals in future Fiscal Years. The Lessee hereby agrees and determines that the Base Rentals hereunder during the Lease Term represent the fair value of the use of the Project; and that the Optional Prepayment Price represents the fair purchase price of the Project at the time of exercise of the purchase option pursuant to Article XII, if the Lessee chooses to exercise such option. The Lessee hereby determines that, to the best of its knowledge, the Base Rentals do not exceed a reasonable amount so as to place the Lessee under an economic compulsion either not to terminate this Lease or to exercise its option to purchase the Project hereunder. In making such determinations, the Lessee has given consideration to the Costs of the Project, the uses and purposes for which the Project will be employed by the Lessee, the benefit to the Lessee by reason of the acquisition, construction or installation of the Project, the use or occupancy of the Project pursuant to the terms and provisions of this Lease, the Lessee's option to purchase the Project, and the expected eventual vesting of title to the Project in the Lessee. The Lessee hereby determines and declares that, to the best of its knowledge, the period during which the Lessee has an option to purchase the Project (i.e., the maximum term of this Lease) does not exceed the useful life of the Project (or, if the

Project consists of multiple components, the component thereof with the longest useful life).

Section 6.6. Nonappropriation by the Lessee.

(a) In the event that the Lessee fails, for any reason, to duly enact by June 30 of each Fiscal Year an appropriation ordinance for the ensuing Fiscal Year which includes sufficient amounts authorized and directed to be used to pay all Base Rentals to become due during the next ensuing Fiscal Year and all Additional Rentals then due and payable and estimated to become due and payable during the next ensuing Fiscal Year (as provided in Section 6.1), or upon the occurrence of an event described in subsection (b) of this Section, an Event of Nonappropriation will be deemed to have occurred; subject, however, to each of the following provisos:

(1) The Lessor will declare an Event of Nonappropriation on any earlier date on which the Lessor receives official, specific written notice from the Lessee that this Lease will be terminated.

(2) Absent such notice from the Lessee, the Lessor will give written notice to the Lessee of an Event of Nonappropriation, on or before the next July 10; but any failure of the Lessor to give such written notice will not prevent the Lessor from declaring an Event of Nonappropriation or the Lessor or the Credit Facility Provider from taking any remedial action which would otherwise be available to it.

(3) Subject to the terms of the Indenture, the Lessor may, with the prior written consent of the Credit Facility Provider, waive any Event of Nonappropriation which is cured by the Lessee within a reasonable time.

(4) The Lessor will waive any Event of Nonappropriation arising under subsection (a)(i) of this Section (other than an Event of Nonappropriation described in subsection (b) of this Section) which is cured by the Lessee by June 30 of the Fiscal Year, by inclusion in a duly enacted appropriation ordinance sufficient amounts authorized and directed to be used to pay all Base Rentals to become due during the ensuing Fiscal Year and all Additional Rentals then due and payable and all Additional Rentals estimated to be payable in the next ensuing Fiscal Year (as provided in Section 6.1).

(b) If, during any Fiscal Year, any Lease Rental Payments become due in excess of amounts included in a duly

enacted appropriation ordinance for the payment of Lease Rental Payments, then, in the event that moneys are not specifically authorized and directed by the Lessee to be used to pay such Lease Rental Payments by the earlier of June 30 of the then current Fiscal Year or 90 days subsequent to the date upon which such Lease Rental Payments are due, an Event of Nonappropriation will be deemed to have occurred, upon notice by the Lessor to the Lessee to such effect (subject to waiver by the Lessor as provided in subsection (a)(3) of this Section).

(c) If an Event of Nonappropriation occurs, the Lessee will not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments provided for herein beyond the amounts specifically appropriated by the Lessee for the Fiscal Year during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Section 14.3, the Lessee will continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the Lessee continues to use, occupy or retain possession of the Project.

(d) The Lessee will in all events vacate and/or surrender the Project to the Credit Facility Provider by the July 1 following an Event of Nonappropriation. The surrender of any movable personal property comprising a portion of the Project will consist of delivering such property to the Lessor at a site within the jurisdiction of the Lessee selected by the Credit Facility Provider.

(e) Upon the occurrence of an Event of Nonappropriation, all amounts on deposit in the Lessee's Lessee Acquisition Account will be applied as provided in Section 7.2. After the expiration of the Fiscal Year during which an Event of Nonappropriation occurs, the Credit Facility Provider may proceed to repossess and liquidate or re-lease or otherwise dispose of the Project or any portion thereof and may take one or any combination of the steps described in Section 14.2, subject to the limitations set forth in Section 14.3.

Section 6.7. Conversion of Interest Rate. Following a Rate Swap Termination (after which another Rate Swap does not become effective with respect to this Lease), the Lessee may elect to have the interest rate under this Lease converted to a fixed rate upon the terms and conditions set forth in the Indenture; provided, however, that the Lessee must have appropriated sufficient funds to pay all Base Rentals due in accordance with the amendment to Exhibit B which was delivered in connection with such conversion (as described in Section 6.1).

[End of Article VI]

ARTICLE X

MAINTENANCE, TAXES, INSURANCE AND
OTHER CHARGES

Section 10.1. Maintenance of the Project by the Lessee. The Lessee agrees that, at all times during the Lease Term, the Lessee will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and that the Lessee will from time to time promptly make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 8.3 (b). The Lessor, the Issuer, the Trustee, the Credit Facility Provider and the Owners of the Bonds will not have any responsibility in any of these matters or for the making of any additions, modifications, improvements or replacements to the Project.

Section 10.2. Modification of the Project; Installation of Equipment and Machinery of the Lessee. The Lessee will have the privilege of remodeling the Project or making substitutions, additions, modifications and improvements to the Project, at its own cost and expense (however, title to the same will be held in the name of the Lessor, subject to this Lease and the Collateral Documents, and will be included as part of the Project under the terms of this Lease); provided, however, that such remodeling, substitutions, additions, modifications and improvements will not in any way damage the Project or cause the Project to be used for purposes other than lawful governmental functions of the Lessee; and provided further, however, that the Project, as remodeled, modified, improved or altered, upon completion of such remodeling, substitutions, additions, modifications and improvements, will be of a value not less than the value of the Project immediately prior to such remodeling or such making of substitutions, additions, modifications and improvements (assuming the Project was in the condition required by this Lease).

The Lessee may also, from time to time in its sole discretion and at its own expense, but subject to the limitations set forth above, install machinery, equipment and other tangible property in or on the Project. All such machinery, equipment and other tangible property will remain the sole property of the Lessee in which neither the Lessor nor any assignee of the Lessor will have any interest; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to the Project will be held in the name of the Lessor, subject to this Lease and will be included in the Project under the terms of this Lease in the event the Lessor reasonably determines that the Project would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 10.3. Replacement and Substitution of Equipment. The Lessee will not be under any obligation to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary equipment. In any instance where the Lessee determines that any equipment has become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary, the Lessee may remove such equipment from the Project and (on behalf of the Lessor) sell, trade-in, exchange or otherwise dispose of it (as a whole or in part) without any responsibility or accountability to the Lessor or any assignee of the Lessor therefor, provided that the Lessee will either:

(a) Substitute (by direct payment of the costs thereof or by designating as equipment, machinery or other personal property, other than property included as part of the Project pursuant to Section 10.2) and install anywhere in or on the Project, other equipment, machinery or related property having equal or greater value and utility (but not necessarily having the same function) in the operation of the Project; or

(b) Not make any such substitution and installation, provided (i) in the case of the sale of any such equipment to anyone other than itself, or in the case of the scrapping thereof, the Lessee will pay to the Trustee for deposit in the Revenue Fund as a prepayment of Base Rentals (other than the principal components thereof) the Net Proceeds from such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such equipment for other machinery, equipment or related property not to be installed in or on the Project, the Lessee will pay to the Trustee for deposit in the Revenue Fund as a prepayment of Base Rentals (other than the principal components thereof) the amount of the credit received by it in such trade-in and (iii) that in the case of the sale of any such equipment to the Lessee, or in the case of any other disposition thereof, the Lessee will pay to the Trustee for deposit in the Revenue Fund the amount equal to the original cost thereof paid out of the Lessee's Lessee Acquisition Account.

The removal from the Project of any portion of the equipment pursuant to the provisions of this Section 10.3 will not entitle the Lessee to any postponement, abatement or diminution of the Base Rentals or Additional Rentals required to be paid under Section 6.1.

The Lessee will promptly report in writing to the Lessor each removal, substitution, sale or other disposition under subsections (a) and (b) of this Section and will pay to the Trustee (with notice to the Lessor) all amounts required by subsection (b) of this Section promptly after any subsequent sale, scrapping, trade-in or other disposition requiring such payment. All substituted machinery, equipment or related property installed pursuant to this

Section will be free of all liens and encumbrances (other than Permitted Encumbrances) and will become a part of the Project. The Lessee will not remove, or permit the removal of, any of the equipment from the Project except in accordance with this Section. The Lessor and its assignees will cooperate with the Lessee in implementing the Lessee's rights to dispose of equipment pursuant to this Section and will execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith.

Section 10.4. Taxes, Other Governmental Charges and Utility Charges. In the event that the Project or any portion thereof is, for any reason, deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Lessee will, during the Lease Term, appropriate funds for, and pay the amount of, all such taxes, assessments and governmental charges when due. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Lessee will be obligated to provide only for such installments as are required to be paid during the then current Fiscal Year. The Lessee will not allow any liens for taxes, assessments or governmental charges with respect to the Project or any portion thereof to become delinquent (including, without limitation, any taxes levied upon the Project or any portion thereof which, if not paid, will become a charge on the rentals and receipts from the Project or any portion thereof, or any interest therein, including the interest of the Lessor, the Trustee, the Owners of the Bonds or the Credit Facility Provider or the rentals and revenues derived therefrom or hereunder). The Lessee will also appropriate funds for and pay, as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance and upkeep of the Project.

The Lessee may, at the expense and in the name of the Lessee, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Lessor or the Credit Facility Provider notifies the Lessee that, in the opinion of Independent Counsel (whose fees and expenses shall be paid by the Lessee), by nonpayment of any such items the security afforded pursuant to this Lease may be materially endangered or the Project or any portion thereof will be subject to loss or forfeiture, or the Lessor will be subject to liability, in which event such taxes, assessments, utility or other charges will be paid forthwith (provided, however, that such payment will not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

Section 10.5. Provisions Regarding Casualty, Public Liability and Property Damage Insurance. Upon the completion and acceptance

of the Project, the Lessee, at its expense, will cause casualty and property damage insurance with a company or self-insurance fund acceptable to the Lessor and the Credit Facility Provider to be carried and maintained with respect to the Project in an amount equal to the aggregate principal components of Base Rentals payable during the maximum term of this Lease or the replacement cost (excluding foundations) of the Project; whichever is greater. The Lessee will, during the Lease Term, appropriate funds for and pay the cost of such casualty and property damage insurance. The Lessee will, during the Lease Term, comply with the reasonable direction of the Lessor as to the terms of such casualty and property damage insurance, consistent with the requirements of this Section, and as to the selection of a responsible insurer to provide such casualty and property damage insurance. The insurance policy may have a per occurrence deductible clause not in excess of the greater of \$10,000 or the percentage of total Base Rentals due under this Lease specified in Exhibit A. The Project may be insured under a blanket insurance policy which insures other facilities as well as the Project, as long as such blanket insurance policy complies with the requirements of this Lease; provided that the protection afforded under such blanket insurance policy is comparable to that provided under other than a blanket insurance policy. Any casualty and property damage insurance policy required by this Section will name the Lessor, the Trustee and the Credit Facility Provider as additional named insureds and will be so written or endorsed as to make losses, if any, payable to the Trustee (for application as provided in Sections 8.2 and 8.3).

Upon the execution and delivery of this Lease, the Lessee will cause public liability insurance to be carried and maintained with a company or self-insurance fund acceptable to the Lessor and the Credit Facility Provider with respect to the activities to be undertaken by and on behalf of the Lessee in connection with the use of the Project. The Lessee will, during the Lease Term, appropriate funds for and pay the cost of such public liability insurance. The public liability insurance will be in such amount as is approved by the Lessor and the Credit Facility Provider, but in no event in an amount less than \$1,000,000 for personal injury or death in connection with the Project and \$1,000,000 for property damage for any occurrence in connection with the Project. The public liability insurance required by this Section may be by blanket insurance policy or policies; provided that the protection provided under such blanket insurance policy is comparable to that provided under other than a blanket insurance policy. Any public liability insurance policy required by this Section will name the Lessor, the Trustee and the Credit Facility Provider as additional named insureds.

Each insurance policy provided for in this Section will contain a provision to the effect that the insurance company will not cancel or terminate the policy or modify it materially and

adversely to the interests of the Lessor, the Trustee and the Credit Facility Provider without first giving written notice thereof by certified mail to the Lessee and the Lessor, the Trustee and the Credit Facility Provider at least 10 days in advance of such cancellation, termination or modification. All insurance policies issued pursuant to this Section will be deposited with the Trustee.

Section 10.6. Advances. In the event that the Lessee fails to pay any Additional Rentals during the Lease Term, the Lessor may (but will be under no obligation to) pay such Additional Rentals, which Additional Rentals the Lessee agrees to reimburse to the Lessor on demand, together with interest thereon at the Late Payment Rate.

[End of Article X]

ARTICLE XI

TITLE TO THE PROJECT;
LIMITATIONS ON ENCUMBRANCES; ADDITIONAL SECURITY

Section 11.1 Title to the Project. Except personal property purchased by the Lessee at its own expense pursuant to Section 10.2, title to the Project and any and all additions and modifications to or replacements of any portion of the Project will be held in the name of the Lessor, subject only to Permitted Encumbrances, until liquidated or foreclosed or otherwise realized on by the Credit Facility Provider pursuant to or by reason of this Lease, the Indenture and/or any Collateral Document, or conveyed by the Lessor as provided in Article XII of this Lease, notwithstanding (a) termination of this Lease by the Lessee by reason of an Event of Nonappropriation as provided in Section 6.6; (b) the occurrence of one or more Events of Default as defined in Section 14.1; (c) the occurrence of any event of damage, destruction, condemnation or construction defect or title defect, as provided in Article VIII of this Lease; or (d) the violation by the Lessor (or the Trustee or the Credit Facility Provider as assignee of the Lessor) of any provision of this Lease.

The Lessee will have no right, title or interest in the Project or any additions and modifications to or replacements of any portion of the Project, except as expressly set forth in this Lease.

Section 11.2. No Encumbrance, Mortgage or Pledge of Project. The Lessee will not permit any mechanic's or other lien to be perfected or remain against the Project (including any additions, modifications, substitutions or improvements thereof or thereto), except Permitted Encumbrances; provided that subsequent to the Completion Date, if the Lessee first notifies the Lessor of the intention of the Lessee so to do, the Lessee may in good faith contest any mechanic's or other lien filed or perfected against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Lessor or the Credit Facility Provider notifies the Lessee that, in the opinion of Independent Counsel (whose fees and expenses will be paid by the Lessee), by nonpayment of any such items the Lessor's title to the Project, or the lien on the Project, may be materially endangered, or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee will promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment will not constitute a waiver of the right to continue to contest such items). The Lessor will cooperate fully with the Lessee in any such contest, upon the request and at the expense of the Lessee. The Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with

respect to the Site or the Project, except Permitted Encumbrances. The Lessee will promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it has created, incurred or suffered to exist. The Lessor will promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it has created, incurred or suffered to exist.

Section 11.3. Deed; Mortgage. If required by the Credit Facility Provider, the Lessee has, prior to the execution and delivery of this Lease, executed a warranty deed conveying the Site to the Lessor, and the Lessor has, simultaneously with the execution and delivery of this Lease, executed and delivered the Mortgage to the Trustee, whereby the Lessor has mortgaged to the Trustee, for the equal and ratable benefit of the Owners of the Bonds and the Credit Facility Provider, the Site, to secure the payment and performance of all of the Issuer's and the Lessor's obligations under the Indenture and the Credit Facility Agreement. If required by the Credit Facility Provider, the lien of the Mortgage must be insured by a title insurance policy, satisfactory in form and substance to the Credit Facility Provider, and issued and/or reinsured by such title insurance companies as are acceptable to the Credit Facility Provider.

Section 11.4. Security Interest. To secure the payment and performance of all of the Lessee's obligations under this Lease, the Lessee hereby grants and pledges to the Lessor a lien on and security interest in and to (i) all equipment, machinery, furnishings, furniture, vehicles and other personal property comprising a portion of the Project, (ii) all additions, attachments, accessions and substitutions thereto, (iii) all plans, drawings and specifications for the Project, when and as they are approved by the Lessee, including change orders, if any, as provided in Section 7.1, (iv) all permits necessary for construction and installation of the Project, including any building permits and certificates of occupancy, (v) all contracts entered into by the Lessee (whether in its own name or on behalf of the Lessor) for the acquisition, construction, installation, operation, maintenance or servicing of any part of the Project including, without limitation, contracts with construction contractors, vendors, architects, engineers, servicers and other consultants., and including contracts between any contractor for the Project and its subcontractors, (vi) all contracts entered into by the Lessee (whether in its own name or on behalf of the Lessor) for the sale or lease of the output from or services of the Project, and (vii) all proceeds of any of the foregoing, subject and subordinate, however, to the security interest therein granted by the Lessor to the Trustee pursuant to the Indenture. The Lessee agrees to execute such additional documents, including financing statements, affidavits, notices and similar instruments, in form

satisfactory to the Lessor and the Credit Facility Provider, which the Lessor or Credit Facility Provider deems necessary or appropriate to perfect and maintain the lien on and security interest in the aforesaid collateral granted hereunder by the Lessee.

Section 11.5. Letter of Credit. If required by the Credit Facility Provider, the Lessee, prior to or simultaneously with the execution and delivery of this Lease, caused a letter of credit, satisfactory in form and substance to the Credit Facility Provider and having the terms and provisions described in the next sentence of this Section (a "Letter of Credit"), to be issued by a bank satisfactory to the Credit Facility Provider (an "Approved Bank") in favor of the Trustee as security for the obligations of the Lessee under this Lease. The Lessee acknowledges that such Letter of Credit has a term which ends on or about the 30th day after the end of the first full Fiscal Year following commencement of the Lease Term and is renewable automatically for successive 12-month periods unless, at least 60 days prior to the end of any Fiscal Year, such Approved Bank delivers written notice to the Lessee, the Lessor, the Trustee and the Credit Facility Provider that such Letter of Credit will not be renewed. The Lessee covenants and agrees that, within 30 days following receipt by the Lessee of (a) notice from the Approved Bank which is the issuer of the Letter of Credit then in effect with respect to this Lease that such Letter of Credit will not be renewed, or (b) notice from the Credit Facility Provider to the effect that a Credit Event has occurred or is likely to occur with respect to the Approved Bank which is the issuer of the Letter of Credit then in effect with respect to this Lease, the Lessee will cause another Letter of Credit issued by another Approved Bank to be issued in favor of the Trustee as security for the obligations of the Lessee under this Lease. As used in this Section, the term "Credit Event" means, with respect to an Approved Bank, (i) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency proceedings, readjustment of debt, marshalling of assets or liabilities or similar proceedings of or with respect to such Approved Bank or of or with respect to all or substantially all of the property of such Approved Bank or for the winding-up or liquidation of the affairs of such Approved Bank has been entered, or (ii) such Approved Bank has consented to the appointment of a conservator or receiver or liquidator in any insolvency proceedings, readjustment of debt, marshalling of assets or liabilities or similar proceedings of or with respect to such Approved Bank, or of or with respect to all or substantially all of the property of such Approved Bank, or (iii) such Approved Bank has filed a petition to take advantage of any applicable insolvency or reorganization statute, or (iv) such Approved Bank generally suspends payment of its obligations, or (v) such Approved Bank takes action with respect to any of the events described in the preceding clauses (i) through (iv), or (vi) any credit rating for

the long-term debt obligations or letters of credit of such Approved Bank has been downgraded or withdrawn subsequent to the issuance or latest renewal by such Approved Bank of a Letter of Credit.

[End of Article XI]

ARTICLE XII

CONVEYANCE OF THE PROJECT

Section 12.1. Conveyance of the Project. The Lessor will transfer and convey to the Lessee the Project, in the manner provided for in Section 12.2; provided, however, that prior to such assignment, transfer and conveyance the Lessee has paid in full either (i) all Base Rentals required hereunder as set forth in Exhibit B hereto, for the entire maximum Lease Term or (ii) the then applicable Optional Prepayment Price, together, in each case, with all Lease Rental Payments accrued to the date of termination of this Lease.

The Lessee is hereby granted the option to terminate this Lease and to purchase the Project, subject to the prior written consent of the Lessor and the Credit Facility Provider, upon payment of the then applicable Optional Prepayment Price (as defined in the Indenture).

Section 12.2. Manner of Conveyance. At the closing of any purchase or other conveyance of the Project pursuant to Section 12.1, the Lessor and the Trustee will execute and deliver to the Lessee, or an assignee of the Lessee, all necessary documents assigning, transferring and conveying, by quitclaim deed, all of the Lessor's title to the Project as the Project then exists, subject to (i) all liens, encumbrances and restrictions created or suffered to exist by the Lessor as required or permitted by this Lease or arising as a result of any action taken or omitted to be taken by the Lessor as required or permitted by this Lease (except any lien or security interest arising under the Indenture or this Lease); (ii) any lien or encumbrance created or suffered to exist by action or omission of the Lessee and (iii) those liens and encumbrances (if any) to which title to the Project was subject when acquired by the Lessor.

Section 12.3. Escrowed Documents. In order to facilitate the Lessee's enforcement of the Lessor's obligations to convey the Project, to the Lessee under the circumstances provided in Section 12.1, the Lessor will prepare at the time of execution of this Lease and hold in escrow the deed, the bill of sale and the cancellation of the Lease relating to the Site and the Project, in form satisfactory to the Lessee. The Lessor will, upon compliance with the applicable conditions of Section 12.1, date and release the deed, the bill of sale and the cancellation of Lease to the Lessee for recording.

[End of Article XII]

ARTICLE XIII

ASSIGNMENT, SUBLEASING, INDEMNIFICATION AND SELLING

Section 13.1. Assignment by Lessor. As security for the payment and performance by the Issuer and the Lessor of all of their obligations under the Indenture and the Credit Facility Agreement, including particularly the payment of the principal of, premium, if any, and interest on the Bonds and the payment of all amounts due or to become due under the Credit Facility Agreement, the Lessor has assigned to the Trustee, under and pursuant to the Indenture, all of the Lessor's right, title and interest in, to and under this Lease and any Collateral Documents, including but not limited to the right to receive the Lease Rental Payments and other amounts due hereunder and the security interest granted hereunder in any property comprising a portion of the Project. The Lessee acknowledges and agrees that this assignment will entitle the Credit Facility Provider to enforce any obligation of the Lessee hereunder and to exercise any remedy or right of the Lessor hereunder. The Lessee further acknowledges and agrees that, as provided in the Indenture, the function of the "Lessor" under this Lease may be performed by the Program Administrator (which may be a person or entity other than the Lessor) and its agents and representatives.

After the occurrence of an Event of Default or an Event of Nonappropriation (and the honoring by the Credit Facility Provider of a drawing under the Credit Facility relating thereto, as more fully described in the Indenture), this Lease will be assigned by the Lessor and the Trustee to the Credit Facility Provider. The Lessee acknowledges and consents to any such assignment; and the Lessee acknowledges and agrees that upon any such assignment, (i) the Credit Facility Provider will be the "Lessor" under this Lease for all purposes of this Lease, (ii) all references in this Lease to the "Lessor" or the "Trustee" will be deemed to be references to the Credit Facility Provider (and/or its successors or assigns), (iii) all obligations of the Lessee under this Lease will be for the sole and exclusive benefit of the Credit Facility Provider (and/or its successors or assigns) and (iv) all payments to be made by the Lessee under this Lease will be made to or upon the direction of the Credit Facility Provider (and/or its successors or assigns).

Section 13.2. Assignment and Subleasing by the Lessee. This Lease may not be assigned by the Lessee for any reason. The Project may be subleased by the Lessee, as a whole or in part, but only with the prior written consent of the Lessor and the Credit Facility Provider.

Section 13.3. Release and Indemnification Covenants. To the extent permitted by law, the Lessee will and hereby agrees to

indemnify and save the Lessor, the Trustee and the Credit Facility Provider (each, an "Indemnatee") harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, regardless of the cause thereof and the expenses, penalties and fees in connection therewith (including counsel fees and expenses), arising from or as a result of the operation, ordering, ownership, acquisition, construction, use, condition, delivery, rejection, storage, return or management of the Project during the Lease Term, or the entering into of the Lease, the Collateral Documents or any other document or instrument relating thereto (collectively, "Indemnified Claims"), including, but not limited to: (i) any condition of the Project; (ii) any act of negligence of the Lessee or of any of its agents, contractors or employees or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; (iii) any accident in connection therewith resulting in damage to property or injury or death to any person; and (iv) the incurrence of any cost or expense in connection with the acquisition of the Project in excess of the moneys available therefor in the Lessee's Lessee Acquisition Account. To the extent permitted by law, the Lessee will indemnify and save each Indemnatee harmless from any such Indemnified Claim, or in connection with any action or proceeding brought thereon and, upon notice from such Indemnatee, will defend or pay the cost of defending such Indemnatee, in any such action or proceeding.

The indemnification arising under this Section will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease for any reason.

[End of Article XIII]

SUBLEASE

THIS SUBLEASE, made and entered into this the 7th day of September, 1995, by and between GRANT COUNTY, KENTUCKY, Grant County Courthouse, Williamstown, KY 41097, herein referred to as Sublessor and BULLOCK PEN WATER DISTRICT, P. O. Box 185, Crittenden, Kentucky, 41030, hereinafter referred to as Sublessee.

W I T N E S S E T H:

WHEREAS, on the 7th day of September, 1995, the County as Lessee entered into a Lease Agreement with Kentucky Association of Counties Leasing Trust, hereinafter referred to as CoLT, as Lessor, a copy of said Lease being attached hereto as Exhibit A and incorporated herein by reference;

WHEREAS, the County finds that it is to the best interest and service of the taxpayers, citizens, and inhabitants of the County that Bullock Pen Water District be allowed to utilize the properties making up the "Project" as set out in the attached Lease;

WHEREAS, the Bullock Pen Water District finds that it is in the best interest of the taxpayers, citizens, and inhabitants of the County to utilize those properties described as the "Project" in the attached Lease and pay the County for such use the amount of the rentals required to be paid by the terms of the attached Lease by the County to CoLT;

WHEREAS, it is the desire of the County that on the termination of the attached Lease, and all terms and conditions thereof having been performed by all the parties hereto, that any and all right, title, and interest in and to the property described in the attached Lease as the "Project" be transferred and conveyed by CoLT to Bullock Pen Water District.

NOW, THEREFORE, that for and in consideration of Sublessee agreeing to pay any and all rental payments and other charges as set out in schedule B to the Lease attached Exhibit A, or payments required to be paid under the Lease, and any and all other charges or costs incurred by the Sublessor as a result of the attached Lease and subject to the terms, provisions and stipulations hereinafter set forth, Sublessor does hereby demise, sublet and sublease unto Sublessee for the terms hereinafter specified, the Subject Premises located in Grant County, Kentucky, and more particularly described in the Lease which is attached hereto as Exhibit A.

1. The terms, provisions and stipulations of this Sublease are the same terms, provisions and stipulations as set forth in the Lease (including "the term") which is attached hereto as Exhibit A, and both Sublessor and Sublessee agree to be bound thereto; except that the parties hereto agree that all rental payments and other charges are to be paid by Sublessee to the Sublessor and the Sublessor will thereafter make said payment to CoLT.

2. ASSIGNMENT AND SUBLETTING. The Sublessee shall not have the right to assign the Sublease or sublease the subject property in whole or in part without first obtaining the written consent of the Sublessor, Lessor and the Credit Facility Provider.

3. BINDING AGREEMENT. All of the covenants, agreements, terms, conditions, provisions and undertakings in this Sublease or any amendments hereto, shall inure to the benefit of, being enforced by, and be binding upon, the respective heirs, executors, administrators, successors and assigns of the Sublessee and the Sublessor.

4. ENTIRE UNDERSTANDING. The Sublease and the exhibits attached hereto contain the entire understanding and agreement of the parties hereto, no other understanding, undertaking, agreement, representation or warranty shall alter or modify this Sublease or the terms hereof unless the same is in writing and duly executed by the parties hereto.

IN WITNESS WHEREOF, Sublessor and Sublessee have duly executed this Sublease as of the day and year first above written.

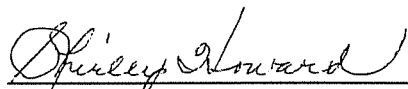
SUBLESSOR:

SUBLESSEE:

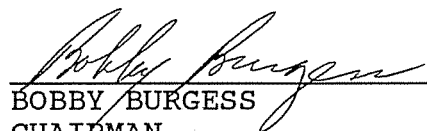
GRANT COUNTY, KENTUCKY

BULLOCK PEN WATER DISTRICT

By:

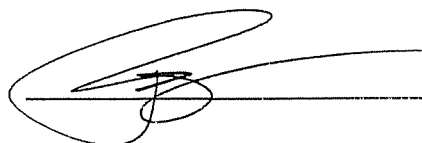

SHIRLEY HOWARD
COUNTY JUDGE/EXECUTIVE

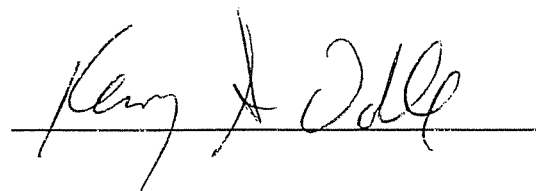
By:


BOBBY BURGESS
CHAIRMAN

WITNESS:

WITNESS:





Pursuant to Section 13.2 of the Lease "Exhibit A" attached hereto between Kentucky Association of Counties Leasing Trust and Grant County, Kentucky, said Kentucky Association of Counties Leasing Trust as Lessor, does hereby give written consent to the Sublease to Bullock Pen Water District.

Dated this the 7th day of September, 1995.

KENTUCKY ASSOCIATION OF
COUNTIES LEASING TRUST

By: Robert T. Harrod
ROBERT T. HARROD, Administrator

Pursuant to Section 13.2 of the attached Lease Exhibit "A," by and between Kentucky Association of Counties Leasing Trust, Lessor, and Grant County, Kentucky, as Lessee, the Commonwealth Bank of Australia, as the Credit Facility Provider to the bond issue underwriting the funding of the attached Lease, does hereby give written consent to the assignment of the attached Lease by Grant County, Kentucky, as Lessee to Bullock Pen Water District under the terms of the hereinbefore assignment.

Dated this 7th day of September, 1995.

COMMONWEALTH BANK OF AUSTRALIA

By: Christine A. Penrod