SIDNEY B. DOUGLASS

ATTORNEY AT LAW
117 SOUTH SECOND STREET
P. O. DRAWER 839
HARLAN, KENTUCKY 40831-0839

Telephone (606) 573-1985

Fax (606) 573-6413

March 12, 2012

Mr. Jeff Derouen, Director Kentucky Public Service Commission P.O. Box 615 Frankfort, Kentucky 40602-0615 MAR 1 4 2012

PUBLIC SERVICE
COMMISSION

RE: Application for merger of Black Mountain Utility District and Green Hills Water District pursuant to KRS 74.363

Dear Mr. Derouen:

Enclosed please find for filing an original and eleven copies of Green Hills Water District's and Black Mountain Utility District's joint application with appendices to merge pursuant to KRS 74.363.

Please stamp and return to me one of the copies of the application. Enclosed for your use is a self addressed stamped envelope to mail the stamped copy back to me.

Sincerely,

Sidney B Douglas

COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION P.O. BOX 615 FRANKFORT, KENTUCKY 40602-0615

CASE #

IN RE: Application for merger of Black Mountain Utility District And Green Hills Water District pursuant to KRS 74.363

Comes, Black Mountain Utility District and Green Hills Water District by Counsel and applies to the Commission for an Order approving their merger and their Joint Agreement contained herein pursuant to KRS 74.363. In support of the Districts application they state and submit the following:

- 1. An original of the Parties Joint Agreement to Consolidate Black Mountain Utility District and Green Hills Water District in Harlan County, Kentucky pursuant to KRS 74.363 and for temporary operation of Green Hills Water District with its Appendices A through H attached hereto as Appendix 1 and Incorporated by Reference.
- 2. The Green Hills Water District was created on September 19, 2977 by the Harlan County Court and has continued in existence since that time. See attached hereto copies of a map of the District, order creating Green Hills Water District and appointing commissioners by the Harlan County Court and order granting approval to establish water district by the Public Service

Commission of Kentucky attached hereto as **Appendix 2** and Incorporated by Reference.

- 3. The Black Mountain Utility District was created on October 11, 1984 by order of the Harlan County Judge Executive and has continued in existence to the present. See copies of a map of the District, Orders of the Harlan County Judge Executive establishing the District, appointing commissioners with bond and confirming appointments and ordinance of the Fiscal Court of Harlan County, Kentucky relating to ratification of District attached as **Appendix 3** and Incorporated by Reference.
- 4. A copy of the Declaration of Local State of Emergency issued by the Harlan County Judge Executive Joseph Grieshop is attached hereto asAppendix 4 and Incorporated by Reference.
- 5. A copy of a Petition in support of dissolving the Green Hills Water District Board and consolidating with Black Mountain Utility District signed by 219 residents of the Green Hills Water District in January 2012 is attached hereto as **Appendix 5** and Incorporated by Reference.
- 6. A copy of the minutes of the Green Hills Water District Board meeting on January 31, 2012 and copies of the motions passed at the meeting related to a merger and temporary operation of the District are attached hereto

as Appendix 6 and Incorporated by Reference.

- 7. A copy of the motions made and approved at the February 13, 2012meeting of the Black Mountain Utility District attached hereto as Appendix 7and Incorporated by Reference.
- 8. A letter dated February 16, 2012 from Barry R. Turner, Area Director Rural Development, U.S. Department of Agriculture, 100 Nami Plaza, Suite. #3, London, Kentucky 40741 to undersigned attorney supporting Green Hills Water District and Black Mountain Utility District merger and Black Mountain Utility District's assumption of Green Hills Water District's bond debt with the U.S. Department of Agriculture as **Appendix 8**.
- 9. A Resolution adopted by the Harlan County Fiscal Court on February 17, 2012 recommending approval of the consolidation of Black Mountain Utility District and Green Hills Water District by the Kentucky Public Service Commission attached hereto as **Appendix 9**.
- 10. The Board members of the Green Hills Water District and Black Mountain Utility District are non-salaried.
- 11. The merger of the two Districts is expected to result in a future savings to the Districts by eliminating duplication of costs and efforts and conforms to the legislative findings in KRS 74.361(1).

Wherefore, Black Mountain Utility District and Green Hills Water

District pray for an Order from the Commission granting their application to merge pursuant to KRS 74.363 with all of the assets, real and personal property of whatever kind and all of the liabilities of Green Hills Water

District being transferred to the resulting district, Black Mountain Utility

District with the resulting district board being composed of the three members of the Green Hills Water District and the five members of the Black Mountain

Utility District for a period of one year, at which time the terms of all eight members will expire and the resulting Board shall be composed of five members appointed by the Harlan County Judge Executive with approval of the Harlan County Fiscal Court pursuant to the requirements of KRS 74.363(3).

This 12 day of March 2012.

Respectfully submitted by the Applicants Black Mountain Utility District and

Green Hills Water District

Sidney B. Douglass, Attorney At Law

P.O. Drawer 839

Harlan, Kentucky 40831

Phone (606) 573-1985/Fax (606) 573-6413

CERTIFICATE OF SERVICE

Sidney B. Douglass

APPENDICES TO APPLICATION

- 1. Joint agreement to consolidate
 - A. U.S. Department of Agriculture Bond
 - B. Green Hills Deeds and Leases
 - C. Green Hill Personal Property
 - D. Green Hills Water Rate
 - E. Green Hills Summary Billing and Receipts January through November 2011
 - F. Green Hills 2008-2011 Expense and Revenue Summary
 - G. Green Hills Normal Monthly Debts
 - H. Green Hills Agreements with Pineville Water Commission
- 2. Map of Green Hills Water District and Orders Creating District
- 3. Map of Black Mountain Utility District and Order Creating District
- 4. Harlan County Judge Executive Declaration of Local State of Emergency
- 5. Petition to Dissolve Green Hills and Consolidate with Black Mountain Utility District
- 6. Green Hills 1-31-12 Board Meeting
- 7. Black Mountain Utility District 2-13-12 Board Motions approving Merger
- 8. Letter from Rural Development United States Department of Agriculture Recommending Approval
- 9. Resolution of Harlan County Fiscal Court Recommending Approval of Merger

APPENDIX 1

JOINT AGREEMENT TO CONSOLIDATE BLACK MOUNTAIN UTILITY
DISTRICT AND GREEN HILLS WATER DISTRICT IN HARLAN COUNTY,
KENTUCKY PURSUANT TO KRS 74.363 AND FOR TEMPORARY
OPERATION OF GREEN HILLS WATER DISTRICT

THIS JOINT AGREEMENT to merge pursuant to KRS 74.363 is made and entered into on this day of March, 2012, by and between **Black Mountain Utility**District, by and through its Board of Commissioners, 609 Four Mile Road, Baxter,

Kentucky 40806, hereinafter referred to as "BMUD" and Green Hills Water District, by and through its Board of Commissioners, P.O. Box 116, Bledsoe, Kentucky 40810,

WHEREAS, BMUD and Green Hills are both water districts existing and operating within the boundary of Harlan County, Kentucky pursuant to KRS Chapter 74,

WHEREAS, BMUD and Green Hills are each governed by a Board of Commissioners, one of whom is its chairperson;

hereinafter referred to as "Green Hills."

WHEREAS, since their creation, BMUD and Green Hills have performed similar public purposes supplying water to its residents and businesses in Harlan County and they serve territory substantially contiguous to the other,

WHEREAS, by unanimous vote of the Commissioners of both BMUD and Green Hills, upon due consideration, they have determined their public purposes and the citizens of their districts would be best served by the merger of the two water districts pursuant to KRS 74.363;

Green Hills

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Page 1 of 14

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein set forth, BMUD and Green Hills do hereby agree and covenant to merge into single legal entity known as Black Mountain Utility District pursuant to KRS 74.363, and BMUD and Green Hills do hereby covenant and agree, each with the other, as follows:

ARTICLE I

PLAN OF MERGER

1.1 ADOPTION OF PLAN

BMUD and Green Hills adopt and agree to the plan herein for their merger and will promptly take the necessary legal and corporate actions to effect the merger including petitioning the Kentucky Public Service Commissioner, hereinafter referred to as "PSC" for approval of their merger:

1.2 Temporary operation of Green Hills by BMUD pending approval of merger by the PSC shall commence upon majority vote by the BMUD and Green Hills Boards approving temporary operation. BMUD shall temporarily operate the Green Hills water system until the merger is finalized or disapproved; BMUD shall collect monthly utility payments from the Green Hills customers, including water and garbage collection; BMUD shall pay Green Hills monthly bills from funds collected for it and shall operate the water system pending approval by the PSC and the finalizing of this merger; BMUD shall keep a separate account of its temporary operation of Green Hills and make a monthly report to

Green Hills

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the Green Hills Board pending the merger. It is understood that Green Hills Office located at Bledsoe, Kentucky will be closed within three months of the date of this agreement and BMUD will operate Green Hills system from BMUD office at 609 Four Mile Road, Baxter, Kentucky.

- 1.3 To effect this agreement and the temporary operation of the Green Hills water system, Green Hills will immediately supply BMUD an inventory of all its personal property and assets including customer lists with locations of residents, its accounts receivable and copies of its deeds and leases;
- Green Hills Board of Commissioners, all members being present, unanimously voted to consolidate with BMUD and to request the PSC to approve the merger to allow BMUD to temporarily operate Green Hills pending merger and authorized and directed its chairperson to sign the necessary documents, agreements and applications to effect the merger and temporary operation of Green Hills, to direct its employees to file inventories of its assets and debts, to declare an emergency situation exists with Green Hills being unable to provide water to its customers and to include in the agreement with BMUD that monies granted and allocated to Green Hills and or Harlan County Fiscal Court in Kentucky House Bills 410 and 608 shall be used exclusively to extend water lines from Baxter, Kentucky to a water tower on the crest of Pine Mountain and lines there from to Little Shepherd Trail and down the south side of Pine Mountain to the Green Hills lines;

RT Green Hills

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- 1.5 On February 13, 2012 with proper notice at a special called meeting, Black Mountain Utility District Board of Commissioners, a quorum of members being present, unanimously voted to consolidate with Green Hills including assuming all of Green Hills assets and liabilities and to request the PSC to approve the same, to assume immediate and temporary operation of Green Hills, keeping separate accounts of the operation and to make a monthly report to Green Hills, pending approval of the merger, to authorize and direct BMUD chairperson to sign the necessary documents, agreements and applications to effect the merger with Green Hills and operation of Green Hills and to agree that monies granted and allocated to Green Hills or Harlan County Fiscal Court in Kentucky House Bills 410 and 608 will be used exclusively for the project to extend water lines from Baxter, Kentucky to a water tower on the crest of Pine Mountain and lines there from to Little Shepherd Trail and down the south side of Pine Mountain to Green Hills lines;
- 1.6 Upon approval of their application to merge by the PSC then all real and personal property and legal liabilities of the water districts shall be transferred to the resulting district and the resulting district shall under the name of Black Mountain Utility District with its office being located at 609 Four Mile Road, Baxter, Kentucky with the separate existence of Green Hills ceasing and all of Green Hills real and other property, as well as its rights, privileges, immunities, contracts powers, duties and liabilities shall be transferred to and vested in the resulting district BMUD, which shall also assume Green Hills bonded obligations to the United States of America through the U.S. Department of

Green Hills

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Agriculture. A copy of which bond with interest and payment schedule is attached hereto and Incorporated by Reference as **Appendix A**. Green Hills list of deeds and leases to real property is attached hereto and Incorporated by Reference as **Appendix B**; its list of inventory of personal property is attached hereto and Incorporated by Reference as **Appendix C**; its water rate charges to its customers is attached hereto and Incorporated by Reference as **Appendix D**; its summary billings, payments received and payments made for January thru November 2011 and Incorporated by Reference as **Appendix E**; 2008 thru 2011 Expense and Revenue Summary and Incorporated by Reference as **Appendix F**; its normal monthly debts is attached hereto and Incorporated by Reference as **Appendix G** and a copy of its current agreements with the Pineville Utility Commission is attached hereto and Incorporated by Reference as **Appendix H**. Green Hills customer lists with locations have been provided by Green Hills to BMUD. Green Hills lists of inactive customers with delinquent status has also been provided to BMUD.

1.7 From March 2012, BMUD will charge Green Hills customers the same rate as previously charged by Green Hills, upon approval of this agreement by the PSC and finalizing the agreement by execution and delivery of deeds, the easements and bill of sales and assignments, BMUD will fully and permanently integrate Green Hills water system into its system and will make rate changes in the Green Hills water system consistent with the rates BMUD charges its customers.

Green Hills

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2. CONSIDERATION: CLOSING

The Parties agree the date of merger will be the date of the PSC's Order approving the merger pursuant to KRS 74.363. Closing and permanent delivery of possession of real and personal property shall occur within 60 days following approval of the Parties merger by the PSC. At closing, Green Hill shall deliver to BMUD general warranty deeds conveying the fee simple and easement interests described on Appendix B, along with a general assignment of all easement interests owned by Green Hills that relate to or facilitate the operation of its water system, whether recorded or unrecorded.

It is understood and agreed among Green Hills and BMUD that pending approval of this agreement by PSC and finalizing the agreement, BMUD has taken over operation of Green Hills, including collecting the water bills and shall keep a separate account of the money collected and monthly expenses paid for operating Green Hills including periodic payments due on the Green Hills Waterworks Revenue Bond which will be paid by BMUD from money collected for Green Hills until final transfer of the water system can be made.

Green Hills represents that it is not in default on any of its obligations and Covenants or issue and that it has satisfied in full all principal and interest payments up to the present and for the previous years on its Revenue Bond. The payment obligations assumed by BMUD under this contract shall be limited to the following principal amounts and interest as accurred on the unpaid balance at the rate of 4.50%, payments to be

Green Hills

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made not less than semi-annually as stated in Appendix A.

3. <u>OPERATION OF SYSTEMS</u>

Pending the closing and delivery of the required deeds, BMUD agrees to operate the water system, will monthly bill to and collect from Green Hills customers and pay Green Hills monthly expenses for operation of Green Hills water system including periodic payments due on Green Hills Waterworks Revenue Bond.

BMUD began reading all water meters in March 2012 and will continue to do so. Green Hills has provided BMUD with a list of customer accounts with addresses that consists of approximately 503 customers.

4. <u>ACCOUNT DEPOSITS</u>

Green Hills states it does have \$25.00 to \$50.00 security deposits liability to its customers.

5. RATES

BMUD represents and warrants that following approval of the agreement by the PSC that future increases to the water rates charged to the current residential and commercial water customers of Green Hills water system will be tied directly to increases imposed on the resident customers of BMUD with increases to be measured on an absolute dollar per gallon basis and not as a percentage, exempting special charges approved by the PSC.

In March 2012 the monthly water rates charged to the citizens of Green Hills by

Green Hills

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BMUD was \$22.98 minimum bill for the first 2,000 gallons, \$8.75 per 1,000 gallons for the next 6,000 gallons and \$7.19 per 1,000 gallons over 8,000 gallons with a once a year \$2.46 per 1,000 gallons leak adjustment rate, wholesale water rate of \$3.25 per 1,000 gallons to Hyden/Leslie County Water District. Special charges include \$600.00 meter connection/tap-on charge, \$35.00 reconnection charge and \$42.50 reconnection charge after hours. The above rates are subject to 6% sales and 3% school tax that are charged to Green Hills commercial customers and 3% school tax that is charged to residential customers.

Within 5 years of approval by the PSC of the merger, the BMUD will cause a study to be made of the resulting district.

Finally, notwithstanding any provision in this agreement to the contrary, BMUD shall be permitted to increase water rates at any time to the extent required to comply with any guidelines established by federal or state law or any existing or future bond issues or loans and approval by the PSC.

6. **BINDING AGREEMENT**

The Parties hereto agree that Green Hills and BMUD will, upon execution of this agreement, have substantial property rights, interests and liabilities in this agreement and that neither Party may withdraw from this agreement without the written consent of the other Party.

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7. **NOTICE**

Any notice given pertaining to this agreement shall be effective if mailed to the

party to whom said notice is to be given at the following: with said mailing to be sent by

certified mail, return receipt requested or hand delivered to the other party in writing and

signed by the parties' employee agent. Each party may designate in writing a different

address to be used for the providing of notices.

First Party:

Green Hills Water District

P.O. Box 116

Bledsoe, Kentucky 40810

Second Party:

Black Mountain Utility District

609 Four Mile Road

Baxter, Kentucky 40806

8. <u>MISCELLANEOUS</u>

This agreement is binding on the successors and assigns of the Parties hereto and

this agreement may be amended only by written agreement of the Parties. This agreement

contains the entire agreement of the Parties and no verbal representations or warranties

have been given that are nor included herein in writing.

9. REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Party and acknowledges that the

other Party relies on such representations and warranties in entering into and proceeding

under this agreement, that:

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{A} CONSENTS:

No provision of the Articles of Incorporation, Ordinance, Trust Agreement,

Mortgage, Indenture, Bond Issue or other agreement or instrument to which either

BMUD or Green Hills is a party or by which either is bound or to which either or any of

its properties is subject requires the consent or authorization of any other person or entity

as a condition precedent to the consummation of the transactions contemplated by this

agreement, except for the loan agreements and documents pertaining to the obligations

described in paragraph 1.6 of this agreement and approval of the PSC.

(B) EXISTING DEBT:

Green Hills represents that there is no debt encumbering the assets that are the subject of this agreement other than the debt on its Revenue Bond and a lien on its trucks, however, the bills received in February 2012 have not been paid, a list of which bills have been given to BMUD and which bills will be brought before the Green Hills Board in its March 2012 meeting.

{C} VALID EASEMENTS:

Green Hills represents that it owns, and pursuant to this agreement and approval by the PSC will transfer to BMUD, valid fee simple title or an easement to each parcel of real estate over or on which any water main, or lateral line, pump station or the like that is part of the Green Hills water system.

Green Hills

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{D} NO PENDING LITIGATIONS

Green Hills has no litigation pending in Harlan or Bell Courts or any other Courts and is only aware of a claim by the Helton and Wilson heirs of an alleged trespass on their land by Green Hills installation of a pumping station near Bell Run and reference is made to a letter to Green Hills from Jacob Green dated October 20, 2011.

10. CIRCUMSTANCES PRIOR TO CLOSING

From the date of this agreement until the closing date, each Party will promptly notify the other Party upon receipt of actual notice or knowledge of any fact which would make any representation or warranty contained in this agreement untrue in any material respect.

11. CONTINGENCIES

The BMUD's obligation under this agreement to accept delivery of assets and liability of Green Hills is specifically contingent on the satisfaction of the following contingencies:

- **{A}** Consent from the United States Department of Agriculture Rural Development Authority, as owner of the Series 1998, Green Hills Water District Waterworks Revenue Bond.
 - **{B}** Approval of the merger by the PSC.

12. SURVIVAL OF WARRANTIES

The warranties, indemnifications and agreements contained herein shall survive the

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closing on this transaction.

13. <u>AUTHORITY OF THE PARTIES</u>

The Parties agree that Green Hills by its unanimous vote of its Board of Commissioners at a regular meeting on January 31, 2012 approved the basis of this agreement and authorized and directed its chairperson to sign the necessary documents on behalf of the Green Hills Water District to effect merger and temporary operation and that BMUD by its Board of Commissioners approved the basis of this agreement by unanimous vote on February 13, 2012 and authorized and directed its chairperson to sign the necessary documents on behalf of BMUD to effect merger and temporary operation.

14. MERGED BOARD

Pursuant to KRS 74.363 the Boards of Commissioners of BMUD and Green Hills by concurrent action and unanimous vote of the membership of the Boards have agreed to merge upon approval of the merger by the PSC. The members of both Boards of Commissioners agree they shall serve as the Board of Commissioners of the resulting merged District, regardless of their normal term expiration, for one year after approval of the merger by the PSC, thereafter it is agreed the Board shall be composed of five members and shall be appointed by the Harlan County Judge Executive with approval of the Harlan County Fiscal Court pursuant to the requirements of KRS 74.363 (3).

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retaining an original with the third original to be used to accompany the Parties'

15. TRIPLICATE ORIGINALS

This agreement is signed in triplicate originals with Green Hills and BMUD each application to the PSC.

WITNESS, the hands of the Parties hereto on this year and date first above written.

GREEN HILLS WATER DISTRICT FIRST PARTY

BY: RALPH TURNER, CHAIRPERSON BOARD OF COMMISSIONERS

ATTEST:

Sherri Turner

BLACK MOUNTAIN UTILITY DISTRICT SECOND PARTY

BY: JOHNNY PERKINS, CHAIRPERSON

BOARD OF COMMISSIONERS

ATTEST:

Green Hills

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ACKNOWLEDGED, SUBSCRIBED AND SWORN TO before me by Green

Hills Water District by and through Ralph T	urner, its Chairperson of the Board of
Commissioners on this 2 day of Febr	ruary, 2012.
	NOTARY PUBLIC
	Commission Expires: 2-20-14 ID #: 413384
	·
ACKNOWLEDGED, SUBSCRIBE	D AND SWORN TO before me by Black
Mountain Utility District by and through Joh	nnny Perkins, its Chairperson of the Board of
Commissioners on this day of Febr	uary, 2012.
,	$\{(Z_i,Z_i)_{i\in I}\}$
	NOTARY PUBLIC Commission Expires: 2 -20 - 14
	ID#: 413384
	\checkmark
THIS INSTRUMENT PREPARED BY:	
Sidney B. Douglass P.O. Drawer 839 Harlan, Kentucky 40831 (606) 573-1985	
RT Green Hills	
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APPENDIX A



UNITED STATES OF AMERICA COMMONWEALTH OF KENTUCKY COUNTY OF HARLAN



REGISTERED



GREEN HILLS WATER DISTRICT WATERWORKS REVENUE BOND, SERIES 1998 INTEREST RATE: 4.50%





KNOW ALL MEN BY THESE PRESENTS: That the Green Hills Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Harlan County, Kentucky, for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$470,000)

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

	,, ,				
Payment Due	Principal	Payment Due	Principal	Payment Due	Principal
January 1,	Payment	January 1.	<u>Payment</u>	January 1.	<u>Payment</u>
2001	\$4,500	2014	\$ 8,000	2027	\$15,500
2002	4,500	2015	9,000	2028	16,500
2003	5,000	2016	9,000	2029	17,000
2004	5,000	2017	9,500	2030	18,000
2005	5,500	2018	10,000	2031	19,000
2006	5,500	2019	10,500	2032	20,000
2007	6,000	2020	11,000	2033	21,000
2008	6,000	2021	11,500	2034	21,500
2009	6,500	2022	12,000	2035	22,500
2010	7,000	111111112923	//////////////////////////////////////	/////////2036 ////	/// <i>///3/5</i> 590
2011	7,000	(/////////////////////////////////////	[[[[[[[[]]]]	///////////////////////////////////////	//// 25,999,
2012	7,500	2025/	14,000 ///	"/2038 <i>"///</i>	26,500
2013	8,000		/////// //////////////////////////////	www. Wh	

and in like manner, solely from satisfund, to pay intrest and period property and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collec-

tion charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System")

WWW.MEGURINALONS ON SHOWS AND THIS BONG MADE SETTEMENT, ON THE REVERSE HEREOF]

It is bereby certified recited and declared that all acts, conditions and things required to exist, suppen and be performed precedent to antimy the issuance of this Bond, do exist, have happened and being been performed in supplied form and mainler as required by law, and that the face amount of this Bond, agether with all other distinctions of the District does not exceed any limit prescribed by the constitution of the Bistonian and things required to law, and that the face amount of this Bond, agether with all other distinctions of the District does not exceed any limit prescribed by the constitution of the Bistonian and things required to exist, have happened and the prescribed and the prescribed by the constitution of the Bistonian and things required to exist, such as the prescribed by the constitution of the Bistonian and the prescribed by the constitution of the Bistonian and the prescribed by the constitution of the Bistonian and the prescribed by the Bistonian and the Bistonian

IN WITNESS WHEREOF said Green Hills Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairperson, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is February 5, 1999.

GREEN HILLS WATER DISTRICT Harlan County, Kentucky

Attest: Autie Mas Burkhart





By: Sinde G. Haline Chairperson



This Bond ranks on a parity as to security and source of payment with certain outstanding Green Hills Water District Waterworks Revenue Bonds of 1982, dated June 18, 1982 (the "Prior Bonds"), authorized by a Resolution adopted by the Commission of the District on May 4, 1982 (the "Prior Bond Resolution"). Accordingly, this Bond, together with any bonds ranking on a parity herewith, is payable from and secured on a parity lien basis by a pledge of the gross revenues to be derived from the operation of the System.

This Bond has been issued in full compliance with the Current Bond Resolution and the Prior Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the Prior Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Green Hills Water District Waterworks Bond and Interest Sinking Fund", created in the Prior Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the

Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2008, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

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

LEGAL OPINION

Rubin & Havs

ATTORNEYS AT LAW

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

February 5, 1999

Re: Green Hills Water District Waterworks Revenue Bonds, Series 1998, in the amount of \$470,000

We have acted as Bond Counsel in connection with the issuance by the Green Hills Water District of Harlan County, Kentucky (the "District") of \$470,000 of its Green Hills Water District Waterworks Revenue Bonds, Series 1998 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at interest rate specified in the Current Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts falling due on January 1 in each of the respective years, 2001 through 2038, inclusive.

Said Current Bonds are issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

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

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and rank on a parity as to security and source of payment with the outstanding Green Hills Water District Waterworks Revenue Bonds of 1982, dated June 18, 1982 (the "Prior Bonds"), authorized by a Resolution adopted by the District on May 4, 1982 (the "Prior Bond Resolution"); and that the Current Bonds and the Prior Bonds are secured by and are payable from a pledge of a fixed portion of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal of the Prior Bonds and the Current Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Prior Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue

additional parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the Prior Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986 (the "Code"), including a covenant to comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 103 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax-on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individuals or corporations) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10

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

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

PROVISION FOR REGISTRATION

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

Date of Desirtation

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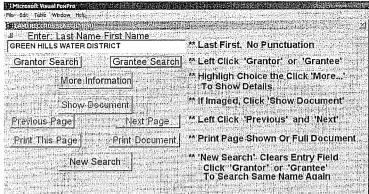
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APPENDIX B

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X	GREEN	HENRY	SUSONG	BARTIE	MAR	12/24/24	053	087	MARRIAE LICENSE
X	GREEN HILL WATER D	ISTRICT	SHEPHERD	CLYDE TRUSTEE	TEY	04/29/97	038	305	LEASE
b colorations:	GREEN HILLS VATER	DISTRICT	SHORT	NELSON	EAS	07/02/96	005	149	RIGHT OF WAY EASEMENT
	GREEN HILLS WATER	DISTRICT	TAYLOR	HURLEY	EAS	07/02/96	805	151	RIGHTS OF WAY EASEMENT
T .	GREEN HILLS WATER	DISTRICT	HELTON	MELVIN	EAS	07/02/96	805	153	RIGHT OF WAY EASEMENT
41	GREEN HILLS WATER	DISTRICT	THOMPSON	RICE	EAS	07/02/96	805	154	RIGHT OF WAY EASEMENT
7 1	GREEN HILLS VATER	DISTRICT	SEORT	EUGENE	EAS	07/02/96	005	156	RIGHT OF WAY EASEMENT
#1	GREEN HILLS VATER	DISTRICT	SHORT	CORDELIO	EAS	07/02/96	005	158	RIGHT OF WAY EASEMENT
7H	GREEN HILLS VATER	DISTRICT	CALDUELL	STANLEY	EAS	07/02/96	005	160	RIGHT OF WAY EASEMENT
-11	GREEN HILLS VATER	DISTRICT	BROCK	DAVID	EAS	07/02/96	005	162	RIGHT OF WAY EASEMENT
a	GREEN HILLS WATER	DISTRICT	SHORT	NELSON	EAS	07/02/96	005	164	RIGHT OF WAY EASEMENT
X	GREEN HILLS VATER	DISTRICT	GROSS	JAMES	MIS	07/24/96	022	366	OPTION
X	GREEN HILLS VATER	DISTRICT	GROSS	JAMES	DEE	08/08/96	325	321	NO LOCATION
3	GREEN HILLS VATER	DISTRICT	CALDVELL	RONNIE V	EAS	09/11/96	005	234	EASEMENT
11	GREEN HILLS VATER	DISTRICT	TURNER	SANDY K	EAS	09/11/96	005	236	EASEMENT
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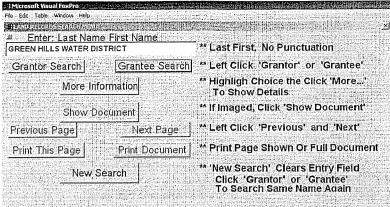
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	GREEN HILLS WATER	DISTRICT	SCEARSE	BILLIE JEAN	EAS	09/11/96	805	1238	EASEMENT
n	GREEN HILLS VATER	DISTRICT	CREECH	KERMIT	EAS	09/16/96	005	240	EASEMENT
П	GREEN HILLS VATER	DISTRICT	BOGGS	NANCY	EAS	09/11/96	005	243	EASEMENT
T	GREEN HILLS VATER	DISTRICT	CHURCH BIG LAUREL	BAPTIST CHURCH	EAS	09/24/96	005	252	RIGHT OF WAY EASEMENT
X	GREEN HILLS VATER	DISTRICT	VILDER	ANN	LEA	03/07/97	038	226	LEASE
П	GREEN HILLS VATER	DISTRICT	NAPIER	JAMES E	EAS	12/11/97	005	378	RIGHT OF WAY EASEMENT
	GREEN HILLS VATER	DISTRICT	HOLTKAMP	MELISSA NAPIER	EAS	01/27/98	005	410	RIGHT OF WAY EASEMENT
11	GREEN HILLS VATER	DISTRICT	NAPIER	JERRY U	EAS	01/27/98	005	413	RIGHT OF WAY EASEMENT
X	GREEN HILLS VATER	DISTRICT	SAYLOR	RICHARD SHANE	DEE .	07/12/99	343	509	WATER LINE EASEMENT
X	GREEN HILLS VATER	DISTRICT	HOVE	I.ENA	DEE	07/16/99	343	590	RIGHT OF WAY EASEMENT
X	GREEN HILLS VATER	DISTRICT	SHEPHERD	CHARLES JR	DEE	07/22/99	343	707	RIGHT OF WAY EASEMENT
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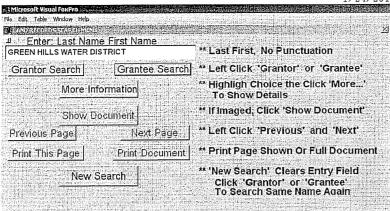
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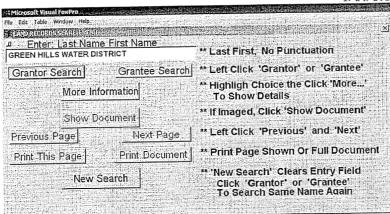
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X	GREEN HILLS WATER	DISTRICT	BOGGS	HOLLIS	DEE	06/13/00	351	139	EASEMENT		
X	GREEN HILLS WATER	DISTRICT	WITT	ЈОНИН	DEE	06/13/00	351	142	EASEMENT		
X	GREEN HILLS WATER	DISTRICT	HAVKINS	ROBERT	DEE	06/13/00	351	145	EASEMENT		
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X	GREEN HILLS VATER	DISTRICT	HARLAN COUNTY BOAR	D OF EDUCATION	DEE	06/12/78	233	608		OF PINEMOUNTAIN	
X	GREEN HILLS WATER	DISTRICT	BROWN	HANCY A	DEE	05/06/81	247	320	STRAIGHT CF	REEK	
X	GREEN HILLS WATER	DISTRICT	HARLAN COUNTY BOAR	D OF EDUCATION	DEE	04/22/82	251	460	CORRECTION		
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X	GREEN HILLS WATER	DISTRICT	HARLAN COUNTY BOAR	D OF EDUCATION	DEE	04/22/82 25	1 460	CORRECTION
	GREEN HILLS VATER	DISTRICT	HARLAN COUNTY FISC	AL COURT	EAS	06/11/81 00	2 469	EASEMENT
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	GREEN HILLS VATER	DISTRICT	GREEN HILLS VATER	DISTRICT	MIS	07/20/89 01	8 474	
X	GREEN	HOBART JR	GREEN	HOBART	DEE	06/09/93 30	4 339	SMITH
- X	GREEN	EOBERT JR	STACEY	DORIS JEAN	MAR	03/16/62 15	3 479	MARRIAGE LICENSE
X	GREEN	HUBERT	BRAY	GLADYS	MAR	11/12/45 13	1 481	MARRIAGE LICENSE
I X	GREEN	HUBERT	HENSLEY	OPAL.	MAR	07/15/36 11	3 434	MARRIAGE LICENSE
T x	GREEN	ISAAC	GRUBB	MYRTLE VIRGINIA	MIS	12/08/10 03	6 1196	AFFIDAVIT OF CONVERSION
X	GREEN	ISON	WOODYARD	LEONA	HAR	02/02/34 10	5 015	MARRIAGE LICENSE
X	GREEN	ISRAEL	HOVARD	AREY ELLEN	MAR	06/09/41 12	3 063	MARRIAGE LICENSE
X	GREEN	ISREAL	TOLLIVER	ESTELLE	HAR	07/29/47 13	7 468	MARRIAGE LICENSE
Πx	GREEN	J C	HURST	PRISCILLA	HAR	04/07/47 13	6 488	MARRIAGE LICENSE
T X	GREEN	J F	SLUSHER	ALICE	MAR	09/04/42 12	5 339	MARRIAGE LICENSE
13	Temporary temporary (Composition)	Z CONTROLLO	Andreas Comments (1997)	446674 355		1	f	Maria Cara Cara Cara Cara Cara Cara Cara



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		HAROLD	KENTUCKY UTILITIES	COMPANY	HAR	09/04/36	1114	073	MARRIAGE LICENSE
			COLLINS	JAMES	DEE	03/29/95	316	680	RIO VISTA
		HAZEL	UNITED STATES OF A	MERICA	DEE	01/22/03	372	596	RELEASE
		HAZEL	SKITH	PHILIP H	MAR	12/25/29	084		MARRIAGE LICENSE
	REEN	HAZEL	SHACKLEFORD	DIZNEY	HAR	01/18/47	1126	142	MARRIAGE LICENSE
		HELEN	PACE	DENNY	HAR	01/18/4/	221	583	CRANKS CREEK
		HENRY	NOE	CHARLES H	DEE	05/10/52	002	119	POLE LINE AGREEMENT
		HENRY	KENTUCKY UTILITIES	COMPANY	KUB	10/24/97	002	397	LEASE AGREEMENT
-		DISTRICT	HARLAN COUNTY FISC	AL COURT	LEA	10/24/9/	014	324	A STATE OF THE PARTY OF THE PAR
- vacuation G		DISTRICT	GREEN HILLS VATER	DISTRICT	HIS	12/0///8		204	A COMMISSION OF THE PARTY OF TH
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		DISTRICT	GREEN HILLS WATER	DISTRICT	HIS	07/20/89		046	MARTINS FORK
	SKEEN HILLS THIS	HOBART	PHILLIPS	DENNIS	DEE	05/07/92	298	046	SKITH
	JALLA	HOBART	GREEN	HOBART JR	DEE	06/09/93	304	339	CATTE
	REEN	HOBART	GREEN	DONNIE	DEE	02/17/00	348	246	DALLE
	GREEN				LLDROBE	10000			The state of the s

APPENDIX C

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Kentucky Association of Counties KACo All Lines Fund Statement of Values 1/23/2012

Green Hills Water

Member Number 0403

Property List

Total Building Value

\$854,685.00

Total Contents Value

\$396,750.00

Total Insured Value

\$1,251,435.00

The same of the sa	Bidg#	Ссвиренсу	Address	epilogia y	Zip	GPS LAT/LONG	F/P Coda	Year Buik	# of Stories	SqFt	ദ്രാ	Sprinkler	Buliding Yalue	Conferts Value	Total Value
E CONTRACTOR IN	8	Office Bldg	45 W Hwy 221	Blodsoe	40810	38.9000/83.34 62	9/5		0	0	2	No	\$15,750	\$5,250	321,000
1	2	Water Flant Shop	45 W Hwy 221	Bledsoz	40810	35,9000/53,3462	9/9		0	Ū		₩0	\$26,250	\$0	\$26,250
2		Bigelow Tank (20,000 gallons)	E Hwy 221	Bledsce	46810		9 (9		Û	Đ		No	38	\$52,500	\$52,500
2	2	Bigelow Pump Station	E Hwy. 221	Bladsoc	40810		9/9		18	Ð	3	No	\$67,200	\$65,000	\$132,200
1	7	Tacky Town Booster Station	West Hwy 221	Tacky Town	40810	36.8490/83,4628	9/9		1	0		Ŋo	\$79,985	\$0	\$79,985
7	1	Davis Yank - 160,008 Gailon Water Tank	45 West Hwy 221	Sledsos	400 in	36.8996/83.3465	9/9	2005	1	70 B	3	Na	\$79,300	\$4,000	\$63,300
Ī	2	Shepard Tank - 100,060 Gal Water Tank	West Highway 221	Biedeoe	40810	36.0012/83.3538	979	2008	1	573	3	No	\$158,700	\$6,000	\$164,700
	3	Shepard Pump Station	West Highway 221	Bledson	40310	36,9012/03,3538	9.9	2008	1	180	3	No	\$67,260	\$85,000	\$132,200
T		Đĩvido Tank (100,01x) galions)	East Highway 221	Bledsoe	40810	36.9359/83.2171	9/0	2008	í	Q	3	No	\$158,700	\$4,000	\$162,700
	5	Divide Pump Station	E Hwy 221	Cledson	40810		9/0	d'ager (F. 13 Mariani)	1	0		No	\$67,200	\$65,000	\$132,200
-	Course of the last	Sali Trace Fump Stallon	Hwy 1780	Bledsoa	40840		B/B		4	0		No	\$67,200	\$65,000	\$132,200
+	1	Napier Hit Pump Station	E Hey 221	Bisdane	40810	CONTRACTOR OF THE STATE OF THE	9/9		1	0		No	\$67,200	\$65,000	\$132,200

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DT052A1 HLCH0073 REGIS INQUIRY BY PLATE, TITLE, VIN, NAME, DECAL NEXT SCREEN CLERK GLT PLATE 11 KN4065 TITLE 080300480016 VIN 1FTYR15E98PA36002 999 OWNER-1 GREEN HILLS WATER DISTRICT COUNTY HARL DECAL TRANSITION TO-- TITLE INQ CHAIN OF OWNERSHIP

M229-OR PRESS ENTER TO RETURN TO LIST

DT052A1

M28-INQUIRY COMPLETE

Green Hills Water District

Plant Statistics

- * Number of tire hydrants, by size: 7
- * Number of private fire hydrants, by size: 0
- * If produced, whether water supply is by gravity, pumping or a combination: We purchase all water from Pineville Utilities
- * Type, capacity, and elevation of reservoirs, at overflow and ground level:

Tanks

1. Shepherd Tank: 100,000 gallons

Ground elevation: 2040.0 Overflow elevation: 2064.0

2. Davis Tank: 100,00 gallons

Ground elevation: 1987.0 Overflow elevation: 2007.0

3. Divide Tank: 100,00 gallons

Ground elevation: 1752.6 Overflow elevation: 1776.0

4. Bigelow Tank: 20,000 gallons

Ground elevation: 2380.0 Overflow elevation: 2405.0 * Miles of main by size and kind: 3 inch PVC pipe – 15.5 miles of line
4 inch PVC pipe – 7.5 miles of line
6 inch PVC pipe – 21.9 miles of line
6 inch DI pipe – 2.4 miles of line

* Station Equipment

List each pump, type and capacity. HP of driving unit and character of unit.

- 1. Salt Trace: 30 MP electric motor, 160 gallons per minute, type: Cintrifugal
- 2. Shepherd: 15 HP electric motor, 135 gallons per minute, type: Cintrifugal
- 3. Divide: 3 % HP electric motor, 65 gallons per minute, type: Cintrifugal
- 4. Bigelow: 10 HP electric motor, 52 gallons per minute, type: Cintrifugal
- 5. Napier Hill Booster Station: 1 1/2 HP electric motor, type: Cintrifugal
- 6. Tacky Town: 15 HP electric motor, 174 gallons per minute, type: Cintrifugal
- * Quantity of electric in KWH: 220,000 yearly
- * Feak month, in gallons of water sold: April 2007 2.475,000 gallons

* Miles of main by size and kind: 3 inch PVC pipe – 15.5 miles of line
4 inch PVC pipe – 7.5 miles of line
6 inch PVC pipe – 21.9 miles of line
6 inch DI pipe – 2.4 miles of line

* Station Equipment

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- * Quantity of electric in KWH: 220,000 yearly
- * Peak month, in gallons of water sold: April 2007 2.475,000 gallons

Green Hills Water District P.O. Box 116

Bledsoe, Kentucky 40810 Phone: 606-558-3995

Fax: 606-558-3995

"This institution is an equal opportunity provider, and employer"

Office Inventory

- 1 Dell Computer
- 1 Liteon Computer
- 1 Sharp Copier/Fax/Printer
- 1 HP Printer
- 1 Casio Adding Machine
- 1 Uniden Cordless Phone with Answering Machine
- 1 Paper Shredder
- 1 Paper Cutter
- 2 Staplers
- 1 Tape Dispenser
- 1 White Plastic 3 Drawer Organizer
- 1 Black Metal 8 Slotted File Organizer
- 3 Black Metal 4 Drawer File Cabinets
- 2 Small Wooden Desks
- 2 Wooden 2 Drawer Cabinets
- 1 Metal 2 Shelf Cabinet
- 1 Wooden Cabinet for Copy Machine
- 1 Window Air Conditioner
- 1 Metal Tan Meter Card Box
- 1 Metal Gray Meter Card Box
- 1 Burgandy 2 Seat Couch
- 2 Maps Consisting of the Layout of the GHWD System

Office Supplies such as: tape, staplers, ink pens, thumb tacks, white out, high lighters, markers, scissors, staple remover, rubber bands, notebooks, envelopes, folders, note pads, receipt books, calculator, rolodex, etc.

Bathroom Consists of Sink, Commode, and 2 Shelf Wooden Cabinet

- 1 Black Small Black & Decker Refrigerator (belongs to secretary)
- 1 White GE Microwave (belongs to secretary)
- 1 Black Office Chair (belongs to secretary)

Green Hills Water District P.O. Box 116

Bledsoe, Kentucky 40810 Phone: 606-558-3995

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Shop Inventory

- 2 20 ft. Sections of 6 Inch Pipe / 3 scrap pieces
- 8 20 ft. Sections of 4 Inch Pipe
- 11 20 ft. Sections of 3 Inch / 2 scrap pieces
- 3 20 ft. Sections of 2 Inch Pipe
- 16 Meters
- 18 Meters Boxed Up For Testing
- 7 Unusable Meters / Need To Be Scraped
- 1 1 Inch Meter / Needs To Be Tested
- 10 New S-Tubes
- 4 Old S-Tubes (hanging on pipe rack)
- 5 Old S-Tubes (hanging with PRV's attached)
- 1 3/4 Inch to 1 Inch Setter / New Straight Setter
- 1 New 3/4 by 3/4 Inch Straight Setter
- 4 3/4 by 3/4 Inch Tandem Setters
- 12 New Setters (shipped to us 'incorrect size / suppose to be picked up)
- 1 Old 1 Inch Straight Setter
- 1 Chop Saw with 1 New Blade On Wall
- 1 12 Volt Sump Pump
- 1 3/4 inch Roll of Copper Tubing
- 3 1/4 Inch Used Rolls of Tubing
- 2 Utiltiv Signs
- 1 Propane Torch
- 2 3/4 Inch Used Rolls of Service Line
- 1 1 Inch Used Roll of Service Line
- 1 Listening Device to Detect Leaks
- 6 Pieces of Pipe Insulation Tubing
- 2 Meter Pits and Lids
- 2 Bags of Clacium
- 11 6 Inch Sleeves
- 1 6 Inch to 4 Inch Tee

- 6 4 Inch Sleeves
- 2 4 Inch by 3 Inch Reducer
- 4-3 Inch Elbows / 1-3 Inch Sleeve
- 3 3 Inch Tees
- 1 2 Inch 90 / 2 2 Inch Sleeves
- 2 3 Inch 45
- 1 Old 2 Inch Y-Strainer
- 11 Copper Nipples
- 3 Valve Casing Lids
- 1 New Valve Casing
- 1 Old Valve Casing
- 1 6 Inch Gate Valve
- 1 4 Inch gate Valve
- 3 New 3 Inch Gate Valves
- 3 Old 3 Inch Used gate Valves
- 1 New 2 Inch Gate Valve
- 1 Stihl Weed Eater
- 1 Craftsman Saw-Saw
- 1 Craftsman Drill
- 1 Craftsman Skill Saw
- 1 Craftsman Light
- 2 Craftsman Batteries
- 1 Craftsman Charger
- 3 Old Boxes of Fittings
- 2 Fire Extinguishers
- 1 Rebuilt 15 HP Motor for Shepherd
- 1 Rebuilt 3 HP for Divide
- 1 Bullet Hose
- 2 Old Baldor 7 1/2 HP Pump
- 2 Old Baldor 3 HP Motor with Pumps Attached
- 1 Franklin Electric 7 HP Motor and Pump
- 1 Marathon 7 1/2 HP Motor
- 1 Reliance 15 HP Motor
- 1 Old Pump and Impeller to Shepherd Pump Station
- 4 3 Inch Clamps / 12 Inch
- 3 3 Inch Jubalee Sleeves
- 4 6 Inch Couplings
- 2 4 Inch Couplings
- 6 3 Inch Couplings
- 4 3 Inch Tees

- 2 Elbows
- 9 2 Inch Couplings
- 2 6 inch Restraint for PVC Pipe
- 2 4 Inch Restraint for PVC Pipe
- 2 2 Inch Corporation Stops
- 2 2 Inch male Adapters
- 2 1 Inch PRVs
- 12 4 Inch Service Saddles
- 7-2 Inch Service Saddles
- 3 3 Inch Service Saddles
- 12 6 Inch Service Saddles
- 1 Box of 3 Inch Gaskets
- 25 3/4 Inch Female Adapters CTS
- 6 3/4 Inch Male Adapters CTS Pack Joint
- 2 1 Inch Female Adapters
- 7 3/4 Inch PRVs
- 13 3/4 Inch Male Adapters
- 5 3/4 Inch Corporation Stops
- 1 3 Inch Cap
- 5 Swing Check Valves
- 2 Rolls of 2 Inch Fire Hose
- 1 Dyna-Pro 120,000 BTU Kerosene Heater
- 1-Electronic bistering Device

APPENDIX D

WATER RATES:

First 2,0	000 Gallons	\$22.98	Minimum Bill
Next 6,0	000 Gallons	8.75	Per 1,000 Gallons
Over 8,0	000 Gallons	7.19	Per 1,000 Gallons
Leak Adju	ustment Rate	2,46	Per 1,000 Gallons
Wholesal	e Water Rate	3.25	Per 1,000 Gallons

SPECIAL CHARGES:

Meler Connection / Tap-On Charge	\$600.00
Reconnection Charge	35.00
Reconnection Charge (After Hours)	42.50

APPENDIX E

Green Hills Water District

2011	Billed Customers for Water	Payments Received for Water	Monthly Payables
January	\$33,213.20	\$17,795.90 (-15,417.30) \$19,501.57 (-7,958.58)	\$21,805.05 (4,009.15) \$18,188.59
<u>February</u> March	\$27,460.15 \$26,784.79	\$16,719.88 (-10,064.91)	\$18,864.90 (2,145.02)
April	\$24,840.27	\$16,280.25 (-8,560.02)	\$16,149.23
May	\$25,929.38	\$16,609.62 (-9,319.76)	\$16,243.72
June	\$26,888.08	\$15,921.89 (-10,966.19)	\$20,061.54 (4,139.65) \$19,992.61 (470.25)
July	\$39,934.28	\$19,522.36 (-20,411.92)	\$19,992.01 (470.23)
August	\$30,165.66 \$28,212.19	\$19,661.49 (-10,504.17) \$17,403.06 (-10,809.13)	\$21,876.73 (4,473.67)*
September October	\$30,786.70	\$17,487.57 (-13,229.13)	\$20,714.66 (3,227.09)*
November	\$29,036.79	\$16,056.30 (-12,980.49)	\$32,737.62 (4,190.74)*

Amount owed to Fiscal Court for Garbage Collections (August thru November - \$25,523.01)

^{*} Denotes amount of garbage collections money used to pay Water District's bills

APPENDIX F

	2008	2009	2010	2011 - YTD	*AVG 2	012 Budget
Revenues	,,					
Residential Sales	183,376.52	233,287.34	230,623.10	198,231.75		
Commercial Sales	4,258.80					
School Sales	8,882.09			X		
NonProfit						
Interest Income	90.11	29.52	24.11			
Total Revenues	196,607.52	233,316.86	230,647.21	198,231.75	210,877.77	225,000
Expenses						
Advertising			171.60	<u>.</u>	175.04	1,000
Gas & Oil			171.00	_	8,211.48	
Repair & Maintenance Auto	1,854.63	135.00	202.97	# # # # # # # # # # # # # # # # # # #	1,395.04	
Vehicles and Other	5,847.58	8,737.99	9,325.22	8,567.39	8,119.55	10,000
Bank Charges	99.25	329.11	119.75	368.50	220.66	400
Cash Over & Short	3,399.91	1,112.56	973.59	676.41	1,203.76	1,000
Dues & Subscriptions	325.00	350.00	350.00	070.41	270.83	350
Insurance	6,277.96	6,003.00	5,544.37	5,991.59	5,964.69	6,000
Interest	0,	0,000.00	-,	-,	100.00	
Audit	475.00				1,266.67	- 7 _: 500
NSF Checks				Į.	184.26	
Repairs & Maintenance Lines & Pum	10,863.61	5,454.28	5,144.04	751.82	6,744.22	5,000
Repairs & Maintenance Admin	345.07	160.00		<u>.</u>	252.54	- 14. JEJ - 41 . J
Lab Analysis	556.20	2,212.40	1,021.50	986.75	1,029.03	1,200
Office The State of the State o	1,118.35	809.33		800.33	1,061.06	1,000
Payroll Tax	3,945.89	3,267.78	5,205.15	3,768.66	4,162.80	4,000
Postage	3,129.41	3,121.73	2,899.56	2,682.68	2,914.99	3,000
Contract Labor	9,406.25	9,233.83	3,267.38	5,175.99	6,783.24	- 6,000
Operating Supplies	582.76	963.88	762.55	761.14	715.28	800
Telephone	2,505.64	2,283.87	1,301.94	1,156.40	2,281.83	1;300
Travel	857.04			40.00	609.88	750
Wage	50,609.88	59,251.72	60,077.63	45,288.50	53,299.48	50,000
Utilities Plant	22,705.63	25,116.95	27,107.43	27,466.63	24,896.72	28,000
Electric Biglow Pump	1,697.77	1,905.03	2,098.36	2,002.27	1,622.15	2,200
Other Expense	4,644.41	5,120.71	6,745.65	13,173.62	5,313.97	5,000
Purchased Water	52,446.87	61,103.94	67,939.33	80,159.50	58,899.15	390,000
USDA Loan Payment _	25,890.00	28,248.06	23,677.82	21,101.65	22,811.61	27,850
Total Expenses	209,584.11	224,921.17	223,935.84	220,919.83	215,473.75	252,350
Net Income (Loss)	(12,977)	8,396	6,711	(22,688)	(10,880)	(27,350)

APPENDIX G

Green Hills Water District

Cash Account Register
For the Period From Jan 1, 2012 to Dec 31, 2012
1100 - Operations Account

Filter Criteria includes: Report order is by Transaction Daw,

Date	Reference	Туре	Payee/Paid By	Memo	Payment Amt	Receipt Amt	Balance
			Opening Balance	THE PARTY OF THE PARTY CONTRACTOR OF THE PARTY OF THE PAR	59.84	a handara an marana an ann an ann an ann an an ann an an	-59.84
1/6/12	10907	Payroll	407-21-6693		768.81		-828,65
1/6/12	10908	Payroll	405-98 4774		160.73		-989,38
1/6/12	1/6/2012	Receipt	REVENUE ACCT TRANFE	1/6/2012		1,250.00	260.62
1/6/12	10909	Wrt. Chks.	ISSAC BROCK		293.62	- p	-33.00
/13/12	10910	Payroll	407-21-6693		801.91		-834.91
/13/12	10911	Payroll	405-98-4774		200.00		-1,034,91
/13/12	1/13/2012	Receipt	REVENUE ACCT TRANFE	1/13/12		9,850.00	8,815.09
/13/12	10912	Wrt Chks.	PINEVILLE WATER	a. a.a. a.a	8,326,04	.,	489.05
/18/12	10913	Payroll	407-21-6693		361.96		-72.9
/18/12	10914	Payroll	402-98-8594		166.88		-239.79
/18/12	10915	Payroll	405-98-4774		200.00		-439.7
/18/12	1/18/2012	Receipt	REVENUE ACCT TRANFE	1/18/12	200.00	7,000.00	6,560.2
/18/12	10916	Wrt. Chks.	KY STATE TREASURER	1) 2 th/ 1 tr	223,44	1,000,00	6,336.7
/18/12	10917	Wrt, Chks.	KY STATE TREASURER		595.09		5,741.6
/18/12	10918	Wrt. Chks.	KY STATE TREASURER		172.79		5,568.8
/18/12	10919	Wrt. Chks.	TREASURER, KY UNEMPL		128.04		5,440,8
18/12	10920	Wrt. Chks.	USDA USDA	2012 payment # /	2,100.00		3,340.8
/18/12	10921	Wrt. Chks.	FLEETONE LLC	427863	532.29		2,808.5
/18/12	10921		Ford Credit	43447436	332.94		2,475.6
/18/12		Wrt. Chks.					2,473.0 3.006.6
	10923	Wrt Chks.	KY RURAL WATER	2012 Membership	400.00		2,075,6
/18/12	10924	Wrt, Chks.	WASTE CONNECTIONS	984	35.27		2,040.3
/18/12	10925	Wrt Chks.	BLAINE A. MOORE	Electrical work	240.00		1,800.3
/18/12	10925	Wrt. Chks.	Harlan Computers	repaired computer	64.99		1,735.3
/18/12	10927	Wrt. Chks.	CROUSHORN		29.90		1,705.4
/18/12	10928	Wrt, Chks.	BALL OFFICE MACHINE	repaired copier/	70.00		1,635.4
/18/12	10929	Wrt. Chks.	SOUTHERN WHOLESALE	<u></u>	56.07		1,579.3
/18/12	10930	Wrt. Chks.	US POSTAL	Euvelopes	237.75		1,341.6
1/18/12	10931	Wrt. Chks.	PETTY CASH	Office supplies	100.00		1,241.6
1/18/12	2	Wit. Chks.	Bank of Harlan		762.55		479,0
/26/12	10932	Payroll	407-21-6693		487.49		-8.4
/26/12	10933	Payroll	402-98-8594		280.36		-288.7
/26/12	10934	Payroll	405-98-4774		200.00		-488.7
/26/12	1/26/2012	Receipt	REVENUE ACCT TRANFE	1/26/12		6,000.00	5,511.2
1/26/12	10936	Wrt, Chks	κυ	670309-0014	210.05		5,301.1
/26/12	10937	Wrt. Chks.	CVRECC		3,481.14		1,820.0
/26/12	10938	Wrt. Chks.	TDS		111.13		1,708.9
/26/12	10939	Wrt. Chks.	MATTHEW NAPIER	Reimbursed for	81.30		1,627.0
2/1/12	10940	Payroll	407-21-6693	truck battery	398.71		1,228.9
2/1/12	10941	Payroll	402-98-8594	•	248.50		980.4
/1/12	10942	Payroll	405-98-4774		254.99		725.4
2/1/12	10943	Wrt. Chks.	PETTY CASH	Office supplies	100.00		625.
2/1/12	10947	Wrt. Chks.	PINEVILLE WATER		7,745.19		-7,119.
2/8/12	10944	Payroll	402-98-8594		191.81		-7,311.5
2/8/12	10945	Peyroll	407-21-5693		719.17		-8,030.
2/8/12	10946	Payroll	405-98-4774		207.86		-8,238.6
2/8/12	2/8/2012	Receipt	REVENUE ACCT TRANFE	2/8/12		8,800.00	561.
		Total		-	32,278.77	32,900.00	
				=			

Green Hills Water District P.O. Box 116 Bledsoe, Kentucky 40810 Phone: 606-558-3995

Fax: 606-558-3995

"This institution is an equal opportunity provider, and employer"

February 9, 2012

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Other bills owed by the Green Hills Water District not included on the Cash Account Register.

Appalachian States Analytical (Bac-T Testing) \$14.75 each test/twice a month

Dryer Meter Service (Master Meter Calibration) \$180.00

Consolidated Pipe Supply (Parts/Pipe) \$2,269.19

Barnett and Williams, CPAs (3 Years Service) \$5,700.00

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APPENDIX H

PINEVILLE WATER SYSTEM

P.O. 80x 277 Pinevule, Kentucky 40977 Phone (606) 337-6611

December 4, 2003

Benny Turner Green Hills Water District PO Box 116 Bledsoe, KY 40810

Re: Revised Water Purchase Contract

Dear Benny:

As requested, enclosed is a revised water purchase contract between the Pineville Utilities Commission and the Green Hills Water District. This agreement increases the maximum water to be purchased to 3,500,000 per month. The rate remains the same for all water purchased up to the maximum limit, subject to a minimum bill for the first 1,000,000 gallons.

After the Green Hills Water District Board has executed the agreement, please return one of the signed copies to me. The other will be for your files.

Please contact me if you have any questions or concerns.

Sincerely,

Bill Bunch Manager

WATER PURCHASE CONTRACT

This contact for the sale and purchase of water is entered into as of the 18th day of November 2003, between the Pineville Utility Commission, 151 Pine Street, P. O. Box 277, Pineville, Kentucky, 40977, hereinafter referred to as the "Seller" and the Green Hills Water District, P. O. Box 116, Bledsoe, Kentucky, 40810, hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser, is organized and established under the provisions of Chapter 74 of the Code of Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by action of the Pineville Utility Commission on November 18, 2003 the Seller approved this Contract for sale of water to the Purchaser, and attested by the Secretary was duly authorized, and

Whereas, Purchaser currently obtains treated water from Seller under contract dated May 20, 1994, and

Whereas, Purchaser has, in the past, exceeded the maximum capacity of its existing contract, and

Whereas, Purchaser desires to contract for additional capacity from Seller in order to serve its current and future customers, and

Whereas, by action of the Green Hills Water District Board, on the purchase of water from the Selier in accordance with the terms set forth in this Contract was approved, the Contract executed, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

 (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Natural Resources

- and Environmental Protection Cabinet, Division of Water, in such quantity as may be required by the Purchaser, not to exceed three million five hundred thousand (3,500,000) gallons per month.
- 2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure, in accordance with Division of Water regulation, calculated at the master meter location from an existing six-inch water main located near the Bell County-Harlan County line on State Highway 221. If a greater pressure than is normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.
- 3. (Metering Equipment) To furnish, install, operate and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the preceding six (6) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the first business day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.
- 4. (Billing Procedure) To furnish the Purchaser at the above address not later than the first (1st) day of the month following the meter reading with an itemized statement of the amount of water furnished from the Purchaser during the preceding billing period

B. The Purchaser Agrees:

- 1. (Rates and Payment Date) To pay the Seller, not later than the tenth (10th) day of each month, for water delivered and billed in accordance with the following schedule of rates:
 - a. \$1,750.00 for the first one million (1,000,000) gallons, which amount shall also be the minimum rate per month and payable as a minimum bill regardless of amount of gallons purchased.
 - b. \$1.75 per one thousand (1,000) gallons for water in excess of one million (1,000,000) gallons but less than three million five hundred thousand (3,500,000) gallons.
 - c. \$2.75 per one thousand (1,000) gallons for water equal to or in excess of three million five hundred thousand (3,500,000) gallons.

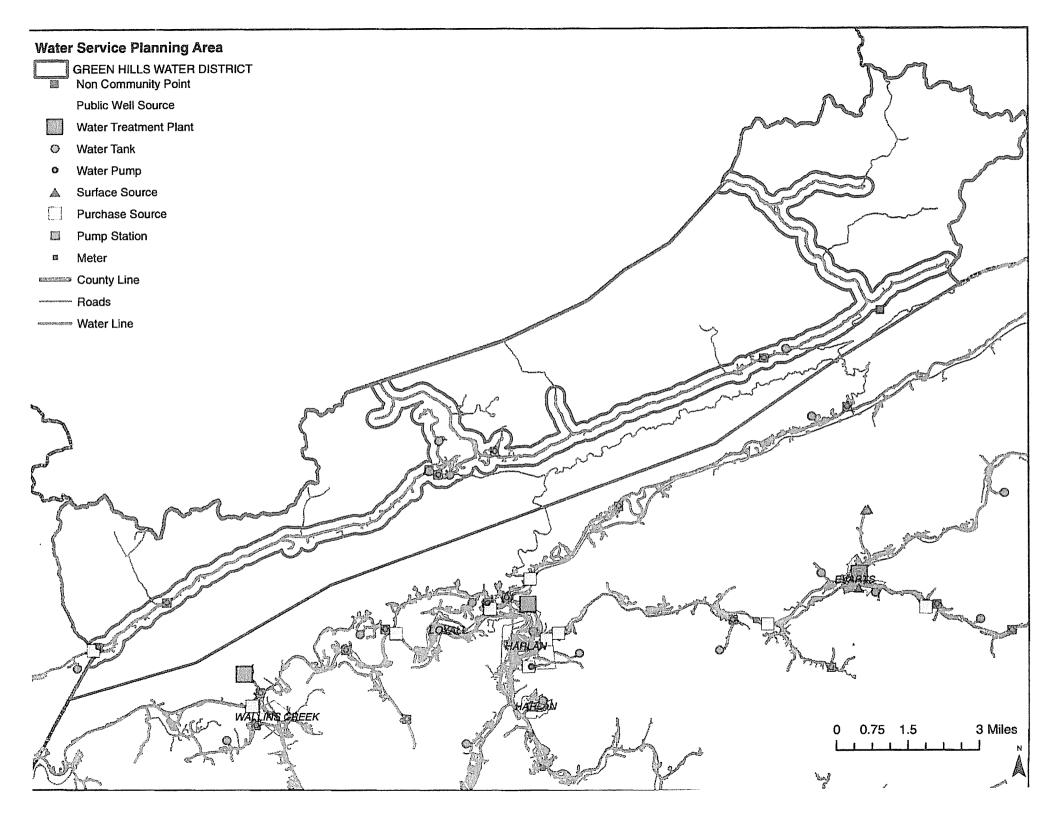
- d. Any amount billed and outstanding after the tenth (10th) day of the month shall be subject to a ten percent (10%) penalty calculated on the outstanding balance
- 2 (Connection Fee) The connection point already being constructed and in operation between the Purchaser and Seller, there is no Connection Fee associated with this Contract.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

- 1. (Term of Contract) That this Contract shall extend for a term of twenty (20) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.
- 2. (Delivery of Water) Seller will continue to deliver water to the Purchaser under the terms of the existing Contract until such time as this Contract is fully executed and approved by the governing bodies. Once so approved, delivery of water shall commence under the terms of this Contract.
- 3. (Water for Testing) Water for testing is not applicable to this Contract.
- 4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to the Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
- 5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of each annual period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.
- 6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this Commonwealth and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
- 7. (Miscellaneous) That the construction of portions of the water supply distribution system by the Purchaser is being furnished by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.
- 8 (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this Contract, any successor of the Purchaser,

whether the result of legal rights of the Purchaser hereur	process, assignment, or otherwise, shall succeed to the ider.
n witness whereof, the parties here podies, have caused this contract to shall constitute an original.	eto, acting under authority of their respective governing be duly executed in counterparts, each of which
	Seller:
	1
	By Latucia M. Braham
	Title Charpenson
Attest:	
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Secretary	
	Purchaser:
	Green Hills Water District
	By Alla State
	Title Chauman
Attest:	
General Secretary	
	of Rural Development thisday of
This contract is approved on benain, 2003.	of Rula Development and
	By
	Title

APPENDIX 2



HARLAN COUNTY COURT



IN RI: GREEN HILLS WATER DISTRICT

ORDER CREATING GREEN HILLS WATER DISTRICT

A verified petition by at least twenty-five freeholders of the proposed Green Hills Water District having been filed with the Court, pursuant to KRS 74 notice of said petition having Been given pursuant to KRS 424; thirty (30) days having layed from said publication and no objections to the petition having been filed with the Court; and the Court finds that the establishment of such district is reasonably necessary for public health, convenience, fire protection and comfort of the residents.

IT IS THEREFORE ORDERED, that the Green Hills Water District is established and shall be known as the Green Hills Water District and shall include the territory located on the morth side of Pine Mountain in Harlan County and more particularly described as follows:

"Beginning at the meeting of the boundaries of Harlan County, Perry County and Letcher County andtproceeding with the Harlan County and Perry County boundary line in a westwardly direction the point where the Harlan County, Perry County and Leslie County boundaries meet, thence continuing in a southwestwardly direction with the Harlan County and Perry County boundary line to Foundation Gap where the Harlan County, Leslie County and Bell County boundaries meet thence in a southwardly direction with the Harlan County and Bell County boundary line going over Straight Creek and up Pine Mountain along said Harlan County and Bell County boundary to the two thousand two hundred (2200) elevation, thence in an eastwardly direction along the said two thousand two hundred (2200) elevation on Pine Hountain to the Harlan County and Letcher County boundary, tthence in a northwardly direction along said Harlan County and Letcher County boundary to the point of Beginning."

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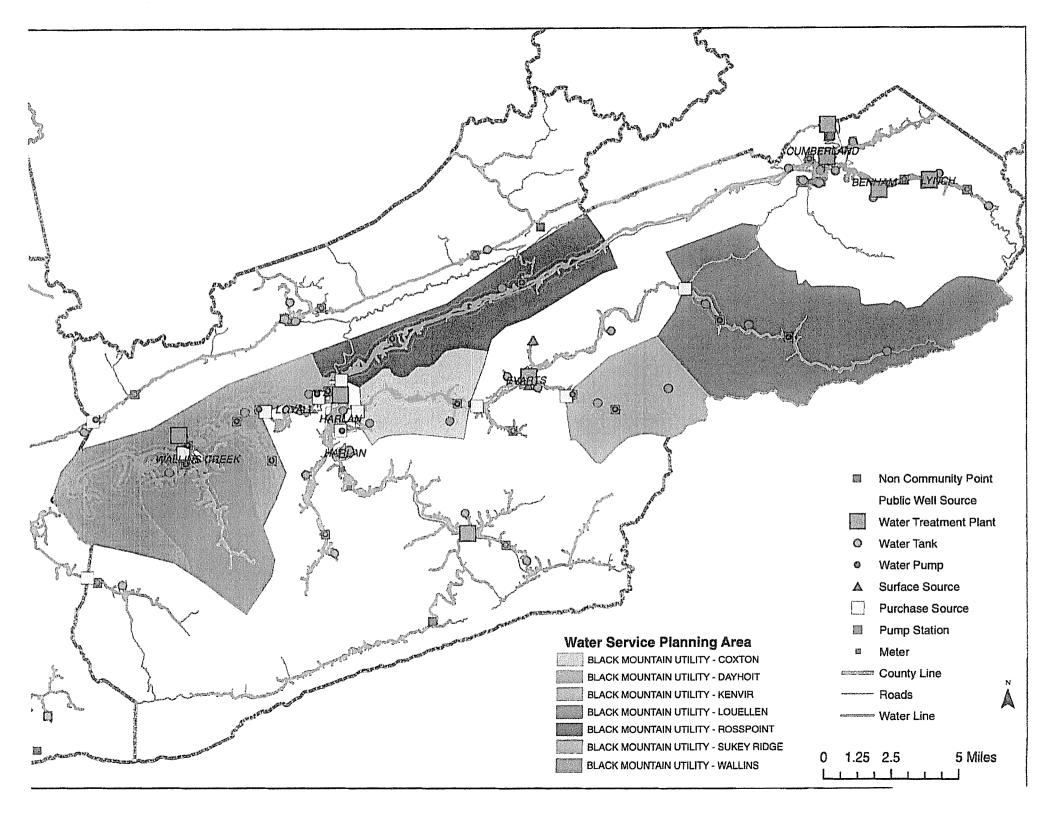
TT IS FURTHER ORDERED that the Board of Commissioners of the Green Hills Water District is created with three (3) Commissioners and that Rollin Helton is appointed as a Commissioner for a four (4) Yyear term, Vernon Conley is appointed as a Commissioner for a three (3) year term, and Milliam Taylor Brown is appointed as a Commissioner for a two (2) year term. Each Commissioner shall execute a bond approved by the Court.conditioned on the faithful performance of the duties of Commissioner.

Costs of this action shall be paid by the petitioners. The petitioners are directed to mail a copy of this order to the Public Service Commission.

JUDGE, MAINE COUNTY COURT

XX.

APPENDIX 3



AN ORDINANCE OF THE FISCAL COURT OF HARLAN COUNTY, KENTUCKY, RELATING TO THE RATIFICATION, CONFIRMATION, AND APPROVAL OF THE CREATION OF, AND THE PRESENT FORMATION OF THE BLACK MOUNTAIN UTILITY DISTRICT.

WHEREAS, a Hearing having been held by the Fiscal Court of Harlan County, Kentucky, on April 22, 1986, following the requisite procedure prescribed by KRS 65.810, on the Petition to ratify, confirm, and approve the creation of, and to presently form the Black Mountain Utility District, and the Fiscal Court having entered its Findings of Fact and rendered its Decision in the matter, which Decision was as follows:

- A. That the Petirion was filed and the Hearing was held in accordance with all of the requirements of KRS 65.810.
- B. That the creation of the Black Mountain Utility District, with boundaries as set out in paragraph 6 of the foregoing Findings of Fact, should be ratified, confirmed; and approved by this Fiscal Court, in order to enable such Utility District to proceed with the financing and construction of a waterworks and sewer system to serve the citizens and residents of such area, in accordance with the Flan of Service filed with the Petition.
- C. That this Fiscal Court will enact an Ordinance confirming, ratifying, and approving the creation of and presently forming the Black Mountain Utility District and confirming and approving the appointments and/or reappointments of the three Commissioners of the District,

NOW, THEREFORE, BE IT ORDAINED BY THE FISCAL COURT OF THE COUNTY OF HARLAN, COMMONWEALTH OF KENTUCKY, AS FOLLOWS:

SECTION 1. That this fiscal Court hereby ratifies, confirms, and approves the creation of, and hereby presently forms the Black Mountain Utility District, whose boundaries are and shall be as follows:

STIP ONLY, COULTER OF MARLAN

CO. DOCUMENT OF MARLAN

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SECTION 2. That this Fiscal Court hereby ratifies, confirms, and approves all previous actions which have been taken by the County

Judge/Executive with respect to the establishing and creation of said Water

District, including the appointments of the three initial Water Commissioners of the District.

SECTION 3. That the County Judge/Executive shall enter an Order appointing and/or reappointing the three Commissioners of said Utility

District, which appointments are hereby approved by this Fiscal Court as follows:

NAMES OF COMMISSIONERS	CURRENT TERMS OF OFFICE
Thomas Witt, Jr. Robert Shepherd	October 11, 1986 October 11, 1987
Arnold Gilbert	October 11, 1988

SECTION 4. If any section, paragraph, or clause of this Ordinance shall be held invalid, the invalidity of such section, paragraph, or clause shall not affect any of the remaining provisions hereof.

SECTION 5. All motions, ordinances, orders, resolution, and parts thereof, in conflict herewith, are hereby repealed to the extent of such conflict.

SECTION 6. This Ordinance shall be introduced at a meeting of the Fiscal Court and shall remain on file for public inspection in the office of the County Clerk until the next following regular, adjourned regular, or called, special session of the Fiscal Court, in the completed form in which it shall be put on its final passage and enactment. If passed and enacted, this Ordinance shall be in full force and effect immediately, and a Notice of

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BLACK MOUNTAIN UTILITY DISTRICT

BEGINNING at the intersection of Kentucky Route 38, and the Harlan City Limits; thence following the City Limits and a direct line in a northwesterly direction 4000 feet more or less to the top of Black Mountain; thence with the top of Black Mountain as it meanders in northeasterly direction opposite the Verda community, Evarta, Shields community, Louellen, Black Bottom, Closplint, Rileyville, Georgetown to the Virginia State line, a total distance of approximately 150,000 feet; thence leaving Black Mountain and following the Kentucky-Virginia State line in a southerly direction, a distance of 4000 fest more or less to the top of Little Black Mountain; thence continuing with the top of Little Black Mountain and the Kentucky-Virginia State line in a westerly direction 84,000 feet more or less; thence leaving the Kentucky-Virginia State line following the top of Little Black Mountain in a westerly direction 70,000 feet; thence leaving the top of Little Black Mountain in a northwesterly direction 7,500 feet to the point of BEGINNING.

This also includes the Right Fork of the Little Black Mountain Highway 215. This starts where the City of Evarts Water Service Ends at Redbud or Pounding Mill and extends up Highway 215 to the end of State Road, taking in the Kenvir, Kentucky and Dizney, Kentucky areas.

THERE IS EXCLUDED the town of Everts and any area that the City of Harlan now serves in the vicinity of Kitts.

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(7) T

Passage and Summary of the provisions of this Ordinance, in the form submitted to this Fiscal Court, and hereby approved, shall be published as required by law.

Introduced and given first reading by the Fiscal Court on April 22,, 1986.

Given second reading, passed, and enacted by the Fiscal Court on

May 8 . 1986.

Approved:

Attest

Tomer Les

CERTIFICATE OF COUNTY CLERK

County Clerk of the County of Barlan, Kentucky, that the foregoing Ordinance is a true and correct copy of an Ordinance relating to the ratification, confirmation, and approval of the creation of, and the present formation of the Flack Mountain Utility District, that said Ordinance was introduced and given its first reading by the Fiscal Court of said County on April 22, 1986, that it was placed and remained on file in my office for public inspection in that identical, completed form until May 3 , 1986, on which date it was given its second reading, passage, and final enactment by said Fiscal Court, and that a Notice of Enactment and Summary of said Ordinance has been ordered to be published as required by law.

IN TESTIMONY WHEREOF, witness my signature as County Clerk and the official Seal of said County this May 8 , 1986.

(Seal of County)

County Clerk

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APPENDIX 4

DECLARATION OF A LOCAL STATE OF EMERGENCY

February 1st, 2012

WHEREAS, on February 1st, 2012 a complete loss of the public water system occurred in the Green Hills and Bledsoe communities of Harlan County, Kentucky; and

WHEREAS, the Green Hills Water Supply District experienced a complete failure of the public water supply resulting in approximately 500 customers being without water for approximately 10 days. This failure affects approximately 1500 people in the Green Hills and Bledsoe communities of Harlan County; and

WHEREAS, this situation creates a considerable hardship for the citizens of Green Hills and Bledsoe communities of Harlan County; and

WHEREAS, local government has the responsibility to protect the public health, safety and welfare, and to mitigate the effects of such events.

NOW, THEREFORE, I Joseph Grieshop, Harlan County Judge Executive, by the authority vested in me by KRS 39A.100(2), do hereby declare that a State of Emergency exists in Green Hills and Bledsoe communities of Harlan and direct that:

- 1. The local Emergency Operations Plan shall be fully executed;
- 2. The Harlan County Emergency Management Director shall direct the Harlan County Emergency Management Agency to provide such assistance as can be delivered from available local resources and shall coordinate all agencies of local government to provide assistance to Green Hills and Bledsoe communities;
- 3. All agencies of Harlan County shall cooperate to the fullest extent with Harlan County Emergency Management Agency and shall provide such assistance as may be required for response to this emergency.
- 4. Under this State of Emergency, as provided in KRS 39A.100 (2) and 45A.380(1)(7) the Harlan County Judge Executive can waive procedures and formalities otherwise required by the law pertaining to: a) performance of public work, b) entering into contracts, c) incurring obligations, d) employment of permanent and temporary workers, e) utilization of volunteer workers, f) rental of equipment, g) appropriation and expenditure of public funds.

Donna Hoskins Harlan County Clerk

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APPENDIX 5

PAGE PETITION IN SUPPORT OF DISSOLVING THE GREEN HILLS WATER DISTRICT BOARD AND CONSOLIDATING WITH BLACK MOUNTAIN UTILITIES DISTRICT

We the people of the Bledsoe and surrounding areas wish to have the Green Hills Water District board dissolved immediately due to lost faith in their ability to provide acceptable water service. We also wish to have the Green Hills Water District consolidated with Black Mountain Water District. These wishes come from failure to provide acceptable water service to the people of Bledsoe and surrounding areas.

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APPENDIX 6

Green Hills Water District Board Meeting

Date: January 31, 2012

Time: 1:00 p.m.

Board Members Present: Ralph Turner, Clay Tolliver, Ronnie Cook

Employees Present: Obie York, Matt Napier, Sherri Turner

Others Present: Approximately 100 Community Members, Sid Douglas, Leo Miller,

Representative from Rand Pauls Office

Meeeting Called to Order at 1:07 p.m.

Ralph Turner begin the meeting by addressing the water outage issue. He asked the crowd to be respectful and the board members would try to answer all of the questions to the best of their knowledge. He explained the maintenance issues Pineville Water Utility is going through at this time with their filtration system and that they are only allowing the GHWD to pump an amount of 3 hours per day. This amount is not sufficient to provide all customers with water. Pineville is giving the GHWD a 3 hour pumping period for the purpose to be able to allow the Green Hills Elementary School to remain in session.

The community members stated that they would like to see the school closed down until the water outage is over, due to they can not bath their children and would not be sending them to school without being bathed.

The Principal of Green Hills Elementary School, Darlene Brock addressed the crowd stating that she felt by keeping school going on a daily basis was helping the parents out, due to the children was being provided 2 hot meals a day plus bathroom facilities to use. She stated that the children must attend 175 days of school each year and if they were to close the school during this outage, it could possibly cause the children to have to remain in school up into June or later.

Some of the community members still expressed that they wanted the school to be closed and began to talk over Ms. Brock, so she sat down and gave them the floor.

Many of the community members stated that until their water was restored, they would not be paying their monthly water bill. The board members try to explain to them that they would only be charged for the water they actually used and that by not paying their bills would only put the GHWD under more financial stress.

Many of the members stated that they would like to hook back up to the water coming from the spring on Pine Mountain, but it is illegally impossible to do so due to nitrates, mercury and possible other chemicals coming from the spring.

Leo Miller addressed the crowd explaining how the water lines coming across Pine Mountain would be installed and the amount of estimated time it would take to complete the project. He stated that the people on Little Shepherd Trail would finally have water running to their homes. He explained that this project had not been done in the past due to that the GHWD could not afford to pay the electricity bill for 4 more pump stations which it would have taken to put water up to Little Shepherd Trail. Mr. Miller stated that this

project is paid for. \$925,000 will be used that was acquired by a grant for the GHWD and over \$1,000,000 was going to be borrowed by the Fiscal Court to complete the project. Mr. Miller is going to contact the Public Service Commisssion and will be taking bids for this project at the beginning of February.

Sid Douglas addressed the crowd with the legal procedures that would have to be taken during the merge. He explained to the crowd that the board could not just do anything they wanted to to help them, that there were legal procedures that had to be followed. He stated that he was involved when the GHWD was first established and his suggestion was to merge with Black Mountain. The crowd began to over talk Mr. Douglas and he sit down.

Ronnie Cook addressed the board chairman with motions to merge with Black Mountain Utility. A list of the motions is attached.

All motions were voted on and approved by all board members. Ronnie Cook made the motions, Ralph Turner seconded them and Clay Tolliver voted yes to each one.

Once the motions were passed, the crowd began to stand and move around the floor discussing the issues amongst themselves. The meeting begin to get out of hand and Ralph Turner told the crowd that they would be going into closed session as of that time and everyone began to leave.

The meeting was put on hold at 2:30 p.m.

The meeting was called back to order at 3:00 p.m.

Other business discussed was the weekend work by the GHWD employees. The board stated that they had hired Matthew Napier to help ease the load on Obie York. It was the boards understanding that Matthew would work 30 hours per weekend, but Matthew told the board members that he did not want to work every weekend and that it was his understanding that him and Obie would be rotating the weekend shifts. After discussing this issues, the board decided that Obie and Matthew would rotate shifts. They told them that a schedule would need to be drawn up for them to go by each month.

The board decided that Obie or Matthew would only get paid for 1 hour during the water outage to check pumps.

Obie addressed the board that his cell phone had torn up and he need to get it replaced. The board agreed for Sherri Turner to buy Obie a new cell phone, a minutes card and car charger.

The board discussed the customers that have more than one home hooked up to one meter pit. They have given customers the opportunity to come in and apply for an individual meter pit if they know they are hooked up with someone else. If customers do not come in and let the board know, the board plans to go home to home with a sherriffs deputy to test the water for chlorine to find out who is illegally hooked up.

They have offered customers a payment plan to have a meter pit installed if they can not afford the full amount of \$600.00.

Obie has a list of customers he is aware of that is illegally hooked up.

The board discussed the issue of where the work truck was to be parked each night. They stated to the employees that unless they are working, the truck is to be at this time remain parked at Matthew's house, due to all of the water that is stored in the shop. Once the water is removed from the shop, the truck will be parked in the shop nightly.

The board members told all employees to keep each one of them aware of any situation going on in the system at all times. They stated they had people contacting them with questions and they had no answers due to the lack of communication between themselves and the employees. The board wants to be made aware of pumping times or any problems that arise before it gets out to the public or the newspaper.

Sherri Turner discussed the monthly bills with the board. She stated that all of January's bills had been paid except for the garbage bill. She told the board members that she is going to begin in February seperating the water and garbage money collected into two seperate accounts, so that the garbage money does not get used for any of the GHWD monthly bills. She isn't sure she will collect enough water payments to pay all of the bills, but she is not going to use any garbage money to pay them with.

The board discussed and agreed to all that had been said and the meeting was adjourned at 4:00 p.m.

Green Hills Water District Bledsoe, Kentucky

Motions For Monthly Meeting January 31, 2012

Mr. Chairman I move that Green Hills Water District petition the Kentucky Public Service Commission to approve the Green Hills Water District consolidation with the Black Mountain Utility District.

I move Green Hills Water District enter into an agreement as soon as possible with Black Mountain Utility District for Black Mountain Utility District to temporarily operate the Green Hills Water system pending approval of teh Districts consolidation by the Public Service Commission; Black Mountain Utility Districts operation shall include: supervision, hiring or terminating employees, operation and repair of the water system, collection of the water and garbage bills, payment of the monthly bills and Black Mountain Utility District shall keep a seperate accounting for its temporary operation of the Green Hills Water System and make a monthly accounting report to the Green hills Board pending the consolidation.

I move that chairman of the Green Hills Water District be authorized and directed to sign the necessary documents, agreements and applications to effect the consolidation of the Green Hills Water District with the Black Mountain Utility District and temporary operation of the Green Hills Water District.

I move that the Green Hills Water District plant manager and secretary submit to the board chairman within seven (7) days an inventory of all the personal property and assets of the District including customer list with locations, accounts receivable, copies of deeds, leases and any pending litigation.

In support of the above motions I move the Board adopts a resolution that an emergency situation currently exists in the Green Hills Water District that during the past six months approximately one half of the Districts 506 customers have been without water for 8 to 10 days and approximately one fourth of the customres have been without water for 14 to 15 days. The Green Hills Elementary School has been closed for 4 days due to being without water and that the District has not collected sufficient income to pay its monthly operating expenses, that the District does not have the man power or equipment to repair its water line casuing excessive loss of water and the Board has received a Petition signed by 220 persons residing in the District that the two Districts be consolidated.

I move that included in the consolidation with Black Mountain Utility District there be an agreement tht the monies granted and allocated to Green Hills Water District and harlan County Fiscal Court/Green Hills Water District in kentucky House Bills #410 and #608 be used exclusively for the project to extend water lines from Baxter, Kentucky to a Water Tower on the Crest of Pine Mountain and lines therefrom to the Little Shepherd

Trail and down the South Side of Pine Mountain to the Green Hills Water District lines.

APPENDIX 7

BOARD MEETING AGENDA

February 13, 2012

Old Business:

- -Monthly bills
- -Water projects update

New Business:

- Customer Complaints
- Monthly Bills
- Water Project Updates
- The consolidation of Black Mountain Utility District and the Green Hills Water District and Temporary Operation of Green Hills Water District by Black Mountain Utility District

^{*}Executive Session

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Mr. Chairman I move that & Mack MTN. UTITY District petition the Kentucky Public Service Commission to approve the Green Hills Water District consolidation with the Black Mountain Utility District.

I move Black niw. District enter into an agreement as soon as possible with Green Hills water. District for Black Mountain Utility District to temporarily operate the Green Hills Water system pending approval of the Districts consolidation by the Public Service Commission; Black Mountain Utility Districts operation shall include: supervision, hiring or terminating employees, operation and repair of the water system, collection of the water and garbage bills, payment of the monthly bills and Black Mountain Utility District shall keep a separate accounting for its temporary operation of the Green Hills Water System and make a monthly accounting report to the Green Hills Board pending the consolidation.

I move that chairman of the BACK MIND DIVING District be authorized and directed to sign the necessary documents, agreements and applications to effect the consolidation of the Green Hills Water District with the Black Mountain Utility District and temporary operation of the Green Hills Water District.

I move that included in the consolidation with Black Mountain Utility District there be an agreement that the monies granted and allocated to Green Hills Water District and Harlan County Fiscal Court/Green Hills Water District in Kentucky House Bills #410 and #608 be used exclusively for the project to extend water lines from Baxter, Kentucky to a Water Tower on the Crest of Pine Mountain and lines therefrom to the Little Shepherd Trail and down the South Side of Pine Mountain to the Green Hills Water District lines.

APPENDIX 8



United States Department of Agriculture Rural Development

London Area Office

February 16, 2012

Sidney B. Douglass Counselor and Attorney at Law 117 South Second Street Harlan, KY 40831

RE: Transfer of Green Hills Water District's Assets and Assumption Of Indebtedness by Black Mountain Utility District

Dear Mr. Douglass:

This agency has been asked to acknowledge the proposed transaction between Green Hills Water District and Black Mountain Utility District as relates to the assumption of Green Hill's outstanding indebtedness and the transfer of Green Hill's water system assets to the Utility District. Rural Utilities Service is in full support of this endeavor taking place. The agency supports this because in our opinion Green Hill's water customers will benefit and be better served by the Utility District.

This office has been in close contact with all parties and informed them what is needed by the agency in order for the agency to concur with the purchase and assumption of Green Hill's debt. It is the agency's desire that this business be completed as expeditiously as possible.

If you have any questions, please contact Tom Partin at 606-864-2172 ext. 127.

Sincerely,

Barry R. Turner Area Director

Barry 12. Junes

APPENDIX 9

ORDERS SPECIAL HARLAN COUNTY FISCAL COURT **FEBRUARY 17,2012**

PRESENT JOE GRIESHOP, JONATHAN POPE, BILL MOORE, DAVID KENNEDY, JIM RODDY, DELZINNA BELCHER, CO ATT FRED BUSROE

MOTION DELZINNA BELCHER SECOND JONATHAN POPE GIVE APPROVAL OF A RESOLUTION FOR HARLAN COUNTY FISCAL COURT TO ENTER INTO AND FILE A RENEWAL APPLICATION TO THE DEPT OF LOCAL GOVERNMENT FOR CUMBERLAND HOPE COMMUNITY(RECOVERY KENTUCKY) PROJECT F/Y 2011 IN THE AMOUNT OF \$250,000, AUTHORIZE JUDGE EXECUTIVE TO SIGN ANY AND ALL DOCUMENTS SUBJECT TO FINAL AUDIT

ALL YES

MOTION BILL MOORE

SECOND JONATHAN POPE

TO APPROVE 2012 RURAL AND SECONDARY ROAD FUNDS PROJECT AS RECORDED

ALL YES

MOTION DAVID KENNEDY

SECOND JIM RODDY

TO ADOPT A JOINT RESOLUTION OF LETCHER AND HARLAN COUNTY FISCAL COURTS AUTHORIZING THE FILING OF A PROPOSAL/GRANT APPLICATION FOR THE PINE MOUNTAIN WATER STUDY ON BEHALF OF THE COUNTIES FOR MULTI-COUNTY COAL SEVERANCE MONIES UP TO \$125,000: AUTHORIZE JUDGE EXECUTIVE TO SIGN ANY AND ALL DOCUMENTS.

ALL YES

MOTION JONATHAN POPE

SECOND BILL MOORE

REQUEST THE COURT PASS A RESOLUTION SUPPORTING THE CONSOLIDATION OF THE GREEN HILLS WATER DISTRICTS AND THE BLACK MOUNTAIN UTILITY DISTRICT AND THE APPLICATION BY THE TWO DISTRICTS TO THE KENTUCKY PUBLIC SERVICE COMMISSION TO CONSOLIDATE PURSUANT TO KRS 74.361.

ALL YES

MOTION DAVID KENNEDY

STT .

SECOND BILL MOORE

TO GIVE APPROVAL FOR AN INTERLOCAL AGREEMENT FOR THE MULTI-COUNTY KENTUCKY MOUNTAIN TRAIL SYSTEM, AUTHORIZE JUDGE EXECUTIVE TO SIGN ANY AND ALL DOCUMENTS.

ALL YES

REFLECT RECEIVING AMENDED 2012 BUDGET FROM HARLAN COUNTY CLERK'S **OFFICE**

MOTION BILL MOORE SECOND DAVID KENNEDY

TO ACCEPT 2011 EXCESS FEES FROM THE HARLAN COUNTY CLERK'S OFFICE IN THE AMOUNTS OF 29,000.00 AND 32,000.00 FOR THE TWO ADMINISTRATIONS WANDA S. CLEM AND DONNA G. HOSKINS. SUBJECT TO AUDIT

ALL YES

MOTION JIM RODDY

SECOND JONATHON POPE

TO ACCEPT THE BID FOR DIESEL FUEL/ GASOLINE FROM FUELCO.

ALL YES

MOTION BILL MOORE

SECOND JONATHAN POPE

TO ACCEPT THE BID FOR AUTOPSY TRANSPORTATION FROM J&S FUNERAL TRANSIT SERVICE

ALL YES

REFLECT THE FOLLOWING AS NOMINEES FOR THE VACANT CITIZEN MEMBER SEAT FOR HARLAN COUNTY ON THE CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT BOARD OF DIRECTORS: RALPH SOULEYRET JR., DOUG BROCK, AND NICK ROUSE (RETROACTIVE TO FEBRUARY 7, 2012)

ALL YES

