

MONTGOMERY COUNTY WATER DISTRICT #1
4406 Camargo Road
Mt. Sterling, KY 40353

RECEIVED
JAN - 4 2010
PUBLIC SERVICE
COMMISSION

Phone: (859) 498-0521

Fax: (859) 498-0872

Date: December 30, 2009

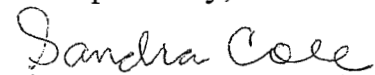
Attn: Jeff Derouen

RE: Case No. 2009-00343

In response to the order we received concerning the fact that the Montgomery County Water District #1 did not attend the informal conference scheduled for December 8, 2009. Montgomery County Water District #1 never received any information about the conference or the date to appear. I spoke to Virginia Gregg about this case earlier and told her if there was anything else we needed to do, all she had to do was contact me. I have had no further contact until we received this order.

Enclosed are the copies and CD's you have requested.

Respectfully,



Sandra Cole
Office Manager

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JAN - 4 2010
PUBLIC SERVICE
COMMISSION

THE APPLICATION OF MONTGOMERY COUNTY)
WATER DISTRICT NO. 1 FOR A RATE ADJUSTMENT) CASE NO.
PURSUANT TO 807 KAR 5:076) 2009-00343

*** ** *** ** *** ** **

RESPONSE TO COMMISSION STAFF'S FIRST INFORMATION REQUEST TO
MONTGOMERY COUNTY WATER DISTRICT NO. 1

In response to the Commission Staff's information request dated October 30, 2009, Montgomery County Water District No. 1, ("Montgomery County") provides the following information.

1. A billing analysis is included on the CD included in this response.
2. No leak adjustments are made on the customer side of the meter.
3. Monthly water loss reports are shown at Exhibit 1.
4. Minutes of the Commissioner's meetings are shown at Exhibit 2.
5. General ledger is included on CD.
6. All accounts are shown on CD.
7. See Exhibit 3.
8. Exhibit 4 sets out the employees, date of hire, job duties, benefits. No overtime is paid. No salaries were capitalized. See CD for additional information. There are no vacant positions. See Exhibit 5, for the notification from the KRS.

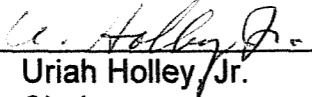
9. All benefits are listed on CD and Exhibit 4.
10. Exhibit 4 contains the most recent information regarding health insurance. The water district reimburses the county (fiscal court) for insurance paid for Sandra Cole. The district does not receive an invoice from the insurance agency but from Montgomery County Treasurer.
11. Exhibit 6, contains invoices relating to general liability and workers compensation.
12. With regard to question 12, see Exhibit 7 for information on purchased power expense.
13. Exhibit 8 sets out the Stage 2H5 and THM testing requirements and cost of test.
14. See Exhibit 8.
15. Montgomery County does not have a more detailed breakdown in its depreciation schedule than the schedules shown in its annual report.
16. The District has no other debt than the loan from USDA Rural Development. This bond series 1983 was for \$431,000. Montgomery County has reviewed its records and has been able to find only a limited amount of information regarding this bond. Ms. Pam Farmer, Area Specialist with RD has assisted Montgomery County in providing the attached information for Staff.

An excerpt of the final engineering report is attached setting out the project. An amortization schedule is also attached.

While no order could be found wherein the PSC approved this project, Page 2 of the Bond Authorizing Resolution (Exhibit 9) the second paragraph states ...WHEREAS, in proceedings before the Public Service Commission of Kentucky, the District has obtained the right and authority to construct.....

Dated at Mt. Sterling, Kentucky this 12-29, 2009

Respectfully submitted,
MONTGOMERY COUNTY WATER DISTRICT NO. 1



Uriah Holley, Jr.
Chairman

Monthly Water Loss Report

Water Company:

For the Month of: Year:

7 Water Produced this month: gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,072,260 gallons

Sold: Residential gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,042,380 gallons

B: Difference: (Produced+Purchased) - Sold = 29,880 gallons

% Difference = 1 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)	<input type="text"/>	gallons
Hydrant Flushing	<input type="text"/>	gallons
Storage Tank Overflow	<input type="text"/>	gallons
Water Treatment Plant Use	<input type="text"/>	gallons
Wastewater Treatment Plant Use	<input type="text"/>	gallons
Fire Department Use	<input type="text"/>	gallons
Net Computer Adjustment + / -	<input type="text"/>	gallons
Other	<input type="text"/>	gallons

C: Total Gallons Accounted For = 0 gallons

Loss: Unaccounted-for Water: (B-C) = 29,880 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 1 % unaccounted loss

days in month
Gallons / Day Loss = 964 gallons/day
Gallons / Minute Loss = 1 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: Feb. Year: 2008

7 Water Produced this month: 2,529,212 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 2,529,212 gallons

Sold: Residential 2,723,080 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,723,080 gallons

B: Difference: (Produced+Purchased) - Sold = -193,868 gallons

% Difference = -8 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing		gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 0 gallons

Loss: Unaccounted-for Water: (B-C) = -193,868 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= -8 % unaccounted loss

Gallons / Day Loss = 29 days in month -6,685 gallons/day
Gallons / Minute Loss = -5 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: March Year: 2008

7 Water Produced this month: 2,845,691 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 2,845,691 gallons

Sold: Residential 3,085,510 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,085,510 gallons

B: Difference: (Produced+Purchased) - Sold = -239,819 gallons

% Difference = -8 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)	 gallons
Hydrant Flushing	 gallons
Storage Tank Overflow	 gallons
Water Treatment Plant Use	 gallons
Wastewater Treatment Plant Use	 gallons
Fire Department Use	 gallons
Net Computer Adjustment + / -	 gallons
Other	 gallons

C: Total Gallons Accounted For = 0 gallons

Loss: Unaccounted-for Water: (B-C) = -239,819 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= -8 % unaccounted loss

Gallons / Day Loss = 31 days in month -7,736 gallons/day
Gallons / Minute Loss = -5 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: April Year: 2008

7 Water Produced this month: 3,046,902 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,046,902 gallons

Sold: Residential 2,688,110 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,688,110 gallons

B: Difference: (Produced+Purchased) - Sold = 358,792 gallons

% Difference = 12 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	200,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 200,000 gallons

Loss: Unaccounted-for Water: (B-C) = 158,792 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 5 % unaccounted loss

Gallons / Day Loss = 31 days in month 5,122 gallons/day
Gallons / Minute Loss = 4 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: May Year: 2008

7 Water Produced this month: 3,371,161 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,371,161 gallons

Sold: Residential 2,293,821 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,293,821 gallons

B: Difference: (Produced+Purchased) - Sold = 1,077,340 gallons

% Difference = 32 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	35,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 35,000 gallons

Loss: Unaccounted-for Water: (B-C) = 1,042,340 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 31 % unaccounted loss

**Gallons / Day Loss = 31 days in month
 33,624 gallons/day**
Gallons / Minute Loss = 23 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: June Year: 2008

7 Water Produced this month: 3,919,594 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,919,594 gallons

Sold: Residential 3,115,960 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,115,960 gallons

B: Difference: (Produced+Purchased) - Sold = 803,634 gallons

% Difference = 21 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	125,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 125,000 gallons

Loss: Unaccounted-for Water: (B-C) = 678,634 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 17 % unaccounted loss

30 days in month
Gallons / Day Loss = 22,621 gallons/day
Gallons / Minute Loss = 16 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: July Year: 2008

7 **Water Produced this month:** 3,673,802 gallons
Water Purchased this month: gallons

A: Total Water Produced and Purchased = **3,673,802 gallons**

Sold: Residential 3,177,250 gallons
Commercial gallons
Water Salesman gallons

Total Sold = **3,177,250 gallons**

B: Difference: (Produced+Purchased) - Sold = **496,552 gallons**

% Difference = **14 % total water loss**

Gallons of Water Accounted For:

Breaks (Estimated Total)	75,000	gallons
Hydrant Flushing	400,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = **475,000 gallons**

Loss: Unaccounted-for Water: (B-C) = **21,552 gallons**

% Loss: Unaccounted-for Water: (B-C)/A %= **1 % unaccounted loss**

Gallons / Day Loss = 31 days in month **695 gallons/day**
Gallons / Minute Loss = **0 gallons/min.**

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Monthly Water Loss Report

Water Company:

For the Month of: Year:

7 Water Produced this month: gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,799,242 gallons

Sold: Residential gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,022,840 gallons

B: Difference: (Produced+Purchased) - Sold = 776,402 gallons

% Difference = 20 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)	<input type="text" value="125,000"/>	gallons
Hydrant Flushing	<input type="text" value="350,000"/>	gallons
Storage Tank Overflow	<input type="text" value=""/>	gallons
Water Treatment Plant Use	<input type="text" value=""/>	gallons
Wastewater Treatment Plant Use	<input type="text" value=""/>	gallons
Fire Department Use	<input type="text" value=""/>	gallons
Net Computer Adjustment + / -	<input type="text" value=""/>	gallons
Other Filled new 8" water line	<input type="text" value="150,000"/>	gallons

C: Total Gallons Accounted For = 625,000 gallons

Loss: Unaccounted-for Water: (B-C) = 151,402 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 4 % unaccounted loss

days in month
Gallons / Day Loss = 4,884 gallons/day
Gallons / Minute Loss = 3 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: Sept. Year: 2008

7 Water Produced this month: 4,668,118 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 4,668,118 gallons

Sold: Residential 4,040,160 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 4,040,160 gallons

B: Difference: (Produced+Purchased) - Sold = 627,958 gallons

% Difference = 13 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	250,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 250,000 gallons

Loss: Unaccounted-for Water: (B-C) = 377,958 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 8 % unaccounted loss

Gallons / Day Loss = 30 days in month 12,599 gallons/day
Gallons / Minute Loss = 9 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: Oct. 2008 Year: 2008

7 Water Produced this month: 3,784,343 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,784,343 gallons

Sold: Residential 3,362,230 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,362,230 gallons

B: Difference: (Produced+Purchased) - Sold = 422,113 gallons

% Difference = 11 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	150,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 150,000 gallons

Loss: Unaccounted-for Water: (B-C) = 272,113 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 7 % unaccounted loss

31 days in month
Gallons / Day Loss = 8,778 gallons/day
Gallons / Minute Loss = 6 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: Nov. 2008 Year: 2008

7 Water Produced this month: 3,622,938 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,622,938 gallons

Sold: Residential 3,153,800 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,153,800 gallons

B: Difference: (Produced+Purchased) - Sold = 469,138 gallons

% Difference = 13 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	75,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 75,000 gallons

Loss: Unaccounted-for Water: (B-C) = 394,138 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 11 % unaccounted loss

Gallons / Day Loss = 30 days in month 13,138 gallons/day
Gallons / Minute Loss = 9 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: Dec. 2008 Year: 2008

7 Water Produced this month: 3,759,148 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,759,148 gallons

Sold: Residential 2,710,200 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,710,200 gallons

B: Difference: (Produced+Purchased) - Sold = 1,048,948 gallons

% Difference = 28 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	225,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other Filled new 4" water line Davis Rd. 3,400 ft. of line	275,000	gallons

C: Total Gallons Accounted For = 500,000 gallons

Loss: Unaccounted-for Water: (B-C) = 548,948 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 15 % unaccounted loss

**Gallons / Day Loss = 31 days in month
 17,708 gallons/day**
Gallons / Minute Loss = 12 gallons/min.

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Monthly Water Loss Report

Water Company:

For the Month of: Year:

7 Water Produced this month: gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 4,473,190 gallons

Sold: Residential gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,763,980 gallons

B: Difference: (Produced+Purchased) - Sold = 709,210 gallons

% Difference = 16 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)	<input type="text"/>	gallons
Hydrant Flushing	<input type="text" value="40,000"/>	gallons
Storage Tank Overflow	<input type="text"/>	gallons
Water Treatment Plant Use	<input type="text"/>	gallons
Wastewater Treatment Plant Use	<input type="text"/>	gallons
Fire Department Use	<input type="text"/>	gallons
Net Computer Adjustment + / -	<input type="text"/>	gallons
Other	<input type="text"/>	gallons

C: Total Gallons Accounted For = 40,000 gallons

Loss: Unaccounted-for Water: (B-C) = 669,210 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 15 % unaccounted loss

**Gallons / Day Loss = days in month
 21,587 gallons/day**
Gallons / Minute Loss = 15 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: Feb. Year: 2009

7 Water Produced this month: 3,087,660 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,087,660 gallons

Sold: Residential 3,023,560 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,023,560 gallons

B: Difference: (Produced+Purchased) - Sold = 64,100 gallons

% Difference = 2 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing		gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 0 gallons

Loss: Unaccounted-for Water: (B-C) = 64,100 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 2 % unaccounted loss

**Gallons / Day Loss = 28 days in month
 2,289 gallons/day**
Gallons / Minute Loss = 2 gallons/min.

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Monthly Water Loss Report

Water Company:

For the Month of: Year:

7 Water Produced this month: gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,708,808 gallons

Sold: Residential gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,545,830 gallons

B: Difference: (Produced+Purchased) - Sold = 1,162,978 gallons

% Difference = 31 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)	<input type="text"/>	gallons
Hydrant Flushing	<input type="text" value="100,000"/>	gallons
Storage Tank Overflow	<input type="text"/>	gallons
Water Treatment Plant Use	<input type="text"/>	gallons
Wastewater Treatment Plant Use	<input type="text"/>	gallons
Fire Department Use	<input type="text"/>	gallons
Net Computer Adjustment + / -	<input type="text"/>	gallons
Other	<input type="text"/>	gallons

C: Total Gallons Accounted For = 100,000 gallons

Loss: Unaccounted-for Water: (B-C) = 1,062,978 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 29 % unaccounted loss

**Gallons / Day Loss = days in month
 34,290 gallons/day
 Gallons / Minute Loss = 24 gallons/min.**

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: April Year: 2009

7 Water Produced this month: 3,737,606 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,737,606 gallons

Sold: Residential 3,341,700 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,341,700 gallons

B: Difference: (Produced+Purchased) - Sold = 395,906 gallons

% Difference = 11 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	150,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 150,000 gallons

Loss: Unaccounted-for Water: (B-C) = 245,906 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 7 % unaccounted loss

**Gallons / Day Loss = 30 days in month
 8,197 gallons/day**
Gallons / Minute Loss = 6 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: May Year: 2009

7 Water Produced this month: 4,035,161 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 4,035,161 gallons

Sold: Residential 2,767,840 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,767,840 gallons

B: Difference: (Produced+Purchased) - Sold = 1,267,321 gallons

% Difference = 31 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	350,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 350,000 gallons

Loss: Unaccounted-for Water: (B-C) = 917,321 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 23 % unaccounted loss

**Gallons / Day Loss = 31 days in month
 29,591 gallons/day**
Gallons / Minute Loss = 21 gallons/min.

This spreadsheet is a product of the Technical Assistance Center for Water Quality at Western Kentucky University and the Kentucky Rural Water Association. Feel free to contact us at (270) 745-5948 or at <http://water.wku.edu/>. This spreadsheet may be freely distributed. Please let us know if you use it, like it, or have suggestions for improvement!

Monthly Water Loss Report

Water Company:

For the Month of: Year:

7 Water Produced this month: gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,951,534 gallons

Sold: Residential gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,323,333 gallons

B: Difference: (Produced+Purchased) - Sold = 628,201 gallons

% Difference = 16 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)	<input type="text" value=""/>	gallons
Hydrant Flushing	<input type="text" value="100,000"/>	gallons
Storage Tank Overflow	<input type="text" value=""/>	gallons
Water Treatment Plant Use	<input type="text" value=""/>	gallons
Wastewater Treatment Plant Use	<input type="text" value=""/>	gallons
Fire Department Use	<input type="text" value=""/>	gallons
Net Computer Adjustment + / -	<input type="text" value=""/>	gallons
Other	<input type="text" value=""/>	gallons

C: Total Gallons Accounted For = 100,000 gallons

Loss: Unaccounted-for Water: (B-C) = 528,201 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 13 % unaccounted loss

days in month

Gallons / Day Loss = 17,607 gallons/day

Gallons / Minute Loss = 12 gallons/min.

Monthly Water Loss Report

Water Company:

For the Month of: Year:

7 Water Produced this month: gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 4,026,558 gallons

Sold: Residential gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,925,500 gallons

B: Difference: (Produced+Purchased) - Sold = 1,101,058 gallons

% Difference = 27 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)	<input type="text" value="200,000"/>	gallons
Hydrant Flushing	<input type="text" value="150,000"/>	gallons
Storage Tank Overflow	<input type="text" value=""/>	gallons
Water Treatment Plant Use	<input type="text" value=""/>	gallons
Wastewater Treatment Plant Use	<input type="text" value=""/>	gallons
Fire Department Use	<input type="text" value=""/>	gallons
Net Computer Adjustment + / -	<input type="text" value=""/>	gallons
Other Alt. Flush valve malfunctioned	<input type="text" value="125,000"/>	gallons

C: Total Gallons Accounted For = 475,000 gallons

Loss: Unaccounted-for Water: (B-C) = 626,058 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 16 % unaccounted loss

days in month
Gallons / Day Loss = 20,195 gallons/day
Gallons / Minute Loss = 14 gallons/min.

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Monthly Water Loss Report

Water Company: Montgomery County Dist. # 1

For the Month of: Aug. Year: 2009

7 Water Produced this month: 3,565,192 gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,565,192 gallons

Sold: Residential 2,585,160 gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,585,160 gallons

B: Difference: (Produced+Purchased) - Sold = 980,032 gallons

% Difference = 27 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)		gallons
Hydrant Flushing	125,000	gallons
Storage Tank Overflow		gallons
Water Treatment Plant Use		gallons
Wastewater Treatment Plant Use		gallons
Fire Department Use		gallons
Net Computer Adjustment + / -		gallons
Other		gallons

C: Total Gallons Accounted For = 125,000 gallons

Loss: Unaccounted-for Water: (B-C) = 855,032 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 24 % unaccounted loss

31 days in month
Gallons / Day Loss = 27,582 gallons/day
Gallons / Minute Loss = 19 gallons/min.

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Monthly Water Loss Report

Water Company:

For the Month of: Year:

7 Water Produced this month: gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,304,215 gallons

Sold: Residential gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 3,120,330 gallons

B: Difference: (Produced+Purchased) - Sold = 183,885 gallons

% Difference = 6 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total)	<input type="text"/>	gallons
Hydrant Flushing	<input type="text" value="60,000"/>	gallons
Storage Tank Overflow	<input type="text"/>	gallons
Water Treatment Plant Use	<input type="text"/>	gallons
Wastewater Treatment Plant Use	<input type="text"/>	gallons
Fire Department Use	<input type="text"/>	gallons
Net Computer Adjustment + / -	<input type="text"/>	gallons
Other	<input type="text"/>	gallons

C: Total Gallons Accounted For = 60,000 gallons

Loss: Unaccounted-for Water: (B-C) = 123,885 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 4 % unaccounted loss

days in month

Gallons / Day Loss = 4,130 gallons/day

Gallons / Minute Loss = 3 gallons/min.

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Monthly Water Loss Report

Water Company:

For the Month of: Year:

7 Water Produced this month: gallons
 Water Purchased this month: gallons

A: Total Water Produced and Purchased = 3,684,498 gallons

Sold: Residential gallons
 Commercial gallons
 Water Salesman gallons

Total Sold = 2,830,370 gallons

B: Difference: (Produced+Purchased) - Sold = 854,128 gallons

% Difference = 23 % total water loss

Gallons of Water Accounted For:

Breaks (Estimated Total) gallons
 Hydrant Flushing gallons
 Storage Tank Overflow gallons
 Water Treatment Plant Use gallons
 Wastewater Treatment Plant Use gallons
 Fire Department Use gallons
 Net Computer Adjustment + / - gallons
 Other gallons

C: Total Gallons Accounted For = 360,000 gallons

Loss: Unaccounted-for Water: (B-C) = 494,128 gallons

% Loss: Unaccounted-for Water: (B-C)/A %= 13 % unaccounted loss

days in month

Gallons / Day Loss = 15,940 gallons/day

Gallons / Minute Loss = 11 gallons/min.

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New Business:

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

Junior Holley made the motion to approve the Managers/Treasurers Report. Taylor Abney seconded the Motion. Motion carried.

New Water Rates

B. Sandra Cole told Commissioners that new water rates would go into effect on February 01, 2008. (See attached copy).

C. Adjourn

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion. Motion carried. Time 6:45 p.m.

Steven L. Beshear
Governor



Robert D. Vance, Secretary
Environmental and Public
Protection Cabinet

Timothy J. LeDonne
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

January 9, 2008

Marcella McVey
System Operator/Office Manager
Montgomery County Water District #1
4406 Camargo Road
Mt. Sterling, KY 40353

RE: Case No. 2008-00012
Montgomery County Water District #1

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact James Goff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Mike Burford".

Mike Burford
Director Division of Filings

MB/MB
Enclosure



MONTGOMERY COUNTY WATER DISTRICT #1
4406 Camargo Road
Mt. Sterling, KY 40353

2008-12

Phone: (859) 498-0521

Fax: (859) 498-0872

Beth O'Donnell
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY. 40602

RECEIVED

JAN - 7 2008

PUBLIC SERVICE
COMMISSION

RE: Formal Application for a Purchased Water Agreement

This is an application for a purchased water rate adjustment for the Montgomery County Water District #1. The adjustment is necessary to recover an increase in the cost of water attributable to our supplier's new wholesale rates that will become effective February 01, 2008. The District is seeking to make this effective with the February 28, 2008 billing.

The District will publish the enclosed public notice of these requested rate revisions in the local newspaper. In accordance with PSC rules and regulations, the notice will be published before the new bills are issued and will be published one time. A copy of the newspaper notice will be forwarded to you upon publication.

Sincerely,

enclosure

NOTICE

Due to a rate increase from the City of Mt. Sterling, notice is hereby given that Montgomery County Water District #1 has filed an application for a Purchased Water Adjustment with the Kentucky Public Service Commission for the purpose of adjusting its water rates. Customer rates will increase by \$0.22 per 1,000 gallons used. The proposed change will be effective for service rendered on and after February 01, 2008.

MONTHLY RATE:

		<u>CURRENT</u>	<u>PROPOSED</u>	<u>% INCREASE</u>
FIRST	2,000 GALLONS	\$15.30	\$15.74	2.88%
NEXT	3,000 GALLONS	\$ 4.53	\$ 4.75	4.86%
NEXT	5,000 GALLONS	\$ 3.99	\$ 4.19	5.51%
OVER	10,000 GALLONS	\$ 3.45	\$ 3.67	6.38%
WHOLESALE CUSTOMERS		\$ 1.91	\$ 2.13	11.52%

The monthly bill for a customer using an average of 5,000 gallons per month will increase \$1.10 from \$28.89 to \$29.99 or 3.81%.

The rates contained in this notice are the rates proposed by Montgomery County Water District #1. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Montgomery County Water District #1 has available for inspection at its office, the application submitted to the Public Service Commission. The office is located at 4406 Camargo Road, Mt. Sterling, Ky. 40353

Montgomery County Water District #1

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
February 12, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Larry Markland, David Bailey, Wendell Fraley and Sandra Cole.

Approval of January 08, 2008 Minutes:

Larry Markland made a motion to approve minutes for the January 08, 2008 meeting. Taylor Abney seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that Dan Shoemaker is still working on property easements he is only lacking 2 more. David also stated that we are hoping to set fire hydrants 1000 feet apart.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell Fraley and he are still gathering information for the G.P.S Mapping System, but are waiting for a break in the weather.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Larry Markland seconded the Motion. Motion carried.

B. Wax Office Floors

Commissioners gave approval for the office floors to be cleaned and waxed. The work will be done by Imogene Martin, and the cost will be \$75.00.

C. Adjourn

Taylor Abney made the Motion to adjourn. Larry Markland seconded the motion. Motion carried. Time 6:30 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
March 11, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Treasurer Taylor Abney.

Roll Call:

Staff members present at meeting were Taylor Abney, Larry Markland, David Bailey, Wendell Fraley and Sandra Cole.

Approval of February 12, 2008 Minutes:

Larry Markland made a motion to approve minutes for the February 12, 2008 meeting. Taylor Abney seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that he and Dan Shoemaker are making some changes on the first map drawing. He also stated the MCWD #1 may not be able to go all the way to the end of McCormick Road, depending on the bids, with the Grant Money we have received. David said that the advertisement for bids should be ready by the end of March 2008. Also there is a meeting scheduled with Dan Shoemaker and C.I. Thornburg on Monday, March 17, 2008.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell Fraley and he are still waiting on the weather to break before locating lines.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Larry Markland seconded the Motion. Motion carried.

B. Adjourn

Larry Markland made the Motion to adjourn. Taylor Abney seconded the motion. Motion carried. Time 6:30 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
April 08, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, David Bailey, Wendell Fraley and Sandra Cole.

Approval of March 11, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the March 11, 2008 meeting. Junior Holley seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said he is working on getting easements signed. Also the advertisement for bidding on the project was in the Mt. Sterling Advocate on Wednesday April 02, 2008. The Bids will be opened on Tuesday, April 22, 2008.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell Fraley and he are going to resume locating lines now that weather is permissible, for mapping system.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report.
Junior Holley seconded the Motion. Motion carried.

B. Adjourn

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion.
Motion carried. Time 6:30 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
May 13, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of April 08, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the April 08, 2008 meeting. Junior Holley seconded the Motion. Motion carried.

Guests Present:

Dillion Clayton

Comments:

Dillion Clayton with Troop 921 Eagle Scouts gave a presentation. Dillion stated he was working on a badge, and wanted to know if the Troop could clean up and paint fire hydrants. The Fire Department will also assist in this project. David Bailey told Commissioners the Troop would be covered under the Fire Department insurance, and the Eagle Scouts insurance, according to Tony Clayton. Montgomery County Water District #1 would be furnishing paint and supplies. Commissioners gave approval for this project.

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said Statons Construction in Salt Lick, Ky. 40371 with the lowest bid, was awarded the Contract. (SEE ATTACHED COPY). Statons Construction will be taking videos and pictures of driveways and yards before starting project. The Project should be beginning in about 2 weeks.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell Fraley and he are still working on locates, for mapping system.

New Business:

A. Hiring New Employee

Taylor Abney made a motion to hire Terry Reffitt, part time in the Office. Terry will receive \$8.00 per hour, with no benefits. Sandra Cole will be deciding the hours for Terry. Junior Holley seconded the Motion. Motion carried.

B. Approve Managers Report, Financial Report, Adjustments, Billing Summary, Account Write Offs, Budget Variances, Cash Receipt Report, and Pay Bills.

Taylor Abney made the motion to approve the Managers/Treasurers Report. Junior Holley seconded the Motion. Motion carried.

C. Additional Comments:

Wendell Fraley told Commissioners we only have 3 more Meters to change. They are The Camargo Elementary School, Country Club and Camargo Church of God, this will complete all the new Touch Read Meters.

Sandra Cole asked for approval of an adjustment on water for the Chenault Ag Center, at 2130 Camargo Road. Sandra told Commissioners that when M.C.W.D. #1 installed the new Touch Read Meter a gasket was not tight enough and the Ag Center lost water. Commissioners agreed to the adjustment.

D. Adjourn

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion. Motion carried. Time 6:50 p.m.



MEETING NOTES - MAY 6, 2008
MONTGOMERY COUNTY WATER DISTRICT NO. 1 (MCWD)
MCCORMICK ROAD WATER MAIN AND WATER SUPPLY IMPROVEMENTS
CAMARGO, KENTUCKY, TETRA TECH NO. 12007051, PHASE 2 - WX21173062

Date	5-7-08	# of pages	3
From	Renn Willingham	To	David Bailey
Company	Montgomery Co. W.D.	Phone #	859 498 0521
Phone #	859 223 8000	Fax #	859 224 1024

Attendees:

- David Bailey, MCWD General Manager
- Glenna Staton, President of Staton Construction, Inc., Salt Lick, KY
- Jim Howard, Resident Representative for Tetra Tech, Inc. (Tt), Lexington, KY.
- Renn Willingham, Construction Administration for Tt

Meeting notes copied to:

- All attendees.
- Teresa Shields, Director of Infrastructure Development, Gateway ADD
- Dan Shoemaker, Tt Project Manager

- Contractor receives the Notice of Award and signs 5 originals.
- Contractor is given blank forms for the proposed Agreement, Notice to Proceed, Performance and Payment Bonds for their completion.
- CONTRACT TERMS
 - Contract Time - 90 calendar days.
 - Date of Completion - To be determined.
 - Liquidated Damages - \$400 per calendar day.
- Additional plans and spec books are requested.
 - Contractor
 - One large and one small plan set and one spec book.
 - MCWD General Manager
 - One small plan set.
- OWNER COMMENTS
 - Owner to provide a GPS unit to the resident to document locations during construction.
 - Thrust blocking and PE wrap at all fittings.
- CONSTRUCTION
 - Contractor to VIDEO the project prior to construction and provide three copies of the video to the Owner. Contractor is reminded to be sure to thoroughly video all problem areas or existing damage areas.
 - Locate underground utilities.
 - Contractor to complete the U. S. 460 PRV and Valley View vault work early so that the water tank may be taken out of service for modifications.**
 - Notify Resident in a timely manner if there will not be any work on a particular day.
 - Minimum of 3 working days notice for beginning work, tie-ins or water service interruptions.
 - Rough clean up at end of each day.
 - Review past areas of construction on at least a weekly basis.
 - CONTRACTOR PLANS TO WORK 4 - 10 HOUR DAYS.**
 - Street pads required on all equipment working on any pavement.
 - The Contractor will be required to **obtain signed releases** from the property owners wherever materials are stored, spoil is deposited or borrow material is removed. The original



signed releases are to be delivered by the Contractor to the Owner at the completion of the project.

- k. Telephone Numbers/Emergency Contacts to be provided.
 - l. Utility Work Signs placed at all work locations.
 - m. Flagmen required on the State Highway R/W.
 - n. All bituminous and concrete paved driveways to be bored without casing.
 - o. Are any Field Offices planned? *NO*
 - p. Clean up should immediately follow construction.
 - q. Contractor to maintain accurate set of record drawings.
 - r. Minimum 36" cover required over all water mains up to a maximum of 60" but only in special cases. In some locations greater depth may be required with the Owner's approval.
 - s. Leave all items uncovered until reviewed by Resident, including pipe, valves, thrust blocks, hydrants, meters, etc.
 - t. Contractor reminded to observe all safety rules, especially in regard to working in trench, confined spaces and for traffic control.
7. MEETING MOVES TO PROJECT SITE, TO MCCORMICK ROAD TO DISCUSS CONSTRUCTION ISSUES AND CHANGES REQUESTED BY THE OWNER AND OTHER OWNER CONCERNS.
- a. Sheet 4, Station 11+00 to 12+00, at the connection to the existing mains.
 - i. MCWD wants to consider adding an 8" wet tap and a 3" wet tap for the initial connection to minimize the service interruption to the existing water customers.
 - ii. Construction area is crowded with existing facilities.
 - iii. Tt concerned about potential for "dead water" areas with any method of connection.
 - iv. Contractor will expose the existing facilities for further discussion prior to Owner making a decision.
 - v. Wet taps would be a change order item.
 - b. Sheet 4, MCWD cautions Contractor to maintain adequate water main separation from the sanitary sewer.
 - c. Sheet 4, Cooper Lane, DELETE end of line blow off.
 - d. Sheet 5, Cooper Road, DELETE end of line automatic flushing valve.
 - e. Sheet 5, Station 83+00, DELETE casing pipe bore and install hydrant adjacent to farm fence on the road right-of-way.
 - f. Sheet 6, Station 118+20, DELETE automatic flushing valve.
 - g. Sheet 6, Station 118+50, MCWD prefers the main to be installed in the road shoulder and avoid the trees in the creek area. Road shoulder has been filled to protect the road from erosion.
 - h. Sheet 6, Station 119+00 to 124+00, MCWD cautions Contractor about potential slate rock and final clean up. The property owner, Fortune, has discussed this with MCWD.
 - i. Sheet 6, Station 124+50 to end of line, MCWD considering a new location for the proposed main. MCWD to review with area property owners and respond to Contractor.
 - j. Sheet 6, MCWD requests a gate valve at the end of the main, just beyond the hydrant tee and then 3 full joints of pipe installed. The last 3 joints will be dry.
 - k. MCWD would like to use all 8" main if the budget will allow.
 - l. DELETE all automatic flushing valves EXCEPT at the end of Cooper Lane, Sheet 3, and end of the main on Sheet 6.



- m. MCWD notes that the existing hydrants that are to be reused may have a 4" valve and 4" shoe. If so, MCWD wants contractor to install an 8" x 6" tee, 6" valve and 6" x 4" reducer.
- n. MCWD requests a maximum of 2000' separation between hydrants.

APPENDIX TO MEETING NOTES

ADDITIONAL ITEMS FOR CONTRACTOR

8. PAY ESTIMATE PROCEDURES -

- a. "Daily Quantity Sheet"- Contractor and the Resident review pay items installed that day and sign off.
- b. Weekly Report to be completed by the Resident listing weather conditions for each day, manpower, equipment and other items.
- c. Pay Period - Contractor and the Resident review pay items installed and list on spread sheet. Complete "Monthly Quantity Summary Sheet" and sign off.
- d. Review and list major stored materials.
- e. Resident will forward Daily and Monthly Quantities to Engineer.
- f. Contractor to Complete "Pay Estimate Summary" Five **Copies with Original Signatures required** -
 - i. Attach to each original - Monthly Calculation sheet.
 - ii. Attach to all 5 originals - "Stored Materials" Summary.
 - iii. Attach copies of any new materials invoices and the "Monthly Quantity Summary Sheet" signed by the Foreman to two (2) of the originals.
- g. Note the area at the bottom of the pay estimate summary form to request any abnormal weather related delay days for the pay period. Normal weather days are to be expected. Abnormal weather days should be addressed on each pay estimate.
- h. RETAINED FUNDS
 - i. Ten (10) percent held on all work completed.
 - ii. Retained funds may be reduced below the 10 percent amount only after the project has achieved satisfactory progress and is at the 50% construction status.

9. DATES FOR PAY ESTIMATES -

- a. Last Date for Pay Period Quantities TH of Each Month
- b. Five (5) Pay Est. Forms with Original signatures to Engineer TH of Each Month
- c. Engineer To Owner for Review TH of Each Month
- d. Send Items for Draw Request to GADD TH of Each Month
- e. Construction Progress Meetings EACH MONTH -
 - i. *Fourth Wednesday @ 11 am at the Water District office. First meeting to be June 25, 2008.*
 - ii. _____
- f. Contractor's check issued within 30 days of APPROVAL OF THE PAY ESTIMATE.
- g. Final pay request will not be accepted until all clean up is complete and suitable record drawings are delivered to the Engineer by the Contractor.

- END -

BID OPENING
MONTGOMERY COUNTY WATER DISTRICT NO. 1
MCCORMICK ROAD WATER MAIN AND WATER SUPPLY IMPROVEMENTS, CAMARGO, KENTUCKY
TETRA TECH NO. 120-07051 / PHASE 2 - WX21173062
April 22, 2008 @ 11:00 am

Contractor Name	Address	Phone/Fax Number	Bid Amount
BP Pipeline	HC 76 Box 838 Quincy, KY 41166	Ph - 606-757-2070 Fax - 606-757-2070	\$
C and K Contracting	705 Franklin Road Scottsville, KY 42164	Ph - 270-237-9400 Fax - 270-237-9400	\$
DF Bailey, Inc.	3053 US Hwy 60 East Owingsville, KY 40360	Ph - 606-674-8636 Fax - 606-674-6351	\$ 382,736.99
Double D Construction	989 Lower Pompey Shelbiana, KY 41562	Ph - 606-432-2942 Fax - 606-432-2942	\$
Foxvalley Pipeline	18555 Morehead Road Wallingford, KY 41093	Ph - 606-876-2124 Fax - 606-876-2006	\$ 436,024.65
Hubert Excavating	2590 Bondville Road Salvisa, KY 40372	Ph - 502-680-0759 Fax - 502-865-2034	\$ 394,000.00
Jerry Mahoney Excavation	Hwy 213 Jeffersonville, KY 40337	Ph - 859-498-3363 Fax - 859-299-3683	\$
Kenney, Inc.	105 Paris Pike Mt. Sterling, KY 40353	Ph - 859-498-3686 Fax - 859-498-7478	\$ 467,010.00
McNabb Construction	3477 Prewitt Grasseley Lick Road Mt. Sterling, KY 40353	Ph - 859-498-0559 Fax - 859-498-2890	\$ 433,178.00
Meyer Midwest Inc.	2150 Commercial Drive Frankfort, KY 40601	Ph - 502-695-8835 Fax - 502-695-1728	\$
Southern Backhoe Inc.	808 West Main St. Campbellsville, KY 42718	Ph - 270-789-9986 Fax - 270-789-0486	\$ 489,205.00
Statons Construction	284 Moores Ferry Road Salt Lick, KY 40371	Ph - 606-683-2125 Fax - 606-683-6004	\$ 337,953.00
Tilton Excavating LLC	828 Tilton Lane Mt. Olivet, KY 41064	Ph - 606-724-5698 Fax - 606-724-5698	\$ 350,530.00
Topline Contracting	5069 Liberty Road Columbia, KY 42728	Ph - 270-384-1019 Fax - 270-385-9869	\$
Tri State Guardrail	104 Crimson St. Harold, KY 41635	Ph - 606-454-0074 Fax - 606-478-3375	\$

BID OPENING
MONTGOMERY COUNTY WATER DISTRICT NO. 1
MCCORMICK ROAD WATER MAIN AND WATER SUPPLY IMPROVEMENTS, CAMARGO, KENTUCKY
TETRA TECH NO. 120-07051 / PHASE 2 - WX21173062
April 22, 2008 @ 11:00 am

Contractor Name	Address	Phone/Fax Number	Bid Amount
music Const.			\$ 637,690.00
			\$
			\$
			\$
			\$

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
June 10, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Treasurer, Taylor Abney.

Roll Call:

Staff members present at meeting were Taylor Abney, Larry Markland, David Bailey and Sandra Cole.

Approval of May 13, 2008 Minutes:

Larry Markland made a motion to approve minutes for the May 13, 2008 meeting. Taylor Abney seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said the Project will begin on June 09, 2008 and hope to be completed in September 2008. The Staton's will begin work at The Booster Station, Water Tower and 460, then proceed to McCormick Road. Presently the pipe is stored at Donnie Shields garage on Camargo Road. Staton's Construction got the approval from Mr. Shields.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell Fraley and he are still working on locates, for mapping system.

New Business:

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

Larry Markland made the motion to approve the Managers/Treasurers Report.
Taylor Abney seconded the Motion. Motion carried.

B. Adjourn

Larry Markland made the Motion to adjourn. Taylor Abney seconded the motion.
Motion carried. Time 6:30 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
July 08, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, David Bailey, Wendell Fraley, Terry Reffitt, and Sandra Cole.

Approval of June 10, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the June 10, 2008 meeting. Junior Holley seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David reported the Project is now underway.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell Fraley and he are still working on locates, for mapping system.

C. Building at Water Tower

David Bailey made a Motion for the approval of Richard Henderson to build an extension of approximately 300 square feet to the existing building at the Water Tower. The bid was for \$15,500.00. Junior Holley seconded the Motion. Motion carried.

New Business:

A. Commissioners gave approval for Sandra Cole to purchase Company shirts for employees.

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Junior Holley seconded the Motion. Motion carried.

C. **Adjourn**

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion. Motion carried. Time 6:45 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
August 12, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Larry Markland, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of July 08, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the July 08, 2008 meeting. Larry Markland seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said due to the construction, the water will be shut off for a few hours, only affecting a few residents. We will be hand delivering letters to the customers. Also at the end of the Project we will be putting a Fire Hydrant.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell Fraley and he are still working on locates, for mapping system.

New Business:

A. Commissioners gave approval for Sandra Cole to have the water bill from Mt. Sterling Water & Sewer, automatically withdrawn from the O&M account each month.

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Larry Markland seconded the Motion. Motion carried.

C **Additional Comments:**

Wendell reported to the Commissioners that all of the New Touch Read Meters have been set.

D. **Adjourn**

Taylor Abney made the Motion to adjourn. Larry Markland seconded the motion. Motion carried. Time 6:45 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
September 09, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of August 12, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the August 12, 2008 meeting. Junior Holley seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that all the services are now tied in and all the water customers are hooked up. Staton's Construction are still working on the clean-up, and at the Water Tower. We hope to have this project completed by the end of September.

Richard Henderson has the footer and concrete slab poured for the building at the Water Tower.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he and Wendell Fraley are going to get started back on the G.P.S. locates, they have been delayed due to working on the McCormick Road Project.

New Business

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Junior Holley seconded the Motion. Motion carried.

B Additional Comments:

David Bailey told Commissioners that he had a meeting with Pathways this week. They were having issues, because there was not enough water flow, for a sprinkler system. Pathways is wanting to put in a Boy's Facility.

D. Adjourn

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion. Motion carried. Time 7:00 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
October 14, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, David Bailey, Sandra Cole, and Terry Reffitt.

Approval of September 09, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the September 09, 2008 meeting. Junior Holley seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that Utility Services would be here to put a Riser Pipe in Tower. He also stated that he got an estimate from Staton's Construction to move and install the fire hydrants on McCormick Road. David told Commisssioners, this project should be completed in about 2 weeks. There will be a punch list done, to make sure all customers are satisfied with cleanup.

Richard Henderson has completed the Block Building at the Water Tower.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he and Wendell Fraley are about 12 hours away from completing the mapping system.

New Business

A. Employee Sick/ Personal Days

Commissioners agreed to wait until all Board Members were present before a decision will be made on Sick/Personal Days.

B Approve Managers Report, Financial Report, Adjustments, Billing Summary, Account Write Offs, Budget Variances, Cash Receipt Report, and Pay Bills.

Taylor Abney made the motion to approve the Managers/Treasurers Report. Junior Holley seconded the Motion. Motion carried.

C. Adjourn

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion. Motion carried. Time 6:30 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
November 11, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, David Bailey, Sandra Cole, Wendell Fraley ,and Terry Reffitt.

Approval of October 14, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the October 14, 2008 meeting. Junior Holley seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that the Hydrants have been moved and 1 of them is about foot too high. Staton's are working on the cleanup but are not finished. When they say their finished, David will check to make sure everything is satisfactory.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he and Wendell Fraley are still working on Mapping System. They hope to do more locating this weekend.

New Business

A. Employee Sick/ Personal Days

All Board Memers were not present for this decision. Mr. Holley and Mr. Abney agreed, that if Sandra Cole, who is fulltime needs to be off for anything, that Terry Reffitt will be there to cover for her.

B. Leak Adjustment / Tonya Cole

Mr. Holley made a Motion to approve a water adjustment for Tonya Cole at Lot 19 Lycento Lodge. This leak was on the water company's side. The adjustment was for \$406.64. Mr. Abney seconded the Motion. Motion carried.

C. Employee Bonus

Mr. Holley and Mr. Abney agreed to give employees and end of the year bonus. Sandra Cole, David Bailey and Wendell Fraley will receive \$500.00 each, and parttime employee, Terry Reffitt will receive \$300.00.

D. Christmas Dinner

Commissioners agreed for Sandra to purchase all supplies for the dinner. It will be held at the Camargo Community Center .

E. Approve Managers Report, Financial Report, Adjustments, Billing Summary, Account Write Offs, Budget Variances, Cash Receipt Report, and Pay Bills.

Taylor Abney made the motion to approve the Managers/Treasurers Report. Junior Holley seconded the Motion. Motion carried.

F. Adjourn

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion. Motion carried. Time 7:10 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
December 09, 2008**

The regular meeting of the Montgomery County Water District #1 was called to order at 6:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Larry Markland, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of November 11, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the November 11, 2008 meeting. Larry Markland seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that the Riser Pipe is in at the Tower and the electrical work still needs to be done. The Staton's will be finishing the cleanup this Spring and the Tower is expected to be finished by the end of January 2009.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he and Wendell Fraley are still working on Mapping System.

New Business:

A. Property Space Proposal For New Water Office

Greg Garland offered to sell to the Montgomery County Water District #1, a lot at 4412 Camargo Road. The Lot has an old house and a garage on it. Mr. Garland has offered to sell this property for 45,000.00 and tearing down the building is included in this price. Mr. Garland is willing to take a down payment of \$10,000.00 and the remainder is to be paid in full when the Water District receives the \$175,000.00 Grant Money awarded in 2008. The money for the down payment will be paid for out of the Bond & Interest Sinking Fund, until the Grant Money is in. Larry Markland made a Motion to approve this Purchase. Taylor Abney seconded the Motion. Motion carried.

B. Approval For C.P.A.

Larry Markland made a Motion for Vicki Richardson CPA, PSC to prepare the 2008 Audit for M.C.W.D. #1. Taylor Abney seconded the Motion. Motion carried.

C Approve Managers Report, Financial Report, Adjustments, Billing Summary, Account Write Offs, Budget Variances, Cash Receipt Report, and Pay Bills.

Taylor Abney made the motion to approve the Managers/Treasurers Report. Larry Markland seconded the Motion. Motion carried.

D. Adjourn

Larry Markland made the Motion to adjourn. Taylor Abney seconded the motion. Motion carried. Time 6:45 p.m.

**MONTGOMERY COUNTY WATER DISTRICT #1
4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
January 13, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Larry Markland, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of December 09, 2008 Minutes:

Taylor Abney made a motion to approve minutes for the December 09, 2008 meeting. Larry Markland seconded the Motion. Motion carried.

Guests Present:

Greg Garland and Tina Garland

Comments:

Mr. & Mrs. Garland brought a Purchase and Sale Agreement to be signed by the Commissioners. Larry Markland made a Motion to approve the signing of the Agreement. Taylor Abney seconded the Motion. Motion carried. All Commissioner's signed the Agreement. (See Attached Agreement). The \$10,000.00 down payment will be paid out of the Montgomery County Water District #1 Bond & Interest account. The remainder of \$35,000.00 will be paid when M.C.W.D. #1 receives the \$175,000.00 Grant Money and at this time the \$10,000.00 down payment will be returned to the Bond & Interest account.

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said the tank has water in it now. The Water Tank project is expected to be finished by the end of February 2009.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he and Wendell Fraley are still working on Mapping System.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Larry Markland seconded the Motion. Motion carried.

B. Adjourn

Larry Markland made the Motion to adjourn. Taylor Abney seconded the motion. Motion carried. Time 5:45 p.m.

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (the "Agreement") made and entered into as of the 13 day of January, 2009, by and between **GREGORY GARLAND and TINA GARLAND, his wife**, 2940 Cooper Lane, Mount Sterling, Kentucky 40353, parties of the first part, hereafter collectively referred to in the singular as "Seller" and **MONTGOMERY COUNTY WATER DISTRICT NO. 1**, a statutory water district, whose current mailing address is 4406 Camargo Road, Mount Sterling, Kentucky 40353, party of the second part, hereinafter referred to as "Buyer", WITNESSETH:

For the purchase price herein specified, and upon the terms, conditions and provisions hereinafter set forth, the Seller agrees to sell to Buyer, who agrees to buy from Seller, that certain real property on Camargo Road in Montgomery County, Kentucky, currently designated as 4412 Camargo Road, Mount Sterling, Kentucky 40353 (the "Subject Property"), same being set forth in Exhibit A attached hereto and made a part hereof by reference, the same as though fully copied herein.

It is further covenanted, agreed and understood by and between the parties as follows:

1. **Purchase Price.** The purchase price for the Subject Property which Buyer agrees to pay, and the Seller agrees to accept, is the sum of FORTY-FIVE THOUSAND DOLLARS (\$45,000.00) (the "Purchase Price"), payable in full at closing (as hereinafter specified) in immediately available funds.

2. **Earnest Money.** Simultaneously with the execution of this Agreement, and as evidence of good faith binding this Agreement, Buyer has deposited with Seller earnest money in the non-refundable sum of TEN THOUSAND DOLLARS (\$10,000.00), the same to be applied on the Purchase Price at closing or retained by Seller if Closing does not occur.

3. Closing. The closing of the transaction (the "Closing") shall occur at the offices of White Peck Carrington, LLP, 26 Broadway, Mt. Sterling, Kentucky 40353, at 10:00 o'clock a.m., local time, on a date (the "Closing Date") to be specified in writing by Buyer to Seller, but in no event later than November 4, 2009, **time being of the essence in all respects hereunder**, or such other time, date and place as may be mutually agreed upon in writing by the parties.

4. Condition of Improvements.

Buyer stipulates and agrees that they have inspected the Subject Property, and the improvements thereon, to their full satisfaction and have purchased, and are accepting, said property and the improvements thereon in its present "as-is" condition, except as set forth below. No warranties, representations or guarantees have been made by Seller, nor are they intended, as to the condition of the improvements on the above described property and/or the components thereof.

Seller agrees, at Seller's sole expense, to raze and demolish the existing house that is presently located on the real property and to fill in the hole(s), if any, left by the removal of the house with gravel and to level the gravel used to fill said hole(s) prior to Closing. The existing structure, designated between Buyer and Seller as the "shop" located on the Subject Property shall remain in its present "as-is" condition.

5. Title to be Conveyed. A fee simple title to the Subject Property, fully marketable in all respects such as any reputable title insurance company licensed to do business in the Commonwealth of Kentucky will insure at standard rates, shall be conveyed by Seller to Buyer by General Warranty Deed containing the usual covenants, including that against liens and encumbrances, but excepting restrictions and utility easements of record.

6. Contingency. There are no contingencies, except a good and clear title to the Subject Property.

7. Possession. Full possession of the Subject Property shall be surrendered by Seller to Buyer on the Closing Date.

8. Default. If either party fails to carry out the terms of this Agreement or refuses to perform his or her obligations hereunder upon proper tender of the other party to close, then: If Buyer be the party in default, Seller may, at Seller's option, treat this Agreement as null and void or, if Seller be the party in default, Buyer may, at Buyer's option, treat this Agreement as null and void or, the party not in default may sue to require specific performance of this Agreement by the defaulting party, or may pursue any other remedy available to them at law or equity.

9. No Broker or Sales Agent. Both Seller and Buyer acknowledge that no real estate agent, broker or other person, firm or entity acted as agent or broker for either of the parties negotiating this transaction and that no real estate commissions or fees or any type of finder's fees are due or payable to anyone as a result of this transaction.

10. Expenses of Closing. Seller agrees to pay the cost of (a) the preparation of this Agreement and the General Warranty Deed and (b) the applicable Kentucky deed transfer tax due thereon.

Buyer will pay for the cost to obtain any loan or grant Buyer may need, including fees for application, appraisal and commitment and survey, if required by lender. Buyer will also pay the closing fee for the transaction and any attorneys' fee incident to title examination and recording and other such legal and/or accounting services rendered on behalf of Buyer.

11. RISK OF LOSS - Notwithstanding the execution hereof, the risk of loss remains with the Seller until delivery of deed. If the improvement(s) on the Subject Property is/are substantially damaged or destroyed to the extent of 80% or more of their value prior to the Closing, the Buyer shall have the option of: (a) Accepting an assignment of, and receiving, the proceeds of any insurance payable in connection therewith while continuing to be bound hereby, or (b) Waiving all rights to said insurance proceeds and terminating this agreement by withdrawing from the transaction, in which latter event of termination all funds and documents shall be returned to the parties depositing them and both parties shall be released from all further liability hereunder, but Buyer's exercise of the option to terminate must be made in writing within thirty (30) days after such loss or damage occurs or Buyer shall be deemed to have elected to continue to be bound; provided, however, an election by Buyer to receive the proceeds if made within said thirty (30) day period shall not then bind Buyer irrevocably, or if loss or damage shall not be satisfactorily adjusted with the insurer within sixty (60) days from the date of said loss, the Buyer may still at Buyer's option, elect to terminate this Agreement by notice in writing to the Seller at the expiration of said sixty (60) day period. Loss or damage shall be deemed adjusted within the meaning of this Agreement when the amount thereof has been agreed upon and the insurer is ready, willing and able to pay it.

12. Proration of Taxes. All ad valorem real property taxes assessed against the Subject Property for 2009, due and payable in the Fall of 2009, will be prorated between Seller and Buyer on a calendar year basis as of the Closing Date.

13. Notices. All notices and demands shall be given in writing by (a) personal service; (b) certified mail, postage prepaid and return receipt requested; or (c) by federal express; (d) express mail; or (e) any other commercial delivery service which guarantees overnight delivery

(and "Overnight Service"). Notice shall be considered given when personally served or refused three (3) days after the date of certified mail notice deposited in the United States mail, postage prepaid and return receipt requested, or the day following the day deposited with an overnight service marked for overnight delivery. Notices shall be addressed to the parties as appears in the first grammatical paragraph of this Agreement unless, and until, either party gives the other party written notice of a change in name or address.

14. Miscellaneous Provisions.

A. A waiver by any party of the other party's default or waiver by a party of the conditions set forth herein or any failure by a party to exercise any right granted to that party hereunder shall not constitute a subsequent waiver or failure to exercise such right.

B. Although this Agreement has been prepared for and on behalf of Seller, it shall not be construed in favor of, or against, either party by reason of such preparation.

C. Seller and Buyer each acknowledge receipt of a full and complete copy of this instrument and declare that it embodies the entire agreement between them with respect to the Subject Property and that no promises, terms, conditions, representations (whether written, oral or verbal) warranties or agreements other than those herein contained have been made or were relied upon.

D. No extension, change, modification or amendment of this Agreement shall have any force or effect whatever unless the same shall be noted in writing by endorsement on the original of the Agreement, or on a separate instrument signed by all of the parties hereto.

E. This Agreement, and the terms, conditions and provisions hereof, shall survive the closing of the transaction contemplated hereby. The effective date of this Agreement shall be the

date the last party hereto executes this Agreement, which date shall be inserted in the first grammatical paragraph hereof.

15. Effect, Successors. Upon the execution of this Agreement the same shall become binding upon, and inure to the benefit of, Buyer and Seller and their respective heirs, personal representatives, successors and assigns.

IN TESTIMONY WHEREOF, the Seller and the Buyer have executed one or more duplicate copies of this Agreement as of the day, month and year first hereinabove written, each of which shall have the force and effect of an original.

FIRST PARTIES - "SELLER"

Sandra Cole 01-13-09
Witness Date Signed

Sandra Cole 01-13-09
Witness Date Signed

Gregory Garland
GREGORY GARLAND

Tina Garland
TINA GARLAND

SECOND PARTY - "PURCHASER"

MONTGOMERY COUNTY WATER DISTRICT NO. 1

Sandra Cole 01-13-09
Witness Date Signed

BY: U. Halley Jr.
Chairman, MANAGER

James M. Halley
Taylor M. Halley

JRH\MISC\GARLAND.MONTWATERDIST.PURCHASEANDSALEAGREEMENT

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
February 10, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Larry Markland, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of January 13, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the January 13, 2009 meeting. Larry Markland seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said the part came in for the Valley View Vault and has been installed. We are now waiting on The C.I. Thornburg Company to work on the telemetry system and Kentucky Utilities to run Phase III power at the tank site.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he and Wendell Fraley are still working on Mapping System and are closer to having it completed.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Larry Markland seconded the Motion. Motion carried.

B. Additional Comments:

Larry Markland made a Motion to change the Montgomery County Water District #1 monthly meeting time from 6:00 p.m. to 5:00 pm. Taylor Abney seconded the Motion. Motion carried.

Sandra Cole and David Bailey discussed the possibility of a Water Rate Increase, due to the increasing costs of meters, lab tests, etc. Larry Markland made a Motion for the Rate Increase. Taylor Abney seconded the Motion. Motion carried.

C. Adjourn

Larry Markland made the Motion to adjourn. Taylor Abney seconded the motion. Motion carried. Time 6:00 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
March 10, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of February 10, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the February 10, 2009 meeting. Junior Holley seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that The C.I. Thornburg Company and Staton's Construction have completed their work at the Tower. We are waiting for Greg Barnett to finish up the electrical work at the Tower and Staton's to finish the clean up on McCormick Road.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he and Wendell Fraley are still working on Mapping System. David said they only have about 2 more hours of work left on this.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report.
Junior Holley seconded the Motion. Motion carried.

B. Adjourn

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion.
Motion carried. Time 5:45 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
April 14, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, David Bailey, Sandra Cole, and Terry Reffitt.

Approval of March 10, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the March 10, 2009 meeting. Junior Holley seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said the work at the Tower has been completed. The telemetry is working, and we are now using water from the Tower. The remainder of the project is basically cleanup.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he and Wendell Fraley are still working on the Mapping System. Due to rain and other factors we have not completed this project.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report.
Junior Holley seconded the Motion. Motion carried.

B. Adjourn

Taylor Abney made the Motion to adjourn. Junior Holley seconded the motion.
Motion carried. Time 5:30 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
May 12, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Larry Markland, David Bailey, Sandra Cole, and Terry Reffitt.

Approval of April 14, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the April 14, 2009 meeting. Larry Markland seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said as soon as the weather breaks, Staton's Construction will get started on the cleanup.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he will get started back on the mapping as soon as Wendell Fraley recovers from his surgery.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Larry Markland seconded the Motion. Motion carried.

B. Additional Comments:

David Bailey told Commissioners that Tony Blevins would be reading meters until Wendell Fraley returns back to work.

C. Adjourn

Larry Markland made the Motion to adjourn. Taylor Abney seconded the Motion. Motion carried. Time 5:30 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
June 09, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Greg Wilson, David Bailey, Sandra Cole, and Terry Reffitt.

Approval of May 12, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the May 12, 2009 meeting. Greg Wilson seconded the Motion. Motion carried.

Guests Present:

Teresa Shields / Gateway Area Development

Comments:

Teresa Shields explained to the Board about the \$175,000.00 Grant Money release. Teresa said the bonds will be sold after July 01, 2009 and the money is expected to be available by October 01, 2009.

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said the Chlorinator on 460 is in service but they are still monitoring it to make sure it is working properly and are currently working on the chlorinator at the Water Tower. Staton's Construction has done some additional clean-up that is on the punch list for McCormick Road. The clean-up is still on going.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he will get started back on the mapping as soon as Wendell Fraley is able.

New Business:

A. Board Member Term Filled

Montgomery County Fiscal Court appointed Greg Wilson with the request of Montgomery County Water District #1 to fill remaining term of Larry Markland (deceased). Greg will be the Secretary on the Board.

B. Approve Managers Report, Financial Report, Adjustments, Billing Summary, Account Write Offs, Budget Variances, Cash Receipt Report, and Pay Bills.

Taylor Abney made the motion to approve the Managers/Treasurers Report. Greg Wilson seconded the Motion. Motion carried.

B. Additional Comments:

Taylor Abney made a Motion to approve the Resolution to accept 2008 K.I.A. Tobacco Grant. Greg Wilson seconded the Motion. Motion carried.

Taylor Abney made a Motion to enter into memorandum of understanding for project administration with Gateway Area Development District. Greg Wilson seconded the Motion. Motion carried.

C. Adjourn

Taylor Abney made the Motion to adjourn. Greg Wilson seconded the Motion. Motion carried. Time 6:00 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
July 14, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Greg Wilson, David Bailey, Sandra Cole, and Terry Reffitt.

Approval of June 09, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the June 09, 2009 meeting. Greg Wilson seconded the Motion. Motion carried.

Guests Present:

Comments:

No Guests Present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that Dan Shoemaker has looked at the video that was taken before the McCormick Road Project started, and there wasn't much difference in the properties of James Cline and James Watkins. Due to the property owners complaints, Dan Shoemaker is contacting Staton's Construction about a meeting with them to satisfy their complaints on the clean-up.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell has recovered from Surgery now, and they will get started back on the GPS Mapping.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report.
Greg Wilson seconded the Motion. Motion carried.

B. Adjourn

Greg Wilson made the Motion to adjourn. Taylor Abney seconded the Motion.
Motion carried. Time 6:00 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
August 11, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Greg Wilson, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of July 14, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the July 14, 2009 meeting. Greg Wilson seconded the Motion. Motion carried.

Guests Present:

Dan Shoemaker / Tetra-Tech

Comments:

Dan left with M.C.W.D # 1 a DVD and 2 manuals of the as built plans. Dan also went over some figures, on the claim's for Staton's Construction and M.C.W.D. #1 to make an agreement on, for the final payment, so we can close out the McCormick Road Project. (See Attachment)

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that James Watkins and James Cline's property have been cleaned up to their satisfaction.

B. G.P.S. Mapping System

David Bailey informed Commissioners that Wendell and he have completed the locates and turned into Billy Ray Fawns. David has spoken with him and it will take approximately 2 weeks for him to finish the GPS Mapping System.

New Business:

A. Rate Increase

Taylor Abney made a Motion for the Rate Increase of 75% of the depreciation expense. Greg Wilson seconded the Motion. Motion carried. (See Attachment)

B. Approve Managers Report, Financial Report, Adjustments, Billing Summary, Account Write Offs, Budget Variances, Cash Receipt Report, and Pay Bills.

Taylor Abney made the motion to approve the Managers/Treasurers Report. Greg Wilson seconded the Motion. Motion carried.

C. Adjourn

Greg Wilson made the Motion to adjourn. Taylor Abney seconded the Motion. Motion carried. Time 6:30 p.m.

Project McCormick Rd Ext & Water Supply Improvements
Subject Settlement of Claims for Closeout Mtg

Date 8/12/09 Job No. 07051
Cal. by _____ Ckd. by _____
App by _____ Sheet 1 of 2

Claims	BY MCW01	BY Station	ENGR'S RECOMMENDATION
1) Water Used for Flushing and Leaks caused by Line Breaks 1,000,000 gal @ \$2.30 per 1,000 gal	\$ 2130		\$ 375 (E1)
2) Bacteria Testing caused by Line Breaks Billed by Lab Credit for Cu, Pb & Ph2 Testing Included in Lab Bill	1165 (500)		\$ 665 (E2)
3) Labor to clean out Auto-Flush Valves (disassembly, rock removal, reassembly) 10 hrs labor, truck & tools	400		\$ 400 (E3)
4) Recover Contract Amendment for Flowable Fill Under Building Slab at Pipe Trench	1800		\$ 650 (E4)
5) Extra Cost for Casing Water Main at Sewer Line Crossing (20/lf x 5 locations @ 20LF/EA)	-	1,000	0 (E5)
	<u>\$ 4,995</u>	<u>\$ 1,000</u>	<u>\$ 2,090</u>

ENGR'S ANALYSIS

E1) Water Used by Contractor, Estimated
 6 - Ex. Main Breaks: 4,000' - 8" @ 2.7 gpf
 Full Pipe Volume lost, 13,500' - 4" @ 0.7 gpf
 w/ Each Break = 20,000 gal
 1 - Fill, New Main } 4 x 13,500 x 2.7
 3 - Flushes, New Main } = 146,000 gal
 3 - Service Line Breaks, LS = 10,000 gal
 TOTAL = 176,000 gal => \$375

- E2) Agree
- E3) Agree
- E4) See attached Re-Calculation of CO
- E5) Section 00700, It General Conditions Paragraph 57

8/13/09
 • Parties agreed to settlement, \$2090.
 • Refill ditch:
 - Greenwald
 - Anderson (Vacant)
 - plus others as reported prior to Aug. 21.
 • Settlement amount to be paid by Station at receipt of reimbursement check from MCW01.

Payable by Station's to MCW01

Daniel Johnson
8/12/09
Project Engineer

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
September 08, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Secretary Greg Wilson.

Roll Call:

Staff members present at meeting were Taylor Abney, Greg Wilson, David Bailey, Sandra Cole, Wendell Fraley, and Terry Reffitt.

Approval of August 11, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the August 11, 2009 meeting. Greg Wilson seconded the Motion. Motion carried.

Guests Present:

Comments:

No guests present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said the project has been completed. Sandra Cole commented that the final payment had been made to Staton's Construction. The only money that is left in the McCormick Road Project fund is for Billy Ray Fawns at the completion of the Mapping System.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he has spoken with Billy Ray Fawns, and he will have a rough draft for M.C.W.D to go over in about a week.

C. Rate Increase

Sandra Cole informed Commissioners that all the information on the rate increase has been turned into Public Service. M.C.W.D is now waiting on the approval from them before the increase can go into effect.

D. Grant Money/ K.I.A For New Office Building and Lot

Sandra Cole updated the Commissioners on the Grant Money for New Office Building and Lot. Teresa Shields with G.A.D.D. said the only thing that is holding us up on the money, is a clearing house letter, once we get that we will be able to send in a pay request for the money on the Lot.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Greg Wilson seconded the Motion. Motion carried.

B. Adjourn

Greg Wilson made the Motion to adjourn. Taylor Abney seconded the Motion. Motion carried. Time 5:30 p.m.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

**MINUTES
October 13, 2009**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Greg Wilson, David Bailey, Sandra Cole, and Wendell Fraley..

Approval of September 08, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the September 08, 2009 meeting. Greg Wilson seconded the Motion. Motion carried.

Guests Present:

Comments:

No guests present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said that Dan Shoemaker will have the as built plans done in about a week.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he is going over the rough drafts that Billy Ray Fawns has prepared for the Mapping System. We are in hopes that this will be completed by the next Water Meeting.

C. Rate Increase

Sandra Cole informed Commissioners that all the information on the rate increase has been turned into Public Service. M.C.W.D is now waiting on the approval from them before the increase can go into effect.

D. Grant Money/ K.I.A For New Office Building and Lot

Sandra Cole updated the Commissioners on the Grant Money for New Office Building and Lot. Teresa Shields with G.A.D.D. sent us a clearing house letter from the State that gave M.C.W.D the approval to get started on the Building without an archaeological study. (See Attached Copy).

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report.
Greg Wilson seconded the Motion. Motion carried.

B. Adjourn

Greg Wilson made the Motion to adjourn. Taylor Abney seconded the Motion.
Motion carried. Time 5:30 p.m.

montgomery county water district #1

From: "Shields, Teresa J (GWADD-MH)" <TeresaJ.Shields@ky.gov>
To: "Milton, Debby (KIA)" <Debby.Milton@ky.gov>
Cc: <mcwd1@att.net>; <dabobailey@hotmail.com>
Sent: Monday, October 05, 2009 11:14 AM
Subject: FW: Montgomery County Water District No. 1 New Office Building Project SAI# KY20090812-1556 WX21173085

Hi Debby

I thought you might need this for your records at KIA related to the Clearinghouse Comments for this project. I just mailed a draw request in the amount of \$45,875.00 to you on Friday for the new water district office building property and the KIA admin fee.

Let me know if any questions or if you need any further info.

Thanks,
 Teresa

From: Mink, Philip (Heritage Council)
Sent: Monday, October 05, 2009 10:48 AM
To: Shields, Teresa J (GWADD-MH)
Subject: RE: Montgomery County Water District No. 1 New Office Building Project SAI# KY20090812-1556

Thank you for the additional information. It does indeed look like the area is previously disturbed. Therefore, an archaeological survey will not be required. In accordance with 36CFR Part 800.4 (d) of the Advisory Council's revised regulations our finding is that there are **No Historic Properties Present** within the undertaking's area of potential impact. Therefore, we have no further comments and responsibility to consult with the Kentucky State Historic Preservation Officer under the Section 106 review process on this project is fulfilled. If the project boundaries change, this office should be consulted to determine the nature and extent of additional documentation that may be needed.

Let me know if you need anything else.

Philip Mink
 Staff Archaeologist
 Kentucky Heritage Council
 300 Washington Street
 Frankfort, KY 40601
 502-564-7005 ext. 122
 Philip.Mink@ky.gov

From: Shields, Teresa J (GWADD-MH)
Sent: Tuesday, September 29, 2009 10:53 AM
To: Mink, Philip (Heritage Council)
Cc: Sandra Cole (mcwd1@att.net)
Subject: Montgomery County Water District No. 1 New Office Building Project SAI# KY20090812-1556

Hi Phillip

Thanks so much for calling me back yesterday. I received your phone message that you would like some additional information on the property that the Montgomery County Water District has purchased on which to build a new office building for the District. Attached to this email please find the following information:

- A map of the location of the property in the Camargo Area of Montgomery County on Route 460
- Pictures of the property

The property has been used in the past as both a residence and most recently as a used car lot. A house used to



STEVEN L. BESHEAR
GOVERNOR

DEPARTMENT FOR LOCAL GOVERNMENT
OFFICE OF THE GOVERNOR
1024 CAPITAL CENTER DRIVE, SUITE 340
FRANKFORT, KENTUCKY 40601-8204
PHONE (502) 573-2382 FAX (502) 573-2939
TOLL FREE (800) 346-5606
WWW.DLG.KY.GOV

TONY WILDER
COMMISSIONER

September 14, 2009

Ms. Teresa Sheilds
Gateway ADD
110 Lake Park Drive
Morehead, KY 40351

RE: Montgomery County Water District No. 1 New Office Project
WX21173085
SAI# KY20090812-1556

Dear Ms. Bailey:

The Kentucky State Clearinghouse, which has been officially designated as the Commonwealth's Single Point of Contact (SPOC) pursuant to Presidential Executive Order 12372, has completed its evaluation of your proposal. The clearinghouse review of this proposal indicates there are no identifiable conflicts with any state or local plan, goal, or objective. Therefore, the State Clearinghouse recommends this project be approved for assistance by the cognizant federal agency.

Although the primary function of the State Single Point of Contact is to coordinate the state and local evaluation of your proposal, the Kentucky State Clearinghouse also utilizes this process to apprise the applicant of statutory and regulatory requirements or other types of information which could prove to be useful in the event the project is approved for assistance. Information of this nature, if any, concerning this particular proposal will be attached to this correspondence.

You should now continue with the application process prescribed by the appropriate funding agency. This process may include a detailed review by state agencies that have authority over specific types of projects.

This letter signifies only that the project has been processed through the State Single Point of Contact. It is neither a commitment of funds from this agency or any other state or federal agency.

MONTGOMERY COUNTY WATER DISTRICT #1

**4406 Camargo Road
Mt. Sterling, KY 40353**

Phone: 859-498-0521

Fax Phone 859-498-0872

MINUTES

November 10, 2009

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Junior Holley.

Roll Call:

Staff members present at meeting were Junior Holley, Taylor Abney, Greg Wilson, David Bailey, Sandra Cole, and Terry Reffitt.

Approval of October 13, 2009 Minutes:

Taylor Abney made a motion to approve minutes for the October 13, 2009 meeting. Greg Wilson seconded the Motion. Motion carried.

Guests Present:

Comments:

No guests present

Old Business:

A McCormick Road Project

David Bailey updated Commissioners on the McCormick Road Project. David said the only thing we have left on this Project is the final payment for the G.P.S Mapping.

B. G.P.S. Mapping System

David Bailey informed Commissioners that he is going to be reviewing the final drawing for the Mapping System.

C. Rate Increase

Sandra Cole informed Commissioners that Public Service has sent another set of information sheets to be completed and sent back. Sandra spoke with Caryn Lee and she sent back a letter that should take care of all of this information.

D. Grant Money/ K.I.A For New Office Building and Lot

Sandra Cole updated the Commissioners on the Grant Money for New Office building. David and Sandra have been going over plans to be drawn up with Mike Keath. Mike had the lowest estimate for the architect plans.

New Business:

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

Taylor Abney made the motion to approve the Managers/Treasurers Report. Greg Wilson seconded the Motion. Motion carried.

B. Taylor Abney made a Motion to approve the payment to White, Peck, and Carrington in the amount of \$173.00 for the Deed Preparation and \$35,000.00 for the final payment on the Lot at 4412 Camargo Road ,where the New Water Office will be Constructed. Greg Wilson seconded the Motion. Motion carried.

C. Commissioners agreed to have an Employee Dinner at Camargo City Hall on Friday, December 18, 2009 at 6:00 P.M.

D. Chairman Junior Holley ask David Bailey to check with Utility Service to see if M.C.W.D could make some changes on the Tank Maintenance contract.

E. Commissioners agreed to pay Part-Time employee, Terry Reffitt for all Holidays.

F. Chairman Junior Holley asked David if he had noticed water standing in ditch at the corner of Rose St. and McCormick Rd. David told him that he had noticed and had taken a sample and he was going to do some more checking on this to see if there was a leak.

G. Adjourn

Greg Wilson made the Motion to adjourn. Taylor Abney seconded the Motion. Motion carried. Time 5:30 p.m.

Acct

Item 7

2:42 PM
 05/28/09
 Accrual Basis

Montgomery Co. Water District #1 Profit & Loss January through December 2008

	Jan - Dec 08
Ordinary Income/Expense	
Income	
LATE CHARGES	3,966.23
Miscellaneous Income	374.85
RECONNECT FEE	1,225.00
Revenues - Jobbing & Contract	6,491.81
TAP ON FEE	0.00
User Fees	229,029.83
Total Income	241,087.72
Expense	
ADVERTISING	H 1,069.45 ✓
AUTO DEDUCTION	Z 18.00 ①
Automobile Expense	E 215.00 ✓
BANK CORRECTION	0.00
Contract Labor	J 12,002.00 ✓
Depreciation Expense	50,580.50
EMPLOYEE EXPENSE	K 6,841.68 ✓
Grant Expense	0.00
Insurance	
Disability Insurance	G 1,327.59 ✓
Liability Insurance	F 5,430.15 ✓
Insurance - Other	G 172.00 ✓
Total Insurance	6,929.74
Interest Expense	
Customer deposit interest	612.83
Loan Interest	12,600.00
Total Interest Expense	13,212.83
KY RETIREMENT	K 8,723.21 ✓
LAB EXPENSE	I 3,625.30 ✓
LOAN PAYMENT	0.00
LOCAL TAXES	189.02 ①
MAINTENANCE	Z 1,209.75
MEMBERSHIP DUES	Z 650.00
Miscellaneous	282.75
OFFICE EXPENSE	Z 215.40
OFFICE RENT	D 3,762.00
Office Supplies	Z 1,566.15 ①
Payroll Expenses	79,691.53 ✓
Postage and Delivery	Z 2,450.40 ①
POSTAL PERMIT FEE	Z 175.00 ①
Professional Fees	
Accounting	C 5,680.00 ✓
Total Professional Fees	5,680.00
REIMBURSEMENT	Z -3,543.05 ⑦
Repairs	
Computer Repairs	78.75
Total Repairs	Z 78.75 ①
RETURNED CHECK	Z 289.98 ①
SALES TAX	0.00
SCHOOL TAXES	0.00
Supplies	B 11,279.42 ✓
TANK MAINTENANCE	J 7,793.50 ✓
TAXES	414.45 ①
Telephone	Z 2,068.97
TRAINING	Z 110.00
Utilities	
Gas and Electric	10.63
Utilities - Other	298.49
Total Utilities	Z 309.12 ①

Σ Z = 6,098.47

EO = 6,964.69

2:42 PM

05/28/09

Accrual Basis

Montgomery Co. Water District #1
Profit & Loss
January through December 2008

	Jan - Dec 08
Water Purchased	<u>A 86,465.45 ✓</u>
Total Expense	<u>304,336.30</u>
Net Ordinary Income	-63,248.58
Other Income/Expense	
Other Income	
GRANT MONEY	0.00
Interest Income	<u>3,050.88</u>
Total Other Income	3,050.88
Other Expense	
TOOLS	<u>Z -500.00 *</u>
Total Other Expense	<u>500.00</u>
Net Other Income	2,550.88
Net Income	<u><u>-60,697.70</u></u>

25600 Montgomery County Water District #1 01/01/2008 - 12/31/2008

Water Utility Expense Accounts (Ref Page: 28)



Salaries and Wages-Employees (601)	① \$82,824.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Salaries and Wages-Utilities Directorials (602)	② \$5,400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Employee Pensions and Benefits (604)	K \$15,565.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Purchased Water (610)	A \$28,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Purchased Power (616)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Purchased Power Production (619)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Chemicals (618)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Maintenance and Supplies (620)	B \$7,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Contractual Services - Eng. (631)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Contractual Services - Misc. (632)	C \$8,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Contractual Services - Legal (633)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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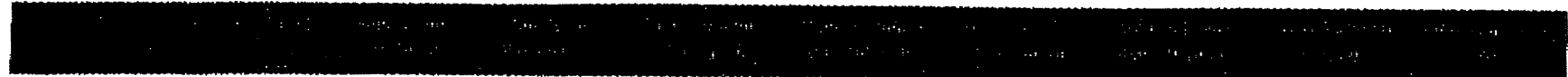
Contractual Services - Management Fees (634)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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5/29/08 (1) These are amounts of gross pay. (The amount on profit & loss include employe portion of payroll tax. 30 of 68

#0202 P.005/007
WICKIE_C_RICHARDSON, CPA
12/18/2009 01:07 8594988833

25600 Montgomery County Water District #1 01/01/2008 - 12/31/2008

Water Utility Expense Accounts (Ref Page: 28)



Contractual Serves - Water Testing (636)	I	\$3,625.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
--	---	------------	--------	--------	--------	--------	--------	--------	--------	--------



Rental of Bld./Real Property (641)	D	\$3,762.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Transportation Expenses (650)	E	\$215.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Insurance - General Liability (657)	F	\$5,430.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Insurance - Other (659)	G	\$1,800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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Regulatory Commission Exp.	H	\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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-Other (667)										
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25800 Montgomery County Water District #1 01/01/2008 - 12/31/2008

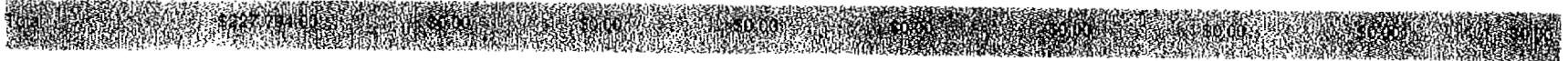
Water Utility Expense Accounts (Ref Page: 28)



Water Resource
Conservation
Expense (666)

By Debit

Miscellaneous Expenses (875)	Z	\$5,184.00	②	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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② Z amounts = \$6,098.47
 A portion of this is in Loss other than income on Page 11 of the Annual Report.
 I adjusted Misc. Expense so that the total expenses on the Annual Report agree to the total expenses on the Profit & Loss statement.

MONTGOMERY COUNTY WATER DISTRICT #1

Office Clerk: Terry Sue Reffitt / Part Time

Length of Employment: 04/16/2008-Present

Rate of Pay: \$8.00 Per Hour Effective 04/16/2008-Present

Benefits: Paid Holidays, Monogrammed Shirts, Ky. Retirement

Job Duties:

- 1. Making Deposits**
- 2. Collecting Payments**
- 3. Filing**
- 4. Cleaning Office**
- 5. Answering Phone & Etc.**

MONTGOMERY COUNTY WATER DISTRICT #1

Office Manager: Sandra Cole / Fulltime

Length of Employment: 11-01-04-Present

Rate of Pay: \$12.50 Hourly Effective 11/07-Present

Benefits: Health, Life, & Dental Insurance, Ky. Retirement, 2 Week Paid Vacation, Paid Lunch, Paid Holidays, Monogrammed Shirts

Job Duties:

- 1. Book Keeping**
- 2. Payroll**
- 3. Monthly Meeting, Minutes, Agenda, Etc.**
- 4. Making Deposits**
- 5. Collecting Water Payments**
- 6. Meter Readings in Computer**
- 7. Adjustments**
- 8. Data Entry**
- 9. Work Orders for Serviceman**
- 10. Cleaning Office**
- 11. Paying all Bills**
- 12. W-2'S & Preparation for Auditor**
- 13. Answering Phone calls & Handling Customer Concerns**
- 14. P.S.C. Requirements**
- 15. Grant Money - Paper Work, Projects**
- 16. Preparing Water Billing*

All Office Duties

**MONTGOMERY COUNTY WATER DISTRICT #1
SERVICEMAN DUTIES**

**Wendell Fraley- Length of Employment 10/01/07-Present
Title:Serviceman Pay Rate\$600.00 Bi-Weekly 10/01/07-Present**

- 1. Read all meters each month. No meter shall be estimated, unless approved by Commissioners.**
- 2. Turn on and off meters by orders from water office.**
- 3. Keep pressure chart recorder readings and submit to office.**
- 4. Operate cutoff valves for maintenance program.**
- 5. Flush fire hydrants and dead ends for water quality.**
- 6. Change old and dead meters as needed.**
- 7. Paint fire hydrants.**
- 8. Repair meter boxes and lids as needed.**
- 9. Fill out quarterly reports.**
- 10. Keep tower and other facilities clean and weed free.**
- 11. Thaw out frozen meters during winter weather.**
- 12. Learn location of all water lines and cutoff valves.**
- 13. Locate water lines for other utilities or contractors before any digging begins.**
- 14. Be on call 24 hours, seven days a week.**
- 15. Do general maintenance.**
- 16. Must attend monthly meetings.**
- 17. Keep Company vehicle clean at all times.**

BE WILLING TO DO WHAT EVER NEEDS TO BE DONE

Benefits: Ky Retirement, 2 Weeks Vacation

MONTGOMERY COUNTY WATER DISTRICT #1

Manager of Operations: William David Bailey

Length of Employment: 11-21-2002 / Present

Rate of Pay: \$21,400.00 Yearly Salary – Effective 11/07-Present

Benefits: 2 Weeks Paid Vacation, Ky.Retirement

Job Duties:

Responsible for all reports and documentation sent to the Kentucky Division of Water.

MOR (monthly operating report)

CCR (consumer confidence report)

Water loss report

Responsible for collecting bi-monthly bacteriological samples and submitting corresponding reports.

Stage 2 sampling

Lead and Copper sampling

Boil water advisory follow up samples

Daily reading of master meters and daily chlorine residuals and recording of data for reports.

Help design and review all system improvement projects.

Help design and maintain all system maps.

Inspect and maintain water storage facilities and booster pump, and also chlorine booster stations when in operation.

Help coordinate and oversee all maintenance and water quality issues.

Hydrant flushing

Valve maintenance

Have a general knowledge of and ability to maintain and regulate design hydraulics, mechanical, and electrical devices in the system.

Hydraulic control devices

Radio telemetry

**MONTGOMERY COUNTY TREASURER
P.O. BOX 690
MT. STERLING, KY 40353
PHONE: (859) 498-8703
FAX: (859) 498-1040**

December 8, 2009

To Whom It May Concern:

The following information related to health and life insurances is provided at the request of Sandra Cole:

- UnitedHealthcare Insurance – Single Plan - \$448.91
- Delta Dental Insurance – Single Plan - \$18.80
- Anthem Life Insurance – Term Life - \$6.75 Accidental - \$0.75

The above stated rates will remain in effect until June 30, 2010.

Sincerely,

Employer pays


Forrest Brown
Montgomery County Treasurer

M.C.C.O. #1 pays All of premium

**MONTGOMERY CO WATER DISTRICT NO. 1
OPERATIONS AND MAINTENANCE FUND**

4406 CAMARGO RD.
MT STERLING, KY 40353

3168

12-01-09

73-416/421

Montgomery County Fiscal Court
Four Hundred Seventy Five

475.21

21/1



Whitaker Bank

A Subsidiary of Whitaker Bank Corporation of Kentucky
4085 Camargo Road
Mt. Sterling, Kentucky 40353
Member FDIC

Celebrating Health, Life, Dental

⑈003168⑈ ⑆042104168⑆

70015954⑈

NOT NEGOTIABLE

Seymour A. [Signature]



Invoice

Kentucky Association of Counties All Lines Fund

380 King's Daughters Drive

Frankfort, KY 40601

Tel: 1-800-264-5226

Fax: 1-502-875-8240

Invoice Number K080053

Invoice Date 05/23/2008

Due Date 08/01/2008

Insured Name and Address

Member Number 0903

Montgomery County Water District
 4406 Camargo Road
 Mt. Sterling, KY 40353

Contact(s)

<u>First Name</u>	<u>Last Name</u>	<u>Title</u>	<u>Telephone</u>	<u>Fax</u>	<u>Email</u>
Sandra	Cole	Office Mgr.	(859)498-0521	(859)498-0872	waterdis@mikrotec.com

Invoice Detail

<u>Effective Date</u>	<u>Description</u>	<u>Premium</u>	<u>Amount Due</u>
07/01/2008	2008-2009 Annual Installment for 2007 - 2010 Policy Period	\$5,485.00	\$5,485.00
		Total Due	\$5,485.00

Payment Options:

Option 1: Save 1%; pay \$5,430.15 by due date

Option 2: Pay 50% by due date; and 3 subsequent equal monthly payments
 50 % = \$2,742.49 plus 3 monthly payments of \$914.17

Please Note: Effective November 1, 2008, any outstanding balance due on this premium will accrue a compounding monthly interest charge of 1%. To make certain no interest is charged, be sure to make full payment postmarked no later than October 31, 2008.

This invoice is for the period 7/1/2008 - 7/1/2009. You will be billed annually for the remaining years of your 7/1/2007 - 7/1/2010 policy.

Servicing Agency

Kentucky Association of Counties All Lines Fund
 1-800-264-5226

For claims service please call:

1-866-367-5226

Please return a copy of this invoice with your payment



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.

KACo WORKERS COMPENSATION FUND

380 King's Daughters Drive
Frankfort, Kentucky 40601
800-264-5226

CERTIFICATE OF WORKERS COMPENSATION COVERAGE

KACO W/C-4

-
- ITEM 1 -** Name and Address of Insured:
Montgomery County Water District No. 1
4406 Camargo Road
Mt. Sterling, KY 40353
- ITEM 2 -** Certificate Number:
WC2008-2377
- ITEM 3 -** Effective Date: Tuesday, July 01, 2008 Expiration Date: Wednesday, July 01, 2009
12:01 A.M., standard time at the address of the Insured as stated herein.
Cancellation Notice: 60 Days - Pursuant to KRS 304.50
- ITEM 4 -** Coverage under this Certificate applies to the Kentucky Workers Compensation Law. (KRS 342)
- ITEM 5 -** Company's Limit of Indemnity Each Occurrence:
(a) For Workers Compensation: Statutory
(b) For Employers Liability: \$2,500,000
- ITEM 6 -** Workers Compensation Premium: \$1,259.00
- ITEM 7 -** Special Fund Tax: \$82.00
- ITEM 8 -** **TOTAL PREMIUM:*** **\$1,341.00**
- ITEM 9 -** Payment Options:
(1) Full payment by 8/1/2008. 1% discount applied = \$1,327.59
(2) 50% payment by 8/1/2008 and 3 subsequent equal monthly pmts. on balance.
50% = \$670.50 Plus 3 monthly payments of \$223.50


Please Note: Effective November 1, 2008, any outstanding balance due on this premium will accrue a compounding monthly interest charge of 1%. To make certain no interest is charged, be sure to make full payment postmarked no later than October 31, 2008.

* An invoice accompanies this declaration for the total amount due.

This Certificate of Coverage shall not be binding of the KACo Workers Compensation Fund unless countersigned by a duly authorized representative of the Fund.

This Coverage has been placed with a Workers Compensation Self-Insured Group which has received a certificate of filing from the Commonwealth of Kentucky. Claims against group members are not covered by the Kentucky Insurance Guaranty Association.

Dated at Frankfort, Kentucky this 23 day of May, 2008


Joseph R. Greathouse, Director

KACo
Making Workers Comp Work in Kentucky

Kentucky Association of Counties All Lines Fund

380 King's Daughters Drive
Frankfort, KY 40601
Declarations Page

Policy Number **KALF0903**

Policy Period: 7/1/2007 to 7/1/2010

Insured Name and Address

Montgomery County Water District
4406 Camargo Road
Mt. Sterling, KY 40353

For customer service please call
(800)264-5226

Issued: 5/23/2008

Business Description Water District

In return for the payment of the premium, and subject to all the terms of the policy, we agree to provide the insurance stated in the binder.

Coverage			Deductible
General Liability (Per OCC/AGG)	3,000,000	5,000,000	0
Law Enforcement (Per OCC/AGG)	NCD	NCD	NCD
Errors/Omissions (Per OCC/AGG)	3,000,000	3,000,000	1,000
Employment Practices (Per claim/AGG)	3,000,000	3,000,000	1,000
Auto Liability (CSL)	3,000,000		0
Auto Comprehensive	Hired/Non-Owned		500
Auto Collision	Hired/Non-Owned		500
P.I.P. (No Fault)	10,000	10,000	0
Under Insured/Un-Insured	60,000	60,000	0
Non Owned Auto Coverage	Primary		
Property/Buildings	As Per Statement on File		500
Personal Property	As Per Statement on File		500
Boiler & Machinery	15,000,000		1,000
Inland Marine & EDP	As Per Statement on File		500
Business Income	500,000	500,000	0
Flood	1,000,000	1,000,000	0
Earthquake	N/A	N/A	N/A
Crime (Other than Employee Dishonesty)	150,000		500
Employee Dishonesty (Policy #'s: CIC1964, 3-938-891-7)	150,000		250
Legal Defense Coverage	100,000		0

Authorized
Representative

Kris Dann

Date 5/23/2008



PAID

6-26-08

CIC# 2631

Booster Pump Explanation :

Montgomery County Water District #1 is broken up into 2 pressure zones, the first being supplied by Mt Sterling Water and Sewer System then through a series of valves the second is supplied by our elevated storage tank. The pressure out of the storage tank is less than the pressure from Mt Sterling so the booster pump was added to increase the pressure which gives better service to our customers.



an e-on company

Customer Service: 1-800-383-5582 Mon-Fri 7AM-6PM(EST)
Walk-In Center Hours: Mon-Fri 8AM-5PM(EST)
Telephone Payments: (800) 807-3596
www.eon-us.com

Table with 2 columns: DUE DATE, AMOUNT DUE. Row 1: 08/31/09, \$493.62

Please see the Important Information section of this bill for details about your new account number.

ACCOUNT INFORMATION table with fields: Account Number, Account Name, Service Address, Next Read Date

BILLING SUMMARY table with fields: Previous Balance, Payment as of 08/19, Balance as of 08/19, Electric Charges, Taxes and Fees, Utility Charges as of 08/19, Total Amount Due

Table comparing averages for this and last billing period: Average Temperature, Number of Days Billed, Electric/kwh per day

ELECTRIC CHARGES

Table of electric charges: Rate Type: General Services, Customer Charge, Energy Charge, Other Charges For Above Rates (Fuel Adjustment, Electric DSM, Environmental Surcharge), Total Electric Charges

METER AND USAGE INFORMATION

ELECTRIC table with columns: Meter Number, Previous Read Date, Previous Reading, Current Read Date, Current Reading, Read Code, Meter Multiplier, Demand kw, kwh. Includes General Services and Total Usage.

TAXES AND FEES

Table of taxes and fees: Rate Increase For School Tax, Franchise Fee-Camargo, Sales Tax, Total Taxes and Fees

Please see reverse side for additional charges.

Bring entire bill when paying in person.

Customer Service 1-800-383-5582

\$493.62 will be deducted from your bank account on payment due date

Table with 6 columns: Account Number, Payment Due Date, Amount Due by Due Date, Amount Due 3 Days After Due Date, Winter Care Donation, Amount Enclosed

Check here if plan change requested on back of stub

Home Phone (859) 498-0521
OFFICE USE ONLY:
MRU13341228, G000000
P26.29



#223023270 0#
210002050 01 AV 0.335
MONT CO WATER DISTRICT #1
4406 CAMARGO RD
MOUNT STERLING KY 40353-8889

PO BOX 539013
ATLANTA, GA 30353-9013



Service Address: Lake Rd Pump

PRINTED ON RECYCLED PAPER
Rev. 09.08.11



Customer Service: 1-800-383-5582 Mon-Fri 7AM-6PM(EST)
 Walk-In Center Hours: Mon-Fri 8AM-5PM(EST)
 Telephone Payments: (800) 807-3596
 www.eon-us.com

DUE DATE	AMOUNT DUE
09/29/09	\$27.34 CR

an **e-on** company

Please see the Important Information section of this bill for details about your new account number.

ACCOUNT INFORMATION	
Account Number:	3000-0668-9867
Account Name:	MONT CO WATER DISTRICT #1
Service Address:	Lake Rd Pump
Next Read Date:	10/15/09

BILLING SUMMARY	
Previous Balance	26.29
Payment as of 09/17	(1,035.26)
Balance as of 09/17	(1,008.97)
Electric Charges	876.38
Taxes and Fees	105.25
Utility Charges as of 09/17	981.63
Total Amount Due	(27.34)

Averages for Billing Period	This Year	Last Year
Average Temperature	66°	65°
Number of Days Billed	154	29
Electric/kwh per day	68.9	1.2

ELECTRIC CHARGES

Rate Type: General Services	
Customer Charge	50.00
Energy Charge	715.19
Other Charges For Above Rates	
Fuel Adjustment	32.52
Electric DSM	1.06
Electric DSM	1.14
Electric DSM	0.77
Electric DSM	0.89
Electric DSM	0.49
Environmental Surcharge	73.97
Merger Surcharge	0.35
Total Electric Charges	\$876.38

METER AND USAGE INFORMATION

ELECTRIC	Meter Number	Previous Read Date	Previous Reading	Current Read Date	Current Reading	Read Code	Meter Multiplier	Demand kw	kwh
General Services									
kwh	C431283	03/17/09	2417	03/18/09	4148	R	1		1731
kwh	C533972	03/17/09	0	08/17/09	8892	R	1		8892
							Total Usage		10623

Please see reverse side for additional charges.

Bring entire bill when paying in person.

Customer Service 1-800-383-5582

NO PAYMENT REQUIRED

Account Number	Payment Due Date	Amount Due by Due Date	Amount Due 3 Days After Due Date	Winter Care Donation	Amount Enclosed
3000-0668-9867	09/29/09	\$27.34 CR	\$0.00		\$*****

Check here if plan change requested on back of stub

Home Phone (859) 498-0521

OFFICE USE ONLY:

MRU13341228, G000000
P26.29



#225924534 4#
210002042 01 AV 0.335
MONT CO WATER DISTRICT #1
4406 CAMARGO RD
MOUNT STERLING KY 40353-8889

PO BOX 539013
ATLANTA, GA 30353-9013



Service Address: Lake Rd Pump



an e-on company

Customer Service: 1-800-383-5582 Mon-Fri 7AM-6PM(EST)
Walk-In Center Hours: Mon-Fri 8AM-5PM(EST)
Telephone Payments: (800) 807-3596
www.eon-us.com

Table with 2 columns: DUE DATE, AMOUNT DUE. Row 1: 10/28/09, \$324.46

Pay your bill easily, even automatically! Sign up for our Automatic Bank Club to have your payments automatically deducted from your bank account.

Table comparing 'This Year' and 'Last Year' for metrics: Average Temperature, Number of Days Billed, Electric/kwh per day.

ACCOUNT INFORMATION table with fields: Account Number, Account Name, Service Address, Next Read Date.

BILLING SUMMARY table showing Previous Balance, Payment as of 10/16, Balance as of 10/16, Electric Charges, Taxes and Fees, Utility Charges as of 10/16, Total Amount Due.

ELECTRIC CHARGES

Table for Electric Charges including Rate Type, Customer Charge, Energy Charge, Other Charges For Above Rates, Fuel Adjustment, Electric DSM, Environmental Surcharge, Total Electric Charges, and Meter Reading Information.

TAXES AND FEES

Table for Taxes and Fees including Rate Increase For School Tax, Franchise Fee-Camargo, Sales Tax, Total Taxes and Fees.

BILLING INFORMATION

Table for Billing Information including Late Charge to be Assessed 3 Days After Due Date.

Please see reverse side for additional charges. Bring entire bill when paying in person. \$324.46 will be deducted from your bank account on payment due date

Summary table with columns: Account Number, Payment Due Date, Amount Due by Due Date, Amount Due 3 Days After Due Date, Winter Care Donation, Amount Enclosed.

Check here if plan change requested on back of stub

Home Phone (859) 498-0521
OFFICE USE ONLY:
MRU13341228, G000000
P-27 34



PAID
10-28-09
ACH

#228826445 6#
210001668 01 AV 0.335
MONT CO WATER DISTRICT #1
4406 CAMARGO RD
MOUNT STERLING KY 40353-8889

PO BOX 539013
ATLANTA, GA 30353-9013



Service Address: Lake Rd Pump



an e-on company

Customer Service: 1-800-383-5582 Mon-Fri 7AM-6PM(EST)
Walk-In Center Hours: Mon-Fri 8AM-5PM(EST)
Telephone Payments: (800) 807-3596
www.eon-us.com

Table with 2 columns: DUE DATE, AMOUNT DUE. Row 1: 11/30/09, \$195.88

See savings with our online Home Energy Calculator. Our calculator can help you determine where to make improvements in your home so you can save money on your monthly energy bill.

ACCOUNT INFORMATION table with 2 columns: Field Name, Value. Fields include Account Number, Account Name, Service Address, Next Read Will Occur.

Table with 3 columns: Billing Period, This Year, Last Year. Rows include Average Temperature, Number of Days Billed, Electric/kwh per day.

BILLING SUMMARY table with 2 columns: Description, Amount. Rows include Previous Balance, Payment as of 11/16, Balance as of 11/16, Electric Charges, Taxes and Fees, Utility Charges as of 11/16, Total Amount Due.

ELECTRIC CHARGES

Table with 2 columns: Description, Amount. Includes Rate Type: General Services, Customer Charge, Energy Charge, Other Charges For Above Rates, Fuel Adjustment, Electric DSM, Environmental Surcharge, Total Electric Charges, Meter Reading Information, Meter #, Actual Reading, Previous Reading, Current kwh Usage, Meter Multiplier, Metered kwh Usage.

TAXES AND FEES

Table with 2 columns: Description, Amount. Includes Rate Increase For School Tax, Franchise Fee-Camargo, Sales Tax, Total Taxes and Fees.

BILLING INFORMATION

Table with 2 columns: Description, Amount. Includes Late Charge to be Assessed 3 Days After Due Date, Environmental Surcharge description.

Please see reverse side for additional charges.

Bring entire bill when paying in person.

Customer Service 1-800-383-5582

\$195.88 will be deducted from your bank account on payment due date

Table with 6 columns: Account Number, Payment Due Date, Amount Due by Due Date, Amount Due 3 Days After Due Date, Winter Care Donation, Amount Enclosed.

Check here if plan change requested on back of stub

Home Phone (859) 498-0521
OFFICE USE ONLY:
MRU13341228, G000000
P324.46
PF:Y eB:P



PO BOX 539013
ATLANTA, GA 30353-9013



PAID
11-30-09
ACB

#231702537 3#
210001786 01 AV 0.335
MONT CO WATER DISTRICT #1
4406 CAMARGO RD
MOUNT STERLING KY 40353-8889



PRINTED ON RECYCLED PAPER
Rev. 06.11.10

Service Address: Lake Rd Pump



Stage 2 DBPR IDSE Standard Monitoring Factsheet

WHAT IS THE STAGE 2 DBPR?

The U.S. Environmental Protection Agency (EPA) published the Stage 2 Disinfectants and Disinfection Byproducts Rule (Stage 2 DBPR) on January 4, 2006. The Stage 2 DBPR builds on existing regulations by requiring water systems to meet disinfection byproduct (DBP) maximum contaminant levels (MCLs) at each monitoring site in the distribution system to better protect public health.

WHAT IS THE IDSE PROVISION OF THE STAGE 2 DBPR?

The Stage 2 DBPR includes a provision requiring all community water systems (CWS) and only nontransient noncommunity water systems (NTNCWS) serving more than 10,000 people to conduct an initial distribution system evaluation (IDSE). NTNCWS serving less than 10,000 are exempted from IDSE requirements, but will need to comply with the Stage 2 DBPR compliance monitoring requirements. The goal of the IDSE is to characterize the distribution system and identify monitoring sites where customers may be exposed to high levels of total trihalomethanes (TTHM) and haloacetic acids (HAA5). There are four ways to comply with the IDSE requirements: Standard Monitoring, System Specific Study, 40/30 Certification (40/30), and Very Small System (VSS) Waiver. The Standard Monitoring option requires the system to collect 1 year of TTHM and HAA5 data at a specified frequency and locations to characterize TTHM and HAA5 levels in the distribution system. In addition to this data, the system must use available Stage 1 DBPR compliance data to determine the best locations for Stage 2 DBPR compliance monitoring. Any system may conduct Standard Monitoring to meet the IDSE requirements of the Stage 2 DBPR. This factsheet only provides information regarding the Standard Monitoring option.

STANDARD MONITORING REQUIREMENTS

Systems opting to conduct Standard Monitoring will need to:

- Step 1: Prepare and submit a Standard Monitoring Plan by the date specified in Table 1 (below).
- Step 2: Conduct one year of Standard Monitoring in the distribution system.
- Step 3: Prepare and submit the IDSE Report.
- Step 4: Prepare a Stage 2 DBPR compliance monitoring plan.

Table 1: Standard Monitoring Compliance Dates

If you are a system serving:	Schedule: ¹	Standard Monitoring Plan Due Date:	Complete Standard Monitoring by:	Submit IDSE Report By:	Begin Compliance Monitoring by:
At least 100,000 people or part of a combined distribution system serving at least 100,000 people	Schedule 1	October 1, 2006	September 30, 2008	January 1, 2009	April 1, 2012
50,000 to 99,999 people or part of a combined distribution system serving 50,000 to 99,999 people	Schedule 2	April 1, 2007	March 31, 2009	July 1, 2009	October 1, 2012
10,000 to 49,999 people or part of a combined distribution system serving 10,000 to 49,999 people	Schedule 3	October 1, 2007	September 30, 2009	January 1, 2010	October 1, 2013
Less than 10,000 or part of a combined distribution system serving less than 10,000	Schedule 4	April 1, 2008	March 31, 2010	July 1, 2010	October 1, 2013 ²

¹ Your schedule is defined by the largest system in your combined distribution system.

² Systems not conducting *Cryptosporidium* monitoring under 40 CFR 141.701(a)(4) must begin Stage 2 DBPR compliance monitoring by this date. Systems conducting *Cryptosporidium* monitoring under 40 CFR 141.701(a)(4) or 141.701(a)(6) must begin Stage 2 DBPR compliance monitoring by October 1, 2014.



ENERGY AND ENVIRONMENT CABINET
Department for Environmental Protection

Division of Water
200 Fair Oaks Lane, 4th Floor
Frankfort, Kentucky 40601
Phone: (502) 564-3410
Fax: (502) 564-2741
www.water.ky.gov

Steven L. Beshear
Governor

Leonard K. Peters
Secretary

R. Bruce Scott
Commissioner

November 17, 2009

Mr. David Bailey
Montgomery County Water District #1
4406 Camargo Road
Mt. Sterling, Kentucky 40353

RE: KY0870290
IDSE Standard Monitoring Report
Schedule 3

Dear Mr. Bailey:

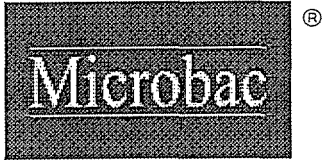
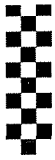
Montgomery County Water District #1 has submitted a Standard Monitoring Report to the Division of Water as required for the Initial Distribution System Evaluation (IDSE) under the Stage 2 Disinfection By-Product Rule. The Standard Monitoring Report has been reviewed and approved as submitted.

Attached you will find the form to update your compliance monitoring plan sites through Kentucky Division of Water. Please complete the form prior to commencing compliance monitoring. Submit the form accompanied with a site map, to Division of Water, Attn: Todd Ritter, 200 Fair Oaks Ln., 4th Floor, Frankfort, KY 40601.

If you have any questions, I can be reached at 502/564-3410, extension 4986.

Sincerely,

Kellee' M. Husband
Environmental Technologist II
Drinking Water Branch
Division of Water



Microbac Laboratories, Inc.

KENTUCKY TESTING LABORATORY DIVISION
 3323 Gilmore Industrial Blvd. Louisville, KY 40213 502.962.6400 Fax: 502.962.6411
 Evansville, IN 812.464.9000 | Lexington, KY 859.276.3506 | Paducah, KY 270.898.3637

Member



INVOICE NO. 41004

Customer #: 6170
 Customer P.O.: N/A
 Invoice Date: 01/21/2009
 Date Received: 01/02/2009

Page 1 of 1

PLEASE REMIT PAYMENT BY:
2/20/2009

MONTGOMERY COUNTY
 4406 CAMARGO ROAD
 WATER DISTRICT NO. 1
 DAVID BAILEY

THANK YOU FOR YOUR BUSINESS!

WO #:	0901-00026	STAGE 2 HAA5 AND THM	AMOUNT
001)	NE-1 US 460 MASTER METER - GRAB	Date & Time Sampled 01/01/2009 @ 14:45:	
	[Haloacetic Acids - HAA5]		\$180.00
	[Trihalomethanes, Total]		\$58.80
	SAMPLE DISPOSAL FEE		\$11.50
	PICK-UP CHARGE		\$37.80
002)	TH-1 4749 MCCORMICK - GRAB	Date & Time Sampled 01/01/2009 @ 15:15:	
	[Haloacetic Acids - HAA5]		\$180.00
	[Trihalomethanes, Total]		\$58.80
	SAMPLE DISPOSAL FEE		\$11.50

To ensure that your account is properly credited, please include all invoice numbers on your check or return a copy of this invoice with your payment! Amount Due => **\$538.40**



®

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Member

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 3323 Gilmore Industrial Blvd. Louisville, KY 40213 502.962.6400 Fax: 502.962.6411
 Evansville, IN 812.464.9000 | Lexington, KY 859.276.3506 | Paducah, KY 270.898.3637



INVOICE NO. 46153

Customer #: 6170
 Customer P.O.: N/A
 Invoice Date: 04/15/2009
 Date Received: 04/03/2009

Page 1 of 1

MONTGOMERY COUNTY
 4406 CAMARGO ROAD
 WATER DISTRICT NO. 1
 DAVID BAILEY

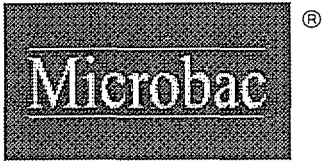
PLEASE REMIT PAYMENT BY:

5/15/2009

THANK YOU FOR YOUR BUSINESS!

WO #:	0904-00299	STAGE 2 HAA5 AND THM	AMOUNT
001)	NE-1 US 460 MASTER METER - GRAB	Date & Time Sampled 04/02/2009 @ 15:10:	
	[Haloacetic Acids - HAA5]		\$185.00
	[Trihalomethanes, Total]		\$61.20
	SAMPLE DISPOSAL FEE		\$12.00
	PICK-UP CHARGE		\$40.00
002)	TH-1 4749 MCCORMICK - GRAB	Date & Time Sampled 04/02/2009 @ 16:00:	
	[Haloacetic Acids - HAA5]		\$185.00
	[Trihalomethanes, Total]		\$61.20
	SAMPLE DISPOSAL FEE		\$12.00

To ensure that your account is properly credited, please include all invoice numbers on your check or return a copy of this invoice with your payment!	Amount Due ==>	\$556.40
--	----------------	-----------------



Microbac Laboratories, Inc.

Member

KENTUCKY TESTING LABORATORY DIVISION
 3323 Gilmore Industrial Blvd. Louisville, KY 40213 502.962.6400 Fax: 502.962.6411
 Evansville, IN 812.464.9000 | Lexington, KY 859.276.3506 | Paducah, KY 270.898.3637



INVOICE NO. 34809

Customer #: 6170
Customer P.O.: N/A
Invoice Date: 10/15/2008
Date Received: 10/02/2008

Page 1 of 1

MONTGOMERY COUNTY
 4406 CAMARGO ROAD
 WATER DISTRICT NO. 1
 DAVID BAILEY

PLEASE REMIT PAYMENT BY:
11/14/2008

THANK YOU FOR YOUR BUSINESS!

WO #:	0810-00196	MONTGOMERY CO WATER DISTRICT -	AMOUNT
001)	US 460 MASTER NE-1	Date & Time Sampled 10/01/2008 @ 16:50:	
	[Haloacetic Acids - HAA5]		\$180.00
	[Trihalomethanes, Total]		\$58.80
	SAMPLE DISPOSAL FEE		\$11.50
002)	4749 MC CORMICK TH-1	Date & Time Sampled 10/01/2008 @ 16:15:	
	[Haloacetic Acids - HAA5]		\$180.00
	[Trihalomethanes, Total]		\$58.80
	SAMPLE DISPOSAL FEE		\$11.50

<p>To ensure that your account is properly credited, please include all invoice numbers on your check or return a copy of this invoice with your payment!</p>	<p>Amount Due ==></p>	<p>\$500.60</p>
---	--------------------------	------------------------

Excerpt of Final Engineering Report

for Camargo Elementary School which is an old structure with poor fire resistant characteristics.

C. Storage Facilities

One elevated storage tank with a capacity of 30,000 gallons was constructed in 1962-1964. No other treated water storage exists in the system except for plant clearwell (30,000). This tank is welded steel structure located at a central point in the distribution system. Overflow elevation is 1033' MSL.

This tank was sand blasted and repainted inside and out in 1978. Other repairs and improvements are needed such as installation of an altitude valve and an overflow pipe from tank top to ground level.

III. PROPOSED IMPROVEMENTS

A. Water Supply

Clear of funds

Water supply improvements proposed herein are abandoning the existing supply and constructing a transmission main from Mount Sterling along U.S. Highway 460 East of Camargo. This project would require construction of a master meter at the point of connection, approximately 23,000 feet of 8 inch water line and a pressure reducing valve. Approximately eleven new customers will be served by this transmission line. Pumping will not be required since Mount Sterling's tank supplying Camargo has an overflow of 1174 MSL.

Exhibit II shows the overall scheme of service provided by these proposed lines.

B. Distribution System

1. Extensions - Two extensions of the existing system are proposed (in addition to supply mains). One is along Oldham Road for approximately 9,200 feet. This extension will serve a minimum of 13 new customers. The other extension is along Whitaker Lane

(KY 646) from US 460 to Spencer Pike (KY 713). Approximately 17 new customers will be added on this 10,000 foot section of 4 inch water line. Exhibit II shows these extensions.

2. Existing System Improvements - Existing system improvements proposed consist of the following: 1) Replace all dead end 2 inch and 3 inch existing pipe segments with 4 inch (minimum) pipe; 2) construct a 1,700 foot, 8 inch water line from the new tank to Camargo Elementary School to enable meeting fire flow demands; and 3) installing approximately 18 new 4 inch and 6 inch fire hydrants throughout the District's service area. These improvements are shown in Exhibit III.

C. Storage Facilities

A new 200,000 gallon elevated storage tank is proposed to be constructed near the existing tank with the overflow elevation set at 1055 MSL. The existing tank will be dismantled and removed. Exhibit III shows the proposed tank location.

A tank level control valve station (TCV) will be constructed near the Camargo Heights area which will regulate water level in the new tank. This valve station also separates the supply system (Mount Sterling) high pressure range from the lower pressure service area in Camargo. Exhibit III shows the proposed tank location.

IV. FINANCIAL ANALYSIS

A. Project Cost

Appendix "A" presents construction cost estimates for the proposed project. Appendix "B" contains a summary of these costs plus other estimated costs which will be incurred plus the project funding sources. A total project cost of \$605,000 is estimated.

B. Rate Analysis

Appendix "C" presents estimated income and expenses for the water

**MONTGOMERY COUNTY WATER
BOND SERIES 1983**

\$431,000.00

5.00%

YEAR	PRINCIPAL	INTEREST JANUARY	INTEREST JULY	TOTAL	BALANCE \$431,000.00
1985	\$4,000.00	\$10,775.00	\$10,675.00	\$25,450.00	\$427,000.00
1986	\$4,000.00	\$10,675.00	\$10,575.00	\$25,250.00	\$423,000.00
1987	\$4,000.00	\$10,575.00	\$10,475.00	\$25,050.00	\$419,000.00
1988	\$5,000.00	\$10,475.00	\$10,350.00	\$25,825.00	\$414,000.00
1989	\$5,000.00	\$10,350.00	\$10,225.00	\$25,575.00	\$409,000.00
1990	\$5,000.00	\$10,225.00	\$10,100.00	\$25,325.00	\$404,000.00
1991	\$5,000.00	\$10,100.00	\$9,975.00	\$25,075.00	\$399,000.00
1992	\$6,000.00	\$9,975.00	\$9,825.00	\$25,800.00	\$393,000.00
1993	\$6,000.00	\$9,825.00	\$9,675.00	\$25,500.00	\$387,000.00
1994	\$6,000.00	\$9,675.00	\$9,525.00	\$25,200.00	\$381,000.00
1995	\$7,000.00	\$9,525.00	\$9,350.00	\$25,875.00	\$374,000.00
1996	\$7,000.00	\$9,350.00	\$9,175.00	\$25,525.00	\$367,000.00
1997	\$7,000.00	\$9,175.00	\$9,000.00	\$25,175.00	\$360,000.00
1998	\$8,000.00	\$9,000.00	\$8,800.00	\$25,800.00	\$352,000.00
1999	\$8,000.00	\$8,800.00	\$8,600.00	\$25,400.00	\$344,000.00
2000	\$8,000.00	\$8,600.00	\$8,400.00	\$25,000.00	\$336,000.00
2001	\$9,000.00	\$8,400.00	\$8,175.00	\$25,575.00	\$327,000.00
2002	\$9,000.00	\$8,175.00	\$7,950.00	\$25,125.00	\$318,000.00
2003	\$10,000.00	\$7,950.00	\$7,700.00	\$25,650.00	\$308,000.00
2004	\$10,000.00	\$7,700.00	\$7,450.00	\$25,150.00	\$298,000.00
2005	\$11,000.00	\$7,450.00	\$7,175.00	\$25,625.00	\$287,000.00
2006	\$11,000.00	\$7,175.00	\$6,900.00	\$25,075.00	\$276,000.00
2007	\$12,000.00	\$6,900.00	\$6,600.00	\$25,500.00	\$264,000.00
2008	\$12,000.00	\$6,600.00	\$6,300.00	\$24,900.00	\$252,000.00
2009	\$13,000.00	\$6,300.00	\$5,975.00	\$25,275.00	\$239,000.00
2010	\$14,000.00	\$5,975.00	\$5,625.00	\$25,600.00	\$225,000.00
2011	\$14,000.00	\$5,625.00	\$5,275.00	\$24,900.00	\$211,000.00
2012	\$15,000.00	\$5,275.00	\$4,900.00	\$25,175.00	\$196,000.00
2013	\$16,000.00	\$4,900.00	\$4,500.00	\$25,400.00	\$180,000.00
2014	\$17,000.00	\$4,500.00	\$4,075.00	\$25,575.00	\$163,000.00
2015	\$17,000.00	\$4,075.00	\$3,650.00	\$24,725.00	\$146,000.00
2016	\$18,000.00	\$3,650.00	\$3,200.00	\$24,850.00	\$128,000.00
2017	\$19,000.00	\$3,200.00	\$2,725.00	\$24,925.00	\$109,000.00
2018	\$20,000.00	\$2,725.00	\$2,225.00	\$24,950.00	\$89,000.00
2019	\$21,000.00	\$2,225.00	\$1,700.00	\$24,925.00	\$68,000.00
2020	\$22,000.00	\$1,700.00	\$1,150.00	\$24,850.00	\$46,000.00
2021	\$23,000.00	\$1,150.00	\$575.00	\$24,725.00	\$23,000.00
2022	\$23,000.00	\$575.00	\$0.00	\$23,575.00	\$0.00
	\$431,000.00	\$269,325.00	\$258,550.00	\$958,875.00	

FORM RD 1951-9
(06/07)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
ANNUAL STATEMENT OF LOAN ACCOUNT

SAVE THIS INFORMATION
FOR INCOME TAX PURPOSES

PAGE 001
DATE 123107

DESCRIPTION	ADVANCES	INTEREST	PRINCIPAL	TOTAL	T	INTEREST RATE	EFFECTIVE DATE
BEGIN LOAN BALNCE		52.39	264,000.00	264,052.39			010107
PAYMENT		6,600.00	0.00	6,600.00	R	05.0000	061307
PAYMENT		6,600.00	12,000.00	18,600.00	R	05.0000	120707
TOTAL LOAN PMTS		13,200.00	12,000.00	25,200.00			
TOTAL PAID ON ALL LOANS THIS YEAR		13,200.00	12,000.00	25,200.00			
LOAN ACTIVITY	0.00	13,200.00	12,000.00	25,200.00			
LOAN BALANCE	UNPD INTEREST	54.04 **	UNPD PRIN	252,000.00 **			
NXT AMT DUE	18,600.00		DATE DUE	010108			
PAYMENT STATUS	ON SCHEDULE						
TAKES PAID							
ALL LOAN ACTIVITY	0.00	13,200.00	12,000.00	25,200.00			
BORR BAL.	UNPD INTEREST	54.04	UNPD PRIN	252,000.00			
**These unpaid balances may not reflect the total amount due to the Agency at payoff.							
RECIPIENT'S/LENDER'S name, address, and telephone number USDA, RURAL DEVELOPMENT PHONE#(314)457-4310 P.O. BOX 200011 FC-351 ST. LOUIS, MO 63120-0011				OMB NO.1545-0901 2007 Form 1098		<input type="checkbox"/> CORRECTED (if checked) Mortgage Interest Statement	
RECIPIENT'S federal identification no.	PAYER'S social security number		1 Mortgage interest received from payer(s)/borrower(s) \$ 0.00				
431757115	*****9107		2 Points paid on purchase of principal residence (See Box 2 instructions.) \$				
PAYER'S/BORROWER'S name, street address, city, state, and ZIP code			3 Refund of overpaid interest (See Box 3 instructions.) \$				
20-704 MONTGOMERY COUNTY WATER DISTRICT #1 4406 CAMARGO ROAD MT STERLING KY 40353			4 Mortgage insurance premiums \$				
Account number (see instructions) 20087*****910791 01			5 IRS FORM 1098 DOES NOT APPLY TO YOUR LOAN TYPE. PLEASE SEE IRS INSTRUCTIONS.				



220 West First Street
Morehead, KY 40351
Phone: (606) 784-6447 Ext. 115
Fax: (606) 784-2076

FAX

To: Sandra

From: Pam Farmer, Area Specialist

Fax: 859-498-0872

Date: 12/7/2009

Phone: _____

Pages: _____

Re: _____

pc: _____



Urgent For Review Please Comment Please Reply



Comments:

Jimmy will drop off the remaining items.

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF MONTGOMERY

MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE
WATERWORKS SYSTEM REVENUE BOND, SERIES OF 1983

KNOW ALL MEN BY THESE PRESENTS:

That **MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE** (the "District"), acting by and through its Commission, a public body corporate created pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Montgomery County, Kentucky, for value received, hereby promises to pay to the registrant hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of

FOUR HUNDRED THIRTY-ONE THOUSAND DOLLARS (\$431,000)

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

Year	Principal	Year	Principal	Year	Principal
1985	\$4,000	1998	\$ 8,000	2011	\$14,000
1986	4,000	1999	8,000	2012	15,000
1987	4,000	2000	8,000	2013	16,000
1988	5,000	2001	9,000	2014	17,000
1989	5,000	2002	9,000	2015	17,000
1990	5,000	2003	10,000	2016	18,000
1991	5,000	2004	10,000	2017	19,000
1992	6,000	2005	11,000	2018	20,000
1993	6,000	2006	11,000	2019	21,000
1994	6,000	2007	12,000	2020	22,000
1995	7,000	2008	12,000	2021	23,000
1996	7,000	2009	13,000	2022	23,000
1997	7,000	2010	14,000		

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of

five percent (5%)

per annum, semiannually on the first days of January and July in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable to the registered holder hereof at the address shown on the registration books of the District or, so long as the United States of America, Farmers Home Administration, is the registered holder of this Bond, at the office or address as may be designated by said Farmers Home Administration from time to time.

This Bond is the Bond in fully registered form representing a total authorized issue of Bonds in the principal amount of \$431,000 issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including among others Chapter 74 and Sections 96.350 to 96.510, inclusive, of the Kentucky Revised Statutes, and pursuant to a duly adopted resolution of the District, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the construction and installation of major extensions and additions to the District's municipal waterworks system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the issue which it represents, together with such additional bonds ranking on a parity therewith as may hereafter be issued and outstanding from time to time in accordance with the conditions and restrictions set forth in the resolution authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, subject, however, to the priorities hereinafter recited, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the issue of which it forms a part, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Waterworks Revenue Bonds, Series of 1983 Bond and Interest Sinking Fund"; provided, however, the District has outstanding certain of its "Waterworks System Revenue Bonds, Series of 1960," dated June 1, 1960, which are secured by a pledge of and lien on the income and revenues of the System which are prior and superior to the security rights created for this Bond and the issue of which it is a part; and so long as any of said bonds dated June 1, 1960, are outstanding and unpaid, the District will comply in all respects with the requirements of the resolution authorizing said bonds dated June 1, 1960, and it is acknowledged that this Bond and the issue of which it is a part are subject to the prior pledges, liens and rights securing

said previously issued and outstanding bonds so long as any of the outstanding and unpaid.

A statutory mortgage lien upon the System and appurtenances thereto, an interest therein, together with all future additions and improvements thereto, and the same shall be a lien upon the System and appurtenant facilities, together with all future additions and improvements thereon, and the revenues derived therefrom, until payment in full of the principal of and interest on said statutory mortgage lien being senior and subordinate, however created and existing as security for the District's Waterworks System Revenue Bonds, Series of 1960, dated June 1, 1960.

This Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky, and the District is not and shall not be obligated to pay this Bond or the interest thereon from said special fund. The District, acting by and through its Commission, covenants that it will fix, and if necessary adjust from time to time, and charges for use of the services and facilities of the System and account for the income and revenues therefrom sufficient, after the requirements of the resolution authorizing said previously issued bonds dated June 1, 1960, to pay promptly the interest on this issue of Bonds, and all other bonds ranking on a parity therewith, to be issued and outstanding from time to time in accordance with the terms and restrictions prescribed in that connection, as well as to pay operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable by endorsement upon the Secretary of the District, as the Bond Registrar, with a written acknowledgment by the registered holder or his duly authorized agent, and transfer shall be noted upon this Bond and upon the books of the District for that purpose.

The District, at its option, shall have the right to prepay, on or after January 1, 1995, the inverse chronology of the installments due on this Bond, the entire principal amount of the remaining unpaid, or such lesser portion thereof in multiples of One Thousand Dollars (\$1,000) as the District may determine, at a price in an amount to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be registered mail to the registered holder of this Bond at least thirty days prior to the date fixed for prepayment. Provided, however, that so long as any of the United States of America, Farmers Home Administration, is the registered holder of this Bond, this Bond may be prepaid at any time in whole or in part, without notice or prepayment premium.

Upon default in the payment of any principal or interest payable on this Bond or upon failure by the District to comply with any other provision of this resolution authorizing the issuance of this Bond, the registered holder may, at his option, institute proceedings at law or in equity to enforce the same, and to recover all rights and remedies provided by law or by said resolution.

This Bond is exempt from ad valorem taxation in the Commonwealth of Kentucky.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all the conditions and things required to exist, happen and be performed precedent to the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the face value of this Bond, being the total authorized amount of Bonds of the issue of which it is a part, together with all other obligations of the District, does not exceed the limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the Montgomery County Water District Number One, by its Commission, has caused this resolution to be executed by the Chairman of its Commission, attested by the Secretary of the District, and the corporate seal to be hereunto affixed, on the date of this Bond, which date is

MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE

ATTEST:

By

[Signature]

[Signature]

- BOND-AUTHORIZING RESOLUTION -

A RESOLUTION OF THE COMMISSION OF MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE, MONTGOMERY COUNTY, KENTUCKY, PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S EXISTING MUNICIPAL WATERWORKS SYSTEM; AUTHORIZING THE ISSUANCE OF SAID DISTRICT'S \$431,000 "WATERWORKS SYSTEM REVENUE BONDS, SERIES OF 1983," TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID), SUCH BONDS TO BE ISSUED IN ACKNOWLEDGMENT OF THE SECURITY RIGHTS OF THE HOLDERS OF CERTAIN PREVIOUSLY ISSUED AND OUTSTANDING BONDS; MAKING AND CONFIRMING PROVISIONS FOR THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF SAID SYSTEM, AND FOR THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS HERETOFORE AND HEREIN CREATED, IN ORDER TO PROVIDE FOR THE ORDERLY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS HEREIN AUTHORIZED; SETTING FORTH CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

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A RESOLUTION OF THE COMMISSION OF MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE, MONTGOMERY COUNTY, KENTUCKY, PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S EXISTING MUNICIPAL WATERWORKS SYSTEM; AUTHORIZING THE ISSUANCE OF SAID DISTRICT'S \$431,000 "WATERWORKS SYSTEM REVENUE BONDS, SERIES OF 1983," TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID), SUCH BONDS TO BE ISSUED IN ACKNOWLEDGMENT OF THE SECURITY RIGHTS OF THE HOLDERS OF CERTAIN PREVIOUSLY ISSUED AND OUTSTANDING BONDS; MAKING AND CONFIRMING PROVISIONS FOR THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF SAID SYSTEM, AND FOR THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS HERETOFORE AND HEREIN CREATED, IN ORDER TO PROVIDE FOR THE ORDERLY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS HEREIN AUTHORIZED; SETTING FORTH CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

WHEREAS, upon petition and hearing, and upon proper public notice according to the provisions of Chapter 74 of the Kentucky Revised Statutes ("KRS"), an Order and Judgment was duly entered by the County Court of Montgomery County, Kentucky, on August 10, 1954, determining necessity for and creating and establishing the Montgomery County Water District Number One (the "District"), defining the geographical area thereof, and appointing Water Commissioners, the same thereupon constituting and being a public body corporate with all powers and authority as provided in KRS Chapter 74; and the District is at this time a de jure Water District situated wholly in Montgomery County, Kentucky; and

WHEREAS, by Resolution of the Commission of the District adopted on November 2, 1960 (the "1960 Resolution"), the District authorized and thereafter issued its "Waterworks System Revenue Bonds, Series of 1960" (the "1960 Bonds") for the purpose of providing funds for the initial construction and installation of a water distribution system (the "System") to serve the area of the District; and

WHEREAS, it is provided in and by Section 10 of the 1960 Resolution that the District may issue additional bonds or other obligations in order to pay the costs of additions, improvements and extensions to the System provided that such additional bonds or other obligations are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the 1960 Bonds; and

WHEREAS, in proceedings before the Public Service Commission of Kentucky, the District has obtained the right and authority to construct and operate major extensions and additions to the System, and plans and specifications have heretofore been prepared by Kenroy Engineers, Inc., Lexington, Kentucky, and approved by the District's Commission and all State and supervisory authorities having jurisdiction thereof; and it is the opinion of the Commission of the District that it is feasible to undertake the construction and installation of such new facilities at this time; and

WHEREAS, it has been determined upon the basis of public bids for construction duly solicited in the manner required by law, and upon the basis of other costs and estimates, that the aggregate of all costs and expenses in connection with the aforesaid project will be \$605,000, and to provide such funds the District has received from FmHA an offer to make a FmHA loan to the District in the amount of \$431,000, which will be supplemented by a grant from the Appalachian Regional Commission ("ARC") in the amount of \$169,000 and by available funds of the District in the amount of \$5,000; and

WHEREAS, it is now appropriate for the District to provide for borrowing said sum of \$431,000 through issuance and sale of its "Waterworks System Revenue Bonds, Series of 1983" (the "1983 Bonds") according to authority of Kentucky Revised Statutes ("KRS") Chapter 74 and KRS Sections 96.350 to 96.510, inclusive, and the provisions of the 1960 Resolution permitting the issuance of subordinate bonds or other obligations; and the 1983 Bonds shall be payable as to both principal and interest solely (except as to capitalized interest) from the income and revenues to be derived from the operation of the System, as extended from time to time, and shall not constitute an indebtedness of the District within the meaning of debt-limiting provisions of the Constitution of Kentucky, provided that, as aforesaid, the 1983 Bonds shall be subject to the prior and superior pledges, liens and rights of the outstanding 1960 Bonds;

NOW, THEREFORE, THE COMMISSION OF MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE, MONTGOMERY COUNTY, KENTUCKY, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1

AFFIRMATION OF PREAMBLE RECITALS;
AUTHORIZATION OF THE PROJECT;
DECLARATION OF NECESSITY

All statements and recitals set forth in the preamble of this Resolution, including the terms defined therein, are hereby affirmed and adopted as a part of this Resolution.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the District that the District undertake at this time the construction and installation of major additions and extensions to the District's municipal waterworks system (the "Project"), all substantially according to the plans, specifications and designs prepared for the District by Kenroy Engineers, Inc., Lexington, Kentucky (the "Engineers"). Immediate undertaking of such construction and installation is hereby authorized.

SECTION 2

PROJECT TO BE MUNICIPALLY
OWNED AND OPERATED

The construction and installation of the Project is undertaken by the District for public purposes and same shall constitute and be a part of the District's municipal waterworks system (the "System," as expanded and improved by the Project), and so long as any of the 1983 Bonds hereinafter authorized, or bonds issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the District for the security and source of payment of the 1983 Bonds hereinafter authorized to be issued, and all other parity bonds outstanding any any such parity bonds which may be hereafter issued, subject, however, to the provisions of Section 3 hereinafter. The Project is to be constructed, installed and acquired and the System is to be operated pursuant to the provisions of KRS Sections 74.370 and 96.350 to 96.510, inclusive, now in full force and effect.

SECTION 3

ACKNOWLEDGMENT OF OUTSTANDING BONDS
AND PRIOR SECURITIES THEREOF;
1983 BONDS AUTHORIZED; CERTAIN TERMS AND DETAILS

The District acknowledges that it has previously issued or incurred, and that there are outstanding at this time, the 1960

Bonds, as identified and described in the preamble hereof, and further that the 1983 Bonds herein authorized to be issued shall be subordinate and inferior as to security and source of payment to the outstanding 1960 Bonds so long as same are outstanding and unpaid. It is acknowledged and affirmed by the District that said outstanding 1960 Bonds possess prior and superior liens and rights with respect to the System and its income and revenues, and nothing in this Resolution shall be construed as impairing, amending or in any way diminishing said security rights, liens and interests. In this connection, the provisions of the 1960 Resolution are hereby reaffirmed. The District hereby agrees and covenants that so long as the 1983 Bonds herein authorized are outstanding, it will not issue any bonds ranking on a parity with said outstanding 1960 Bonds.

For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the 1983 Bonds hereinafter authorized, there are hereby authorized to be issued the District's "Waterworks System Revenue Bonds, Series of 1983" (the "1983 Bonds"), in the principal amount of Four Hundred Thirty One Thousand Dollars (\$431,000), with reservation of right on the part of the District to issue additional bonds in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter prescribed and set forth. The 1983 Bonds hereby authorized shall be offered at public sale as provided in Section 4 hereof and shall be issuable in the form of a single fully registered bond as provided in Section 5 hereof.

The 1983 Bonds shall be dated as of the date of delivery to the original purchaser thereof; shall mature as to principal in installments on January 1 in each of the years 1985 to 2022, inclusive, as set forth in the schedule appearing below; and shall bear interest from their date until payment of principal, such interest to the respective principal maturity dates to be payable semiannually on January 1 and July 1 of each year, and such interest to be at such rate as may be established by a supplemental Resolution upon the basis of competitive sale of the 1983 Bonds as hereinafter provided. The installments of principal of 1983 Bonds in fully registered form as aforesaid shall be as set forth in the following schedule:

PRINCIPAL AMOUNT

DATE OF MATURITY

\$ 4,000	January 1, 1985
4,000	January 1, 1986
4,000	January 1, 1987
5,000	January 1, 1988
5,000	January 1, 1989
5,000	January 1, 1990
5,000	January 1, 1991
6,000	January 1, 1992
6,000	January 1, 1993
6,000	January 1, 1994
7,000	January 1, 1995
7,000	January 1, 1996
7,000	January 1, 1997
8,000	January 1, 1998
8,000	January 1, 1999
8,000	January 1, 2000
9,000	January 1, 2001
9,000	January 1, 2002
10,000	January 1, 2003
10,000	January 1, 2004
11,000	January 1, 2005
11,000	January 1, 2006
12,000	January 1, 2007
12,000	January 1, 2008
13,000	January 1, 2009
14,000	January 1, 2010
14,000	January 1, 2011
15,000	January 1, 2012
16,000	January 1, 2013
17,000	January 1, 2014
17,000	January 1, 2015
18,000	January 1, 2016
19,000	January 1, 2017
20,000	January 1, 2018
21,000	January 1, 2019
22,000	January 1, 2020
23,000	January 1, 2021
23,000	January 1, 2022

provided, however, that installments of principal of 1983 Bonds maturing on and after January 1, 1994, shall be subject to prepayment at the option of the District prior to maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after January 1, 1993, upon terms of par plus accrued interest without any prepayment premium, upon thirty (30)

days' prior written notice mailed to the registered holder or holders of the 1983 Bonds; provided, that so long as FmHA is the owner of any of the 1983 Bonds, same may be prepaid in whole or in part at any time at par plus accrued interest, and without notice of prepayment or prepayment premium. The 1983 Bonds may be prepaid only in increments of \$1,000.

Both principal of and interest on the 1983 Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the District or, so long as FmHA is the registered holder, at the office or address as may be designated by FmHA from time to time.

If any District officer whose signature appears on any 1983 Bond shall cease to be such officer prior to delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such 1983 Bond. The 1983 Bonds, together with the interest thereon, and any bonds which may hereafter be issued on a basis of parity therewith subject to the conditions and restrictions hereinafter set forth, shall be payable only out of the "Waterworks Revenue Bonds, Series of 1983 Bond and Interest Sinking Fund," 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 revenues of the System which the District has pledged to said Fund, subject to the terms hereof.

SECTION 4

PROVISIONS RELATING TO SALE OF BOND ISSUE

The 1983 Bonds authorized by this Resolution shall be publicly offered for sale according to a "Notice of Sale of Bonds" conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven (7) days nor more than twenty-one (21) days prior to the date therein specified (by and at the discretion of the Chairman of the Commission of the District) for the opening and consideration of purchase bids, in each of the following: (a) the Mt. Sterling Advocate, a legal newspaper published in Mount Sterling, Montgomery County, Kentucky, which is qualified under KRS 424.120 to publish advertisements for said District; (b) The Courier-Journal, Louisville, Kentucky, a legal newspaper having statewide circulation; and (c) The Daily Bond Buyer, New York, New York, a financial newspaper or journal of general circulation among bond buyers.

Said Notice shall state the name and amount of 1983 Bonds to be sold, the time of the sale and other details concerning the 1983 Bonds and the sale and shall inform prospective bidders that a copy of the "Official Notice of Bond Sale," setting out the maturities, security of the 1983 Bonds, provisions as to redemption prior to maturity, and related information, may be obtained from the District. Such Official Notice shall contain, inter alia, substantially the following bidding requirements:

(A) Bidders are required to bid a cash price of not less than par value for the 1983 Bonds.

(B) Interest rate must be in a multiple of 1/8 or 1/10 of one percent.

(C) Bids will be considered only for the entire 1983 Bond issue.

(D) Bidders (except FmHA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2% of the face amount of the 1983 Bonds, which good faith deposit may be applied as partial payment for the 1983 Bonds, or as liquidated damage in the event that such bidder, if successful, fails to comply with the terms of his bid.

(E) Preference in award will be given to the bid resulting in the lowest net interest cost to the District.

(F) The lowest net interest cost will be determined by deducting the total amount of any premium bid from the aggregate amount of interest upon the 1983 Bonds bid for, computed from the first day of the month following the date of sale of the 1983 Bonds (even though the 1983 Bonds will bear interest only from the date of delivery) to the final maturity specified in each respective bid.

(G) The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the 1983 Bonds at the office of the District within 45 days after notice is given of the award. If the 1983 Bonds are not ready for delivery and payment within forty-five days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the 1983 Bonds, except that 1983 Bonds purchased by any agency of the Federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(H) The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(I) The District will furnish the 1983 Bonds, together with evidence of approval of the 1983 Bond issue by the Public Service Commission of Kentucky pursuant to the requirements of KRS Chapter 278 and customary closing documents, including no-litigation certificate.

(J) The 1983 Bonds will be tendered within said 45-day period and the successful bidder will receive the approving legal opinion of Harper, Ferguson & Davis, Bond Counsel, Louisville, Kentucky, as to the legality of and tax-exempt status of interest on the 1983 Bonds, without additional cost to the successful bidder.

In the event that there is no bid, or that all bids are rejected, the District may re-advertise the sale pursuant to this Resolution.

Bond Counsel having submitted to the Commission of the District forms of the "Notice of Sale of Bonds" and the "Official Notice of Bond Sale," together with an "Official Bid Form" for use by all bidders except FmHA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the 1983 Bonds.

SECTION 5

1983 BONDS TO BE ISSUED IN FULLY REGISTERED FORM; FULLY REGISTERED BOND FORM

Upon the sale of the 1983 Bonds, the District shall issue a single 1983 Bond, numbered R-1 (hereinafter referred to as the "Fully Registered Bond"). The Fully Registered Bond shall be in the aggregate principal amount of the 1983 Bonds it represents, maturing as to principal in installments as set out in Section 3 hereof. The Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. The Fully Registered Bond shall, upon execution on behalf of the District (which execution shall be by manual signatures of the Chairman and Secretary of the Commission, and actual impression of the corporate seal), constitute a part of the 1983 Bond issue herein authorized and referred to, shall be non-negotiable, without interest coupons, registered as to principal and interest, payable as directed by the payee, and be in substantially the form hereinafter set forth.

The Fully Registered Bond shall be in substantially the following form (with appropriate insertions):

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF MONTGOMERY
MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE
WATERWORKS SYSTEM REVENUE BOND, SERIES OF 1983

No. R-1

\$431,000

KNOW ALL MEN BY THESE PRESENTS:

That Montgomery County Water District Number One (the "District"), acting by and through its Commission, a public body corporate created and existing pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Montgomery County, Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of FOUR HUNDRED THIRTY ONE THOUSAND DOLLARS (\$431,000) on the first day of January in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
-------------	------------------	-------------	------------------	-------------	------------------

(Here the printer will print the principal installments of the 1983 Bonds.)

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of _____ (___%) per annum, semiannually on the first days of January and July in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable to the registered holder hereof at the address shown on the registration books of the District or, so long as the United States of America, Farmers Home Administration, is the registered holder of this Bond, at the office or address as may be designated by said Farmers Home Administration from time to time.

This Bond is the Bond in fully registered form representing a total authorized issue of Bonds in the principal amount of \$431,000 issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including among others Chapter 74 and Sections 96.350 to 96.510, inclusive, of the Kentucky Revised Statutes, and pursuant to a duly adopted resolution of the

District, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the construction and installation of major extensions and additions to the District's municipal waterworks system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the issue which it represents, together with such additional bonds ranking on a parity therewith as may hereafter be issued and outstanding from time to time in accordance with the conditions and restrictions set forth in the resolution authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, subject, however, to the priorities hereinafter recited, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the issue of which it forms a part, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Waterworks Revenue Bonds, Series of 1983 Bond and Interest Sinking Fund"; provided, however, the District has outstanding certain of its "Waterworks System Revenue Bonds, Series of 1960," dated June 1, 1960, which are secured by a pledge of and lien on the income and revenues of the System which are prior and superior to the security rights created for this Bond and the issue of which it is a part; and so long as any of said bonds dated June 1, 1960 are outstanding and unpaid, the District will comply in all respects with the requirements of the resolution authorizing said bonds dated June 1, 1960, and it is acknowledged that this Bond and the issue of which it is a part are subject to the prior pledges, liens and rights securing said previously issued and outstanding bonds so long as any of the same remain outstanding and unpaid.

A statutory mortgage lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, and extensions thereof, is created by Section 96.400 of the Kentucky Revised Statutes for the benefit and protection of the holder of this Bond, and the same shall continue as a lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, extensions thereof and the revenues derived from the operation thereof until payment in full of the principal of and interest on this Bond, said statutory mortgage lien being subject and subordinate, however, to the similar lien created and existing as security for the District's outstanding "Waterworks System Revenue Bonds, Series of 1960," dated June 1, 1960.

This Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky, and the District is not and shall not be obligated to pay this Bond or the interest hereon except from said special fund. The District, acting by and through its Commission, covenants that

it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient, after providing for the requirements of the resolution authorizing said previously issued and outstanding bonds dated June 1, 1960 to pay promptly the interest on and principal of this issue of Bonds, and all other bonds ranking on a parity therewith as may be issued and outstanding from time to time in accordance with the conditions and restrictions prescribed in that connection, as well as to pay the costs of operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Secretary of the District, as the Bond Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 1993, in the inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof in multiples of One Thousand Dollars (\$1,000) as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered holder of this Bond at least thirty (30) days prior to the date fixed for prepayment. Provided, however, that so long as the United States of America, Farmers Home Administration, is the registered holder of this Bond, this Bond may be prepaid at any time in whole or in part, at par or face value and without notice or prepayment premium.

Upon default in the payment of any principal or interest payment on this Bond or upon failure by the District to comply with any other provisions of this Bond or with the provisions of the resolution authorizing the issuance of this Bond, the registered holder may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said resolution.

This Bond is exempt from ad valorem taxation in the Commonwealth of Kentucky.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, being the total authorized amount of Bonds of the issue of which this Bond is

a part, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the Montgomery County Water District Number One, in the Commonwealth of Kentucky, by its Commission, has caused this Bond to be executed by the Chairman of its Commission, attested by the Secretary, and its corporate seal to be hereunto affixed, on the date of this Bond, which is _____.

MONTGOMERY COUNTY WATER
DISTRICT NUMBER ONE

By _____
Chairman of the Commission

ATTEST:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

(FORM OF REGISTRATION)

Date of	:	:	Signature of the
Registration	:	:	Water District's
	:	:	Bond Registrar
	:	:	
	:	:	
	:	:	
	:	:	
	:	:	
	:	:	
	:	:	
	:	:	
	:	:	
	:	:	

*(To be inserted if FmHA purchases the 1983 Bonds)

SECTION 6

DISPOSITION OF 1983 BOND PROCEEDS; CONSTRUCTION FUND

The Treasurer of the District shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in The Mt. Sterling National Bank, Mount Sterling, Kentucky, or in such other bank or banks in Kentucky as the Commission of the District may from time to time designate (hereinafter sometimes referred to, singularly and collectively, as the "Depository Bank"). All such moneys of the District deposited in the Depository Bank in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The Treasurer shall execute a fidelity bond in an amount and with a surety company approved by FmHA so long as it is the holder of any of the 1983 Bonds; and FmHA and the District shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of FmHA. The proceeds of the 1983 Bonds shall be applied as follows:

Upon the issuance and delivery of the 1983 Bonds authorized by this Resolution, the entire proceeds thereof shall be deposited in an account designated "Montgomery County Water District Number One Series of 1983 Construction Fund" (the "Construction Fund") created by separate interim financing Resolution of the Commission of the District adopted concurrently herewith. Said 1983 Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to constructing, installing and acquiring the Project, including expenses incurred in the issuance of the 1983 Bonds and paying interim financing obligations (both principal and interest) incurred in connection with the Project as authorized by said separate interim financing Resolution of the Commission of the District; provided, however, any 1983 Bond proceeds so used to pay such interim financing obligations may be disbursed directly to the appropriate lending institution(s) without the requirement of being deposited to the Construction Fund. There shall also be deposited in the Construction Fund, as received, the proceeds of all grants in aid of construction of the Project and the sum of \$5,000 (as specified in the conditions of the FmHA loan to the District) constituting available funds of the District collected from new customers to be served by the Project as subscription or connection fees, unless said sums, or any portions thereof, have already been expended for authorized Project purposes.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the 1983 Bonds (following delivery thereof) during construction and development of the Project shall be

earmarked, used and applied to the payment of interest on the 1983 Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the District Treasurer, and such disbursements shall be authorized and approved in writing by the District Chairman and Secretary and, if FmHA is the purchaser of the Bonds, by FmHA. Reference is made in this connection to the provisions of the separate interim financing Resolution adopted concurrently herewith.

Pending disbursement, the 1983 Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the District in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in Kentucky and approved by the Commission of the District, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the Project for the next 60 days, the District shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than six months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the District, unless otherwise authorized by FmHA.

In the event any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid FmHA loan, and to FmHA approval, shall be transferred and deposited in the Sinking Fund and shall be used at the earliest practicable date for the retirement of 1983 Bonds by purchase thereof (or principal prepayment) in inverse numerical and maturity order.

In the event that the amount hereinabove provided to be set aside from 1983 Bond proceeds for payment for interest during the construction and development of the Project should prove to be insufficient for such purpose, additional moneys may, upon approval by FmHA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the Project, to the extent authorized by FmHA.

Pending disbursements for the authorized purposes, the proceeds of all 1983 Bonds at any time issued pursuant to this Resolution shall be subject to a first and paramount lien and charge in favor of the holders of 1983 Bonds issued and outstanding hereunder and for their further security.

SECTION 7

OPERATION OF SYSTEM; FLOW OF FUNDS; ACCUMULATION OF REVENUES

All proceedings preliminary to and in connection with the issuance of the 1960 Bonds, particularly the 1960 Resolution, whereby provision was made for the operation of the System on a revenue-producing basis, for the segregation, allocation and custody of revenues derived from the operation of the System, and for the enforcement and payment of the 1960 Bonds, are hereby ratified and confirmed and shall continue in full force and effect, the same as if such provisions and proceedings were herein set out in full, and nothing herein shall be construed as altering, revising or amending said contractual relationships; and so long as the 1960 Bonds remain outstanding and unpaid, the District shall maintain all funds required to be maintained and created by the terms of the 1960 Resolution.

Consistent with the foregoing, it is hereby resolved and provided that from and after issuance and delivery of the 1983 Bonds herein authorized, and so long as any of the 1983 Bonds or parity bonds remain outstanding and unpaid, the System shall continue to be operated on a fiscal year basis, and on that basis the cash income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

(A) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created by the 1960 Resolution identified as the "Montgomery County Water District Number One Revenue Fund" (the "Revenue Fund"), which shall be maintained in the Depository Bank; and the District covenants and agrees that it will deposit therein, promptly as received from time to time, all cash income and revenues of the System. The moneys in the Revenue Fund from time to time shall be allocated to the respective accounts therein and shall be used and disbursed and applied by the District only for the purposes, and in the manner and order of priorities, specified in the 1960 Resolution. After making from the Revenue Fund the separate account allocations and all disbursements and payments required to be made in fulfillment of the contractual commitments made in connection with the 1960 Bonds (as provided in the 1960 Resolution), the moneys in the Revenue Fund from time to time shall be used and disbursed and applied by the District, as permitted by applicable statutes, as follows:

(B) A separate and special fund or account of the District is hereby created to be deposited and maintained in the Depository Bank, distinct and apart from all other funds and accounts, and the same is designated and identified as the "Waterworks System Revenue Bonds, Series of 1983 Bond and Interest Sinking Fund" (the "Sinking Fund"), which shall be maintained so long as any of the 1983 Bonds herein authorized or parity bonds herein permitted to be issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the 1983 Bonds and any parity bonds as may have been issued and outstanding from time to time pursuant to the provisions of this Resolution.

Following delivery of and payment for the 1983 Bonds herein authorized, there shall be transferred on or before the 20th day of each month from the Revenue Fund (having due regard to the priorities in connection with the outstanding 1960 Bonds) to the Sinking Fund not less than the following amounts:

- (i) beginning with and including the month in which interest shall last be payable from 1983 Bond proceeds, a sum equal to one-sixth (1/6) of the next succeeding interest installment to become due on all 1983 Bonds then outstanding; and
- (ii) beginning on January 15, 1984, a sum equal to one-twelfth (1/12) of the principal of all 1983 Bonds maturing on the next succeeding January 1.

In the event additional parity bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

Moneys from time to time in the Sinking Fund may be held in cash, in which event the same shall be secured (to the extent not insured by FDIC) by a valid pledge of bonds, notes, or certificates of indebtedness of the United States Government having at all times an equal market value; or the same may, upon order of the Commission, be invested and reinvested in interest-bearing obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, maturing no later than five (5) years from the date the investment is made, or the final maturity date of 1983 Bonds or parity bonds issued pursuant to this Resolution, whichever date is the earlier. Income from any such investments shall be accumulated in the Sinking Fund, and may be invested in the same manner.

* * * * *

The District has previously, by the 1960 Resolution, created special funds for purposes of the 1960 Bonds and the System, identified as the "Waterworks Bond and Interest Sinking Fund" (including the Debt Service Reserve therein), the "Waterworks System Depreciation Fund" and the "Operation and Maintenance Fund." All provisions relating to said identified special funds are hereby ratified, readopted and affirmed; said Funds shall continue to be maintained according to the resolutions establishing same; and so long as the 1983 Bonds herein authorized are outstanding, the Revenue Fund and the aforesaid Depreciation Fund and Operation and Maintenance Fund created by the 1960 Resolution shall continue in effect, with the District making such monthly transfers to said Depreciation and Operation and Maintenance Funds from the Revenue Fund as are required by the terms of the 1960 Resolution, and the minimum sum to be accumulated in the Depreciation Fund with respect to the 1983 Bonds shall be \$26,000, with monthly payments into said Depreciation Fund from the Revenue Fund with respect to the 1983 Bonds to be at least \$220.

SECTION 8

COVENANTS TO BONDHOLDERS

In addition to and not in derogation of the covenants contained in the 1960 Resolution in favor of the holders of the 1960 Bonds, the District hereby irrevocably covenants and agrees with the holder or holders of any and all 1983 Bonds and parity bonds at any time issued and outstanding pursuant to authority of this Resolution that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(A) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, and by the terms and provisions of this Resolution.

(B) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(C) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(D) The District covenants and agrees that, so long as any of the 1983 Bonds are outstanding, it will not (subject to the pre-existing rights of the holders of the 1960 Bonds)

sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Resolution and in the 1969 Resolution, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the 1983 Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its 1983 Bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (1) redemption of outstanding 1960 Bonds and then 1983 Bonds in accordance with the provisions governing prepayment of said Bonds in advance of maturity, or (2) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided;

(iii) it certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) notwithstanding all of the foregoing, no such sale, abandonment or transfer of System facilities shall be made so long as FmHA owns any of the 1983 Bonds herein authorized, without the written consent and approval of FmHA.

(E) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of reserves as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the date of issuance of the 1983 Bonds, the District will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of

each fiscal year so long as any 1983 Bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the Secretary of the District, and furnish copies thereof to the holder of any Bond upon request. The term "Current Expenses," as herein used, includes all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation, payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into all sinking funds established for the 1960 Bonds. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution duly adopted by the Commission of the District determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the District agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the said sinking funds during such ensuing fiscal year, and to build up and maintain the reserves specified and referred to in Section 7 of this Resolution, and to pay Current Expenses, the District covenants and agrees that it will revise its rates and charges for services rendered by the System, so that the same will be adequate to meet all of such requirements.

(F) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a Consulting Engineer of national reputation that the proposed reduction will not adversely affect the ability of the District to meet all the requirements set forth in this Resolution.

(G) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the District, and will promptly and regularly make application and distribution thereof into the special funds provided in this Resolution, in the amount and with due regard for the priorities herein attributed thereto.

(H) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries of all transactions relating to the System, and the same shall be available and open to inspection by any Bondholder, and any agent or representative of a Bondholder.

(I) It will, within ninety (90) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, and reflecting in reasonable detail the financial condition and records of the System, including the status of the several funds hereinbefore created, the status of the insurance and fidelity bonding, the number and type of connections, and the current rates and charges, with comments of the auditor concerning whether the books and records are being kept in compliance with this Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the Audit Report to be filed in the Office of the Secretary where it will be available for public inspection, and will promptly mail a copy thereof to the original recipients of 1983 Bonds issued hereunder. If requested to do so, the District will furnish to any Bondholder a condensed form of the Balance Sheet, and a condensed form of the Operating Report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as FmHA holds any of the 1983 Bonds herein authorized, the District shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by FmHA.

(J) Any holder of 1983 Bonds or of any of the coupons may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by said District and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal or interest on any of the 1983 Bonds, then upon the filing of suit by any holder of said Bonds or any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the

District (but not in derogation of any of the prior rights and security interests created in connection with the 1960 Bonds), with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Resolution and the provisions of said statute laws of Kentucky aforesaid.

(L) The District will cause each municipal officer or other person (other than depository banks) having custody of any moneys administered under the provisions of this Resolution to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time; each such bond to have surety given by a surety corporation qualified to do business in Kentucky and approved by the Commission, and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(M) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in the Depreciation Fund. Such insurance shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty per centum (80%) of the full insurable value of the damaged facility.

(N) The District will procure and at all times maintain Public Liability Insurance relating to the operation of the System, with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District from claims for bodily injury and/or death; and not less than \$100,000 from claims for damage to property of others which may arise from the District's operation of the System.

(O) The District will carry suitable Workmen's Compensation Insurance in accordance with law.

(P) If the District owns or operates a vehicle in the operation of the System, the District will procure and at all times maintain Vehicular Public Liability Insurance with

limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District from claims for bodily injury and/or death, and not less than \$100,000 against claims for damage to property of others which may arise from the District's operation of vehicles. Provided, notwithstanding (M), (N), (O) and (P) above, that so long as FmHA holds any 1983 Bonds, the District will procure and maintain insurance of such types and amounts as FmHA may specify.

(Q) So long as FmHA is the holder of any bonds of the District, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by FmHA without immediately prepaying all of such bonds held by FmHA.

SECTION 9

PARITY BONDS PERMITTED; TERMS

The 1983 Bonds authorized 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 revenues herein pledged, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the 1983 Bonds authorized to be issued under the provisions of this Resolution, regardless of the fact that they may actually be issued and delivered at different times. No other bonds or other obligations shall be issued by the District and made payable from the income and revenues of the System unless the pledge of revenues for the same is expressly made subordinate and inferior to the lien and pledge herein created; provided, however, the District hereby reserves the right and privilege of issuing additional bonds, from time to time, payable from the revenues of the System, ranking on a basis of equality and parity as to security and source of payment with the 1983 Bonds herein authorized, for the following purposes and subject to the following conditions and restrictions:

(A) The District covenants and agrees that in the event the cost of constructing the Project, together with incidental expenses, shall exceed the cost upon which the dollar amount of 1983 Bonds herein authorized has been computed, it shall pay the amount of such excess out of funds available to it for such purpose. The District may provide such excess (but only such excess) through the issuance of parity bonds, provided that it has obtained (i) the consent of FmHA, and (ii) if any 1983 Bonds are owned by persons other than FmHA, the consent of the holders of two-thirds in principal amount of the outstanding 1983 Bonds so held.

(B) The District shall have the right to add new System facilities and related auxiliary facilities 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 and any other security pledged to the 1983 Bonds, provided in each instance that:

- (i) the facility or facilities to be built 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 1983 Bonds and parity bonds, if any;
- (ii) the District is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the income and revenues of the System or any part thereof; and
- (iii) the net revenues (defined as gross revenues less essential operation and maintenance expenses) of the System for the fiscal year preceding the year of issuance of additional parity bonds are certified by an independent certified public accountant to have been equal to at least one and twenty hundredths (1.20) times the average annual requirements for principal and interest on all 1983 Bonds and parity bonds, if any, then outstanding and on the additional parity bonds then to be issued. Provided, however, the foregoing conditions and limitations prescribed in this subparagraph (iii) may be waived or modified by the written consent of the holders of at least seventy-five percent (75%) in principal amount of the then outstanding 1983 Bonds and any parity bonds.

(C) The District hereby covenants and agrees that in the event additional series of parity bonds are issued, it shall:

- (i) adjust the monthly deposits into the Sinking Fund on the same basis as that prescribed in Section 7(B) hereof to reflect the annual debt service on the additional bonds;
- (ii) adjust and increase appropriately the monthly amount to be deposited into the Depreciation Fund in accord with controlling resolutions to give recognition to the facilities and equipment to be constructed or acquired with the proceeds of such additional bonds; and

- (iii) make such additional bonds payable as to principal on January 1 of each year in which principal falls due and payable as to interest on January 1 and July 1 of each year.

(D) The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the revenues of the System on a basis of equality and parity with the 1983 Bonds herein specifically authorized, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the 1983 Bonds and parity bonds herein authorized to be issued. The District expressly reserves the right to issue its bonds or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality and parity with the 1983 Bonds and parity bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the 1983 Bonds and parity bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is intended or shall be construed as a restriction upon the ordinary refunding of the initially authorized 1983 Bonds, and/or of any bonds which may have been issued and are outstanding under any of the provisions of this Resolution, if such refunding does not operate to increase, in any year until the final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

SECTION 10

PROVISIONS OF RESOLUTION CONSTITUTE CONTRACT

The provisions of this Resolution shall constitute a contract between the District and the holders of the 1983 Bonds herein authorized and any parity bonds herein permitted to be issued, and after the issuance of any of the 1983 Bonds, no change, variation, or alteration of any kind of the provisions of this Resolution shall be made in any manner except as herein provided until such time as all of the 1983 Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

SECTION 11

STATUTORY MORTGAGE LIEN ACKNOWLEDGED

A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, and including the revenues thereof, is granted and created by Section 96.400 of the Kentucky Revised Statutes for the benefit and protection of the holders of the 1983 Bonds issued and parity bonds permitted to be issued under authority of this Resolution, and of the interest coupons thereto annexed, which lien is subject and subordinate, however, to the similar lien created and existing as security for the outstanding 1960 Bonds; and said statutory mortgage lien is hereby recognized and shall be effective upon delivery of any of the 1983 Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the 1983 Bonds and any parity bonds.

SECTION 12

TAX COVENANT

(A) In this Section, unless a different meaning clearly appears from the context:

- (i) "Code" means the Internal Revenue Code of 1954 of the United States of America, Title 26 of the United States Code, as amended to the date of adoption of this Resolution or as hereafter amended, including valid Regulations of the Department of the Treasury thereunder;
- (ii) Reference to a provision of the Code by number or letter includes reference to any law hereafter enacted as amendment to or substitute for such provision;
- (iii) Words which are used herein and in Section 103 of the Code shall have the meaning given to such words in or pursuant to said Section.

(B) The District certifies that:

- (i) It is reasonably expected that the amount received from the purchaser(s) of the 1983 Bonds will not exceed the cost of construction of the Project and will be expended for purposes of the Project within two (2) years;
- (ii) The District will incur a substantial binding obligation to construct the Project prior to 1983

Bond delivery and work on the Project will begin within thirty (30) days following such delivery and will proceed with due diligence to completion;

- (iii) It is reasonably expected that the Project will not be sold or otherwise disposed of in whole or in part prior to the last principal maturity of the 1983 Bonds;
- (iv) With respect to investment of any 1983 Bond proceeds, as such term is defined in Section 103 of the Code, reference is hereby made to the covenants contained in the following paragraphs of this Section 12.

(C) The District shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the District on the 1983 Bonds shall, for the purposes of Federal income taxation, be exempt from income taxation under any valid provision of law.

(D) The District shall not permit at any time or times any of the proceeds of the 1983 Bonds or other funds of the District to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any such 1983 Bond to be an "arbitrage bond" as defined in subsection (c) (2) of Section 103 of the Code as then in effect and to be subject to treatment under subsection (c) (1) of said Section as an obligation not described in subsection (a) (1) of said Section, unless, under any valid provision of law hereafter enacted, the interest paid by the District on the 1983 Bonds shall be excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to compliance with the provisions of subsection (c) of Section 103 of the Code.

(E) In order to assure compliance with this Section, thereby better securing and protecting the 1983 Bonds and the District, the District from the date of adoption of this Resolution covenants that it shall not purchase any obligation or invest or direct the Treasurer or Depository Bank to, and the Treasurer and Depository Bank shall not, invest the proceeds of the 1983 Bonds, or moneys in the aforesaid Funds, in any obligations that produce a yield in excess of such applicable maximum yield as may be permitted by the Code.

(F) The District further covenants that prior to the issuance of the 1983 Bonds and as a condition precedent to such issuance the District shall certify by issuance of a certificate of an authorized officer of the District having responsibility,

together with other officers of the District, for issuing the 1983 Bonds, the reasonable expectations, facts and estimates required by Section 1.103-13 of the proposed Income Tax Regulations promulgated under Section 103 of the Code.

SECTION 13

SEVERABILITY CLAUSE

If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 14

REPEAL OF INCONSISTENT PROVISIONS

All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

SECTION 15

WHEN RESOLUTION EFFECTIVE

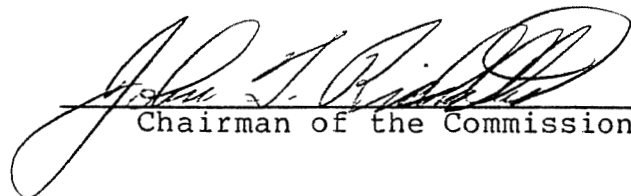
This Resolution shall be in full force and effect from and after its adoption, approval and attestation as provided by law.

ADOPTED BY THE COMMISSION OF THE MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE, MONTGOMERY COUNTY, KENTUCKY, at a meeting held on the 21st day of July, 1983, on the same occasion signed in open session by the Chairman, attested under seal by the Secretary, and declared to be in full force and effect.

(SEAL)

ATTEST:


Secretary


Chairman of the Commission

CERTIFICATION

The undersigned, Secretary of the Commission of Montgomery County Water District Number One, Montgomery County, Kentucky, hereby certifies that the foregoing is a true, complete and correct

copy of a Resolution adopted by the Commission of said District, signed by the Chairman thereof, and attested under seal by me as Secretary upon the occasion of a properly convened meeting of the Commission of said District held on the 21st day of July, 1983, as shown by the official records in my custody and under my control.

WITNESS my hand and the seal of said District this 21st day of July, 1983.

(SEAL)


Secretary

HARPER, FERGUSON & DAVIS

ATTORNEYS AT LAW

310 WEST LIBERTY STREET

LOUISVILLE, KENTUCKY 40202

TELEPHONE
(502) 582-3871

February 1, 1984

United States of America
Farmers Home Administration
c/o State Director
333 Waller Avenue
Lexington, Kentucky 40504

Re: \$431,000 "Montgomery County Water District Number
One Waterworks System Revenue Bonds, Series of 1983"

Gentlemen:

We have examined certified copies of pertinent proceedings of the Montgomery County Water District Number One, Montgomery County, Kentucky (the "District"), precedent to and in connection with the authorization and issuance by the District of its "Waterworks System Revenue Bonds, Series of 1983," in the principal amount of \$431,000, in the form of a single fully registered bond, of even date herewith, bearing interest at five percent (5%) per annum (payable on January 1 and July 1 of each year) and maturing as to principal on January 1 of each year as shown in the following schedule:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>YEAR</u>	<u>PRINCIPAL</u>
1985	\$ 4,000	2004	\$10,000
1986	4,000	2005	11,000
1987	4,000	2006	11,000
1988	5,000	2007	12,000
1989	5,000	2008	12,000
1990	5,000	2009	13,000
1991	5,000	2010	14,000
1992	6,000	2011	14,000
1993	6,000	2012	15,000
1994	6,000	2013	16,000
1995	7,000	2014	17,000
1996	7,000	2015	17,000
1997	7,000	2016	18,000
1998	8,000	2017	19,000
1999	8,000	2018	20,000
2000	8,000	2019	21,000
2001	9,000	2020	22,000
2002	9,000	2021	23,000
2003	10,000	2022	23,000

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Re: \$431,000 "Montgomery County Water District Number One
Waterworks System Revenue Bond, Series of 1983," Numbered R-1

provided, however, that principal installments of said fully registered bond maturing on and after January 1, 1994, are subject to prepayment at the option of the District on any interest payment date on or after January 1, 1993, subject to notice and other conditions set forth in the bond-authorizing Resolution of the District, and at par. It is our opinion that said bond issue and said fully registered bond have been authorized in conformity with the Constitution and applicable laws of the Commonwealth of Kentucky, particular reference being made to Chapter 74 and Sections 96.350 to 96.510, inclusive, of the Kentucky Revised Statutes, now in full force and effect.

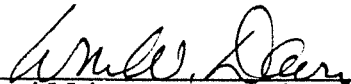
Based upon our examination of the foregoing evidence, it is our opinion that said bond issue in the amount of \$431,000 is legally binding upon the District according to the import thereof, and that said issue, together with bonds ranking on a parity therewith which may hereafter be issued and outstanding from time to time under the restrictions and conditions set forth in said proceedings, will be payable only from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the District's municipal waterworks system, which fixed portion, according to the terms of said bond-authorizing Resolution, shall be sufficient to pay the maturing principal of and interest on said issue of bonds and any such outstanding parity bonds, all subject, however, to the prior and superior pledges, liens and rights securing the District's outstanding Waterworks System Revenue Bonds dated June 1, 1960.

It is our further opinion that said issue of bonds in the amount of \$431,000 is exempt from all present Kentucky ad valorem taxes, and interest thereon is exempt from present Federal and Kentucky income taxes; provided, however, if any bonds of said issue are acquired by the Federal government, or any agency thereof, and sold on an insured basis from the Agricultural Credit Insurance Fund or the Rural Development Insurance Fund, as provided in the last sentence of Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) and in Section 309A(h) of said Act (7 U.S.C. 1929a(h)), respectively, no opinion is expressed as to the exemption from Federal and Kentucky income taxation of interest derived in respect of said issue of bonds.

Very truly yours,

HARPER, FERGUSON & DAVIS

By


William W. Davis

EXCERPTS OR PORTIONS OF THE MINUTES OF A SPECIAL MEETING
OF THE COMMISSION OF MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE

The Commission of Montgomery County Water District Number One, Montgomery County, Kentucky, being the lawfully constituted governing body of said District, convened in special session, pursuant to proper call and written notice in accordance with KRS 61.825, at the usual meeting place at the office of Thomas M. Edwards, Jr., Attorney at Law, 10 North Maysville Street, in Mt. Sterling, Kentucky, on the 21st day of July, 1983, at 7:00 p.m., EDT (local time). Present were the Chairman of the Commission, John T. Ricketts, in the Chair presiding, and the following members of the Commission: John T. Ricketts, Henry C. Barnett and Richard Hughes

Absent: None.

It having been determined that a quorum was present for the transaction of business, the Chairman called the meeting to order.

The minutes of the last meeting were read and duly approved.

* * *

(Other Business)

* * *

Commissioner Richard Hughes introduced, caused to be read in full, and moved immediate adoption of a proposed Resolution identified by its title or caption as follows:

A RESOLUTION OF THE COMMISSION OF MONTGOMERY COUNTY
WATER DISTRICT NUMBER ONE, MONTGOMERY COUNTY,
KENTUCKY, ADJUSTING WATER RATES AND CHARGES

The motion for the adoption of said Resolution was seconded by Commissioner Henry C. Barnett. After full discussion, the Chairman put the question to vote, and the following voted:

Voting "Aye": Ricketts, Barnett and Hughes.

Voting "Nay": None.

The Chairman then announced that the motion was carried and said Resolution was duly adopted. He signed the same in open session as evidence of his approval thereof, caused it to be attested by the Secretary, and announced that said Resolution was in full force and effect.

* * *

Commissioner Henry C. Barnett introduced, caused to be read in full, and moved immediate adoption of a proposed Resolution identified by its title or caption as follows:

A RESOLUTION OF THE COMMISSION OF MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE, MONTGOMERY COUNTY, KENTUCKY, AUTHORIZING THE BORROWING OF MONEY FOR INTERIM FINANCING IN ANTICIPATION OF THE DISTRICT'S ISSUANCE OF ITS "WATERWORKS SYSTEM REVENUE BONDS, SERIES OF 1983"; PROVIDING FOR THE CREATION OF A CONSTRUCTION FUND WHEREIN THERE SHALL BE DEPOSITED FROM TIME TO TIME MONEYS RECEIVED FROM ALL SOURCES FOR THE CONSTRUCTION OF THE PROJECT INTENDED TO BE FINANCED THROUGH THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF PROMISSORY NOTES FROM TIME TO TIME IN EVIDENCE OF SUCH INTERIM BORROWING; PLEDGING REPAYMENT OF SAID INTERIM LOAN AND INTEREST THEREON FROM THE PROCEEDS OF SUCH BONDS; AND PRESCRIBING CONDITIONS RELATING TO DISBURSEMENTS FROM THE CONSTRUCTION FUND.

The motion for the adoption of said Resolution was seconded by Commissioner Richard Hughes. After full discussion, the Chairman put the question to vote, and the following voted:

Voting "Aye": Ricketts, Barnett and Hughes.

Voting "Nay": None.

The Chairman then announced that the motion was carried and said Resolution was duly adopted. He signed the same in open session as evidence of his approval thereof, caused it to be attested by the Secretary, and announced that said Resolution was in full force and effect.

* * *

Commissioner Richard Hughes introduced, caused to be read in full, and moved immediate adoption of a proposed Resolution identified by its title or caption as follows:

A RESOLUTION OF THE COMMISSION OF MONTGOMERY COUNTY WATER DISTRICT NUMBER ONE, MONTGOMERY COUNTY, KENTUCKY, PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S EXISTING MUNICIPAL WATERWORKS SYSTEM; AUTHORIZING THE ISSUANCE OF SAID DISTRICT'S \$431,000 "WATERWORKS SYSTEM REVENUE BONDS, SERIES OF 1983," TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID), SUCH BONDS TO BE ISSUED IN ACKNOWLEDGMENT OF THE SECURITY RIGHTS OF THE HOLDERS OF CERTAIN PREVIOUSLY ISSUED AND OUTSTANDING BONDS; MAKING AND CONFIRMING PROVISIONS FOR THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF SAID SYSTEM, AND FOR THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS HERETOFORE AND HEREIN CREATED, IN ORDER TO PROVIDE FOR THE ORDERLY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS HEREIN AUTHORIZED; SETTING FORTH CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

The motion for the adoption of said Resolution was seconded by Commissioner Henry C. Barnett. After full discussion, the Chairman put the question to vote, and the following voted:

Voting "Aye": Ricketts, Barnett and Hughes.

Voting "Nay": None.

The Chairman then announced that the motion was carried and said Resolution was duly adopted. He signed the same in open session as evidence of his approval thereof, caused it to be attested by the Secretary, and announced that said Resolution was in full force and effect.

* * *

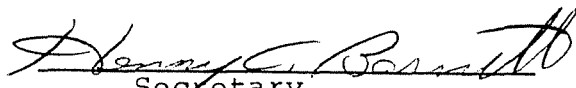
(Other Business)

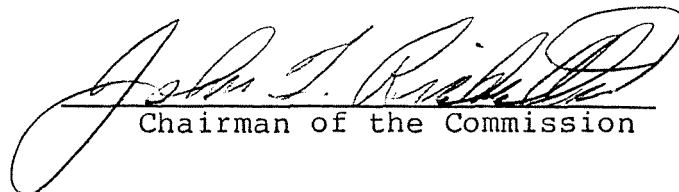
* * *

There being no further business, upon recommendation of the Chairman, and on motion duly made, seconded and unanimously carried, the meeting was adjourned to July 28, 1983, at 10:00 a.m., EDT (local time), at the same meeting place, for the purposes of considering and taking action on such bids as may be received for the purchase of the District's \$431,000 "Waterworks System Revenue Bonds, Series of 1983," and other matters relating to the sale of said Bonds and the project to be financed thereby, and further considering and taking action on such other business as may come before the Commission.

(SEAL)

ATTEST:


Secretary


Chairman of the Commission

CERTIFICATION

The undersigned, Secretary of the Commission of Montgomery County Water District Number One, Montgomery County, Kentucky, does hereby certify that the foregoing is a true and complete copy of excerpts or portions of the minutes of a properly convened special meeting of the Commission of Montgomery County Water District Number One held on July 21, 1983, as shown by the official records of said Commission in my custody and under my control. Said special meeting was duly held pursuant to proper call and written notice duly given in compliance with the provisions of KRS 61.825.

WITNESS my hand this 21st day of July, 1983.

(SEAL)


Henry C. Barnett
Secretary