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**APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION**

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

RECEIVED

DEC 12 2018

PUBLIC SERVICE
COMMISSION

Crittenden-Livingston County Water District

(Name of Utility)

620 East Main Street

(Business Mailing Address - Number and Street, or P.O. Box)

Salem, KY 42078

(Business Mailing Address - City, State, and Zip)

270-988-2680

(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

Ronnie Slayden, Superintendent

(Name)

620 East Main Street

(Address - Number and Street or P.O. Box)

Salem, KY 42078

(Address - City, State, Zip)

270-988-2680

(Telephone Number)

slaydenronnie@yahoo.com

(Email Address)

**(For each statement below, the Applicant should check either "YES", "NO", or
"NOT APPLICABLE" (N/A))**

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

YES NO N/A

4. a. Applicant is a corporation that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.
6. a. Applicant has 20 or fewer customers and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- b. Applicant has more than 20 customers and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- c. Applicant has more than 20 customers and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." **(Attach completed "Reasons for Application" Attachment.)**

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2017.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ 728,987 and total revenues from service rates of \$ 3,095,364. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had 3,607 +/- customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.)
17. Approximately 0 % **(Insert dollar amount or percentage of total utility plant)** of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

By submitting this application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted by the Public Service Commission for filing.

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed

Randell O'Bryan
Officer of the Company/Authorized Representative

Title

Chairman

Date

11/26/2018

COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Before me appeared Randell O'Bryan, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

Notary Public

My commission expires:

Jessica Craft 553120
March 18th, 2020

LIST OF ATTACHMENTS
Crittenden-Livingston County Water District

1. Customer Notice of Proposed Rate Adjustments
2. Wholesale Customer Notice
3. Reasons for Application
4. Current and Proposed Rates
5. Statement of Adjusted Operations and Revenue Requirements with the following attachments:
 - a. References
 - b. Table A - Depreciation Expense Adjustments
 - c. Table B - Debt Service Schedule
6. Wholesale Rate Computation with the following attachments:
 - a. Table C - System Information
 - b. Table D - Wholesale Allocation Factors
 - c. Table E - Allocation of Depreciation Expense for Wholesale Rate
 - d. Table F - Allocation of Plant Value and Debt Service
7. Current Billing Analysis
8. Proposed Billing Analysis
9. Depreciation Schedule
10. Outstanding Debt Instruments
 - a. USDA Bonds
 - b. KRWFC Bonds
 - c. KIA Loans
 - d. KACO Lease
11. Amortization Schedules
12. Statements of Disclosure of Related Party Transactions
13. Board Resolution

Attachment 1

CUSTOMER NOTICE

Notice is hereby given that the Crittenden-Livingston County Water District expects to file an application on or about December 12, 2018 with the Kentucky Public Service Commission seeking approval of a proposed adjustment to its water rates. The proposed Phase 1 rates shall not become effective until the Public Service Commission has issued an order approving these rates.

MONTHLY WATER RATES

Phase 1 Minimum Bills Based on Meter Size					
<u>Meter Size</u>	<u>Gals. Incl'd. in Minimum</u>	<u>Minimum Bills</u>		<u>Dollar</u>	<u>Percent</u>
		<u>Current</u>	<u>Phase 1</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	1,000	\$18.73	\$20.71	\$1.98	10.6%
1 inch	5,000	61.33	67.79	6.46	10.5%
2 inch	15,000	160.18	177.04	16.86	10.5%
Phase 1 Rates for Water Usage in Addition to Minimum					
<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>	
	<u>Current</u>	<u>Phase 1</u>	<u>Increase</u>	<u>Increase</u>	
First 1,000 Gallons	\$18.73	\$20.71	\$1.98	10.6%	
Next 9,000 Gallons	10.65	11.77	1.12	10.5%	
Next 10,000 Gallons	9.12	10.08	0.96	10.5%	
Over 20,000 Gallons	7.20	7.96	0.76	10.6%	
Bulk Sales		7.20	7.96	0.76	10.6%

Phase 2 Minimum Bills Based on Meter Size					
(Phase 2 will be implemented one year after the effective date of Phase 1)					
<u>Meter Size</u>	<u>Gals. Incl'd. in Minimum</u>	<u>Minimum Bills</u>		<u>Dollar</u>	<u>Percent</u>
		<u>Phase 1</u>	<u>Phase 2</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	1,000	\$20.71	\$22.69	\$1.98	9.6%
1 inch	5,000	67.79	74.25	6.46	9.5%
2 inch	15,000	177.04	193.90	16.86	9.5%
Phase 2 Rates for Water Usage in Addition to Minimum					
<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>	
	<u>Phase 1</u>	<u>Phase 2</u>	<u>Increase</u>	<u>Increase</u>	
First 1,000 Gallons	\$20.71	\$22.69	\$1.98	9.6%	
Next 9,000 Gallons	11.77	12.89	1.12	9.5%	
Next 10,000 Gallons	10.08	11.04	0.96	9.5%	
Over 20,000 Gallons	7.96	8.72	0.76	9.6%	
Bulk Sales		7.96	8.72	0.76	9.6%

Phase 3 Minimum Bills Based on Meter Size

(Phase 3 will be implemented one year after the effective date of Phase 2)

<u>Meter Size</u>	<u>Gals. Incl'd. in Minimum</u>	<u>Minimum Bills</u>		<u>Dollar</u>	<u>Percent</u>
		<u>Phase 2</u>	<u>Phase 3</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	1,000	\$22.69	\$24.67	\$1.98	8.7%
1 inch	5,000	74.25	80.79	6.54	8.8%
2 inch	15,000	193.90	210.99	17.09	8.8%

Phase 3 Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Phase 2</u>	<u>Phase 3</u>	<u>Increase</u>	<u>Increase</u>
First 1,000 Gallons	\$22.69	\$24.67	\$1.98	8.7%
Next 9,000 Gallons	12.89	14.03	1.14	8.8%
Next 10,000 Gallons	11.04	12.01	0.97	8.8%
Over 20,000 Gallons	8.72	9.48	0.76	8.7%
Bulk Sales	8.72	9.48	0.76	8.7%

If the Public Service Commission approves the proposed water rates, then the Phase 1 monthly bill for a customer using an average of 3,000 gallons per month will increase from \$40.03 to \$44.25. This is an increase of \$4.22 or 10.5%. The Phase 2 monthly bill for a customer using an average of 3,000 gallons per month will increase from \$44.25 to \$48.47. This is an increase of \$4.22 or 9.5%. The Phase 3 monthly bill for a customer using an average of 3,000 gallons per month will increase from \$48.47 to \$52.73. This is an increase of \$4.26 or 8.8%.

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

Crittenden-Livingston County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at Crittenden-Livingston County Water District's office located at 620 East Main Street, Salem, KY 42078. You may contact the office at 270-988-2680.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, PO Box 615, Frankfort, Kentucky, 40602. You may contact the Public Service Commission at 502-564-3940.

A person may submit a timely written request for intervention to the Public Service Commission, PO Box 615, Frankfort, KY, 40602, establishing the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this notice, the Public Service Commission may take final action on the application.

Attachment 2

WHOLESALE CUSTOMER NOTICE

Notice is hereby given that the Crittenden-Livingston County Water District expects to file an application on or about December 12, 2018 with the Kentucky Public Service Commission seeking approval of a proposed adjustment to its water rates. The proposed Phase 1 rates shall not become effective until the Public Service Commission has issued an order approving these rates.

MONTHLY WATER RATES

Phase 1 Wholesale Rate for All Wholesale Customers

<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Phase 1</u>	<u>Increase</u>	<u>Increase</u>
For all Water Purchased	\$2.58	\$2.84	0.26	10.1%

Phase 2 Wholesale Rate for All Wholesale Customers

<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Phase 1</u>	<u>Phase 2</u>	<u>Increase</u>	<u>Increase</u>
For all Water Purchased	\$2.84	\$3.09	0.25	8.8%

Phase 3 Wholesale Rate for All Wholesale Customers

<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Phase 2</u>	<u>Phase 3</u>	<u>Increase</u>	<u>Increase</u>
For all Water Purchased	\$3.09	\$3.34	0.25	8.1%

The proposed Phase 2 Rates will be implemented one year after the effective date of Phase 1. The proposed Phase 3 rates will be implemented one year after the effective date of Phase 2.

If the Public Service Commission approves the proposed water rates, then the Phase 1 monthly bill for a wholesale customer will increase from \$2,580 to \$2,840 for each 1.0 million gallons purchased. This is an increase of \$260 or 10.1%. The Phase 2 monthly bill for a wholesale customer will increase from \$2,840 to \$3,090 for each million gallons purchased. This is an increase of \$250 or 8.8%. The Phase 3 monthly bill for a wholesale customer will increase from \$3,090 to \$3,340 for each million gallons purchased. This is an increase of \$250 or 8.1%.

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

Crittenden-Livingston County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at Crittenden-Livingston County Water District's office located at 620 East Main St., Salem, KY 42078. You may contact the office at 270-988-2680.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, PO Box 615, Frankfort, Kentucky, 40602. You may contact the Public Service Commission at 502-564-3940.

The wholesale customers or any other party may submit a timely written request for intervention to the Public Service Commission, PO Box 615, Frankfort, KY, 40602, establishing the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this notice, the Public Service Commission may take final action on the application.

Attachment 3

Reasons for Application

Crittenden-Livingston County Water District (the “District”) is requesting an 31.7% rate increase for its retail water customers and a 29.5% rate increase for its wholesale customers. Both the retail and wholesale increases will be implemented in three phases. These rate adjustments will generate an approximate total of \$728,987 in additional annual revenue after all three phases are implemented.

The District needs this rate increase for the following reasons:

1. To enable the District to pay its annual principal payments on its existing long-term debt from water revenue rather than from depreciation reserves;
2. To enable the District to meet the requirements set forth in its existing debt instruments;
3. To restore the District to a sound financial condition by charging rates that recover its cost of providing service; and
4. To enable the District to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

Attachment 4

CURRENT AND PROPOSED RATES
Crittenden-Livingston County Water District

Current Rates

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 18.73
1 inch	5,000	61.33
2 inch	15,000	160.18

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
First 1,000 Gallons	\$ 18.73
Next 9,000 Gallons	10.65
Next 10,000 Gallons	9.12
Over 20,000 Gallons	7.20

Bulk Sales \$ 7.20

Wholesale Rate \$ 2.58

Proposed Rates - Phase 1

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 20.71
1 inch	5,000	67.79
2 inch	15,000	177.04

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
First 1,000 Gallons	\$ 20.71
Next 9,000 Gallons	11.77
Next 10,000 Gallons	10.08
Over 20,000 Gallons	7.96

Bulk Sales \$ 7.96

Wholesale Rate \$ 2.84

Proposed Rates - Phase 2

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 22.69
1 inch	5,000	74.25
2 inch	15,000	193.90

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
First 1,000 Gallons	\$ 22.69
Next 9,000 Gallons	12.89
Next 10,000 Gallons	11.04
Over 20,000 Gallons	8.72

Bulk Sales \$ 8.72

Wholesale Rate \$ 3.09

Proposed Rates - Phase 3

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 24.67
1 inch	5,000	80.79
2 inch	15,000	210.99

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
First 1,000 Gallons	\$ 24.67
Next 9,000 Gallons	14.03
Next 10,000 Gallons	12.01
Over 20,000 Gallons	9.48

Bulk Sales \$ 9.48

Wholesale Rate \$ 3.34

Attachment 5

SCHEDULE OF ADJUSTED OPERATIONS
Crittenden-Livingston County Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Residential & Commercial Sales	\$ 1,931,512	\$ (55,938)	a.	
		12,532	b.	\$ 1,888,106
Sales from Bulk Loading Stations	2,377			2,377
Sales to Public Authorities	475,894	(475,894)	c.	-
Sales for Resale		475,894	c.	475,894
Other Water Revenues:				
Misc. Service Revenues	7,960			7,960
Other Water Revenues	0	55,938	a.	55,938
Total Operating Revenues	\$ 2,417,743			\$ 2,430,275
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	492,625			492,625
Salaries and Wages - Officers	6,600			6,600
Employee Pensions and Benefits	315,326	(140,120)	d.	175,206
Purchased Water	535			535
Purchased Power	137,752			137,752
Chemicals	124,799			124,799
Materials and Supplies	230,723			230,723
Contractual Services	50,460			50,460
Transportation Expenses	15,919			15,919
Insurance - Gen. Liab. & Workers Comp.	35,550			35,550
Advertising	0			0
Bad Debt Expense	413			413
Miscellaneous Expenses	32,541			32,541
Total Operation and Mnt. Expenses	1,443,243			1,303,123
Depreciation Expense	665,746	(23,973)	e.	641,773
Taxes Other Than Income	38,942			38,942
Total Operating Expenses	\$ 2,147,931			\$ 1,983,838
Net Utility Operating Income	\$ 269,812			\$ 446,437
Gains (Losses) on Disposition of Utility Property	0			0
Total Utility Operating Income	\$ 269,812			\$ 446,437

REVENUE REQUIREMENTS

Pro Forma Operating Expenses				\$ 1,983,838
Plus: Average Annual Principal and Interest Payments			f.	1,063,825
Additional Working Capital			g.	147,434
Amortization of Premium on Debt	(34,481)	327	h.	(34,154)
Overall Revenue Requirement				3,160,943
Less: Other Operating Revenue				63,898
Nonutility Income	98,518	(98,518)	i.	0
Interest Income	1,681			1,681
Proposed Wholesale Sales Revenue				606,064
Revenue Required From Retail Rates				2,489,300
Less: Revenue from Retail Sales at Present Rates				1,890,483
Required Retail Revenue Increase				\$ 598,817
Percent Increase				31.7%

Attachment 5a

REFERENCES

- a. The figure reported for retail sales revenue included other water revenues such as late fees, miscellaneous income, etc. in the amount of \$55,938. That revenue is deducted from sales revenue and included in its own category.
- b. The Current Billing Analysis results in a total retail sales amount of \$1,888,106. This indicates an adjustment to retail sales of \$12,532 is appropriate.
- c. The revenue from wholesale sales was reported as Sales to Public Authorities. That revenue is moved to the Sales for Resale category.
- d. Due to GASB 68 reporting requirements, the expense reported for the District's retirement plan is \$141,729 more than the actual amount paid to CERS. This amount is deducted. However, the charges for the CERS program have increased by \$1,609 since 2017. The net adjustment for retirement plan expense is \$140,120.
- e. It is the PSC's practice to require an adjustment to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, an adjustment is included to bring asset lives within or near the midpoint of the recommended ranges. In a few cases adjustments may deviate from this to recognize the specific work performed instead of a broad category. See Table A.
- f. The annual debt service payments for the District's bonds and loans are shown in Table B. The 5 year average of these payments is included in the revenue requirement calculation.
- g. The amount shown in Table B for coverage on long term debt is required by the bond resolutions and loan agreements. This is included in the Revenue Requirement as Additional Working Capital.
- h. The actual amount for the Amortization of Premium on Debt in the future will be \$34,154.
- i. The revenue shown in the test year for Non-utility Income is from a FEMA grant which reimbursed expenses that were incurred in 2016. This extraordinary income is deducted since it is not routine.

Attachment 5b

Table A
DEPRECIATION EXPENSE ADJUSTMENTS

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Pro Forma Life</u>	<u>Pro Forma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>Lake River Intake</u>							
Entire Group	2006-07	\$ 888,411	50	\$ 17,770	40.0	\$ 22,210	\$ 4,441
<u>Pumping Equipment</u>							
Entire Group	various	307,235	various	19,156	various	19,156	-
<u>Water Treat Struct</u>							
Heat/Cool Unit	04/01/12	6,900	10	685	20.0	345	(340)
<u>Water Treatment Equipment</u>							
Water Treatment Plant	various	4,372,380	50	87,373	37.5	116,597	29,224
Water Treatment Equipment	various	30,404	50	592	27.5	1,106	513
<u>Transportation Equipment</u>							
Entire Group	various	88,109	5	17,831	7.0	12,587	(5,244)
<u>Distribution Reservoirs/Pipe</u>							
Water Tanks	various	1,600,771	50	16,756	45.0	35,573	18,816
Structures & Improvements	various	8,338	50	166	37.5	222	57
Cumberland River Line Repair	02/23/16	67,052	50	1,325	62.5	1,073	(252)
<u>Small Equipment</u>							
Entire Group	various	23,074	various	224	various	224	-
<u>Transmission & Dist. Mains</u>							
Entire Group	various	14,128,183	50	282,364	62.5	226,051	(56,313)
<u>Lab Equipment</u>							
Entire Group	various	2,271	various	109	17.5	130	21
<u>Services</u>							
Services	various	5,014,582	35	143,386	40.0	125,365	(18,021)
Water Plant	12/31/06	22,507	50	451	27.5	818	368
Wilson Hill Water Tank	12/31/06	690,000	35	19,746	45.0	15,333	(4,413)
Joy Water Tower	12/31/06	125,000	35	3,577	45.0	2,778	(799)
Moore Hill Water Tower	12/31/06	95,000	35	2,747	45.0	2,111	(636)
Hwy. 133 Pump Station	12/31/06	65,000	35	1,860	35.0	1,860	-
<u>Meters</u>							
Entire Group through 2016	various	1,294,258	35	36,631	35.0	36,631	-
New Meters (47)	12/31/17	20,010	35	24	35.0	572	548
<u>Communication Equipment</u>							
Entire Group	various	145,118	various	6,130	10.0	14,512	8,381
<u>Hydrants</u>							
Entire Group	various	228,940	50	4,676	50.0	4,676	-
<u>Office Furniture & Equipment</u>							
Entire Group	various	4,595	various	767	10.0	459	(307)
<u>Office Building</u>							
Entire Group	various	51,928	various	1,400	37.5	1,385	(15)
<u>Power Operated Equipment</u>							
Entire Group	various	65,632	5	-	12.5	-	-
TOTALS				\$ 665,746		\$ 641,773	\$ (23,973)

Attachment 5c

Table B
DEBT SERVICE SCHEDULE
Crittenden-Livingston County Water District
CY 2018 - 2022

	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>TOTALS</u>
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	(Prin. & Int.)
1995 A Bonds - USDA	22,000	26,460	23,000	25,425	24,000	24,345	25,000	23,220	27,000	22,005	242,455
2000 A Bonds - USDA	40,000	68,670	42,000	66,780	44,000	64,800	46,000	62,730	48,000	60,570	543,550
2008 Bond Issue	115,000	41,454	120,000	36,695	130,000	31,633	130,000	26,368	135,000	20,917	787,067
2013C Bonds - KRWFC	200,000	111,053	185,000	102,775	185,000	94,820	200,000	86,543	235,000	77,190	1,477,381
2013C Bonds - KRWFC	55,000	73,024	55,000	70,659	60,000	68,186	60,000	65,606	65,000	62,919	635,394
KIA Loan	78,272	8,494	79,687	7,079	81,128	5,638	82,595	4,171	84,088	2,678	433,830
KIA Radio Read	13,490	5,261	13,761	4,963	14,038	4,659	14,320	4,348	14,608	4,032	93,480
KIA Water Tower	41,723	18,930	42,457	18,164	43,203	17,311	43,962	16,443	44,735	15,560	302,488
2017 KACO Lease	68,750	84,258	75,000	88,584	79,583	85,085	80,000	80,918	84,583	76,718	803,479
TOTALS	\$ 634,235	\$ 437,604	\$ 635,905	\$ 421,124	\$ 660,952	\$ 396,477	\$ 681,877	\$ 370,347	\$ 738,014	\$ 342,589	\$ 5,319,124
TOTAL ANNUAL AVERAGE PRINCIPAL AND INTEREST											\$ 1,063,825
COVERAGE ON LONG TERM DEBT											\$ 147,434

Attachment 6

WHOLESALE RATE COMPUTATION
Crittenden-Livingston County Water District

	<u>Total</u>	<u>Allocation Factor</u>	<u>Wholesale Allocation</u>	<u>Retail</u>
Salaries & Wages				
Customer Accts.	35,494		0	35,494
Water Production	180,050	0.4830	86,957	93,093
Trans./Distribution	194,260	0.0671	13,034	181,226
Admin & General	82,821	0.0671	5,557	77,264
Employee Benefits + Taxes				
Customer Accts.	15,430		0	15,430
Water Production	78,269	0.4830	37,801	40,468
Trans./Distribution	84,446	0.0671	5,666	78,780
Admin & General	36,004	0.0671	2,416	33,588
Salaries - Officers	6,600	0.4830	3,188	3,412
Purchased Water	535	0.4830	258	277
Purchased Power				
Water Production	96,115	0.4830	46,420	49,695
Trans./Distribution	38,346	0.0671	2,573	35,773
Admin & General	3,291	0.0671	221	3,070
Chemicals	124,799	0.4830	60,273	64,526
Materials & Supplies				
Customer Accts.	18,167		0	18,167
Water Production	80,928	0.4830	39,085	41,843
Trans./Distribution	86,270	0.0671	5,788	80,482
Admin & General	45,358	0.0671	3,043	42,315
Contr. Services - Other	39,293	0.4830	18,977	20,316
Contr. Services - Water Testing	11,167	0.4830	5,393	5,774
Transportation Expense				
Trans./Distribution	11,143	0.0671	748	10,395
Admin & General	4,776	0.5593	2,671	2,105
Insurance - Gen Liability				
Water Production	17,203	0.4830	8,308	8,895
Trans./Distribution	17,202	0.0671	1,154	16,048
Admin & General	1,145	0.5593	640	505
Bad Debt Expense	413		0	413
Misc. Expense				
Admin & General	32,541	0.5593	18,199	14,342
Total Operating Expenses	1,342,065		368,372	973,693
Depreciation Expense				
Water Production	141,861	0.4830	68,514	73,347
Trans. / Distribution	295,665	0.0671	19,838	275,827
Admin & General	9,672	0.0671	649	9,023
Customer	194,574			194,574
Debt Service & Coverage				
Water Production	216,365	0.4830	104,496	111,869
Trans. / Distribution	651,112	0.0671	43,687	607,425
Admin & General	7,583	0.0671	509	7,074
Customer	302,045			302,045
Total Revenue Required	3,160,942		606,064	2,554,878
Wholesale Gallons Sold (x 1,000)			181,671	
Wholesale Rate per 1,000 Gallons			\$3.34	

Attachment 6a

Table C
SYSTEM INFORMATION
Crittenden-Livingston County Water District

Schedule of All Mains and Jointly Used Mains

<u>Main Size</u>	<u>Total System</u>			<u>Joint Use</u>	
	<u>Length (feet)</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>
12	171,600	32.5	390.00	21.7	260.40
10	5,280	1.0	10.00		
8	193,248	36.6	292.80	7.0	56.00
6	1,026,432	194.4	1,166.40	7.0	42.00
4	1,114,080	211.0	844.00		
3	448,800	85.0	255.00		
2	77,088	14.6	29.20		
Totals	3,036,528	575.1	2,987.40	35.7	358.40

Water Purchased, Sold and Used

	<u>Gallons x 1,000</u>	<u>Percent</u>
Water Produced	442,416.0	
Retail Sales	142,846.7	
Bulk Loading Sta.	318.2	
Wholesale Sales	181,670.9	
Total Water Sold	324,835.7	
Water Used at WTP	25,109.2	5.68%
System Flushing	27,853.9	6.30%
Line Losses	63,518.2	14.36%
Fire Dept. & Other	1,099.0	

Attachment 6b

Table D
WHOLESALE ALLOCATION FACTORS
Crittenden-Livingston County Water District

		<u>FACTOR</u>
Line Loss Percentage		0.1436
Plant Use Percentage		0.0568
Line Loss + Plant Use		0.2003
Joint Use Inch-miles		358.40
Total Inch-Miles		2,987.40
Water Sold - Wholesale		181,670.86
Water Sold - Total		324,835.75
Production Multiplier	$\frac{1}{1 - 0.2003}$	= 1.2505
Joint Use Pipeline Ratio	$\frac{358.40}{2,987.40}$	= 0.1200
Wholesale Share of Line Loss	0.1436×0.1200	= 0.0172
Joint Share Line Loss + Plant Use	$0.0172 + 0.0568$	= 0.0740
Wholesale Production Multiplier	$\frac{1}{1 - 0.0740}$	= 1.0799
Production Allocation Factor	$\frac{1.0799}{1.2505} \times \frac{181,670.9}{324,835.7}$	= 0.4830
Pipeline Transmission Factor	$\frac{181,670.9}{324,835.7} \times 0.1200$	= 0.0671
Use Factor	$\frac{181,670.9}{324,835.7}$	= 0.5593

Attachment 6c

Table E
ALLOCATION OF DEPRECIATION EXPENSE FOR WHOLESAL RATE
Crittenden-Livingston County Water District

	<u>Pro Forma</u> <u>Totals</u>	<u>Water</u> <u>Treatment</u>	<u>Trans. &</u> <u>Distribution</u>	<u>General</u> <u>& Admin.</u>	<u>Customer</u>
Lake River Intake	22,210	22,210			
Pumping Equipment	19,156		19,156		
Water Treatment Structures	345	345			
Water Treatment Equipment	117,702	117,702			
Transportation Equipment	12,587		6,294	3,776	2,517
Distribution Reservoirs/Pipe	36,868		36,868		
Small Equipment	224	22	90	67	45
Trans. & Distribution Mains	226,051		226,051		
Lab Equipment	130	130			
Services	148,265				148,265
Meters & Installations	37,202				37,202
Communication Equipment	14,512	1,451	5,805	4,354	2,902
Hydrants	4,676		1,403		3,273
Office Furniture & Equipment	459			368	92
Office Building	1,385			1,108	277
Power Operated Equipment	0				
2017 Pro Forma Totals	641,773	141,861	295,665	9,672	194,574

Attachment 6d

Table F
ALLOCATION OF PLANT VALUE AND DEBT SERVICE
Crittenden-Livingston County Water District

	<u>Total</u> <u>Values</u>	<u>Water</u> <u>Treatment</u>	<u>Trans. &</u> <u>Distribution</u>	<u>General</u> <u>& Admin.</u>	<u>Customer</u>
Land & Land Rights	101,969	101,969			
Lake River Intake	888,411	888,411			
Pumping Equipment	307,235		307,235		
Water Treatment Structures	6,900	6,900			
Water Treatment Equipment	4,402,784	4,402,784			
Transportation Equipment	131,306		65,653	39,392	26,261
Distribution Reservoirs/Pipe	1,676,161		1,676,161		
Small Equipment	23,074	2,307	9,230	6,922	4,615
Trans. & Distribution Mains	14,128,183		14,128,183		
Lab Equipment	6,231	6,231			
Services	6,012,089				6,012,089
Meters & Installations	1,314,267				1,314,267
Communication Equipment	146,916	14,692	58,766	44,075	29,383
Hydrants	228,940		68,682		160,258
Office Furniture & Equipment	48,355			38,684	9,671
Office Building	51,928			41,542	10,386
Power Operated Equipment	65,632	6,563	26,253	19,690	13,126
Totals	\$ 29,540,381	\$ 5,429,857	\$ 16,340,163	\$ 190,305	\$ 7,580,057
Plant Value Percentages		18.38%	55.31%	0.64%	25.66%
Allocation of Debt Service, Coverage & Amortization of Debt Premium	\$ 1,177,105	\$ 216,365	\$ 651,112	\$ 7,583	\$ 302,045

Attachment 7

BILLING ANALYSIS WITH 2017 USAGE & EXISTING RATES
Crittenden-Livingston County Water District

SUMMARY

Meter Size	Gallons Sold	Revenue
5/8 inch	125,123,455	\$ 1,729,210
1 inch	4,255,160	52,068
2 inch	12,207,020	106,828
Totals	141,585,635	\$ 1,888,106

5/8 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 1,000	NEXT 9,000	NEXT 10,000	ALL OVER 20,000	TOTAL
FIRST	1,000	10,485	3,515,691	3,515,691	-	-	-	3,515,691
NEXT	9,000	30,494	101,769,601	30,494,000	71,275,601	-	-	101,769,601
NEXT	10,000	954	12,425,803	954,000	8,586,000	2,885,803	-	12,425,803
ALL OVER	20,000	220	7,412,360	220,000	1,980,000	2,200,000	3,012,360	7,412,360
		42,153	125,123,455	35,183,691	81,841,601	5,085,803	3,012,360	125,123,455

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	1,000	42,153	35,183,691	\$ 18.73	\$ 789,525.69
NEXT	9,000		81,841,601	10.65	871,613.05
NEXT	10,000		5,085,803	9.12	46,382.52
ALL OVER	20,000		3,012,360	7.20	21,688.99
TOTAL		42,153	125,123,455		\$ 1,729,210.26

1 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 5,000	NEXT 5,000	NEXT 10,000	OVER 20,000	TOTAL
FIRST	5,000	325	821,840	821,840	-	-	-	821,840
NEXT	5,000	85	563,560	425,000	138,560	-	-	563,560
NEXT	10,000	26	373,550	130,000	130,000	113,550	-	373,550
ALL OVER	20,000	56	2,496,210	280,000	280,000	560,000	1,376,210	2,496,210
		492	4,255,160	1,656,840	548,560	673,550	1,376,210	4,255,160

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	492	1,656,840	\$ 61.33	\$ 30,174.36
NEXT	5,000		548,560	10.65	5,842.16
NEXT	10,000		673,550	9.12	6,142.78
ALL OVER	20,000		1,376,210	7.20	9,908.71
TOTAL		492	4,255,160		\$ 52,068.01

2 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 15,000	NEXT 5,000	OVER 20,000	TOTAL
FIRST	15,000	112	569,710	569,710	-	-	569,710
NEXT	5,000	5	84,920	75,000	9,920	-	84,920
ALL OVER	20,000	78	11,552,390	1,170,000	390,000	9,992,390	11,552,390
		195	12,207,020	1,814,710	399,920	9,992,390	12,207,020

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	15,000	195	1,814,710	\$ 160.18	\$ 31,235.10
NEXT	5,000		399,920	\$ 9.12	3,647.27
ALL OVER	20,000		9,992,390	7.20	71,945.21
TOTAL		195	12,207,020		\$ 106,827.58

Attachment 8

**BILLING ANALYSIS WITH 2017 USAGE & PROPOSED RATES
Crittenden-Livingston County Water District**

SUMMARY

Meter Size	Gallons Sold	Revenue
5/8 inch	125,123,455	\$ 2,277,790
1 inch	4,255,160	68,581
2 inch	12,207,020	140,674
Totals	141,585,635	\$ 2,487,045

5/8 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 1,000	NEXT 9,000	NEXT 10,000	ALL OVER 20,000	TOTAL
FIRST	1,000	10,485	3,515,691	3,515,691	-	-	-	3,515,691
NEXT	9,000	30,494	101,769,601	30,494,000	71,275,601	-	-	101,769,601
NEXT	10,000	954	12,425,803	954,000	8,586,000	2,885,803	-	12,425,803
ALL OVER	20,000	220	7,412,360	220,000	1,980,000	2,200,000	3,012,360	7,412,360
		42,153	125,123,455	35,183,691	81,841,601	5,085,803	3,012,360	125,123,455

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	1,000	42,153	35,183,691	\$ 24.67	\$ 1,039,914.51
NEXT	9,000		81,841,601	14.03	1,148,237.66
NEXT	10,000		5,085,803	12.01	61,080.49
ALL OVER	20,000		3,012,360	9.48	28,557.17
TOTAL		42,153	125,123,455		\$ 2,277,789.84

1 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 5,000	NEXT 5,000	NEXT 10,000	OVER 20,000	TOTAL
FIRST	5,000	325	821,840	821,840	-	-	-	821,840
NEXT	5,000	85	563,560	425,000	138,560	-	-	563,560
NEXT	10,000	26	373,550	130,000	130,000	113,550	-	373,550
ALL OVER	20,000	56	2,496,210	280,000	280,000	560,000	1,376,210	2,496,210
		492	4,255,160	1,656,840	548,560	673,550	1,376,210	4,255,160

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	492	1,656,840	\$ 80.79	\$ 39,748.68
NEXT	5,000		548,560	14.03	7,696.30
NEXT	10,000		673,550	12.01	8,089.34
ALL OVER	20,000		1,376,210	9.48	13,046.47
TOTAL		492	4,255,160		\$ 68,580.78

2 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 15,000	NEXT 5,000	OVER 20,000	TOTAL
FIRST	15,000	112	569,710	569,710	-	-	569,710
NEXT	5,000	5	84,920	75,000	9,920	-	84,920
ALL OVER	20,000	78	11,552,390	1,170,000	390,000	9,992,390	11,552,390
		195	12,207,020	1,814,710	399,920	9,992,390	12,207,020

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	15,000	195	1,814,710	\$ 210.99	\$ 41,143.05
NEXT	5,000		399,920	\$ 12.01	4,803.04
ALL OVER	20,000		9,992,390	9.48	94,727.86
TOTAL		195	12,207,020		\$ 140,673.95

Attachment 9

**Crittenden-Livingston Water District
Depreciation Schedule by Category
For the 12 Months Ended 12/31/17**

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Land									
1	Land - See Asset 404 for part 1 o	07/08/86	LAND	00/00	N	5,539.79	0.00	0.00	0.00
30	Land Pumping	07/08/86	LAND	00/00	N	1,000.00	0.00	0.00	0.00
31	Land - Water Treatment	07/08/86	LAND	00/00	N	14,060.48	0.00	0.00	0.00
32	Land - Dist Plant	07/08/86	LAND	00/00	N	7,419.26	0.00	0.00	0.00
33	Land - Easements	09/06/89	LAND	00/00	N	1,947.30	0.00	0.00	0.00
172	Land	07/01/99	LAND	00/00	N	3,000.00	0.00	0.00	0.00
288	Land - Phase 9	09/15/04	LAND	00/00	N	13,000.00	0.00	0.00	0.00
332	Land - Phase IX	04/12/05	LAND	00/00	N	1,500.00	0.00	0.00	0.00
345	Davis Property	08/06/07	LAND	00/00	N	3,000.00	0.00	0.00	0.00
376	Lot Purchased from L. Slayden	06/11/10	LAND	00/00	N	3,500.00	0.00	0.00	0.00
377	Lot Purchased from P. Henry	06/11/10	LAND	00/00	N	3,500.00	0.00	0.00	0.00
402	Pickneyville Road Land	07/11/11	LAND	00/00	N	3,002.00	0.00	0.00	0.00
427	Land	12/02/14	LAND	00/00	N	5,500.00	0.00	0.00	0.00
430	Moore Hill Water Tower Land	09/14/15	LAND	00/00	N	31,000.00	0.00	0.00	0.00
431	Land Next To Water Plant	11/11/15	LAND	00/00	N	5,000.00	0.00	0.00	0.00
	Total for (Land)					101,968.83	0.00	0.00	0.00
Lake River Intake									
337	Phase 10 Intake	12/31/06	ST LINE	50/00	N	475,911.00	95,191.88	9,527.90	104,719.78
347	2007 Phase 10 Intake	04/12/07	ST LINE	50/00	N	412,500.24	80,429.18	8,241.68	88,670.86
	Total for (Lake River Intake)					888,411.24	175,621.06	17,769.58	193,390.64
Pumping Equipment									
256	Pumping Equipment (Phase	07/01/02	ST LINE	35/00	N	100,697.23	41,711.81	2,871.50	44,583.31
346	Raw Water Pumping System	09/26/07	ST LINE	35/00	N	20,987.00	5,547.51	600.56	6,148.07
361	Pumping Equipment	02/15/08	ST LINE	20/00	N	7,566.55	3,372.14	377.03	3,749.17
362	Pumping Equipment	02/15/08	ST LINE	20/00	N	5,880.00	2,620.49	292.99	2,913.48
404	Generator	02/23/12	ST LINE	10/00	N	124,927.00	60,466.37	12,577.68	73,044.05
423	Submersible Pump	12/31/13	ST LINE	20/00	N	27,052.00	4,060.94	1,355.74	5,416.68
432	Honda Generator	03/06/15	ST LINE	10/00	N	1,531.00	279.99	152.41	432.40
433	Pump	11/09/15	ST LINE	20/00	N	18,594.00	1,082.70	927.75	2,010.45
	Total for (Pumping Equipment)					307,234.78	119,141.95	19,155.66	138,297.61
Water Treat Struct									
407	Heat/Cool Unit	04/01/12	ST LINE	10/00	N	6,900.00	3,272.93	685.43	3,958.36
	Total for (Water Treat Struct)					6,900.00	3,272.93	685.43	3,958.36
Water Treatment Equip									
41	Water Treatment	07/08/85	ST LINE	50/00	N	415,003.07	253,140.56	8,300.06	261,440.62
42	Water Treatment	07/08/86	ST LINE	50/00	N	681,847.71	415,926.98	13,636.95	429,563.93
43	Water Treatment Equipment	07/01/87	ST LINE	50/00	N	2,836.64	1,673.44	56.63	1,730.07
166	Water Treatment Equipment	07/01/99	ST LINE	50/00	N	5,112.16	1,789.08	102.12	1,891.20
252	Water Treatment Equip	07/01/02	ST LINE	50/00	N	1,212.68	351.61	24.23	375.84
254	Water Treatment Plant	07/01/02	ST LINE	50/00	N	3,231,751.70	937,134.24	64,561.33	1,001,695.57
262	Equipment	03/10/03	ST LINE	50/00	N	2,327.00	643.75	46.49	690.24
276	Water Treantent Plant	07/01/03	ST LINE	50/00	N	43,777.52	11,818.96	874.58	12,693.54
342	Water Plant Equipment	12/31/06	ST LINE	50/00	N	16,480.07	3,296.34	329.94	3,626.28
363	Water Treatment Equipment	02/05/08	ST LINE	50/00	N	2,435.00	1,085.60	32.81	1,118.41

Crittenden-Livingston Water District Depreciation Schedule by Category For the 12 Months Ended 12/31/17

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Water Treatment Equip									
Total for (Water Treatment Equip)						4,402,783.55	1,626,860.56	87,965.14	1,714,825.70
Transporation Equip									
352	Meter Reader Truck	04/06/07	ST LINE	05/00	N	13,294.38	13,294.38	0.00	13,294.38
368	Truck	07/22/08	ST LINE	05/00	N	7,500.00	7,500.00	0.00	7,500.00
413	2 Service Trucks	12/31/13	ST LINE	05/00	N	74,234.00	44,749.51	15,055.91	59,805.42
440	2005 Chevrolet Trailblazer Split	12/21/04	ST LINE	05/00	N	22,403.03	22,403.03	0.00	22,403.03
441	Replacement Truck for 2005 Chev	05/16/16	ST LINE	05/00	N	13,875.00	1,734.38	2,775.00	4,509.38
Total for (Transporation Equip)						131,306.41	89,681.30	17,830.91	107,512.21
Dist Reservoirs/Pipe									
44	Water Tanks (see #410 1 of 2)	07/08/86	ST LINE	50/00	N	171,911.81	104,862.83	3,438.24	108,301.07
45	Water Tanks	07/01/88	ST LINE	50/00	N	300.00	171.00	6.00	177.00
258	Water Storage Tanks	07/01/02	ST LINE	50/00	N	459,277.61	133,180.01	9,175.08	142,355.09
281	Tanks - PH VI-A	07/01/03	ST LINE	50/00	N	6,221.41	1,679.66	124.29	1,803.95
434	Road @ Plant	10/21/15	ST LINE	50/00	N	1,768.03	51.57	35.18	86.75
435	Lagoon & Road	08/28/15	ST LINE	50/00	N	6,570.00	219.17	130.61	349.78
443	Cumberland River Line Repair	02/23/16	ST LINE	50/00	N	67,052.00	1,955.68	1,325.12	3,280.80
447	Moore Hill Tank	10/01/17	ST LINE	50/00	N	963,060.40	0.00	4,012.75	4,012.75
Total for (Dist Reservoirs/Pipe)						1,676,161.26	242,119.92	18,247.27	260,367.19
Small Equipment									
143	Toolbox	10/02/97	ST LINE	05/00	N	750.00	750.00	0.00	750.00
238	C.P. Air Compressor 185	03/01/02	ST LINE	05/00	N	6,914.52	6,914.52	0.00	6,914.52
274	Trailer	07/11/03	ST LINE	05/00	N	4,450.00	4,450.00	0.00	4,450.00
311	Hand Held Meter Reader	02/21/05	ST LINE	05/00	N	1,395.00	1,395.00	0.00	1,395.00
353	Amana Air Conditioner	09/27/07	ST LINE	15/00	N	1,500.00	929.17	100.00	1,029.17
367	Electric Service	06/20/08	ST LINE	20/00	N	1,715.29	729.25	86.05	815.30
448	Locator	12/14/17	ST LINE	07/00	N	6,349.31	0.00	37.79	37.79
Total for (Small Equipment)						23,074.12	15,167.94	223.84	15,391.78
Trans & Dist Mains									
46	Water Mains	07/08/86	ST LINE	50/00	N	1,732,674.11	1,056,931.14	34,653.48	1,091,584.62
47	Water Mains	07/01/87	ST LINE	50/00	N	23,786.15	14,032.83	474.81	14,507.64
48	Water Mains	07/01/88	ST LINE	50/00	N	1,788.89	1,019.66	35.71	1,055.37
49	Water Mains	07/01/89	ST LINE	50/00	N	4,772.71	2,624.72	95.29	2,720.01
50	Water Mains	09/06/89	ST LINE	50/00	N	586,885.68	320,810.12	11,717.09	332,527.21
51	Main Extension	07/01/90	ST LINE	50/00	N	25,832.77	13,690.60	515.77	14,206.37
52	Water Mains	07/01/91	ST LINE	50/00	N	1,102.06	561.99	22.01	584.00
53	Water Mains	07/01/92	ST LINE	50/00	N	2,017.75	988.75	40.29	1,029.04
54	Water Mains	07/01/92	ST LINE	50/00	N	679,899.10	333,129.17	13,576.64	346,705.81
55	Water Mains	07/01/93	ST LINE	50/00	N	9,406.10	4,420.54	187.84	4,608.38
56	Water Mains	07/01/94	ST LINE	50/00	N	103,063.37	46,375.56	2,058.26	48,433.82
57	Water Mains	07/01/95	ST LINE	50/00	N	440,413.36	189,365.37	8,795.84	198,161.21
58	Water Mains	07/01/96	ST LINE	50/00	N	114,884.35	47,099.50	2,294.55	49,394.05
59	Water Mains	07/01/96	ST LINE	50/00	N	2,933.49	1,202.65	58.59	1,261.24
60	Water Mains	07/01/96	ST LINE	50/00	N	1,034,314.51	424,104.88	20,655.89	444,760.77
61	Water Mains	07/01/97	ST LINE	50/00	N	64,251.94	25,056.58	1,283.34	26,339.92

**Crittenden-Livingston Water District
Depreciation Schedule by Category
For the 12 Months Ended 12/31/17**

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Trans & Dist Mains									
62	Water Mains	07/01/97	ST LINE	50/00	N	500.00	194.99	9.99	204.98
63	Water Mains	07/01/97	ST LINE	50/00	N	5,207.75	2,030.97	104.01	2,134.98
64	Water Mains	07/01/97	ST LINE	50/00	N	144,176.83	56,225.22	2,879.73	59,104.95
65	Water Mains	12/31/97	ST LINE	50/00	N	2,846.39	1,081.74	57.00	1,138.74
66	Water Mains	12/31/97	ST LINE	50/00	N	3,164.19	1,202.41	63.37	1,265.78
145	Water Mains	07/01/98	ST LINE	50/00	N	34,836.94	12,888.80	695.85	13,584.65
150	Water Mains (A/P)	12/31/98	ST LINE	50/00	N	2,974.79	1,071.07	59.57	1,130.64
153	Mains (Cap Wages)	07/01/98	ST LINE	50/00	N	10,244.10	3,790.02	204.62	3,994.64
157	Water Mains	07/01/99	ST LINE	50/00	N	109,633.28	38,368.99	2,189.94	40,558.93
158	Water Mains (Cap Wages)	07/01/99	ST LINE	50/00	N	5,330.21	1,865.37	106.47	1,971.84
170	Mains (A/P)	07/01/99	ST LINE	50/00	N	11,046.29	3,865.99	220.65	4,086.64
182	Water Mains (Cap Wages)	07/01/00	ST LINE	50/00	N	14,068.28	4,642.25	281.02	4,923.27
186	Water Mains	07/01/00	ST LINE	50/00	N	54,151.54	17,868.69	1,081.72	18,950.41
192	Water Mains	03/31/01	ST LINE	50/00	N	15,687.74	4,941.95	314.13	5,256.08
199	Water Mains	05/15/01	ST LINE	50/00	N	59,461.50	18,629.87	1,187.83	19,817.70
200	Road Bores	06/11/01	ST LINE	50/00	N	7,270.00	2,265.65	145.23	2,410.88
207	Water Mains	06/01/01	ST LINE	50/00	N	1,927.39	600.69	38.50	639.19
209	Road Bores	07/26/01	ST LINE	50/00	N	6,450.00	1,988.90	129.15	2,118.05
211	Water Mains	07/01/01	ST LINE	50/00	N	5,978.71	1,853.21	119.44	1,972.65
212	Water Mains	08/01/01	ST LINE	50/00	N	1,527.00	470.79	30.50	501.29
219	Water Mains	07/01/01	ST LINE	50/00	N	11,774.96	3,649.97	235.22	3,885.19
223	Water Mains (Cap Wages)	07/01/01	ST LINE	50/00	N	21,993.75	6,817.62	439.36	7,256.98
224	Water Mains (A/P)	07/01/01	ST LINE	50/00	N	3,170.57	982.79	63.34	1,046.13
239	Water Mains	07/01/02	ST LINE	50/00	N	67,094.37	19,455.87	1,340.36	20,796.23
240	Water Mains	07/01/02	ST LINE	50/00	N	10,751.28	3,117.68	214.78	3,332.46
241	Water Mains (Cap Wages)	07/01/02	ST LINE	50/00	N	18,323.98	5,313.54	366.06	5,679.60
253	Water Mains (Phase VI-A)	07/01/02	ST LINE	50/00	N	2,082,902.40	603,994.22	41,610.55	645,604.77
260	Mains	07/01/03	ST LINE	50/00	N	171,790.81	46,379.75	3,432.00	49,811.75
261	Mains (Cap Wages)	07/01/03	ST LINE	50/00	N	8,340.69	2,251.76	166.63	2,418.39
277	Mains - PH-VI-A	07/01/03	ST LINE	50/00	N	28,215.13	7,617.43	563.68	8,181.11
282	Mains - Phase VI-B	07/01/03	ST LINE	50/00	N	1,405,306.32	379,401.55	28,074.93	407,476.48
287	Water Mains	07/01/04	ST LINE	50/00	N	7,214.69	1,803.48	144.14	1,947.62
294	Mains (Cap Wages)	07/01/04	ST LINE	50/00	N	5,308.83	1,327.13	106.06	1,433.19
316	Mains	07/01/05	ST LINE	50/00	N	16,461.92	3,785.91	328.89	4,114.80
317	Mains - A/P	12/01/05	ST LINE	50/00	N	636.80	141.18	12.72	153.90
318	Main (Cap Wages)	07/01/05	ST LINE	50/00	N	8,523.14	1,953.19	170.46	2,123.65
319	Mains - Phase VII	08/01/05	ST LINE	50/00	N	816,041.85	186,312.42	16,303.68	202,616.10
320	Mains - Phase VIII	01/01/05	ST LINE	50/00	N	762,931.31	183,087.27	15,242.34	198,329.61
338	Mains	11/02/06	ST LINE	50/00	N	3,579.23	727.66	71.51	799.17
344	Phase 12 T & D Mains	12/31/06	ST LINE	50/00	N	16,955.65	3,391.45	339.46	3,730.91
348	Phase 12 Design Fee	10/18/07	ST LINE	50/00	N	8,343.40	1,529.80	167.03	1,696.83
349	Flash Plugs for Mains	12/31/07	ST LINE	50/00	N	13,833.82	2,490.39	276.95	2,767.34
364	Mains	10/16/08	ST LINE	50/00	N	2,974.01	485.81	59.54	545.35
373	Line Construction - Phase 13	12/31/08	ST LINE	50/00	N	3,252,136.04	520,404.85	65,105.81	585,510.66

**Crittenden-Livingston Water District
Depreciation Schedule by Category
For the 12 Months Ended 12/31/17**

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Trans & Dist Mains									
405	Water Line Improvement	10/31/12	ST LINE	50/00	N	20,854.40	1,738.24	417.46	2,155.70
426	Reiters View Line	11/30/14	ST LINE	50/00	N	17,935.40	1,870.25	335.56	2,205.81
436	Youth Camp Road Water Main	10/31/15	ST LINE	50/00	N	8,279.40	386.38	161.77	548.15
451	Silam Church Rd 6,000ft	01/16/17	ST LINE	50/00	N	12,000.00	0.00	230.00	230.00
Total for (Trans & Dist Mains)						14,128,183.42	4,647,679.22	282,364.41	4,930,043.63
Lab Equipment									
138	Lab Equipment	07/08/86	ST LINE	16/00	N	4,080.28	4,080.28	0.00	4,080.28
380	Equipment	01/26/10	ST LINE	10/00	N	564.00	390.68	56.98	447.66
381	Equipment	02/04/10	ST LINE	40/00	N	1,421.40	245.76	35.49	281.25
382	Equipment	03/17/10	ST LINE	10/00	N	165.48	111.87	16.71	128.58
Total for (Lab Equipment)						6,231.16	4,828.59	109.18	4,937.77
Services									
67	Services	07/08/86	ST LINE	35/00	N	37,701.18	32,853.99	1,077.18	33,931.17
68	Services	07/01/87	ST LINE	35/00	N	8,088.29	6,815.71	229.64	7,045.35
69	Services	07/01/88	ST LINE	35/00	N	12,993.68	10,578.56	369.19	10,947.75
70	Services	07/01/89	ST LINE	35/00	N	10,042.57	7,889.18	285.53	8,174.71
71	Services Phase 1	09/06/89	ST LINE	35/00	N	32,978.90	25,750.34	937.76	26,688.10
72	Services	07/01/90	ST LINE	35/00	N	16,690.39	12,634.96	474.78	13,109.74
73	Services	07/01/91	ST LINE	35/00	N	15,107.09	11,004.87	429.93	11,434.80
74	Services	12/31/91	ST LINE	35/00	N	1,676.76	1,197.92	48.08	1,246.00
75	Services	07/01/92	ST LINE	35/00	N	7,560.12	5,291.23	215.23	5,506.46
76	Services	07/01/92	ST LINE	35/00	N	70,521.47	49,081.73	2,033.81	51,115.54
77	Services	07/01/93	ST LINE	35/00	N	16,878.04	11,330.80	480.63	11,811.43
78	Services	07/01/94	ST LINE	35/00	N	29,026.22	18,657.15	826.77	19,483.92
79	Services	07/01/95	ST LINE	35/00	N	27,875.98	17,121.60	794.17	17,915.77
80	Services	07/01/96	ST LINE	35/00	N	4,720.22	2,764.28	134.51	2,898.79
81	Services	07/01/96	ST LINE	35/00	N	109.18	63.95	3.11	67.06
82	Services	07/01/96	ST LINE	35/00	N	115,874.83	67,870.63	3,301.15	71,171.78
83	Services	07/01/97	ST LINE	35/00	N	3,293.26	1,834.53	93.86	1,928.39
84	Services	12/31/97	ST LINE	35/00	N	636.57	345.65	18.23	363.88
85	Services	12/31/97	ST LINE	35/00	N	33.46	18.23	0.95	19.18
146	Services	07/01/98	ST LINE	35/00	N	1,920.73	1,015.15	54.75	1,069.90
151	Services (A/P)	12/31/98	ST LINE	35/00	N	40.50	20.88	1.16	22.04
154	Services (Cap Wages)	07/01/98	ST LINE	35/00	N	3,123.25	1,650.72	89.02	1,739.74
159	Services	07/01/99	LAND	00/00	N	1,054.61	0.00	0.00	0.00
160	Services (Cap Wages)	07/01/99	ST LINE	35/00	N	3,586.33	1,792.98	102.23	1,895.21
171	Services (A/P)	07/01/99	ST LINE	35/00	N	32.43	16.26	0.92	17.18
175	Services	07/01/00	ST LINE	35/00	N	4,183.41	1,971.98	119.27	2,091.25
183	Services (Cap Wages)	07/01/00	ST LINE	35/00	N	5,125.71	2,416.11	146.14	2,562.25
187	Services (A/P)	07/01/00	ST LINE	35/00	N	3,661.22	1,725.83	104.38	1,830.21
190	Services	07/01/00	ST LINE	35/00	N	19,925.34	9,392.23	568.08	9,960.31
193	Services	03/31/01	ST LINE	35/00	N	3,879.69	1,746.12	111.08	1,857.20
194	Services	03/31/01	ST LINE	35/00	N	33.00	14.82	0.95	15.77
206	Services	06/01/01	ST LINE	35/00	N	442.13	196.80	12.61	209.41

**Crittenden-Livingston Water District
Depreciation Schedule by Category
For the 12 Months Ended 12/31/17**

07/13/18
06:19PM

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Services									
210	Services	07/26/01	ST LINE	35/00	N	6,420.00	2,828.25	183.80	3,012.05
213	Services	07/01/01	ST LINE	35/00	N	9,461.90	4,189.72	269.79	4,459.51
214	Services	08/01/01	ST LINE	35/00	N	476.00	209.64	13.57	223.21
215	Services	09/01/01	ST LINE	35/00	N	22.00	9.66	0.63	10.29
225	Services (Cap Wages)	07/01/01	ST LINE	35/00	N	4,357.79	1,929.64	124.26	2,053.90
242	Services	07/01/02	ST LINE	35/00	N	7,055.99	2,922.81	201.21	3,124.02
243	Services (A/P)	07/01/02	ST LINE	35/00	N	71.00	29.42	2.02	31.44
244	Services (Cap Wages)	07/01/02	ST LINE	35/00	N	1,706.51	706.92	48.66	755.58
263	Services	07/01/03	ST LINE	35/00	N	4,230.57	1,631.53	120.65	1,752.18
264	Service (Cap Wages)	07/01/03	ST LINE	35/00	N	5,445.29	2,100.04	155.29	2,255.33
283	Services - Phase VI-B	07/01/03	ST LINE	35/00	N	137,365.62	52,976.61	3,917.48	56,894.09
291	Services	07/01/04	ST LINE	35/00	N	1,900.00	678.52	54.19	732.71
295	Service (Cap Wages)	07/01/04	ST LINE	35/00	N	3,359.73	1,199.71	95.82	1,295.53
299	Services - A/P	12/01/04	ST LINE	35/00	N	1,739.40	600.45	49.61	650.06
321	Services	07/01/05	ST LINE	35/00	N	300.00	98.55	8.56	107.11
322	Services (Cap Wages)	07/01/05	ST LINE	35/00	N	5,179.23	1,701.52	147.73	1,849.25
323	Services - Phase VII	08/01/05	ST LINE	35/00	N	33,941.06	11,069.57	968.11	12,037.68
324	Services - Phase VII	01/01/05	ST LINE	35/00	N	35,304.63	12,102.66	1,006.96	13,109.62
333	Phase 8 Services	12/31/06	ST LINE	35/00	N	15,000.00	4,286.39	429.26	4,715.65
334	Phase 9 Services	12/31/06	ST LINE	35/00	N	3,455,798.04	987,529.37	98,895.58	1,086,424.95
335	Phase 7 Services	12/31/06	ST LINE	35/00	N	63,805.60	18,233.12	1,825.94	20,059.06
336	Phase 12 Services	12/31/06	ST LINE	35/00	N	761,825.03	217,699.23	21,801.37	239,500.60
339	Water Plant	12/31/06	ST LINE	50/00	N	22,507.12	4,501.86	450.60	4,952.46
357	Wilson Hill Water Tower Phase 9	12/31/06	ST LINE	35/00	N	690,000.00	197,174.54	19,745.93	216,920.47
358	Joy Water Tower Phase 9	12/31/06	ST LINE	35/00	N	125,000.00	35,720.03	3,577.16	39,297.19
359	Moore Hill Pump Station	12/31/06	ST LINE	35/00	N	96,000.00	27,433.00	2,747.26	30,180.26
360	Hwy 133 Pump Station	12/31/06	ST LINE	35/00	N	65,000.00	18,574.38	1,860.13	20,434.51
	Total for (Services)					6,012,089.07	1,913,202.33	171,766.67	2,084,969.00
Meters & Install									
86	Meters	07/08/86	ST LINE	35/00	N	22,603.19	19,697.20	645.81	20,343.01
87	Meter Installation	07/08/86	ST LINE	35/00	N	99,339.50	86,567.24	2,838.27	89,405.51
89	Meter Installation	07/01/87	ST LINE	35/00	N	12,928.03	10,894.08	367.03	11,261.11
90	Meters	07/01/88	ST LINE	35/00	N	2,297.90	1,870.69	65.31	1,936.00
91	Meter Installation	07/01/88	ST LINE	35/00	N	11,070.44	9,012.79	314.55	9,327.34
92	Meters	07/01/89	ST LINE	35/00	N	1,141.00	896.34	32.44	928.78
93	Meters Phase II	09/06/89	ST LINE	35/00	N	8,218.29	6,417.01	233.68	6,650.69
94	Meter Installation	07/01/89	ST LINE	35/00	N	3,981.34	3,127.59	113.20	3,240.79
95	Meter Installation	09/06/89	ST LINE	35/00	N	38,827.83	30,317.46	1,104.05	31,421.51
96	Meters	07/01/90	ST LINE	35/00	N	2,019.44	1,528.79	57.44	1,586.23
97	Meter Installation	07/01/90	ST LINE	35/00	N	1,318.88	998.36	37.52	1,035.88
98	Meters	07/01/91	ST LINE	35/00	N	3,670.11	2,673.52	104.45	2,777.97
99	Meters	07/01/92	ST LINE	35/00	N	3,838.77	2,686.76	109.28	2,796.04
100	Meter Installation	07/01/92	ST LINE	35/00	N	6,563.81	4,594.05	186.85	4,780.90
101	Meters	07/01/93	ST LINE	35/00	N	10,288.96	6,907.32	292.99	7,200.31

**Crittenden-Livingston Water District
Depreciation Schedule by Category
For the 12 Months Ended 12/31/17**

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Meters & Install									
102	Meter Installation	07/01/93	ST LINE	35/00	N	6,920.00	4,645.54	197.07	4,842.61
103	Meters	07/01/94	ST LINE	35/00	N	5,225.67	3,358.80	148.85	3,507.65
104	Meter Installation	07/01/94	ST LINE	35/00	N	12,391.28	7,964.80	352.94	8,317.74
105	Meters	07/01/95	ST LINE	35/00	N	15,167.30	9,315.79	432.11	9,747.90
106	Meter Installation	07/01/95	ST LINE	35/00	N	9,791.93	6,014.25	278.97	6,293.22
107	Meters	07/01/96	ST LINE	35/00	N	7,671.19	4,492.60	218.58	4,711.18
108	Meter Installation	07/01/96	ST LINE	35/00	N	23,014.90	13,478.41	655.80	14,134.21
109	Meters	07/01/96	ST LINE	35/00	N	4,542.73	2,660.36	129.45	2,789.81
110	Meter Installation	07/01/96	ST LINE	35/00	N	11,315.77	6,626.98	322.44	6,949.42
111	Meters	07/01/97	ST LINE	35/00	N	11,695.23	6,515.08	333.31	6,848.39
112	Meter Installation	07/01/97	ST LINE	35/00	N	10,473.70	5,834.61	298.49	6,133.10
113	meter Installation	12/31/97	ST LINE	35/00	N	1,163.73	631.83	33.33	665.16
114	Meter Installation	12/31/97	ST LINE	35/00	N	682.44	370.54	19.54	390.08
147	Meters	07/01/98	ST LINE	35/00	N	9,009.63	4,761.65	256.80	5,018.45
148	Meter Installation	07/01/98	ST LINE	35/00	N	214.44	113.38	6.11	119.49
155	Meter Install (Cap Wages)	07/01/98	ST LINE	35/00	N	5,810.91	3,071.15	165.63	3,236.78
161	Meters	07/01/99	ST LINE	35/00	N	10,257.09	5,127.89	292.40	5,420.29
162	Meter Installation	07/01/99	ST LINE	35/00	N	1,973.06	986.36	56.25	1,042.61
163	Meter Install (Cap Wages)	07/01/99	ST LINE	35/00	N	5,730.80	2,865.08	163.37	3,028.45
176	Meters	07/01/00	ST LINE	35/00	N	12,967.42	6,112.46	369.71	6,482.17
177	Meters Installation	07/01/00	ST LINE	35/00	N	1,320.00	622.15	37.64	659.79
184	Meter Install (Cap Wages)	07/01/00	ST LINE	35/00	N	9,778.07	4,609.02	278.78	4,887.80
188	Meters (A/P)	07/01/00	ST LINE	35/00	N	466.56	219.92	13.30	233.22
195	Meters	03/31/01	ST LINE	35/00	N	3,304.93	1,487.46	94.62	1,582.08
203	Meter	06/01/01	ST LINE	35/00	N	1,091.33	485.83	31.12	516.95
204	Meters	04/13/01	ST LINE	35/00	N	927.05	417.16	26.43	443.59
216	Meters	07/01/01	ST LINE	35/00	N	4,314.42	1,910.43	123.02	2,033.45
217	Meters	08/01/01	ST LINE	35/00	N	1,227.75	540.75	35.01	575.76
220	Meters Install	07/01/01	ST LINE	35/00	N	1,485.11	657.59	42.35	699.94
227	Meters (Cap Wages)	07/01/01	ST LINE	35/00	N	7,505.93	3,323.69	214.02	3,537.71
228	Meters (A/P)	07/01/01	ST LINE	35/00	N	1,262.46	559.02	36.00	595.02
229	Meters Install (Cap Wages)	07/01/01	ST LINE	35/00	N	315.54	139.78	8.99	148.77
245	Meters	07/01/02	ST LINE	35/00	N	5,968.43	2,472.34	170.20	2,642.54
246	Meters (A/P)	07/01/02	ST LINE	35/00	N	828.47	343.17	23.63	366.80
247	Meters (Cap Wages)	07/01/02	ST LINE	35/00	N	13,868.28	5,744.71	395.47	6,140.18
248	Meter Install	07/01/02	ST LINE	35/00	N	568.05	235.30	16.20	251.50
257	Meters (Phase VI-A)	07/01/02	ST LINE	35/00	N	137,917.25	57,129.49	3,932.87	61,062.36
265	Meters	07/01/03	ST LINE	35/00	N	4,902.85	1,890.82	139.82	2,030.64
266	Meters (Cap Wages)	07/01/03	ST LINE	35/00	N	12,526.88	4,831.13	357.25	5,188.38
280	Meters - PH-A	07/01/03	ST LINE	35/00	N	1,868.23	720.53	53.28	773.81
284	Meters - Phase VI-B	07/01/03	ST LINE	35/00	N	56,905.15	21,946.11	1,622.86	23,568.97
289	Meters	07/01/04	ST LINE	35/00	N	5,891.24	2,103.70	168.02	2,271.72
296	Meters (Cap Wages)	07/01/04	ST LINE	35/00	N	15,929.73	5,688.44	454.33	6,142.77
300	Meters - A/P	12/01/04	ST LINE	35/00	N	8,386.71	2,894.99	239.20	3,134.19

**Crittenden-Livingston Water District
Depreciation Schedule by Category
For the 12 Months Ended 12/31/17**

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Meters & Install									
325	Meters	07/01/05	ST LINE	35/00	N	34,451.63	11,318.13	982.66	12,300.79
326	Meters - A/P	12/01/05	ST LINE	35/00	N	13,312.82	4,215.13	379.73	4,594.86
327	Meters (Cap Wages)	07/01/05	ST LINE	35/00	N	18,653.18	6,128.01	532.04	6,660.05
340	Meters	12/31/06	ST LINE	35/00	N	11,204.15	3,201.71	320.63	3,522.34
350	14" Meter	12/18/07	ST LINE	35/00	N	2,350.00	604.37	67.25	671.62
351	2007 Meters Installed	12/31/07	ST LINE	35/00	N	22,354.15	5,749.20	639.68	6,388.88
365	Meters	05/07/08	ST LINE	35/00	N	560.27	138.72	15.98	154.70
366	Meters	06/09/08	ST LINE	35/00	N	6,167.96	1,512.37	175.96	1,688.33
369	Meters	10/31/08	ST LINE	35/00	N	28,739.48	6,707.12	822.36	7,529.48
370	Meters	11/13/08	ST LINE	35/00	N	3,502.30	817.08	99.92	917.00
371	Meters	12/15/08	ST LINE	35/00	N	1,189.96	274.78	33.95	308.73
372	Meters	12/15/08	ST LINE	35/00	N	1,267.72	292.73	36.17	328.90
375	61 Meters - 2009	12/31/09	ST LINE	35/00	N	24,337.08	4,868.44	696.34	5,564.78
378	Meter	05/13/10	ST LINE	35/00	N	2,586.95	492.64	73.81	566.45
384	Lyon County Meter	11/02/10	ST LINE	35/00	N	1,193.30	210.18	34.05	244.23
399	2010 Meter Sets (42)	12/31/10	ST LINE	35/00	N	16,756.74	2,873.23	479.43	3,352.66
403	2011 Meters - 67 @ \$398.96	12/31/11	ST LINE	35/00	N	26,730.32	3,819.63	764.75	4,584.38
409	Drive-by Meters	12/20/12	ST LINE	35/00	N	162,244.00	25,971.35	4,401.81	30,373.16
411	2012 Meter Sets - 68 @ \$398.97	12/31/12	ST LINE	35/00	N	27,129.96	3,101.57	776.15	3,877.72
412	Radio Read Meters 2013	12/31/13	ST LINE	35/00	N	56,480.03	4,843.19	1,615.75	6,458.94
421	2013 Meter Sets (37)	12/31/13	ST LINE	35/00	N	15,189.61	1,302.52	434.54	1,737.06
422	Radio Read Meters	12/11/13	ST LINE	35/00	N	7,200.00	634.01	205.45	839.46
425	3" Meter	08/01/14	ST LINE	35/00	N	4,591.55	554.82	123.73	678.55
428	2014 Meter Sets 60 @ \$575.15	12/31/14	ST LINE	35/00	N	34,509.00	1,973.15	987.18	2,960.33
429	100 Radio Read Meters	12/31/14	ST LINE	35/00	N	17,418.05	995.93	498.27	1,494.20
437	Radio Read Meters	01/22/15	ST LINE	35/00	N	17,418.05	3,346.48	425.87	3,772.35
438	2015 3/4" Meter Set (38)	12/31/15	ST LINE	35/00	N	21,855.70	625.19	625.19	1,250.38
439	2" Meter 2015	12/31/15	ST LINE	35/00	N	2,621.37	74.99	74.99	149.98
446	2016 Meters (34)	12/31/16	ST LINE	35/00	N	19,555.10	23.28	558.72	582.00
449	New Meters (47)	12/31/17	ST LINE	35/00	N	20,009.78	0.00	23.82	23.82
	Total for (Meters & Install)					1,314,267.34	500,780.24	36,654.61	537,434.85
Communication Equipment									
139	Communication Equipment	07/08/86	ST LINE	14/00	N	1,697.70	1,697.70	0.00	1,697.70
140	Communication Equipment	07/01/87	ST LINE	14/00	N	100.00	100.00	0.00	100.00
273	Jackson Purchase Two Way Radi	07/18/03	ST LINE	14/00	N	7,658.00	7,353.70	281.51	7,635.21
406	Radios to Read Drive-By Meters	07/19/12	ST LINE	20/00	N	114,800.00	25,366.13	5,754.46	31,120.59
450	Telemetry	12/20/17	ST LINE	10/00	N	22,660.00	0.00	94.42	94.42
	Total for (Communication Equipment)					146,915.70	34,517.53	6,130.39	40,647.92
Hydrants									
115	Hydrants	07/08/86	ST LINE	50/00	N	24,014.89	14,649.15	480.30	15,129.45
116	Hydrants	07/01/87	ST LINE	50/00	N	455.68	268.74	9.10	277.84
117	Hydrants	07/01/88	ST LINE	50/00	N	1,128.95	643.49	22.54	666.03
118	Hydrants	07/01/92	ST LINE	50/00	N	27,043.38	13,250.46	540.02	13,790.48
119	Hydrants	07/01/94	ST LINE	50/00	N	5,463.05	2,458.19	109.10	2,567.29

**Crittenden-Livingston Water District
Depreciation Schedule by Category
For the 12 Months Ended 12/31/17**

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Hydrants									
120	Hydrants	07/01/95	ST LINE	50/00	N	27,788.12	11,948.06	554.98	12,503.04
121	Hydrants	07/01/96	ST LINE	50/00	N	1,204.68	493.82	24.06	517.88
122	Hydrants	07/01/96	ST LINE	50/00	N	196.97	80.76	3.93	84.69
123	Hydrants	07/01/96	ST LINE	50/00	N	17,369.57	7,122.10	346.88	7,468.98
124	Hydrants	07/01/97	ST LINE	50/00	N	3,882.68	1,514.08	77.55	1,591.63
125	Hydrants	12/31/97	ST LINE	50/00	N	38.60	14.63	0.77	15.40
149	Hydrants	07/01/98	ST LINE	50/00	N	2,117.06	783.24	42.29	825.53
156	Hydrants (Cap Wages)	07/01/98	ST LINE	50/00	N	663.46	245.47	13.25	258.72
164	Hydrants	07/01/99	ST LINE	35/00	N	2,918.99	1,459.31	83.21	1,542.52
165	Hydrants (Cap Wages)	07/01/99	ST LINE	35/00	N	887.40	443.58	25.30	468.88
178	Hydrants	07/01/00	ST LINE	35/00	N	10,438.60	4,920.48	297.61	5,218.09
185	Hydrants (Cap Wages)	07/01/00	ST LINE	35/00	N	1,253.21	590.78	35.73	626.51
189	Hydrants (A/P)	07/01/00	ST LINE	50/00	N	1,029.91	339.87	20.57	360.44
196	Hydrants	03/31/01	ST LINE	50/00	N	1,163.38	366.52	23.29	389.81
205	Hydrants	04/13/01	ST LINE	50/00	N	330.00	103.94	6.59	110.53
218	Hydrants	07/01/01	ST LINE	50/00	N	839.19	260.08	16.77	276.85
230	Hydrants (Cap Wages)	07/01/01	ST LINE	50/00	N	724.49	224.57	14.47	239.04
231	Hydrants (A/P)	07/01/01	ST LINE	50/00	N	330.00	102.29	6.59	108.88
249	Hydrants	07/01/02	ST LINE	50/00	N	7,946.74	2,304.32	158.76	2,463.08
250	Hydrants (A/P)	07/01/02	ST LINE	50/00	N	3,052.43	885.15	60.98	946.13
251	Hydrants (Cap Wages)	07/01/02	ST LINE	50/00	N	1,929.41	559.50	38.54	598.04
255	Hydrants (Phase VI-A)	07/01/02	ST LINE	50/00	N	9,277.10	2,690.12	185.33	2,875.45
267	Hydrant	07/01/03	ST LINE	50/00	N	9,471.82	3,653.37	159.23	3,812.60
268	Hydrant (Cap Wages)	07/01/03	ST LINE	50/00	N	3,300.25	891.05	65.93	956.98
278	Hydrants - PH VI-A	07/01/03	ST LINE	50/00	N	125.66	33.89	2.51	36.40
285	Hydrants - Phase VI-B	07/01/03	ST LINE	50/00	N	10,106.36	2,728.52	201.90	2,930.42
290	Hydrants	07/01/04	ST LINE	50/00	N	6,320.85	1,580.11	126.28	1,706.39
297	Hydrants (Cap Wages)	07/01/04	ST LINE	50/00	N	2,420.76	605.19	48.36	653.55
301	Hydrants - A/P	12/01/04	ST LINE	50/00	N	3,022.13	730.26	60.38	790.64
328	Hydrants	07/01/05	ST LINE	50/00	N	4,004.66	920.96	80.01	1,000.97
329	Hydrants (Cap Wages)	07/01/05	ST LINE	50/00	N	3,701.18	851.16	73.95	925.11
330	Hydrants Phase VII	08/01/05	ST LINE	50/00	N	25,547.03	5,832.69	510.40	6,343.09
331	Hydrants - Phase VIII	01/01/05	ST LINE	50/00	N	5,261.42	1,262.65	105.12	1,367.77
341	Hydrants	12/31/06	ST LINE	50/00	N	2,170.00	434.04	43.44	477.48
	Total for (Hydrants)					228,940.06	88,246.59	4,676.02	92,922.61
Office Furniture & Equip									
128	Office Building	06/01/92	ST LINE	16/00	N	2,686.39	2,686.39	0.00	2,686.39
129	Computer 8/24	07/01/92	ST LINE	14/00	N	3,235.77	3,235.77	0.00	3,235.77
131	Microwave	10/01/92	ST LINE	14/00	N	144.90	144.90	0.00	144.90
132	Radio	11/01/92	ST LINE	14/00	N	695.00	695.00	0.00	695.00
133	Radio & Antenna	07/13/93	ST LINE	14/00	N	930.11	930.11	0.00	930.11
135	Computer System Software	07/01/96	ST LINE	05/00	N	4,540.00	4,540.00	0.00	4,540.00
136	Computer System Hardware	07/01/96	ST LINE	05/00	N	2,706.00	2,706.00	0.00	2,706.00
167	Tape Drive	11/01/99	ST LINE	05/00	N	850.00	850.00	0.00	850.00

**Crittenden-Livingston Water District
Depreciation Schedule by Category
For the 12 Months Ended 12/31/17**

07/13/18

06:19PM

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/17	Current Depreciation	Accum Depr 12/31/17
Office Furniture & Equip									
169	MAS 90 Software	04/01/99	ST LINE	03/00	N	2,579.27	2,579.27	0.00	2,579.27
221	Electric Range	11/28/01	ST LINE	10/00	N	299.95	299.95	0.00	299.95
222	Alliance Software	12/13/01	ST LINE	03/00	N	4,990.00	2,284.23	0.00	2,284.23
270	Office Equipment	07/03/03	ST LINE	16/00	N	82.68	69.58	5.15	74.73
271	Software	05/14/03	ST LINE	05/00	N	5,204.88	5,204.88	0.00	5,204.88
272	Software	09/17/03	ST LINE	05/00	N	2,374.94	2,374.94	0.00	2,374.94
286	Refrigerator	12/02/03	ST LINE	05/00	N	383.00	383.00	0.00	383.00
302	3 Fire Proof Cabinets	07/01/05	ST LINE	10/00	N	1,500.00	1,500.00	0.00	1,500.00
303	3 Dell Computers	12/28/05	ST LINE	03/00	N	3,358.08	3,358.08	0.00	3,358.08
304	Locator	12/28/05	ST LINE	05/00	N	1,031.22	1,031.22	0.00	1,031.22
306	Black Executive Chair	09/20/05	ST LINE	05/00	N	129.98	129.98	0.00	129.98
307	2 Desks	12/02/05	ST LINE	07/00	N	479.98	479.98	0.00	479.98
308	2-3 Drawer Cabinets	12/02/05	ST LINE	07/00	N	359.98	359.98	0.00	359.98
309	Desk	12/02/05	ST LINE	07/00	N	739.97	739.97	0.00	739.97
310	Lateral File Cabinet	12/05/05	ST LINE	07/00	N	289.99	289.99	0.00	289.99
312	Meter Reading Software	02/21/05	ST LINE	03/00	N	995.00	995.00	0.00	995.00
356	Lockers	02/01/07	ST LINE	10/00	N	710.00	701.45	8.55	710.00
374	Office Furniture	12/31/08	ST LINE	05/00	N	811.75	811.75	0.00	811.75
383	Superintendent Office Furniture	03/17/10	ST LINE	05/00	N	2,360.00	2,360.00	0.00	2,360.00
408	Computer	10/03/12	ST LINE	05/00	N	529.99	448.03	81.96	529.99
444	Computer	04/08/16	ST LINE	05/00	N	3,355.00	475.29	671.00	1,146.29
Total for (Office Furniture & Equip)						48,353.83	42,664.74	766.66	43,431.40
Office Building									
34	Building	02/18/92	ST LINE	40/00	N	40,010.50	24,842.38	1,002.85	25,845.23
35	Central Heat & Air	07/01/95	ST LINE	40/00	N	4,624.00	2,485.15	115.35	2,600.50
181	Addition to Office Building	03/02/00	ST LINE	40/00	N	2,524.26	1,062.24	63.00	1,125.24
305	Office Improvements	12/28/05	ST LINE	15/00	N	2,350.82	1,725.24	158.04	1,883.28
354	Breakroom Renovation	12/31/07	ST LINE	40/00	N	2,418.55	544.22	60.54	604.76
Total for (Office Building)						51,928.13	30,659.23	1,399.78	32,059.01
Power Oper Equipment									
144	Backhoe	11/10/97	ST LINE	05/00	N	47,961.65	47,961.65	0.00	47,961.65
233	Case 360 Trencher with Back	03/01/02	ST LINE	05/00	N	11,524.20	11,524.20	0.00	11,524.20
234	Ditch Witch Pusher P80	03/01/02	ST LINE	05/00	N	6,146.24	6,146.24	0.00	6,146.24
Total for (Power Oper Equipment)						65,632.09	65,632.09	0.00	65,632.09
Client Subtotal Before Sales						29,540,380.99	9,600,076.22	665,745.55	10,265,821.77
Less Assets Sold						0.00			0.00
Total						29,540,380.99	9,600,076.22	665,745.55	10,265,821.77

Attachment 10a

BOND RESOLUTION

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

AUTHORIZING

**CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 1995**

IN THE AGGREGATE AMOUNT OF

\$984,000

**CONSISTING OF
\$884,000 OF SERIES A BONDS**

AND

\$100,000 OF SERIES B BONDS

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BOND RESOLUTION

RESOLUTION OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT OF CRITTENDEN AND LIVINGSTON COUNTIES, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$984,000 PRINCIPAL AMOUNT OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 1995, CONSISTING OF \$884,000 OF SERIES A BONDS AND \$100,000 OF SERIES B BONDS FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Crittenden-Livingston County Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the District presently has outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the aggregate principal amount of \$984,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by GRW Engineers, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued so as to rank on a parity basis with the Prior Bonds, and

WHEREAS, the Prior Bonds were issued to and are now held by the Rural Economic and Community Development of the Department of Agriculture of the United States of America (the "RECD"), as successor agency of the Farmers Home Administration, and

WHEREAS, the RECD, as the Owner of the Prior Bonds, has consented to the issuance by the District of the Current Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$295,600, and by connection charges in the amount of at least \$43,400, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT OF CRITTENDEN AND LIVINGSTON COUNTIES, KENTUCKY, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin Hays & Foley, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds, Prior Bonds and the Parity Bonds.

"Bonds of 1985" or "Series 1985 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks System Revenue Bonds of 1985, Series B, dated December 2, 1985, in the original authorized principal amount of \$171,000.

"Bonds of 1988" or "Series 1988 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds of 1988, dated May 30, 1989, in the original authorized principal amount of \$634,000.

"Bonds of 1989" or "Series 1989 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Refunding Revenue Bonds of 1989, dated May 30, 1989, in the original authorized principal amount of \$1,201,000.

"Bonds of 1991" or "Series 1991 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds of 1991, dated November 7, 1991, in the original authorized principal amount of \$358,000.

"Bond Resolution of 1985" or "1985 Bond Resolution" refer to the Resolution authorizing the Bonds of 1985, duly adopted by the Board of Commissioners of the District on March 25, 1985.

"Bond Resolution of 1988" or "1988 Bond Resolution" refer to the Resolution authorizing the Bonds of 1988, duly adopted by the Board of Commissioners of the District on November 14, 1988.

"Bond Resolution of 1989" or "1989 Bond Resolution" refer to the Resolution authorizing the Bonds of 1989, duly adopted by the Board of Commissioners of the District on May 22, 1989.

"Bond Resolution of 1991" or "1991 Bond Resolution" refer to the Resolution authorizing the Bonds of 1991, duly adopted by the Board of Commissioners of the District on February 18, 1991.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Commission" refers to the Board of Commissioners of the District, or such other body as shall be the governing body of said District under the laws of Kentucky at any given time.

"Construction Account" refers to the Crittenden-Livingston County Water District Construction Account, created in Section 301(B) of this Current Bond Resolution.

"Contractors" refers to the general contractors who have been employed by the District to construct the Project.

"Current Bond Resolution" or "Resolution" refer to this Resolution authorizing the Current Bonds.

"Current Bonds" refers to the \$984,000 of Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 1995, consisting of \$884,000 of Series A Bonds and \$100,000 of Series B Bonds authorized by this Resolution, to be dated as of the date of issuance thereof.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is The Salem Bank, Inc., Salem, Kentucky, or its successor.

"Depreciation Fund" refers to the Crittenden-Livingston County Water District Waterworks Depreciation Reserve Fund, described in Section 402 of this Resolution.

"District" refers to the Crittenden-Livingston County Water District of Crittenden and Livingston Counties, Kentucky.

"Engineers" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to GRW Engineers, Inc., or a member of said firm, or their successors.

"Event of Default" refers to one or more of the Events of Default set forth in Section 701 of this Resolution.

"FDIC" refers to the Federal Deposit Insurance Corporation, or its successors.

"Fiscal Year" refers to the annual accounting period of the District, beginning on January 1 and ending on December 31 of each year.

"Funds" refers to the Construction Account, the Revenue Fund, the Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"Government" refers to the United States of America, or any agency thereof, including the RECD.

"Grant Proceeds" refers to the proceeds of the RECD Grant.

"Independent Consulting Engineer" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to RECD, Lexington, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the District.

"Local Counsel" refers to Alan C. Stout, Marion, Kentucky, or any other attorney or firm of attorneys designated by the District.

"Multiple Advances" refers to the advance of loan funds from the RECD as described in Section 302 of this Resolution.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Crittenden-Livingston County Water District Waterworks Operation and Maintenance Fund, described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RECD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the Series 1985 Bonds, the Series 1988 Bonds, the Series 1989 Bonds and the Series 1991 Bonds.

"Prior Bond Resolution" refers collectively to the 1985 Bond Resolution, the 1988 Bond Resolution, the 1989 Bond Resolution and the 1991 Bond Resolution.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"RECD" refers to the Rural Economic and Community Development of the Department of Agriculture of the United States Department of Agriculture.

"RECD Grant" refers to the RECD grant described in Section 804 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Crittenden-Livingston County Water District Waterworks Revenue Fund, described in Section 401 of this Resolution.

"Secretary" refers to the elected or appointed Secretary of the Commission.

"Sinking Fund" refers to the Crittenden-Livingston County Water District Waterworks Bond and Interest Sinking Fund, described in Section 401 of this Resolution.

"System" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"Treasurer" refers to the elected or appointed Treasurer of the Commission.

"U.S. Obligations" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$1,323,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$984,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$1,323,000
Less:		
RECD Grant	\$295,600	
Connection Charges	<u>43,400</u>	
Total Non-Bond Funds:		<u>(339,000)</u>
Balance to be financed by Current Bonds		\$984,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$984,000

principal amount of Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 1995, consisting of \$884,000 of Series A Bonds and \$100,000 of Series B Bonds.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing January 1 or July 1, as the case may be. Principal of the Current Bonds shall be payable on January 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable on Out of Gross Revenues. The Current Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be payable solely on a first lien basis out of the gross revenues of the System, on a parity with the Prior Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in Exhibit A attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in Exhibit B attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2005, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2005, shall be subject to prepayment by the District on any interest payment date falling on and after January 1, 2004, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner 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 Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$230,000 (the "Fidelity Bond"), or such larger amount as the RECD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RECD so long as it is owner of any of the Current Bonds. The RECD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RECD. Whenever sums in the Funds shall exceed \$230,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RECD.

A. Covenants Applicable if RECD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RECD, the necessity of observing RECD regulations and procedures and the necessity of using RECD forms (the "RECD Forms"), shall apply only if the RECD is the Purchaser of the Current Bonds and only so long as the RECD holds the Current Bonds thereafter. In the event that the RECD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RECD, the necessity of observing RECD regulations and procedures, and the necessity of using RECD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RECD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Crittenden-Livingston County Water District Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of

Grant Proceeds. Simultaneously with or prior to the delivery of the Current Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$43,400 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Current Bonds and Grant Proceeds in order to assure completion of the Project.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the RECD as to such expenditures, if the RECD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RECD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with RECD Instruction 1942-A.

The District shall prepare and submit any and all RECD Forms required by the RECD. Periodic audits of the District's Construction Account records shall be made by RECD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$42,000) during the construction of the Project, as approved by the Engineers and by the RECD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Project (as determined by the Engineers, the Chairman and the RECD), provided that to the extent that any amounts on deposit in said Depository Bank shall

cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate RECD Form 402-4 Agreement is executed, if the RECD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) **Statements of Contractors, Engineers and Attorneys as to Payment.** Prior to the delivery of the Current Bonds, if the RECD is the Purchaser of the Current Bonds, the District will be required to provide the RECD with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RECD Instruction 1942-A.

(7) **Disposition of Balance in Construction Account After Completion of Project.** When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the RECD, any balance then remaining in the Construction Account may, with the consent of the RECD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

A. **Interim Financing.** The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$984,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim

Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$984,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RECD.

The total authorized interim financing of \$984,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by RECD. In the event the Current Bonds are purchased by the RECD, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the RECD.

If the RECD agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the RECD to the District, shall be in the form prescribed by the RECD.

Each request for an advance from the RECD shall be accompanied by a Requisition Certificate. The District will also furnish to the RECD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RECD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the 1985 Bond Resolution the following funds and accounts:

- (a) Crittenden-Livingston County Water District Waterworks Revenue Fund.
- (b) Crittenden-Livingston County Water District Waterworks Bond and Interest Sinking Fund.
- (c) Crittenden-Livingston County Water District Waterworks Depreciation Reserve Fund.
- (d) Crittenden-Livingston County Water District Waterworks Operation and Maintenance Fund.

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The District covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. It is hereby recognized that the District is obligated upon the issuance of the Current Bonds to provide for additional debt service requirements of the Current Bonds.

At or after the delivery of the Current Bonds, there shall be transferred from the Construction Account to the Sinking Fund an amount sufficient to provide for capitalized interest (initially estimated at \$42,000) on the Current Bonds during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth ($1/6$) of the next succeeding six-month interest payment to become due on the Bonds, plus
- (2) A sum equal to one-twelfth ($1/12$) of the principal of any Bonds maturing on the next succeeding January 1.

If the District for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Prior Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RECD, there shall next be transferred from the Revenue Fund the sum of at least \$1,872.00 (increased from \$1,382.00) each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$224,640 (increased from \$165,840), which amount shall be maintained, and when necessary, restored to said sum of \$224,640, so long as any of the Bonds are outstanding and unpaid.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

USDA ²⁰⁰⁰ A Bonds

BOND RESOLUTION

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

AUTHORIZING

**CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2000**

IN THE AMOUNT OF

\$4,425,000

CONSISTING OF

\$2,000,000 OF SERIES A BONDS

\$1,725,000 OF SERIES B BONDS

AND

\$700,000 OF SERIES C BONDS

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BOND RESOLUTION

RESOLUTION OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT OF CRITTENDEN AND LIVINGSTON COUNTIES, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$4,425,000 PRINCIPAL AMOUNT OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2000, CONSISTING OF \$2,000,000 OF SERIES A BONDS, \$1,725,000 OF SERIES B BONDS AND \$700,000 OF SERIES C BONDS, FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Crittenden-Livingston County Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the District presently has outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$4,425,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Stigall Engineering Associates, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued as second lien bonds, subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$1,800,000, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT OF CRITTENDEN AND LIVINGSTON COUNTIES, KENTUCKY, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin & Hays, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds, Prior Bonds and the Parity Bonds.

"Bonds of 1988" or "Series 1988 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds of 1988, dated May 30, 1989, in the original authorized principal amount of \$634,000.

"Bonds of 1991" or "Series 1991 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds of 1991, dated November 7, 1991, in the original authorized principal amount of \$358,000.

"Bonds of 1994" or "Series 1994 Bonds" refer to the outstanding Crittenden-Livingston Water District Waterworks Revenue Bonds, Series 1994, dated February 11, 1994, in the original authorized principal amount of \$190,000.

"Bonds of 1995" or "Series 1995 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 1995 A and B, dated August 8, 1995, in the original authorized principal amount of \$984,000.

"Bonds of 1996" or "Series 1996 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Refunding Revenue Bonds, Series 1996, dated October 15, 1996, in the original authorized principal amount of \$1,460,000.

"Bond Resolution of 1988" or "1988 Bond Resolution" refer to the Resolution authorizing the Bonds of 1988, duly adopted by the Board of Commissioners of the District on November 14, 1988.

"Bond Resolution of 1991" or *"1991 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1991, duly adopted by the Board of Commissioners of the District on February 18, 1991.

"Bond Resolution of 1994" or *"1994 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1994, duly adopted by the Board of Commissioners of the District on January 24, 1994.

"Bond Resolution of 1995" or *"1995 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1995, duly adopted by the Board of Commissioners of the District on April 13, 1995.

"Bond Resolution of 1996" or *"1996 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1996, duly adopted by the Board of Commissioners of the District on October 14, 1996.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Commission" refers to the Board of Commissioners of the District, or such other body as shall be the governing body of said District under the laws of Kentucky at any given time.

"Construction Account" refers to the Crittenden-Livingston County Water District Construction Account, created in Section 301(B) of this Current Bond Resolution.

"Contractors" refers to the general contractors who have been employed by the District to construct the Project.

"Current Bond Resolution" or *"Resolution"* refer to this Resolution authorizing the Current Bonds.

"Current Bonds" refers to the \$4,425,000 of Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 2000, consisting of \$2,000,000 of Series A Bonds, \$1,725,000 of Series B Bonds and \$700,000 of Series C Bonds, authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Crittenden-Livingston County Water District Sinking Fund of 2000, created in Section 401 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is The Salem Bank, Inc., Salem, Kentucky, or its successor.

"Depreciation Fund" refers to the Crittenden-Livingston County Water District Waterworks Depreciation Fund, described in Section 402 of this Resolution.

"District" refers to the Crittenden-Livingston County Water District of Crittenden and Livingston Counties, Kentucky.

"Engineers" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to Stigall Engineering Associates, Inc., or a member of said firm, or their successors.

"Event of Default" refers to one or more of the Events of Default set forth in Section 701 of this Resolution.

"FDIC" refers to the Federal Deposit Insurance Corporation, or its successors.

"Fiscal Year" refers to the annual accounting period of the District, beginning on January 1 and ending on December 31 of each year.

"Funds" refers to the Construction Account, the Revenue Fund, the Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"Government" refers to the United States of America, or any agency thereof, including the RD.

"Grant Proceeds" refers to the proceeds of the RD Grant.

"Independent Consulting Engineer" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the District.

"Local Counsel" refers to Alan C. Stout, Esq., Marion, Kentucky, or any other attorney or firm of attorneys designated by the District.

"Multiple Advances" refers to the advance of loan funds from the RD as described in Section 302 of this Resolution.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Crittenden-Livingston County Water District Waterworks Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the Series 1988 Bonds, the Series 1991 Bonds, the Series 1994 Bonds, the Series 1995 Bonds and the Series 1996 Bonds.

"Prior Bond Resolution" refers collectively to the 1988 Bond Resolution, the 1991 Bond Resolution, the 1994 Bond Resolution, the 1995 Bond Resolution and the 1996 Bond Resolution.

"Prior Sinking Fund" refers to the Crittenden-Livingston County Water District Waterworks Sinking Fund, described in Section 401 of this Resolution.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"RD" refers to the Rural Development of the Department of Agriculture of the United States of America.

"RD Grant" refers to the RD grant described in Section 804 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Crittenden-Livingston County Water District Waterworks Revenue Fund, described in Section 401 of this Resolution.

"Secretary" refers to the elected or appointed Secretary of the Commission.

"System" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"Treasurer" refers to the elected or appointed Treasurer of the Commission.

"U.S. Obligations" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$6,255,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$4,425,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$6,255,000
Less: RD Grant	\$1,800,000	
Connection Fees	<u>30,000</u>	
Total Non-Bond Funds:		<u>(1,830,000)</u>
Balance to be financed by Current Bonds		\$4,425,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$4,425,000 principal amount of Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 2000, consisting of \$2,000,000 of Series A Bonds, \$1,725,000 of Series B Bonds and \$700,000 of Series C Bonds.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing January 1 or July 1, as the case may be. Principal of the Current Bonds shall be payable on January 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable on Second Lien Basis Out of Gross Revenues. The Current Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a second lien basis out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2010, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2010, shall be subject to prepayment by the District on any interest payment date falling on and after January 1, 2009, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner 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 Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$376,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$376,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

A. Covenants Applicable if RD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures and the necessity of using RD forms (the "RD Forms"), shall apply only if the RD is the Purchaser of the Current Bonds and only so long as the RD holds the Current Bonds thereafter. In the event that the RD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures, and the necessity of using RD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Crittenden-Livingston County Water District Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said

Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the RD as to such expenditures, if the RD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with RD Instruction 1780.

The District shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the District's Construction Account records shall be made by RD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$85,000) during the construction of the Project, as approved by the Engineers and by the RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent

market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed, if the RD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) Statements of Contractors, Engineers and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the RD is the Purchaser of the Current Bonds, the District will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RD Instruction 1780.

(7) Disposition of Balance in Construction Account After Completion of Project. When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the RD, any balance then remaining in the Construction Account may, with the consent of the RD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Current Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Current Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

A. Interim Financing. The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$4,425,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to

the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$4,425,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$4,425,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim

financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by RD. In the event the Current Bonds are purchased by the RD, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the RD.

If the RD agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the RD to the District, shall be in the form prescribed by the RD.

Each request for an advance from the RD shall be accompanied by a Requisition Certificate. The District will also furnish to the RD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as

or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the Prior Bond Resolution the following funds and accounts:

- (a) Crittenden-Livingston County Water District Waterworks Revenue Fund
- (b) Crittenden-Livingston County Water District Waterworks Prior Sinking Fund
- (c) Crittenden-Livingston County Water District Waterworks Depreciation Fund
- (d) Crittenden-Livingston County Water District Waterworks Operation and Maintenance Fund

There is hereby created the Crittenden-Livingston County Water District Waterworks Sinking Fund of 2000.

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The District covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on all Prior Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding January 1.

Said Prior Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Prior Bonds.

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$85,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds maturing on the next succeeding January 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds, but subject to the vested rights and priorities of the Prior Bonds.

D. Depreciation Fund. Pursuant to the provisions of the Prior Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Prior Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$2,115 each month (in addition to the deposits required by the Prior Bond Resolution) which shall be deposited into the Depreciation Fund until the Current Bonds are paid in full.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and

improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

E. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the District's annual budget.

F. Monthly Principal and Interest Payments if Requested by the RD. So long as any of the Bonds are held or insured by the RD, the District shall, if requested by the RD, make the payments required by this Section 402, in monthly installments to the RD or to the insured Owners of the Bonds.

G. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Resolution or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

H. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All monies in the Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

If the RD has purchased any of the Outstanding Bonds, investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed. Any such investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

All payments into the Funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the Funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds are Subordinate to the Prior Bonds. It is hereby certified and declared that the Current Bonds shall be subordinate to the lien and pledge of the Prior Bonds on the gross revenues of the System.

ARTICLE 5. COVENANTS OF DISTRICT

Section 501. Rates and Charges. The District shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The District shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

Section 502. Books and Accounts; Audit. The District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the RD without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the RD and to any Bondowner requesting same, during the first two (2) years of operation after completion of the Project, and whenever and so long as the District is delinquent in any of the covenants set out in the Prior Bond Resolution or this Current Bond Resolution. Thereafter, quarterly operating reports shall be furnished at all other times to the RD and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis; Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The District covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the District shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the Commission shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The District covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants. The District, through its Commission, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;
- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions

and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;

- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the District shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1942-47) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

Section 601. Inferior Bonds. Except as hereinafter provided below in this Article, the District shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The District expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the RD must be obtained prior to the issuance of any inferior bonds so long as the RD owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The District hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the District from any and all sources, the District shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the District has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the District to pay the cost (not otherwise provided) of the completion of the Project, and provided the District has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the RD if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The District reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in the Current Bond Resolution, which conditions are as follows:

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the District in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds. The District hereby covenants and agrees that in the event any Parity Bonds are issued, the District shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the average annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

(c) Make such Parity Bonds payable as to principal on January 1 of each year in which principal falls due and payable as to interest on January 1 and July 1 of each year until the final maturity of such Parity Bonds.

Section 605. Prepayment Provisions Applicable to Parity Bonds. If, in connection with any subsequently issued series of Parity Bonds, it is provided that excess revenues in the Revenue Fund shall be used to prepay Outstanding Bonds in advance of scheduled maturity, or if the District at its option undertakes to prepay Outstanding Bonds in advance of scheduled maturity, it is agreed and understood, for so long as the Government owns any of the Outstanding Bonds, that no such prepayment will be effected without the approval of the RD.

Section 606. Consent of the RD Regarding Future Bonds. Notwithstanding any other provisions of this Resolution, the District agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the District will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the RD.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Prior Bonds and/or Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Outstanding Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

- (a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

Notwithstanding any other provisions hereof, so long as any Bonds are held by the Government, the District shall not dispose of its title to the System or to any part thereof, without first obtaining the written consent of the RD.

ARTICLE 7. DEFAULT AND CONSEQUENCES

Section 701. Events of Default. The following items shall constitute an Event of Default on the part of the District:

- (a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.
- (b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within thirty (30) days thereafter.
- (c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Resolution or in this Resolution.
- (d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.
- (e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixth (60) days after entry.

Section 702. Consequences of Event of Default. Any Owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the District set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of said the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of operating and maintenance expenses and for the payment of principal of and interest on the Outstanding Bonds and to provide and apply the income and revenues in conformity with this Resolution and with the laws of the Commonwealth of Kentucky.

The District hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the District's obligations, all contracts and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Resolution Contractual with Bondowners. The provisions of this Resolution constitute a contract between the District and its Commission and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Resolution shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the Commission may adopt any resolution for any purpose not inconsistent with the terms of this Resolution and which shall not impair the security of the Owners of the Current Bonds and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the RD so long as the RD owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$1,800,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1942-31 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1942-47).
- (e) Agreement for Engineering Services with the Engineers.

Section 806. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the RD for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

ARTICLE 9. SALE OF CURRENT BONDS

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Commission shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the Secretary with the Minutes of the meeting at which this Resolution is adopted. The Notice of Bond Sale shall be signed by the Secretary and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

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

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the District, with the consent of the Purchaser of the Current Bonds, determines it is in the District's best interest to change the maturities, the applicable prepayment date or any other dates, the District may adjust the same by a Resolution of the Commission approving the adjustments.

ARTICLE 10. CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from all Kentucky income taxation, the District covenants to and with the Owners of the Current Bonds to take the following action:

(a) The District will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for federal income tax purposes; (2) will take no actions which will violate any of the provisions of the Code; and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for federal income tax purposes.

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

(c) The District further certifies that the Current Bonds and any and all interim financing obligations of the District are not "private activity bonds" within the meaning of the Code.

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the District as

to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.


Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to the extent of such conflict hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the District payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The District covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Immediately Upon Adoption. This Resolution shall take effect and be effective immediately upon its adoption.

Adopted this August 14, 2000.


CRITTENDEN-LIVINGSTON COUNTY
WATER DISTRICT



Vice Chairman

(Seal of District)

Attest:


Secretary

CERTIFICATION

I, Sidney Lasher, hereby certify that I am the duly qualified and acting Secretary of the Crittenden-Livingston County Water District of Crittenden and Livingston Counties, Kentucky, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on August 14, 2000, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this August 14, 2000.


Secretary

(Seal of District)

EXHIBIT A-1

Schedule of Principal Payments on Series A Bonds

<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>
2003	\$21,000	2022	\$48,000
2004	22,000	2023	50,000
2005	23,000	2024	53,000
2006	24,000	2025	55,000
2007	25,000	2026	57,000
2008	26,000	2027	60,000
2009	27,000	2028	63,000
2010	28,000	2029	65,000
2011	30,000	2030	69,000
2012	31,000	2031	71,000
2013	32,000	2032	75,000
2014	34,000	2033	78,000
2015	35,000	2034	82,000
2016	37,000	2035	84,000
2017	39,000	2036	88,000
2018	40,000	2037	92,000
2019	42,000	2038	96,000
2020	44,000	2039	101,000
2021	46,000	2040	107,000

EXHIBIT A-2

Schedule of Principal Payments on Series B Bonds

<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>
2003	\$17,000	2022	\$41,000
2004	18,000	2023	43,000
2005	18,000	2024	45,000
2006	20,000	2025	47,000
2007	20,000	2026	49,000
2008	22,000	2027	52,000
2009	22,000	2028	54,000
2010	24,000	2029	57,000
2011	24,000	2030	59,000
2012	26,000	2031	62,000
2013	27,000	2032	65,000
2014	28,000	2033	68,000
2015	30,000	2034	72,000
2016	31,000	2035	75,000
2017	32,000	2036	78,000
2018	34,000	2037	82,000
2019	36,000	2038	86,000
2020	37,000	2039	90,000
2021	39,000	2040	95,000

EXHIBIT A-3

Schedule of Principal Payments on Series C Bonds

<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>
2003	\$ 7,000	2022	\$17,000
2004	8,000	2023	17,000
2005	8,000	2024	19,000
2006	8,000	2025	19,000
2007	9,000	2026	20,000
2008	9,000	2027	21,000
2009	10,000	2028	22,000
2010	10,000	2029	23,000
2011	10,000	2030	24,000
2012	11,000	2031	25,000
2013	11,000	2032	26,000
2014	12,000	2033	27,000
2015	12,000	2034	29,000
2016	13,000	2035	30,000
2017	13,000	2036	31,000
2018	14,000	2037	33,000
2019	15,000	2038	34,000
2020	15,000	2039	36,000
2021	16,000	2040	36,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTIES OF CRITTENDEN AND LIVINGSTON
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2000

No. R- _____ Interest Rate: _____ % \$ _____

KNOW ALL MEN BY THESE PRESENTS:

That the Crittenden-Livingston County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Crittenden and Livingston Counties, Kentucky, for value received, hereby promises to pay to

_____ the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
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[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Series _____ Bond is issued by the District as part of an issue in the aggregate principal amount of \$4,425,000, consisting of \$2,000,000 of Series A Bonds, \$1,725,000 of Series B Bonds and \$700,000 of Series C Bonds, under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued subject to the vested rights and priorities in favor of the owners of the outstanding (i) Crittenden-Livingston County Water District Waterworks Revenue Bonds of 1988, dated May 30, 1989 (the "Bonds of 1988"), authorized by a Resolution adopted by the Commission of the District on November 14, 1988 (the "1988 Bond Resolution"); (ii) Crittenden-Livingston County Water District Waterworks Revenue Bonds of 1991, dated November 7, 1991 (the "Bonds of 1991"), authorized by a Resolution adopted by the Commission of the District on February 18, 1991 (the "1991 Bond Resolution"); (iii) Crittenden-Livingston Water District Waterworks Revenue Bonds, Series 1994, dated February 11, 1994 (the "Bonds of 1994"), authorized by a Resolution adopted by the Commission of the District on January 24, 1994 (the "1994 Bond Resolution"); (iv) Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 1995 A and B, dated August 8, 1995 (the "Bonds of 1995"), authorized by a Resolution adopted by the Commission of the District on April 13, 1995 (the "1995 Bond Resolution"); and (v) Crittenden-Livingston County Water District Waterworks Refunding Revenue Bonds, Series 1996, dated October 15, 1996 (the "Bonds of 1996"), authorized by a Resolution adopted by the Commission of the District on October 14, 1996 (the "1996 Bond Resolution") [hereinafter the Bonds of 1988, Bonds of 1991, Bonds of 1994, Bonds of 1995 and Bonds of 1996 shall be collectively referred to as the "Prior Bonds", and the 1988 Bond Resolution, the 1991 Bond Resolution, the 1994 Bond Resolution, the 1995 Bond Resolution and the 1996 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, together with any bonds ranking on a parity herewith, is payable from and secured on a second lien basis by a pledge of the revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Crittenden-Livingston County Water District Waterworks Sinking Fund of 2000", created in the Current Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the 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, 2010, 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.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and

have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Crittenden-Livingston County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

CRITTENDEN-LIVINGSTON COUNTY
WATER DISTRICT
Crittenden and Livingston Counties, Kentucky

By J. W. Clarke
Vice Chairman

Attest:

Sidney Fisher
Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

ASSIGNMENT

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____, this ____ day of _____, _____.

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$4,425,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Crittenden-Livingston County Water District (the "District") of Crittenden and Livingston Counties, Kentucky.

2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$ _____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Crittenden-Livingston County Water District Construction Account", at The Salem Bank, Inc., Salem, Kentucky.

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 2000.

CRITTENDEN-LIVINGSTON COUNTY
WATER DISTRICT

STIGALL ENGINEERING ASSOCIATES,
INC.

By _____

By _____

Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

Attachment 10b

2008 C

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

DATED

MAY 29, 2008

IN THE AMOUNT OF \$1,920,000

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By:

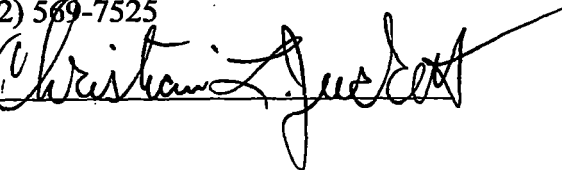


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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of May 29, 2008 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Crittenden-Livingston County Water District, P.O. Box 495, Salem, Kentucky 42078 (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001, in the aggregate principal amount of \$46,000,000 (the "Series 2001 Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A. (as successor in interest to Fifth Third Bank), as trustee, the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2008C (the "Series 2008C Bonds") in the aggregate principal amount of \$7,300,000, pursuant to a Supplemental Trust Indenture No. 31, dated as of May 29, 2008 by and between the Issuer and Regions Bank, Nashville, Tennessee (the "Trustee"), which Series 2008C Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to advance refund certain outstanding indebtedness of said Governmental Agency (the "Project"), in order to effect substantial debt service savings, and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency's

outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$1,920,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

WHEREAS, the Issuer and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the construction and financing of the Project subject to the repayment of the Loan and the Obligations and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"Assistance Agreement" refers to this Assistance Agreement authorizing the Loan and the Obligations.

"Bond Counsel" refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

"Bond Legislation of 1988" or *"1988 Bond Legislation"* refer to the Resolution authorizing the Bonds of 1988, duly adopted by the Board of Commissioners of the District on November 14, 1988.

"Bond Legislation of 1991" or *"1991 Bond Legislation"* refer to the Resolution authorizing the Bonds of 1991, duly adopted by the Board of Commissioners of the District on February 18, 1991.

"Bond Legislation of 1994" or *"1994 Bond Legislation"* refer to the Resolution authorizing the Bonds of 1994, duly adopted by the Board of Commissioners of the District on January 24, 1994.

"Bond Legislation of 1995" or *"1995 Bond Legislation"* refer to the Resolution authorizing the Bonds of 1995, duly adopted by the Board of Commissioners of the District on April 13, 1995.

"Bond Legislation of 1996" or *"1996 Bond Legislation"* refer to the Resolution authorizing the Bonds of 1996, duly adopted by the Board of Commissioners of the District on October 14, 1996.

"Bond Legislation of 2000" or *"2000 Bond Legislation"* refer to the Resolution authorizing the Bonds of 2000, duly adopted by the Board of Commissioners of the District on August 14, 2000.

"Bondowner", "Owner", "Bondholder" means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

"Bonds" refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

"Bonds of 1988" or "Series 1988 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds of 1988, dated May 30, 1989, in the original authorized principal amount of \$634,000.

"Bonds of 1991" or "Series 1991 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds of 1991, dated November 7, 1991, in the original authorized principal amount of \$358,000.

"Bonds of 1994" or "Series 1994 Bonds" refer to the outstanding Crittenden-Livingston Water District Waterworks Revenue Bonds, Series 1994, dated February 11, 1994, in the original authorized principal amount of \$190,000.

"Bonds of 1995" or "Series 1995 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 1995 A and B, dated August 8, 1995, in the original authorized principal amount of \$984,000.

"Bonds of 1996" or "Series 1996 Bonds" refer to the outstanding Crittenden-Livingston County Water District Waterworks Refunding Revenue Bonds, Series 1996, dated October 15, 1996, in the original authorized principal amount of \$1,460,000.

"Bonds of 2000" or "Series 2000 Bonds" refer to the outstanding \$4,425,000 of Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 2000, consisting of \$2,000,000 of Series A Bonds, \$1,725,000 of Series B Bonds and \$700,000 of Series C Bonds, dated September 6, 2001.

"Certified Public Accountants" refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

"Code" refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

"Compliance Group" refers to the Compliance Group identified and defined in the Indenture.

"Depreciation Fund" refers to the Crittenden-Livingston County Water District Waterworks Depreciation Fund, created in the Prior Bond Legislation and which fund will continue to be maintained for the benefit of all of the Bonds.

"Engineer" or "Independent Consulting Engineer" refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

"First Lien Sinking Fund" refers to the Crittenden-Livingston County Water District Waterworks First Lien Sinking Fund created in the Prior Bond Legislation.

"Funds" refers to the Revenue Fund, the First Lien Sinking Fund, the Second Lien Sinking Fund, the Operation and Maintenance Fund, the Depreciation Fund, and the Governmental Agency Account.

"Governing Body" means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

"Governmental Agency" refers to the Crittenden-Livingston County Water District, P.O. Box 495, Salem, Kentucky 42078.

"Governmental Agency Chief Executive" refers to the Chairman of the Governmental Agency.

"Governmental Agency Clerk" refers to the Secretary of the Governmental Agency.

"Indenture" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 31, dated May 29, 2008, by and between the Issuer and the Trustee.

"Interest Payment Date" shall mean the 1st day of each month, commencing July 1, 2008 and continuing through and including January 1, 2030 or until the Loan has been paid in full.

"Issuer" refers to the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky.

"Obligations" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$1,920,000.

"Operation and Maintenance Fund" refers to the Crittenden-Livingston County Water District Waterworks Operation and Maintenance Fund, created in the Prior Bond Legislation and which fund will continue to be maintained for the benefit of all of the Bonds.

"Outstanding Bonds" refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds that have been defeased.

"Parity Bonds" means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be

deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

"Permitted Investments" refers to investments of funds on deposit in the various funds created herein and includes:

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;

- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;
- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;
- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:
 - (i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;
 - (ii) The management company of the investment company shall have been in operation for at least five (5) years; and
 - (iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

"Prior Bond Legislation" collectively refers to the 1995 Bond Legislation, 2000 Bond Legislation, and Series 2004D Assistance Agreement.

"Prior Bonds" collectively refers to the Series 1995 Bonds, Series 2000 Bonds, and Series 2004D Loan.

"Program" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvements of public projects for governmental entities.

"Program Administrator" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"Program Reserve Fund" refers to the Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"Project" refers to financing the cost to currently refund the outstanding Series 1989 Bonds, Series 1991 Bonds, Series 1994 Bonds, and Series 1996 Bonds, with the proceeds of the Obligations.

"Revenue Fund" refers to the Crittenden-Livingston County Water District Waterworks Revenue Fund, created in the Prior Bond Legislation and which fund will continue to be maintained for the benefit of all of the Bonds.

"Second Lien Sinking Fund" refers to the Crittenden-Livingston County Water District Second Lien Sinking Fund, described in Section 7 hereof.

"Series 2004D Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2004, authorizing the loan in the principal amount of \$4,998,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D.

"Series 2004D Loan" refers to the loan to the Governmental Agency in the principal amount of \$4,998,000, dated October 19, 2004, from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D.

"Series 2007C Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated March 15, 2007, authorizing the loan in the principal amount of \$2,680,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2007C.

"Series 2007C Loan" refers to the loan to the Governmental Agency in the principal amount of \$2,680,000, dated March 15, 2007, from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2007C.

"Sinking Fund" refers collectively to the First Lien Sinking Fund and the Second Lien Sinking Fund.

"System" refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

"Treasurer" refers to the Treasurer of the Governmental Agency.

"Trustee" refers to Regions Bank, Nashville, Tennessee.

"U.S. Obligations" refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government

Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a municipal waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$1,920,000 from the Program, for the purpose of providing funds for the Project.

Said Obligations shall mature in such principal amounts, and shall bear interest as set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Date, beginning July 1, 2008 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Sinking Fund, the amounts set forth as sinking fund payments on Exhibit A attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on Exhibit A attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption.

(a) *Optional Redemption.* Obligations maturing on and prior to January 1, 2018 shall not be subject to redemption prior to maturity. Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2019, are subject to redemption, in whole or in part, by the Governmental Agency prior to their stated maturities, at any time falling on or after January 1, 2018, at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds.

All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Due to the parity provisions of the open market Series 1996 Bonds, the Bond Legislation of 2000 provides that the Series 2000 Bonds shall be secured by and payable on a second lien basis, after providing for all of the principal and interest requirements of the District's outstanding Series 1988 Bonds, the Series 1991 Bonds, the Series 1994 Bonds, the Series 1995 Bonds and the Series 1996 Bonds. Consequently, the Bond Legislation of 2000 created a second lien sinking fund pledged for the payment of the interest on and the principal of the Series 2000 Bonds. The Obligations will currently refund the Series 1996 Bonds. For that reason, it is no longer necessary that the Series 2000 Bonds be payable on a second lien basis and maintaining a second lien sinking fund for the Series 2000 Bonds is no longer necessary. The Series 2007C Assistance Agreement provides that the Series 2007C Loan is payable from a third lien sinking fund. The Series 2007C Loan will henceforth be payable from a second lien sinking fund as provided in Section 7 hereof.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. First Lien Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the First Lien Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Obligations and the Prior Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on the Obligations and the Prior Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of the Obligations and any Prior maturing on the next succeeding January 1.

Said First Lien Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Obligations and the Prior Bonds.

C. Second Lien Sinking Fund. After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Second Lien Sinking Fund on or before

the 20th day of each month, for payment of interest on and principal of the Series 2007C Loan, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Series 2007C Loan then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Series 2007C Loan maturing on the next succeeding January 1.

The Second Lien Sinking Fund is hereby pledged for the payment of the interest and the principal of the Series 2007C Loan, but subject to the vested rights and priorities of the Obligations and the Prior Bonds.

D. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System that will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

E. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

F. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Crittenden-Livingston County Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to pay:

(i) the principal of and interest on the Series 1988 Bonds, Series 1991 Bonds, and Series 1994 Bonds to the bond holder of the said bonds, the Rural Development of the Department of Agriculture of the United States of America, on May 29, 2008; and

(ii) the interest on the Series 1996 Bonds through May 29, 2008, as the same becomes due and payable, and to call for redemption on May 29, 2008 at a price of 101% the unpaid outstanding Series 1996 Bonds.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project as approved by the Governmental Agency.

After completion of the Project, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations.

(a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

(b) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Obligations, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Subsections (a) through (d) shall not be necessary for the issuance of Parity Bonds if the Governmental Agency has obtained (1) the written consent of the Rural Development of the Department of Agriculture of the United States of America for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the Governmental Agency in order to issue Parity Bonds.

The Governmental Agency reserves the right to issue parity bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(b) in the alternative, that the maximum annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed refunding Parity Bonds, in any year of maturities thereof after the redemption of the Bonds scheduled to be refunded through the issuance of such proposed refunding Parity Bonds, shall not exceed the maximum annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption of the Bonds to be refunded.

Section 11. Rates and Charges for Services of the System. While any Bonds are outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the outstanding Bonds and the accruing interest on all

such Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States

of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided (a) that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and

(e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the

investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance.

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the

Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable;

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2008) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Crittenden-Livingston County Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By David Peterson
President

Attest:

By [Signature]
Secretary/Treasurer

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Crittenden-Livingston County Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

By Randell O'Bryan
Chairman

Attest:

By Bill R. Rank
Secretary

ISSUER ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF Warren

The foregoing instrument was acknowledged before me this May 29, 2008 by David Peterson who is the President of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this May 29, 2008.

My Commission expires: 7/11/10

Bobbie S. Shanahan

Notary Public, State at Large, Kentucky

COMMONWEALTH OF KENTUCKY

COUNTY OF Warren

The foregoing instrument was acknowledged before me this May 29, 2008 by Gary Larimore who is the Secretary/Treasurer of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this May 29, 2008.

My Commission expires: 7/11/10

Bobbie S. Shanahan

Notary Public, State at Large, Kentucky

GOVERNMENTAL AGENCY ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF LIVINGSTON

The foregoing instrument was acknowledged before me this May 27, 2008, by Randell O'Bryan who is the Chairman of the Crittenden-Livingston County Water District, on behalf of said District.

WITNESS my hand this May 27, 2008.

My Commission expires: 6-5-2008.

Kimberly Helen Black

Notary Public, State at Large, Kentucky

COMMONWEALTH OF KENTUCKY

COUNTY OF LIVINGSTON

The foregoing instrument was acknowledged before me this May 27, 2008, by Bill Barrett who is the Secretary of the Crittenden-Livingston County Water District, on behalf of said District.

WITNESS my hand this May 27, 2008.

My Commission expires: 6-5-2008.

Kimberly Helen Black

Notary Public, State at Large, Kentucky

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2008 C
Sinking Fund Payment Schedule**

**Borrower: Crittenden-Livingston Water District
Closing Date: 05/29/08**

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
8/08-1/09	12,500.00	8,049.58	20,549.58
2/09-7/09	7,916.67	5,840.42	13,757.08
8/09-1/10	7,916.67	5,840.42	13,757.08
2/10-7/10	7,500.00	5,638.54	13,138.54
8/10-1/11	7,500.00	5,638.54	13,138.54
2/11-7/11	7,916.67	5,409.79	13,326.46
8/11-1/12	7,916.67	5,409.79	13,326.46
2/12-7/12	8,333.33	5,168.33	13,501.67
8/12-1/13	8,333.33	5,168.33	13,501.67
2/13-7/13	8,333.33	4,893.33	13,226.67
8/13-1/14	8,333.33	4,893.33	13,226.67
2/14-7/14	8,750.00	4,618.33	13,368.33
8/14-1/15	8,750.00	4,618.33	13,368.33
2/15-7/15	9,166.67	4,307.71	13,474.38
8/15-1/16	9,166.67	4,307.71	13,474.38
2/16-7/16	9,166.67	3,982.29	13,148.96
8/16-1/17	9,166.67	3,982.29	13,148.96
2/17-7/17	9,583.33	3,611.04	13,194.38
8/17-1/18	9,583.33	3,611.04	13,194.38
2/18-7/18	10,000.00	3,222.92	13,222.92
8/18-1/19	10,000.00	3,222.92	13,222.92
2/19-7/19	10,833.33	2,817.92	13,651.25
8/19-1-20	10,833.33	2,817.92	13,651.25
2/20-7/20	10,833.33	2,379.17	13,212.50
8/20-1/21	10,833.33	2,379.17	13,212.50
2/21-7/21	11,250.00	1,940.42	13,190.42
8/21-1/22	11,250.00	1,940.42	13,190.42
2/22-7/22	12,083.33	1,470.73	13,554.06
8/22-1/23	12,083.33	1,470.73	13,554.06
2/23-7/23	3,750.00	966.25	4,716.25
8/23-1/24	3,750.00	966.25	4,716.25
2/24-7/24	3,750.00	805.00	4,555.00
8/24-1/25	3,750.00	805.00	4,555.00
2/25-7/25	3,750.00	643.75	4,393.75
8/25-1/26	3,750.00	643.75	4,393.75
2/26-7/26	4,166.67	482.50	4,649.17
8/26-1/27	4,166.67	482.50	4,649.17
2/27-7/27	4,166.67	298.13	4,464.79
8/27-1/28	4,166.67	298.13	4,464.79
2/28-7/28	1,250.00	113.75	1,363.75
8/28-1/29	1,250.00	113.75	1,363.75
2/29-7/29	1,250.00	56.88	1,306.88
8/29-1/30	1,250.00	56.88	1,306.88
	<u>1,920,000.00</u>	<u>752,303.75</u>	<u>2,672,303.75</u>

TRANSCRIPT OF PROCEEDINGS
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

**MARCH 27, 2013 AMENDMENT OF THE
SERIES 2004D LOAN FROM THE
KENTUCKY RURAL WATER FINANCE CORPORATION
FLEXIBLE TERM PROGRAM**

APPROVING LEGAL OPINION
By

RUBIN & HAYS
Municipal Bond Attorneys
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

**FIRST AMENDMENT AND SUPPLEMENT TO
ASSISTANCE AGREEMENT**

This First Amendment and Supplement to Assistance Agreement made and entered into as of March 27, 2013 (the "First Amendment to Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Crittenden-Livingston County Water District, 620 East Main Street, Salem, Kentucky 42078 (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program) (the "Bonds") pursuant to a Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to assistance agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2013C (the "Series 2013C Bonds") in the aggregate principal amount of \$21,765,000, pursuant to a Supplemental Trust Indenture No. 52, dated as of March 27, 2013 by and between the Issuer and the Trustee, which Series 2013C Bonds will rank on a parity with the Bonds and the proceeds of which will be used by certain Governmental Agencies to refinance outstanding Program loans from the Issuer which were used to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental entities and the Issuer; and

WHEREAS, the Governmental Agency entered into an Assistance Agreement (the "Assistance Agreement") with the Issuer on October 19, 2004, pursuant to which the Issuer provided the Governmental Agency with a loan dated October 19, 2004, in the original principal amount of \$4,998,000, from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D (the "Loan"); and

WHEREAS, the proceeds of the Loan were used to finance the extension of water lines and the addition of a water tank, and appurtenances, secured by the Governmental Agency's waterworks system (the "System"); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to amend and supplement the Assistance Agreement, in order to effect substantial debt service savings; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency is authorized to enter into this First Amendment to Assistance Agreement and to borrow the Obligations, as defined herein, to provide funds for the purpose stated in the Assistance Agreement; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in amending and supplementing the terms of the Loan to assist the Governmental Agency in achieving debt service savings upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

WHEREAS, the Issuer and the Governmental Agency have determined to enter into this First Amendment to Assistance Agreement to set forth their respective duties, rights, covenants, and obligations with respect to the repayment of the Loan and the Obligations and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

Section 1. Definitions. Unless the context clearly indicates some other meaning or as otherwise set forth below, the words and terms defined in the Assistance Agreement shall apply for the purposes of this First Amendment and Supplement to Assistance Agreement. In addition, the following terms shall have the meanings set forth below:

"Assistance Agreement" refers to the Assistance Agreement between the Issuer and the Governmental Agency, dated October 19, 2004, authorizing the Loan.

"First Amendment to Assistance Agreement" refers to this First Amendment and Supplement to Assistance Agreement supplementing and amending the Assistance Agreement, which authorized the Loan and the Obligations.

"Indenture" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 52, dated March 27, 2013, by and between the Issuer and the Trustee.

"Interest Payment Date" shall mean the 1st day of each month, commencing May 1, 2013 and continuing through and including January 1, 2029 or until the Loan has been paid in full.

"Loan" refers to the loan in the amount of \$4,998,000, dated October 19, 2004, to the Governmental Agency from the Issuer, as amended herein.

"Obligations" refers to the Governmental Agency's obligations to make payments as required by the Assistance Agreements authorizing the Series 2004D Loan, as amended herein.

"Trustee" refers to Regions Bank, Nashville, Tennessee.

Section 2. Authorization of Obligations; Place of Payment; Manner of Execution. Section 3 of the Assistance Agreement is amended by the substitution of the following provisions:

That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes this borrowing from the Program, for the purpose of providing funds for the Project.

Said Obligations shall mature in such principal amounts, and shall bear interest as set forth in **Exhibit A** attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Sinking Fund, the amounts set forth as sinking fund payments on **Exhibit A** attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under the Assistance Agreement as supplemented and amended by the First Amendment to Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on **Exhibit A** attached hereto, pursuant to the ACH Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 3. Redemption. Section 4 of the Assistance Agreement is amended by the substitution of the following provisions:

(a) **Optional Redemption.** The Obligations maturing on and prior to January 1, 2023 shall not be subject to optional redemption prior to maturity. Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after January 1, 2024 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after January 1, 2023 at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

Section 4. Revision of Debt Service Schedule and Amortization of Fees and Costs. Upon (i) the execution of this First Amendment to Assistance Agreement, (ii) the delivery of this First Amendment to Assistance Agreement to the Trustee, and (iii) certification of the Compliance Group that the Loan will continue to be accepted in the Program; the Issuer will amend the debt service schedule on the Governmental Agency's Loan as evidenced in the attached **Exhibit A**, which debt service schedule will amortize the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

Section 5. Calculation of Revised Principal Amount of the Loan. The revised principal amount of the Loan is \$3,690,000, which amount was calculated as follows:

Outstanding principal balance of the Loan on March 27, 2013	3,873,000.00
Plus accrued interest	38,942.93
Plus fee to bondholders for early call of the Loan	38,730.00
Plus net costs associated with amending the debt service on the Loan	(195,291.35)
Plus deposit to Governmental Agency's Sinking Fund (rounding)	4,897.97
Credit for current balance in Governmental Agency's Sinking Fund	<u>(70,279.55)</u>
Revised principal amount of the Loan	\$3,690,000.00

[Signature page follows]

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this First Amendment to Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Crittenden-Livingston County Water District has caused this First Amendment to Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By James L. Smith
President

Attest:

By [Signature]
Secretary/Treasurer

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this First Amendment to Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Crittenden-Livingston County Water District has caused this First Amendment to Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

By Randell O'Bryen
Chairman

Attest:

By Bill R. Barrett
Secretary

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2013 B:
Sinking Fund Payment Schedule**

Borrower: Crittenden-Livingston Water District
Closing Date: 03/27/13

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
5/13-7/13	22,777.78	15,889.22	38,667.00
8/13-1/14	22,777.78	11,763.13	34,540.90
2/14-8/14	15,416.67	11,370.21	26,786.88
8/14-1/15	15,416.67	11,370.21	26,786.88
2/15-7/15	16,666.67	10,861.46	27,528.13
8/15-1/16	16,666.67	10,861.46	27,528.13
2/16-7/16	16,250.00	10,311.46	26,561.46
8/16-1/17	16,250.00	10,311.46	26,561.46
2/17-7/17	16,666.67	9,612.71	26,279.38
8/17-1/18	16,666.67	9,612.71	26,279.38
2/18-7/18	15,416.67	8,896.04	24,312.71
8/18-1/19	15,416.67	8,896.04	24,312.71
2/19-7/19	15,416.67	8,233.13	23,649.79
8/19-1/20	15,416.67	8,233.13	23,649.79
2/20-7/20	16,666.67	7,570.21	24,236.88
8/20-1/21	16,666.67	7,570.21	24,236.88
2/21-7/21	19,583.33	6,853.54	26,436.88
8/21-1/22	19,583.33	6,853.54	26,436.88
2/22-7/22	20,416.67	6,011.46	26,428.13
8/22-1/23	20,416.67	6,011.46	26,428.13
2/23-7/23	20,833.33	5,031.46	25,864.79
8/23-1/24	20,833.33	5,031.46	25,864.79
2/24-7/24	22,500.00	4,031.46	26,531.46
8/24-1/25	22,500.00	4,031.46	26,531.46
2/25-7/25	22,916.67	3,063.96	25,980.63
8/25-1/26	22,916.67	3,063.96	25,980.63
2/26-7/26	23,750.00	2,365.00	26,115.00
8/26-1/27	23,750.00	2,365.00	26,115.00
2/27-7/27	23,333.33	1,581.25	24,914.58
8/27-1/28	23,333.33	1,581.25	24,914.58
2/28-7/28	24,583.33	811.25	25,394.58
8/28-1/29	24,583.33	811.25	25,394.58
2/29-7/29			
	<u>3,690,000.00</u>	<u>1,278,454.67</u>	<u>4,968,454.67</u>

2013 C Term

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

DATED

MARCH 27, 2013

IN THE AMOUNT OF \$2,090,000

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By

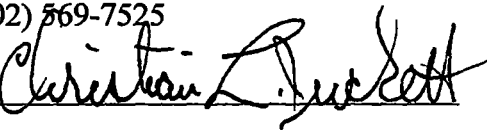


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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of March 27, 2013 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Crittenden-Livingston County Water District, P.O. Box 495, Salem, Kentucky 42078 (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program) (the "Bonds") pursuant to a Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to assistance agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2013C (the "Series 2013C Bonds") in the aggregate principal amount of \$21,765,000.00, pursuant to a Supplemental Trust Indenture No. 52, dated as of March 27, 2013 by and between the Issuer and the Trustee, which Series 2013C Bonds will rank on a parity with the Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental entities and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its: Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 2000, dated September 6, 2001, in the amount of \$2,425,000, consisting of \$1,725,000 of Series B Bonds and \$700,000 of Series C Bonds (collectively the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to refund certain outstanding indebtedness of said Governmental Agency (the "Project"), in order to effect substantial debt service savings, and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency's outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$2,090,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

WHEREAS, the Issuer and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the financing of the Project subject to the repayment of the Loan and the Obligations and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"Assistance Agreement" refers to this Assistance Agreement authorizing the Loan and the Obligations.

"Bond Counsel" refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

"Bond Legislation of 1995" or *"1995 Bond Legislation"* refer to the Resolution authorizing the Bonds of 1995, duly adopted by the Governing Body of the Governmental Agency on April 13, 1995.

"Bond Legislation of 2000" or *"2000 Bond Legislation"* refer to the Resolution authorizing the Bonds of 2000, duly adopted by the Governing Body of the Governmental Agency on August 14, 2000.

"Bondowner", *"Owner"*, *"Bondholder"* means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

"Bonds" refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

"Bonds of 1995" or *"Series 1995 Bonds"* refer to the outstanding Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 1995 A and B, dated August 8, 1995, in the original authorized principal amount of \$984,000.

"Bonds of 2000" or *"Series 2000 Bonds"* refer to the outstanding \$4,425,000 of Crittenden-Livingston County Water District Waterworks Revenue Bonds, Series 2000, consisting of \$2,000,000 of Series A Bonds, \$1,725,000 of Series B Bonds and \$700,000 of Series C Bonds, dated September 6, 2001.

"Certified Public Accountants" refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

"Code" refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

"Compliance Group" refers to the Compliance Group identified and defined in the Indenture.

"*Depreciation Fund*" refers to the Crittenden-Livingston County Water District Waterworks Depreciation Fund, created in the Prior Bond Legislation and which fund will continue to be maintained for the benefit of all of the Bonds.

"*Engineer*" or "*Independent Consulting Engineer*" refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

"*Fiscal Year*" refers to the annual accounting period of the Governmental Agency, beginning on January 1, and ending on December 31, of each year.

"*Funds*" refers to the Revenue Fund, the Sinking Fund, the Operation and Maintenance Fund, the Depreciation Fund, and the Governmental Agency Account.

"*Governing Body*" means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

"*Governmental Agency*" refers to the Crittenden-Livingston County Water District, P.O. Box 495, Salem, Kentucky 42078.

"*Governmental Agency Chief Executive*" refers to the Chairman of the Governmental Agency.

"*Governmental Agency Clerk*" refers to the Secretary of the Governing Body.

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 52, dated March 27, 2013, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing May 1, 2013 and continuing through and including January 1, 2040 or until the Loan has been paid in full.

"*Issuer*" refers to the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky.

"*KIA Loan*" refers to the outstanding Kentucky Infrastructure Authority loan to the Governmental Agency pursuant to an Assistance Agreement dated November 1, 2001.

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$2,090,000, maturing January 1, 2040.

"*Operation and Maintenance Fund*" refers to the Crittenden-Livingston County Water District Waterworks Operation and Maintenance Fund, created in the Prior Bond Legislation and which fund will continue to be maintained for the benefit of all of the Bonds.

"*Outstanding Bonds*" refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds that have been defeased.

"*Parity Bonds*" means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

"*Permitted Investments*" refers to investments of funds on deposit in the various funds created herein and includes:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in the Commonwealth of Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- i. United States Treasury;
- ii. Export-Import Bank of the United States;
- iii. Farmers Home Administration;
- iv. Government National Mortgage Corporation; and
- v. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

- i. Federal Home Loan Mortgage Corporation;
- ii. Federal Farm Credit Banks;
- iii. Bank for Cooperatives;
- iv. Federal Intermediate Credit Banks;
- v. Federal Land Banks;
- vi. Federal Home Loan Banks;
- vii. Federal National Mortgage Association; and
- viii. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated on one (1) of the three (3) highest categories by a nationally recognized rating agency;

(f) Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

(g) Commercial paper rated in the highest category by a nationally recognized rating agency;

(h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

(j) Shares of mutual funds, each of which shall have the following characteristics:

- i. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
- ii. The management company of the investment company shall have been in operation for at least five (5) years; and
- iii. All of the securities in the mutual fund shall be eligible investments under this section.

Investments in the above instruments are subject to the following conditions and limitations:

(a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by subsection (e), (f), (g), and (i) of this definition shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and

(b) No local government or political subdivision shall purchase any investment authorized herein on a margin basis or through the use of any similar leveraging technique.

"Prior Bond Legislation" collectively refers to the 1995 Bond Legislation, 2000 Bond Legislation, Series 2004D Assistance Agreement, and Series 2008C Assistance Agreement.

"Prior Bonds" collectively refers to the Series 1995 Bonds, Series 2000A Bonds, Series 2004D Loan and Series 2008C Loan.

"*Program*" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvement of public projects for governmental entities.

"*Program Administrator*" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"*Program Reserve Fund*" refers to the Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"*Project*" refers to financing the cost to currently refund the Refunded Bonds, with the proceeds of the Obligations.

"*Refunded Bonds*" refers to the outstanding Series 2000B Bonds and Series 2000C Bonds.

"*Revenue Fund*" refers to the Crittenden-Livingston County Water District Waterworks Revenue Fund, created in the Prior Bond Legislation and which fund will continue to be maintained for the benefit of all of the Bonds.

"*Series 2004D Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2004, authorizing the loan in the principal amount of \$4,998,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D.

"*Series 2004D Loan*" refers to the loan to the Governmental Agency in the principal amount of \$4,998,000, dated October 19, 2004, from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2004D.

"*Series 2008C Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 29, 2008, authorizing the loan in the principal amount of \$1,920,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2008C.

"*Series 2008C Loan*" refers to the loan to the Governmental Agency in the principal amount of \$1,920,000, dated May 29, 2008, from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2008C.

"*Sinking Fund*" refers to the Crittenden-Livingston County Water District Waterworks Sinking Fund.

"System" refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

"Treasurer" refers to the Treasurer of the Governing Body.

"Trustee" refers to Regions Bank, Nashville, Tennessee.

"U.S. Obligations" refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a municipal waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$2,090,000 from the Program, for the purpose of providing funds for the Project.

Said Obligations shall mature in such principal amounts, and shall bear interest as set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Sinking Fund, the amounts set forth as sinking fund payments on Exhibit A attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the

Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on Exhibit A attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption.

(a) *Optional Redemption.* The Obligations maturing on and prior to January 1, 2023 shall not be subject to optional redemption prior to maturity. Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after January 1, 2024, are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturities, at any time falling on or after January 1, 2023, at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Obligations Payable Out of Gross Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the gross income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior

Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on the Outstanding Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of the Outstanding Bonds maturing on the next succeeding payment date.

Said Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Outstanding Bonds.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month,

to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System that will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

E. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the delivery of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such

other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Crittenden-Livingston County Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and such amount on deposit in said Governmental Agency Account shall be transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds:

(1) To pay the accrued interest on the Refunded Bonds to and including March 29, 2013; and

(2) To redeem on March 29, 2013 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project as approved by the Governmental Agency.

After completion of the Project, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations.

(a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments

which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

(b) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Obligations, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Subsections (a) through (d) shall not be necessary for the issuance of Parity Bonds if the Governmental Agency has obtained (1) the written consent of the Rural Development of the Department of Agriculture of the United States of America for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the Governmental Agency in order to issue Parity Bonds.

The Governmental Agency reserves the right to issue Parity Bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(a) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest

on all of the Outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(b) in the alternative, that the maximum annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed refunding Parity Bonds, in any year of maturities thereof after the redemption of the Outstanding Bonds scheduled to be refunded through the issuance of such proposed Parity Bonds, shall not exceed the maximum annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption of the Bonds to be refunded.

Section 11. Rates and Charges for Services of the System. While the Obligations remain outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all such Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such U.S. Obligations shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;

(b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;

(c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;

(d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and

(e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to

become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. Insurance.

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable;

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2012) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Crittenden-Livingston County Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By James L. Smith
President

Attest:

By [Signature]
Secretary/Treasurer

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Crittenden-Livingston County Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

By *Randell O'Byrne*
Chairman

Attest:

By *Bill Barrett*
Secretary

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2013 B
Sinking Fund Payment Schedule**

**Borrower: Crittenden-Livingston - RD refunding
Closing Date: 03/27/13**

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
5/13-7/13	2,222.22	8,953.69	11,175.91
8/13-1/14	2,222.22	6,629.27	8,851.49
2/14-8/14	3,333.33	6,590.94	9,924.27
8/14-1/15	3,333.33	6,590.94	9,924.27
2/15-7/15	4,166.67	6,480.94	10,647.61
8/15-1/16	4,166.67	6,480.94	10,647.61
2/16-7/16	4,583.33	6,343.44	10,926.77
8/16-1/17	4,583.33	6,343.44	10,926.77
2/17-7/17	4,583.33	6,146.36	10,729.69
8/17-1/18	4,583.33	6,146.36	10,729.69
2/18-7/18	4,583.33	5,949.27	10,532.61
8/18-1/19	4,583.33	5,949.27	10,532.61
2/19-7/19	5,000.00	5,752.19	10,752.19
8/19-1-20	5,000.00	5,752.19	10,752.19
2/20-7/20	5,000.00	5,537.19	10,537.19
8/20-1/21	5,000.00	5,537.19	10,537.19
2/21-7/21	5,416.67	5,322.19	10,738.86
8/21-1/22	5,416.67	5,322.19	10,738.86
2/22-7/22	5,416.67	5,089.27	10,505.94
8/22-1/23	5,416.67	5,089.27	10,505.94
2/23-7/23	5,833.33	4,829.27	10,662.61
8/23-1/24	5,833.33	4,829.27	10,662.61
2/24-7/24	6,250.00	4,549.27	10,799.27
8/24-1/25	6,250.00	4,549.27	10,799.27
2/25-7/25	6,250.00	4,280.52	10,530.52
8/25-1/26	6,250.00	4,280.52	10,530.52
2/26-7/26	6,250.00	4,089.90	10,339.90
8/26-1/27	6,250.00	4,089.90	10,339.90
2/27-7/27	6,666.67	3,883.65	10,550.31
8/27-1/28	6,666.67	3,883.65	10,550.31
2/28-7/28	7,083.33	3,663.65	10,746.98
8/28-1/29	7,083.33	3,663.65	10,746.98
2/29-7/29	7,083.33	3,429.90	10,513.23
8/29-1/30	7,083.33	3,429.90	10,513.23
2/30-7/30	7,083.33	3,178.44	10,261.77
8/30-2/31	7,083.33	3,178.44	10,261.77
2/31-7/31	7,500.00	2,926.98	10,426.98
8/31-1/32	7,500.00	2,926.98	10,426.98
2/32-7/32	7,916.67	2,660.73	10,577.40
2/32-7/33	7,916.67	2,660.73	10,577.40
2/32-7/34	7,916.67	2,379.69	10,296.36
2/32-7/35	7,916.67	2,379.69	10,296.36
2/32-7/36	8,333.33	2,098.65	10,431.98
2/32-7/37	8,333.33	2,098.65	10,431.98
2/32-7/38	8,750.00	1,781.98	10,531.98
2/32-7/39	8,750.00	1,781.98	10,531.98
2/32-7/40	8,750.00	1,449.48	10,199.48
2/32-7/41	8,750.00	1,449.48	10,199.48
2/32-7/42	9,166.67	1,116.98	10,283.65
2/32-7/43	9,166.67	1,116.98	10,283.65
2/32-7/44	9,583.33	768.65	10,351.98
2/32-7/45	9,583.33	768.65	10,351.98
2/32-7/46	10,000.00	392.50	10,392.50
2/32-7/47	10,000.00	392.50	10,392.50
	<u>2,090,000.00</u>	<u>1,275,480.62</u>	<u>3,365,480.62</u>

Attachment 10c

KIA WATER Lines
2001

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F01-05
BORROWER: Crittenden-Livingston County Water District
BORROWER'S ADDRESS: 620 East Main Street
Salem, Kentucky 42078
DATE OF ASSISTANCE AGREEMENT: November 1, 2001
CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

WITNESSETH

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Program as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of Projects, as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize and manage the resources of the Commonwealth of Kentucky (the "Commonwealth") for the protection and preservation of the health, safety, convenience, and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998 (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of February 1, 2000 (the "Indenture") between the Authority and National City Bank of Kentucky (the "Trustee") in order to provide the "match funding" for the Program; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to finance the acquisition and construction of the Project, as hereinafter defined, and the Authority has determined that the Project is a Project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

WHEREAS, the Governmental Agency desires to enter into this Assistance Agreement with the Authority for the purpose of securing from the Authority the repayable Loan hereinafter identified; and

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to repay the Loan and the interest thereon from the sources herein provided, all as hereinafter more specifically provided; and

WHEREAS, the Authority and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the acquisition, construction and financing of the Project and the repayment of the Loan and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

ARTICLE I

DEFINITIONS

All of the terms utilized in this Assistance Agreement will have the same definitions and meaning as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Assistance Agreement by reference, the same as if set forth hereby verbatim; provided, however, that those definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Governmental Agency and its Project.

"*Act*" shall mean Chapter 224A of the Kentucky Revised Statutes, as amended.

"*Administrative Fee*" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"*Architects*" means the firm of consulting architects employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"*Assistance Agreement*" shall mean this agreement made and entered into by and between a Governmental Agency and the Authority, as authorized by the Act, providing for a Loan to the Governmental Agency by the Authority, and for the repayment thereof to the Authority by the Governmental Agency.

"*Authority*" shall mean the Kentucky Infrastructure Authority created by the Act, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth of Kentucky, or such other designation as may be effected by future amendments to the Act.

"*Bond*" or "*Bonds*" or "*Revenue Bonds*" shall mean any Kentucky Infrastructure Authority Bond or Bonds, or the issue of such Bonds, as the case may be, authenticated and delivered under the Indenture.

"*Business Day*" shall mean any day other than a Saturday, Sunday or other legal holiday on which the general offices of the Commonwealth are closed.

"*Cabinet*" means the Natural Resources and Environmental Protection Cabinet of the Commonwealth.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"*Commonwealth*" shall mean the Commonwealth of Kentucky.

"*Construction*" shall mean construction as defined in the Act.

"*Debt Obligations*" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance

Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

"Drinking Water Supply Project" shall mean the planning, design and construction of drinking water treatment and distribution systems, including expenditures to address Federal Act health goals, or to address situations where compliance standards have been exceeded or to prevent future violations of rules, and may further include drinking water treatment plants, including basins for rapid mix, flocculation, coagulation, filtration, pre-treatment disinfection, and disinfection prior to entry to the distribution system; distribution systems; storage tanks; intake lines and short-term water storage; clearwells; drilled wells and wellhead areas; and any other structure or facility considered necessary by the Natural Resources Cabinet of the Commonwealth of Kentucky to the efficient and sanitary operation of a public water system and complies with the requirements of the Federal Act.

"Engineers" means the firm of consulting engineers employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"Federal Act" shall mean the Federal Safe Drinking Water Act, as amended, 42 U.S.C. Section 1401, et seq.

"Governmental Agency" shall mean any incorporated city or municipal corporation, or other agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate infrastructure projects, including specifically but not by way of limitation, incorporated cities, counties, including any counties containing a metropolitan sewer district, sanitation districts, water districts, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified in the Project Specifics.

"Indenture" shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee.

"Interagency Agreement" means the Memorandum of Understanding dated as of July 1, 1999 between the Authority and the Cabinet, as the same may be amended or supplemented from time to time.

"Loan" shall mean the loan effected under this Assistance Agreement from the Authority to the Governmental Agency in the principal amount set forth in the Project Specifics, for the purpose of defraying the costs incidental to the Construction of the Project.

"Loan Rate" means the rate of interest identified in the Schedule of Payments.

"Person" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"*Program*" shall mean the program authorized by KRS 224A.1115 and the Indenture as the "federally assisted drinking water revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"*Project*" shall mean, when used generally, a Drinking Water Supply Project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

"*Project Specifics*" means those specific details of the Project identified in Exhibit A hereto, all of which are incorporated by reference in this Assistance Agreement.

"*Requisition for Funds*" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Authority as the Construction of the Project progresses.

"*Resolution*" means the resolution of the Governmental Agency attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

"*Schedule of Payments*" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto; to be established and agreed to upon or prior to the completion of the Project.

"*Schedule of Service Charges*" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C hereto from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority

"*Service Charges*" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, in respect of the System, which Service Charges arise by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charges shall be no less than those set forth in the Schedule of Service Charges.

"*System*" shall mean the water system owned and operated by the Governmental Agency of which the Project shall become a part and from the earnings of which (represented by the Service Charges) the Governmental Agency shall repay the Authority the Loan hereunder.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

(A) The Authority is a body corporate and politic constituting a governmental agency and instrumentality of the Commonwealth, has all necessary power and Authority to enter into, and perform its obligations under, this Assistance Agreement, and has duly authorized the execution and delivery of this Assistance Agreement.

(B) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Authority, there is no litigation or proceeding pending or threatened against the Authority or any other person affecting the right of the Authority to execute or deliver this Assistance Agreement or to comply with its obligations under this Assistance Agreement. Neither the execution and delivery of this Assistance Agreement by the Authority, nor compliance by the Authority with its obligations under this Assistance Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and the Federal Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Assistance Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Governmental Agency.

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to proceed with the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the Construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement and the Loan described herein and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

(I) Legal counsel to the Governmental Agency has duly executed and delivered the opinion of legal counsel substantially in the form set forth in Exhibit E hereto.

(J) The Governmental Agency is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project.

(K) Project is consistent with the water supply plan developed pursuant to 401 KAR 4:220 for the county in which the Governmental Agency is located.

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Drinking Water Supply Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable semiannually, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; and shall be subject to the further requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Prepay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue revenue bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Governmental Agency (i) of its intention to proceed with the authorization of such bonds (ii) of the limitation on prepayments after such bonds are issued and (iii) that the Governmental Agency has thirty (30) days from its receipt of said notice to exercise its option to prepay the Loan. Upon the expiration of said thirty day period the Governmental Agency's right to prepay the Loan shall be limited to the terms described in such notice.

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable

from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority indicating the following:

(A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to examine and inspect the Project.

(B) All real estate and interest in real estate and all personal property constituting the Project and the sites of the Project heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency and constitute a part of the System.

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of the Construction of the Project over and above the Loan, prior to the disbursement by the Authority of any portion of the Loan.

(D) The Governmental Agency shall do all things necessary to acquire all proposed and necessary sites, easements and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design and specifications prepared for the Governmental Agency by the Engineers.

(E) Actual construction and installation incident to the Project shall be performed by either the lump-sum (fixed price) or unit price contract method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.

(F) Unless construction of the Project has already been initiated as of the date of this Assistance Agreement, pursuant to due compliance with state law and applicable regulations, the Project will not be advertised or placed on the market for construction bidding by the Governmental Agency until the final plans, designs and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Governmental Agency and furnished to the Cabinet.

(G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

(H) The construction contract or contracts shall require the contractor to comply with all provisions of federal and state law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Assistance Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project, and same shall be maintained monthly thereafter to indicate the actual construction progress of the Project.

(J) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, the Cabinet and any other participating federal or state agency, the Engineers, and all construction contractors, such conference to be held in accordance with guidelines established by the Authority and the Cabinet. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each agency involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

(K) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(L) Any change or changes in a construction contract will be promptly submitted to the Cabinet and any state or federal agencies.

(M) The Construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers for the Governmental Agency and approved by state and federal agencies.

(O) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the Authority and the U.S. Government, respectively, in the financing of the Project.

(P) Except as otherwise provided in this Assistance Agreement, the Governmental Agency shall have the sole and exclusive charge of all details of the Construction.

(Q) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Authority and the Cabinet, acting by and through their duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority and the Cabinet such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state assistance.

(R) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and a payment bond in an amount at least equal to one hundred percent (100%) of the contract price or the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

(S) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

(T) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Cabinet, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

(U) The Governmental Agency shall demonstrate to the satisfaction of the Authority the legal capability of the Governmental Agency to enact, adopt, levy, charge, collect, enforce and remit to the Authority and the Cabinet the Service Charges of the Governmental Agency described in the Schedule of Service Charges attached to and made a part of this Assistance Agreement as Exhibit C and submit proof satisfactory to the Authority that the Service Charges are in full force and effect.

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with

generally accepted governmental accounting standards, as required by the Federal Agreement. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

(B) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(C) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(D) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Governmental Agency's records in Section 4.2(A).

(E) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

(F) That no more than ninety percent (90%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the draft operations and maintenance manual.

(G) That final disbursement will not be allowed until approval by the Cabinet of a final operations and maintenance manual.

(H) That, as required by 40 CFR 35.2218, all engineering services regarding construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and

(3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one project performance report).

(I) That it shall advise the Cabinet and the Authority in writing of the date for initiation of operation of the Project.

(J) That one year after operation is initiated, it shall certify to the Cabinet and the Authority that the Project is capable of meeting the Project performance standards.

(K) That it shall provide that qualified inspectors are present at the construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

(L) That it shall notify the Authority and the Cabinet of the completion date of the Project.

(M) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(N) That all measures required to minimize water pollution to affected waters shall be employed in the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

Section 4.3. Disbursements of Loan; Requisition for Funds: The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the planning and design of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting;

(B) A full and complete accounting of any costs of the planning and design of the Project paid by the Governmental Agency from its own funds with the approval of the Authority and not included in any previous accounting for which it seeks reimbursement;

(C) A full and complete accounting of any costs of the planning and design of the Project paid or requisitioned under any other financing, loan, bond, grant or similar agreement or paid from its own funds for which it does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The Contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment thereunder due, together with the Engineer's and Governmental Agency's approval thereof for disbursement by the Authority.

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

ARTICLE V

CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable; and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges; or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System and accordingly the Project not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the

Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspections. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribed, charge and collect the Service Charges set forth in Exhibit C as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System and to make the required deposits to the Maintenance and Replacement Reserve.

(B) That it will furnish to the Authority and the Cabinet not less than annually reports of the operations and income and revenues of the System, and will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

(C) That it will collect, account for and promptly remit to the Authority those specific revenues, funds, income and proceeds derived from Service Charges incident to this Assistance Agreement.

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations. It further covenants that it will not issue any notes, bonds or other obligations payable from the revenues of the System, if the pledge of the revenues of the System to the repayment of such obligations is to rank on a parity with, or superior to, the pledge of the revenues of the System for the repayment of the Loan granted under this Assistance Agreement, unless the Governmental Agency has secured the consent of the Authority not less than fifteen (15) days prior to the issuance of such obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of

Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within ninety (90) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project and the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.11. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) Coastal Barrier Resources Act, Pub. L. 97-348
- (d) Coastal Zone Management Act, Pub. L. 93-583, as amended
- (e) Endangered Species Act, Pub. L. 93-205, as amended
- (f) Environmental Justice, Executive Order 12898
- (g) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (h) Protection of Wetlands, Executive Order 11990
- (i) Farmland Protection Policy Act, Pub. L. 97-98
- (j) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (k) National Historic Preservation Act of 1966, PL 89-665, as amended
- (l) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (m) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432

- (g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

(2) State:

- (a) KRS 224
- (b) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.12. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.12 by an action in mandamus, for specific performance, or similar remedy to compel performance.

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 7.4. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.5. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.6. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.7. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.8. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.9. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.10. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.11. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has

complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.12. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any payments specified herein at the times specified herein.

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

(D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments, to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

(D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.10 hereof shall be those remedies specifically set forth in Section 6.10 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency; but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

ATTEST:

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

Debbie Milton

Title: Secretary

By: Raymond Beckstead

Title: Executive Director

ATTEST:

**GOVERNMENTAL AGENCY:
CRITTENDEN-LIVINGSTON COUNTY
WATER DISTRICT**

Sidney Lusher
Title: SECRETARY

By: J. W. Clarke
Title: CHAIRMAN

APPROVED:

EXAMINED:

Kevin Flanery
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

Beck, Shaffer + Williams LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

**CABINET FOR NATURAL RESOURCES
AND ENVIRONMENTAL PROTECTION OF
THE COMMONWEALTH OF KENTUCKY**

By: Jully W. Pate
Director
Division of Water

EXHIBIT A
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
PROJECT SPECIFICS
F01-05

GOVERNMENTAL AGENCY:

Name: Crittenden-Livingston County Water District
Address: 620 East Main Street
P.O. Box 495
Salem, Kentucky 42078

Donnie Beavers
(270) 988-2680

ENGINEERS:

Stigall Engineering
4117 Hillsboro Pike
Suite 206
Nashville, TN 37215

Robert D. Stigall
(615) 460-7515

SYSTEM: Drinking water

PROJECT: Construction of approximately 40 miles of water distribution piping to areas of Crittenden and Livingston Counties which do not currently have access to a potable water supply.

PROJECT COST BREAKDOWN:

Actual Total Project Cost:

Adm & Legal (KIA)	\$20,000
Land Acquisition (KIA)	10,000
Construction (KIA)	1,407,630
Interim Financing (KIA)	30,000
Contingencies (KIA)	32,370
Total	\$1,500,000

KIA FUND F LOAN AMOUNT: \$1,500,000

LOAN RATE: 1.8%

ESTIMATED ANNUAL

DEBT SERVICE PAYMENT: \$93,392

REPAYMENT TERM: 20 yrs

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds.
(est 06/01/2002).

Full principal and interest payments will commence within one year of initiation of operation.
(est 12/01/2002).

REPLACEMENT RESERVE ACCOUNT: \$15,000 to be deposited into borrower held account on or before December 1 of each year commencing with first full principal and interest payment. The annual deposits are to be made until balance reaches \$150,000 and maintained for the life of the loan.

ADMINISTRATIVE FEE: .25%

DEFAULT RATE: 8.0%

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)

SEE ATTACHED

Death or Personal Injury (per occurrence)

SEE ATTACHED

Property Damage on System

SEE ATTACHED

(ATTACHMENT 4)

(This form may be used in lieu of "Supplemental Data," Schedule 1, Page 2, of Form RD 442-2, to provide evidence of insurance and bond coverage.)

I certify that the insurance and bond coverage shown below is currently in effect and that copies of the insurance policies are on file with our office.

Date _____

 President/Chairperson/Mayor/Secretary/Clerk

EVIDENCE OF INSURANCE

Liability Insurance:

Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date
PBP9406181	STATE AUTO INS CO/ COLUMBUS OH	1,000,000 OCCURRENCE	08-01-2002
		2,000,000 AGGREGATE	

Workman's Compensation:

Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date
WCP9466358	STATE AUTO INS. CO/ COLUMBUS OH	100,000 EACH ACCIDENT	07-02-2002

Floodplain Insurance:

Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date

Property Insurance:

Property Description	Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date
BLANKET COVERAGE	PBP9406181	STATE AUTO INS CO./ COLUMBUS, OH	1,430,000	08-01-2002

Fidelity Bond Coverage:

Position Bonded	Policy #	Insurance Co. & Address	Amount of Coverage	Expiration Date
SECRETARY	2500789	OHIO CASUALTY INS CO./ HAMILTON, OH	\$580,000	4-08-2002

EXHIBIT B

**REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED NOVEMBER 1, 2001**

Request No. _____

Dated: _____

Original sent to: Kentucky Infrastructure Authority
375 Versailles Road
Frankfort, Kentucky 40601

Copy sent to: Ms. Donna Marlin
Drinking Water Branch
Division of Water
Natural Resources and
Environmental Protection Cabinet
14 Reilly Road
Frankfort, Kentucky 40601

FROM: CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT (the
"Governmental Agency")

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of drinking water supply facilities, described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request totaling \$ _____.

Documentation supporting the expenses incurred and identified per this request are attached.

ELIGIBLE PROJECT EXPENSES INCURRED

<u>Contractor</u>	<u>Expenses this Request</u>	<u>Expenses to Date</u>
-------------------	----------------------------------	-----------------------------

Total

EXHIBIT D

RESOLUTION

RESOLUTION OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF NOVEMBER 1, 2001 BETWEEN THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Crittenden-Livingston County Water District ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to acquire and construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of November 1, 2001 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Crittenden-Livingston County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

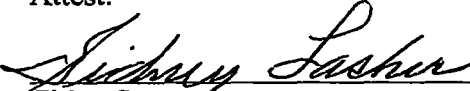
SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on _____, 2001.



Chairman

Attest:



Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Crittenden-Livingston County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said Commission at a meeting duly held on _____, 2001; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this ____ day of _____, 2001.

Recording Officer

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority
375 Versailles Road
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and
Crittenden-Livingston County Water District, dated as of November 1, 2001

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Crittenden-Livingston County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

EXHIBIT F

**TO ASSISTANCE AGREEMENT BETWEEN
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY**

Total Loan to be Repaid by
Governmental Agency to
Kentucky Infrastructure Authority: \$ _____

Principal and Interest Payable
on Each June 1 and December 1

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By: _____

Title: _____

**CRITTENDEN-LIVINGSTON COUNTY
WATER DISTRICT
Governmental Agency**

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

20681\1

Radio Road meters
2012

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND B

PROJECT NUMBER B11-10
BORROWER: Crittenden-Livingston County Water District
BORROWER'S ADDRESS 620 East Main
Salem, Kentucky 42078
DATE OF ASSISTANCE AGREEMENT: April 1, 2012

RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

2012 MAY -8 A 9:31

2012 JUN 30 A 10:41

RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of the Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

WITNESSETH

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Program as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of Projects, as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize and manage the resources of the Commonwealth of Kentucky (the "Commonwealth") for the protection and preservation of the health, safety, convenience, and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and National City Bank of Kentucky (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide funding for its Program; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to acquire, construct, and finance the Project, as hereinafter defined, and the Authority has determined that the Project is a Project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

WHEREAS, the Governmental Agency desires to enter into this Assistance Agreement with the Authority for the purpose of securing from the Authority the repayable Loan hereinafter identified; and

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to levy, collect, and enforce and remit adequate Service Charges, as hereinafter defined, for the services provided by the Governmental Agency's System, as hereinafter defined, and to apply the necessary portion of said Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

WHEREAS, the Authority and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the acquisition, construction, and financing of the Project and the repayment of the Loan and the interest thereon;

NOW, THEREFORE, FOR AN IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

33.00

ARTICLE I

DEFINITIONS

All of the terms utilized in this Assistance Agreement will have the same definitions and meaning as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Assistance Agreement by reference, the same as if set forth hereby verbatim; provided, however, that those definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Governmental Agency and its Project.

"Act" shall mean Chapter 224A of the Kentucky Revised Statutes, as amended.

"Administrative Fee" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"Assistance Agreement" shall mean this agreement made and entered into by and between a Governmental Agency and the Authority, as authorized by the Act, providing for a Loan to the Governmental Agency by the Authority, and for the repayment thereof to the Authority by the Governmental Agency.

"Authority" shall mean the Kentucky Infrastructure Authority created by the Act, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth of Kentucky, or such other designation as may be effected by future amendments to the Act.

"Bond" or "Bonds" or "Revenue Bonds" shall mean any Kentucky Infrastructure Authority Bond or Bonds, or the issue of such Bonds, as the case may be, authenticated and delivered under the Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday or other legal holiday on which the general offices of the Commonwealth are closed.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"Commonwealth" shall mean the Commonwealth of Kentucky.

"Construction" shall mean construction as defined in the Act.

"Debt Obligations" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance Agreement or issued in the future in accordance with the terms hereof, payable from the revenues of the Project.

"Engineers" means the firm of consulting engineers employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"Governmental Agency" shall mean any agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate a Project, including specifically but not by way of limitation, incorporated cities, counties, sanitation districts, water districts, public authorities, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified in the Project Specifics.

"Indenture" shall mean the General Trust Indenture dated as of September 1, 1989 between the Authority and the Trustee.

"Loan" shall mean the loan effected under this Assistance Agreement from the Authority to the Governmental Agency in the principal amount set forth in the Project Specifics, for the purpose of defraying the costs incidental to the Construction of the Project.

"Loan Rate" means the rate of interest identified in the Schedule of Payments.

"Person" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"Program" shall mean the program authorized by KRS 224A.112 and the Indenture as the "infrastructure revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"Project" shall mean, when used generally, an infrastructure project as defined in the Act, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

"Project Specifics" means those specific details of the Project identified in Exhibit A hereto, all of which are incorporated by reference in this Assistance Agreement.

"Requisition for Funds" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Authority as construction of the Project progresses.

"Schedule of Payments" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto, to be established and agreed to upon or prior to the completion of the Project.

"Schedule of Service Charges" shall mean those revenues identified in Exhibit C from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

"Service Charges" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by

the Authority, in respect of the Project which Service Charges arise by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charge shall be no less than those set forth in the Schedule of Service Charges.

"System" shall mean the utility system of which the Project shall become a part.

[End of Article I]

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

(A) The Authority is a body corporate and politic constituting a governmental agency and instrumentality of the Commonwealth, has all necessary power and Authority to enter into, and perform its obligations under, this Assistance Agreement, and has duly authorized the execution and delivery of this Assistance Agreement.

(B) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Authority, there is no litigation or proceeding pending or threatened against the Authority or any other person affecting the right of the Authority to execute or deliver this Assistance Agreement or to comply with its obligations under this Assistance Agreement. Neither the execution and delivery of this Assistance Agreement by the Authority, nor compliance by the Authority with its obligations under this Assistance Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Assistance Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Governmental Agency.

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) There is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the

authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement and the Loan described herein and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

(I) Legal counsel to the Governmental Agency has duly executed and delivered the opinion of legal counsel substantially in the form set forth in Exhibit E hereto.

[End of Article II]

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable on the Interest Payment Dates set forth in the Project Specifics, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; subject to the requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Repay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue revenue bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Governmental Agency (i) of its intention to proceed with the authorization of such bonds (ii) of the limitation on prepayments after such bonds are issued and (iii) that the Governmental Agency has thirty (30) days from its receipt of said notice to exercise its option to prepay the Loan. Upon the expiration of said thirty day period the Governmental Agency's right to prepay the Loan shall be limited to the terms described in such notice.

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable

from the revenues of the Project outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

[End of Article III]

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority, if requested, appropriate documentation, satisfactory to the Authority, in its sole discretion, indicating the following:

(A) That the Authority and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to enter upon the Project and to examine and inspect same.

(B) All real estate and interest in real estate and all personal property constituting the Project and the Project sites heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency and constitute a part of the System.

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of Construction of the Project over and above the Loan, prior to the disbursement by the Authority of any portion of the Loan.

(D) The Governmental Agency shall do all things necessary to acquire all proposed and necessary sites, easements and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design and specifications prepared for the Governmental Agency by the Engineers.

(E) Actual construction and installation incident to the Project shall be performed by either the lump-sum (fixed price) or unit price contract method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.

(F) Unless construction of the Project has already been initiated as of the date of this Assistance Agreement, pursuant to due compliance with state law and applicable regulations, the Project will not be advertised or placed on the market for construction bidding by the Governmental Agency until the final plans, designs and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Governmental Agency and furnished to the Authority.

(G) Duly authorized representatives of the Authority and such other agencies of the Commonwealth as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

(H) The construction contract or contracts shall require the contractor to comply with all provisions of federal and state law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Assistance Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project, and same shall be maintained monthly thereafter to indicate the actual construction progress of the Project.

(J) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, and any other participating federal or state agency, the Engineers, and all construction contractors. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each agency involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

(K) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(L) Any change or changes in a construction contract will be promptly submitted to the Authority and any state or federal agencies.

(M) The Construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers to the Governmental Agency and approved by state and federal agencies, but only to the extent such approvals may be required.

(O) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority noting the participation of the Authority in the financing of the Project.

(P) Except as otherwise provided in this Assistance Agreement, the Governmental Agency shall have the sole and exclusive charge of all details of the Construction.

(Q) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Authority, acting by and through its duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state grants.

(R) The Governmental Agency shall require that any bid for any portion of the Construction of the Project be accompanied by a bid bond, certified check or other negotiable instrument payable to the Governmental Agency, as assurance that the bidder will, upon acceptance of such bid, execute the necessary contractual documents within the required time.

(S) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and payment bond in an amount at least equal to one hundred percent (100%) of the contract price or the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

(T) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor, shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

(U) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Authority, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

(V) The Governmental Agency shall demonstrate to the satisfaction of the Authority the legal capability of the Governmental Agency to enact, adopt, levy, charge, collect, enforce and remit to the Authority the Service Charges of the Governmental Agency described in the Schedule of Service Charges attached to and made a part of this Assistance Agreement as Exhibit C and submit proof satisfactory to the Authority that the Service Charges are in full force and effect as of the submission of the initial Requisition for Funds.

Section 4.2. Disbursements of Loan; Requisition for Funds. The Governmental Agency may submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) a Requisition for Funds during the first ten days of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance

Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting;

(B) A full and complete accounting of any costs of the Project paid by the Governmental Agency from its own funds with the approval of the Authority and not included in any previous accounting for which it seeks reimbursement;

(C) A full and complete accounting of any costs of the Project paid or requisitioned under any other financing, loan, bond, grant or similar agreement or paid from its own funds for which it does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment thereunder due, together with the Engineer's and Governmental Agency's approval thereof for payment by the Authority directly to the contractor.

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

[End of Article IV]

ARTICLE V

CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose the Service Charges set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". On or before each payment date identified in the Schedule of Payments,

the Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to ten percent (10%) of the amount of such Loan payment until the amount on deposit in such fund is equal to five percent (5%) of the original principal amount of the Loan (the "Required Balance"). Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the costs of replacing worn or obsolete portions of the Project. If amounts are withdrawn from such fund, the Governmental Agency shall again make the periodic deposits hereinabove required until the Required Balance is reinstated.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspection. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribed, charge and collect the Service Charges set forth in Exhibit C hereto as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement.

(B) That it will furnish to the Authority not less than annually reports of the operations and income and revenues of the Project, and will permit authorized agents of the Authority to inspect all records, accounts and data of the Project at all reasonable times.

(C) That it will collect, account for and promptly remit to the Authority those specific revenues, funds, income and proceeds derived from Service Charges incident to this Assistance Agreement.

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the Project not less than thirty (30) days prior to the sale of said obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

Section 5.8. Mandatory Sewer Connection. In the event that the Project consists of sanitary sewer facilities, the Governmental Agency hereby irrevocably covenants and agrees with the Authority that it will, to the maximum extent permitted by Kentucky law, and by means of ordinance, or other appropriate legislative order or action, mandatorily require the connection to and use of, the sanitary sewers constituting the Project by all persons owning, renting or occupying premises generating pollutants where such sanitary sewers are reasonably available to such premises, and to exhaust, at the expense of the Governmental Agency, all remedies for the collection of Service Charges, including, either directly or indirectly, pursuant to authority granted by Sections 96.930 to 96.943, inclusive, of the Kentucky Revised Statutes, and the Act, causing termination of water services to any premises where the bill for sewer services is delinquent and foreclosure and decretal sale in respect of improvement benefit assessments which are delinquent.

Section 5.9. Termination of Water Services to Delinquent Users. In the event the Project consists of water facilities the Governmental Agency covenants and agrees that it shall, pursuant to applicable provisions of law, to the maximum extent authorized by law, enforce and collect

the Service Charges imposed, and will promptly cause water service to be discontinued to any premises where any billing for such facilities and services shall not be paid in a timely manner.

[End of Article V]

shall be made of all its transactions relating to the System, which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within ninety (90) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principals on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the this Assistance Agreement and any other Debt Obligations.

Section 6.10. Project Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities constituting the Project or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

[End of Article VI]

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain Project. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which it is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.4. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.5. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.6. Authority as Named Insured: Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.8. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.9. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement, and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.10. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

[End of Article VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any payments at the times specified herein.

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

(D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing, the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer;

provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the nondefaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue to full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, nor assignable by either parties without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.7. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.8. Venue. The parties hereto agree that in the event of a default by the Governmental Agency pursuant to the provisions of Article 8 of this Agreement, the Authority shall, to the extent permitted under the laws of the Commonwealth, have the right to file any necessary actions with respect thereto in Franklin Circuit Court.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

[End of Article IX]

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

ATTEST:

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

Sandy Williams
Title: **SECRETARY**

By: *[Signature]*
Title: **EXECUTIVE DIRECTOR**

ATTEST:

**GOVERNMENTAL AGENCY:
CRITTENDEN-LIVINGSTON COUNTY
WATER DISTRICT**

By: *[Signature]*
Title: Secretary

By: *[Signature]*
Title: Chairman

APPROVED:

EXAMINED:

[Signature]
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

[Signature]
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

[Signature]
APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
PROJECT SPECIFICS
B11-10

GOVERNMENTAL AGENCY:

Name: Crittenden-Livingston County Water District
620 East Main
Salem, KY 42078

Contact
Person: Ronnie Slayden
(270) 886-9484

SYSTEM: Infrastructure

PROJECT:

The Crittenden - Livingston Water District is requesting a Fund B loan in the amount of \$300,000 to replace the existing meters in Crittenden County with radio read meters. This will reduce the District's time reading meters by more than half and reduce operating and maintenance costs by limiting personnel costs. Meter replacements will affect approximately 45% of the customer base of the District.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 7,250
Equipment	290,000
Contingency	<u>2,750</u>
Total	\$ 300,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 300,000	100%
Total	\$ 300,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 300,000
Interest Rate	2.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 18,273
Administrative Fee (0.20%)	<u>\$ 600</u>
Total Estimated Annual Debt Service	\$ 18,873

EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED APRIL 1, 2012

Request No. _____

Dated _____

ORIGINAL SENT TO: Kentucky Infrastructure Authority
 1024 Capital Center Drive
 Suite 340
 Frankfort, Kentucky 40601

COPY SENT TO: Ms. Nancy Sanders
 Director, Community Programs
 Governor's Office for Local Development
 1024 Capitol Center Drive
 Frankfort, Kentucky 40601

FROM: Crittenden-Livingston County Water District ("Governmental
 Agency")

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of facilities described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request totaling \$_____.

Documentation supporting the expenses incurred and identified per this request are attached.

ELIGIBLE PROJECT EXPENSES INCURRED

<u>Contractor</u>	Expenses this Expenses to <u>Request</u>	<u>Date</u>
-------------------	---	-------------

Total

ALLOCATION OF FUNDING FOR EXPENSES

<u>Portion of Funding Source Totals</u>	<u>Portion of Expenses Expenses this Request</u>	<u>Total to Date</u>
---	--	----------------------

The Governmental Agency certifies it has also paid Project expenses or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:

<u>Funding Source</u>	<u>Amount of Payment or Requisition</u>	<u>Date of Payment or Requisition</u>
-----------------------	---	---

Respectfully submitted,

Governmental Agency

By: _____

Title: _____

Certificate of Consulting Engineers as to
Payment Request

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request in connection with the "Eligible Project" and that all expenses represented in this request were duly incurred for the Construction of the "Project," that the Authority's funding share of these expenses is accurately represented and that such expenses have not been the subject of any request for disbursement previously submitted.

Engineer/Consultant

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached Water Rate Schedule

FOR Crittenden-Livingston County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 4

CANCELING P.S.C. KY. NO. _____

SHEET NO. _____

Crittenden-Livingston County Water District
(Name of Utility)

RULES AND REGULATIONS

A. MONTHLY RATES:

Rates: Monthly
5/8" x 3/4" Meter

First	1,000 gallons	\$16.00	Minimum Bill
Next	9,000 gallons	9.10	per 1,000 gallons
Next	10,000 gallons	7.80	per 1,000 gallons
Over	20,000 gallons	6.15	per 1,000 gallons

1 Inch Connection

First	5,000 gallons	\$52.40	Minimum Bill
Next	5,000 gallons	9.10	per 1,000 gallons
Next	10,000 gallons	7.80	per 1,000 gallons
Over	20,000 gallons	6.15	per 1,000 gallons

2-Inch Connection

First	15,000 gallons	\$136.90	Minimum Bill
Next	5,000 gallons	7.80	per 1,000 gallons
Over	20,000 gallons	6.15	per 1,000 gallons

Wholesale \$2.20 per 1,000 gallons

Bulk Sales \$6.15 per 1,000 gallons

DATE OF ISSUR _____
Month / Day / Year

DATE EFFECTIVE _____
Month / Day / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____
Captain

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

EXHIBIT D

RESOLUTION

RESOLUTION OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("governing authority") of the Crittenden-Livingston County Water District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain water facilities and improvements to the Governmental Agency's Water System (the "Project"); and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement with the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Crittenden-Livingston County Water District, as follows:

SECTION 1. That the governing authority hereby approves and authorizes of the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

SECTION 2. That any officer of the Governmental Agency be and hereby is authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on _____, 2012.

Chairman

Attest:

Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Crittenden-Livingston County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said District at a meeting duly held on _____, 2012; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this _____ day of _____, 2012.

Recording Officer

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and the
Crittenden-Livingston County Water District, dated as of April 1, 2012

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Crittenden-Livingston County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the infrastructure project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the Engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

- 1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.
- 2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.
- 3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to

execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN
THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

Total Loan to be Repaid by
Governmental Agency to
Kentucky Infrastructure Authority \$ _____

Principal and Interest Payable
on Each _____ and

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: _____

CRITTENDEN-LIVINGSTON COUNTY WATER
DISTRICT
GOVERNMENTAL AGENCY

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

64371v1

moore Hill
water tower 2016

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F16-021

BORROWER: Crittenden-Livingston County Water District

BORROWER'S ADDRESS: PO Box 495
Salem, Kentucky 42078

DATE OF ASSISTANCE AGREEMENT: July 1, 2016

CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

WITNESSETH

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Program as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of Projects, as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize and manage the resources of the Commonwealth of Kentucky (the "Commonwealth") for the protection and preservation of the health, safety, convenience, and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998, as amended, supplemented or restated from time to time (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of February 1, 2000 (the "Indenture") between the Authority and U.S. Bank, National Association, as lawful successor in interest to National City Bank of Kentucky (the "Trustee"), in order to provide the "match funding" for the Program; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to finance the acquisition and construction of the Project, as hereinafter defined, and the Authority has determined that the Project is a Project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

WHEREAS, the Governmental Agency desires to enter into this Assistance Agreement with the Authority for the purpose of securing from the Authority the repayable Loan hereinafter identified; and

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to repay the Loan and the interest thereon from the sources herein provided, all as hereinafter more specifically provided; and

WHEREAS, the Authority and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the acquisition, construction and financing of the Project and the repayment of the Loan and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

ARTICLE I
DEFINITIONS

All of the terms utilized in this Assistance Agreement will have the same definitions and meaning as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Assistance Agreement by reference, the same as if set forth hereby verbatim; provided, however, that those definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Governmental Agency and its Project.

"Act" shall mean Chapter 224A of the Kentucky Revised Statutes, as amended.

"Administrative Fee" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"Architects" means the firm of consulting architects employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"Assistance Agreement" shall mean this agreement made and entered into by and between a Governmental Agency and the Authority, as authorized by the Act, providing for a Loan to the Governmental Agency by the Authority, and for the repayment thereof to the Authority by the Governmental Agency.

"Authority" shall mean the Kentucky Infrastructure Authority created by the Act, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth of Kentucky, or such other designation as may be effected by future amendments to the Act.

"Bond" or **"Bonds"** or **"Revenue Bonds"** shall mean any Kentucky Infrastructure Authority Bond or Bonds, or the issue of such Bonds, as the case may be, authenticated and delivered under the Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday or other legal holiday on which the general offices of the Commonwealth are closed.

"Cabinet" means the Energy and Environment Cabinet of the Commonwealth.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"Commonwealth" shall mean the Commonwealth of Kentucky.

"Construction" shall mean construction as defined in the Act.

"Debt Obligations" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

"Drinking Water Supply Project" shall mean the planning, design and construction of drinking water treatment and distribution systems, including expenditures to address Federal Act health goals, or to address situations where compliance standards have been exceeded or to prevent future violations of rules, and may further include drinking water treatment plants, including basins for rapid mix, flocculation, coagulation, filtration, pre-treatment disinfection, and disinfection prior to entry to the distribution system; distribution systems; storage tanks; intake lines and short-term water storage; clearwells; drilled wells and wellhead areas; and any other structure or facility considered necessary by the Cabinet to the efficient and sanitary operation of a public water system and complies with the requirements of the Federal Act.

"Engineers" means the firm of consulting engineers employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"Federal Act" shall mean the Federal Safe Drinking Water Act, as amended, 42 U.S.C. Section 1401, et seq.

"Governmental Agency" shall mean any incorporated city or municipal corporation, or other agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate infrastructure projects, including specifically but not by way of limitation, incorporated cities, counties, including any counties containing a metropolitan sewer district, sanitation districts, water districts, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified in the Project Specifics.

"Indenture" shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee.

"Interagency Agreement" means the Memorandum of Understanding dated as of July 1, 1999 between the Authority and the Cabinet, as the same may be amended or supplemented from time to time.

"Loan" shall mean the loan effected under this Assistance Agreement from the Authority to the Governmental Agency in the principal amount set forth in the Project Specifics, for the purpose of defraying the costs incidental to the Construction of the Project.

"Loan Rate" means the rate of interest identified in the Schedule of Payments.

"Person" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"Program" shall mean the program authorized by KRS 224A.1115 and the Indenture as the "federally assisted drinking water revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"Project" shall mean, when used generally, a Drinking Water Supply Project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

"Project Specifics" means those specific details of the Project identified in Exhibit A hereto, all of which are incorporated by reference in this Assistance Agreement.

"Requisition for Funds" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Authority as the Construction of the Project progresses.

"Resolution" means the resolution of the Governmental Agency attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

"Schedule of Payments" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto, to be established and agreed to upon or prior to the completion of the Project.

"Schedule of Service Charges" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C hereto from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

"Service Charges" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, in respect of the System, which Service Charges arise by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charges shall be no less than those set forth in the Schedule of Service Charges.

"System" shall mean the water system owned and operated by the Governmental Agency of which the Project shall become a part and from the earnings of which (represented by the Service Charges) the Governmental Agency shall repay the Authority the Loan hereunder.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

(A) The Authority is a body corporate and politic constituting a governmental agency and instrumentality of the Commonwealth, has all necessary power and Authority to enter into, and perform its obligations under, this Assistance Agreement, and has duly authorized the execution and delivery of this Assistance Agreement.

(B) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Authority, there is no litigation or proceeding pending or threatened against the Authority or any other person affecting the right of the Authority to execute or deliver this Assistance Agreement or to comply with its obligations under this Assistance Agreement. Neither the execution and delivery of this Assistance Agreement by the Authority, nor compliance by the Authority with its obligations under this Assistance Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and the Federal Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Assistance Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Governmental Agency.

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or

administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to proceed with the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the Construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement and the Loan described herein and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

(I) Legal counsel to the Governmental Agency has duly executed and delivered the opinion of legal counsel substantially in the form set forth in Exhibit E hereto.

(J) The Governmental Agency is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project.

(K) Project is consistent with the water supply plan developed pursuant to 401 KAR 4:220 for the county in which the Governmental Agency is located.

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Drinking Water Supply Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable semiannually, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; and shall be subject to the further requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Prepay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue revenue bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Governmental Agency (i) of its intention to proceed with the authorization of such bonds (ii) of the limitation on prepayments after such bonds are issued and (iii) that the Governmental Agency has thirty (30) days from its receipt of said notice to exercise its option to prepay the Loan. Upon the expiration of said thirty day period the Governmental Agency's right to prepay the Loan shall be limited to the terms described in such notice.

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed

as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority indicating the following:

(A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to examine and inspect the Project.

(B) All real estate and interest in real estate and all personal property constituting the Project and the sites of the Project heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency and constitute a part of the System.

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of the Construction of the Project over and above the Loan, prior to the disbursement by the Authority of any portion of the Loan.

(D) The Governmental Agency shall do all things necessary to acquire all proposed and necessary sites, easements and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design and specifications prepared for the Governmental Agency by the Engineers.

(E) Actual construction and installation incident to the Project shall be performed by the lump-sum (fixed price) contract method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.

(F) Unless construction of the Project has already been initiated as of the date of this Assistance Agreement, pursuant to due compliance with state law and applicable regulations, the Project will not be advertised or placed on the market for construction bidding by the Governmental Agency until the final plans, designs and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Governmental Agency and furnished to the Cabinet.

(G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth and the United States Government as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

(H) The construction contract or contracts shall require the contractor to comply with all provisions of federal and state law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Assistance Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project, and same shall be maintained monthly thereafter to indicate the actual construction progress of the Project.

(J) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, the Cabinet and any other participating federal or state agency, the Engineers, and all construction contractors, such conference to be held in accordance with guidelines established by the Authority and the Cabinet. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each agency involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

(K) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(L) Any change or changes in a construction contract will be promptly submitted to the Cabinet and any state or federal agencies.

(M) The Construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers for the Governmental Agency and approved by state and federal agencies.

(O) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the Authority and the U.S. Government, respectively, in the financing of the Project.

(P) Except as otherwise provided in this Assistance Agreement, the Governmental Agency shall have the sole and exclusive charge of all details of the Construction.

(Q) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Authority and the Cabinet, acting by and through their duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority and the Cabinet such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state assistance.

(R) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and a payment bond in an amount at least equal to one hundred percent (100%) of the contract price or the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

(S) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

(T) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Cabinet, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

(U) The Governmental Agency shall demonstrate to the satisfaction of the Authority the legal capability of the Governmental Agency to enact, adopt, levy, charge, collect, enforce and remit to the Authority and the Cabinet the Service Charges of the Governmental Agency described in the Schedule of Service Charges attached to and made a part of this Assistance Agreement as Exhibit C and submit proof satisfactory to the Authority that the Service Charges are in full force and effect.

(V) The Governmental Agency shall require all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of Chapter 31 of title 40, United States Code.

(W) The Governmental Agency shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014 (the "2014 Appropriations Act") and related Program policy guidelines) which the Governmental Agency understands includes, among other requirements, that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel

Requirement") unless (i) the Governmental Agency has requested and obtained a waiver from the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Participant in writing that the American Iron and Steel Requirement is not applicable to the Project.

(X) The Governmental Agency shall comply with all record keeping and reporting requirements under the Federal Act, including any reports required by a Federal agency or the Authority such as performance indicators of program deliverables, information on costs and project progress. The Governmental Agency understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Federal Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity of the Bonds and/or other remedial actions.

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted governmental accounting standards, as required by the Federal Agreement. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

(B) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(C) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(D) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Governmental Agency's records in Section 4.2(A).

(E) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

(F) That no more than ninety percent (90%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the draft operations and maintenance manual.

(G) That final disbursement will not be allowed until approval by the Cabinet of a final operations and maintenance manual.

(H) That, as required by 40 CFR 35.2218, all engineering services regarding construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and

(3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one project performance report).

(I) That it shall advise the Cabinet and the Authority in writing of the date for initiation of operation of the Project.

(J) That one year after operation is initiated, it shall certify to the Cabinet and the Authority that the Project is capable of meeting the Project performance standards.

(K) That it shall provide that qualified inspectors are present at the construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

(L) That it shall notify the Authority and the Cabinet of the completion date of the Project.

(M) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(N) That all measures required to minimize water pollution to affected waters shall be employed in the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

Section 4.3. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the planning and design of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting;

(B) A full and complete accounting of any costs of the planning and design of the Project paid by the Governmental Agency from its own funds with the approval of the Authority and not included in any previous accounting for which it seeks reimbursement;

(C) A full and complete accounting of any costs of the planning and design of the Project paid or requisitioned under any other financing, loan, bond, grant or similar agreement or paid from its own funds for which it does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The Contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment thereunder due, together with the Engineer's and Governmental Agency's approval thereof for disbursement by the Authority.

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

ARTICLE V

CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System and accordingly the Project not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the

Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspections. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribed, charge and collect the Service Charges set forth in Exhibit C as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System and to make the required deposits to the Maintenance and Replacement Reserve:

(B) That it will furnish to the Authority and the Cabinet not less than annually reports of the operations and income and revenues of the System, and will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

(C) That it will collect, account for and promptly remit to the Authority those specific revenues, funds, income and proceeds derived from Service Charges incident to this Assistance Agreement.

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations. It further covenants that it will not issue any notes, bonds or other obligations payable from the revenues of the System, if the pledge of the revenues of the System to the repayment of such obligations is to rank on a parity with, or superior to, the pledge of the revenues of the System for the repayment of the Loan granted under this Assistance Agreement, unless the Governmental Agency has secured the consent of the Authority not less than fifteen (15) days prior to the issuance of such obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be

made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$500,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with OMB Circular A-133.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project and the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.11. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) 40 CFR 35.3580 (and Appendix A to Subpart L) – NEPA – Like State Environmental Review Process
- (d) Environmental Justice, Executive Order 12898
- (e) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (f) Protection of Wetlands, Executive Order 11990
- (g) Farmland Protection Policy Act, Pub. L. 97-98
- (h) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (i) National Historic Preservation Act of 1966, PL 89-665, as amended
- (j) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (k) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432
- (g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

(2) State:

- (a) KRS 151
- (b) KRS 224
- (c) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
- (d) KRS Chapter 337, Labor Laws
- (e) 401 KAR Chapter 8

Section 6.12. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.12 by an action in mandamus, for specific performance, or similar remedy to compel performance.

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 7.4. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.5. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.6. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.7. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.8. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.9. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.10. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.11. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain;
or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an

authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.12. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any payments specified herein at the times specified herein.

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

(D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments, to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

(D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.10 hereof shall be those remedies specifically set forth in Section 6.10 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

ATTEST:

KENTUCKY INFRASTRUCTURE
AUTHORITY

Brenda Newton
Title: SECRETARY

By: Sandra K. Dunahoo
Title: BOARD CHAIR

ATTEST:

GOVERNMENTAL AGENCY:
CRITTENDEN-LIVINGSTON COUNTY
WATER DISTRICT

Gill R. Barks
Title: Secretary

By: Randell O'Byrne
Title: Chairman

APPROVED:

William M. Randsome III
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

EXAMINED:

Peck Shaffer & Williams
a division of Dunmore & Shadle
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

Patrick McJannet
APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
PROJECT SPECIFICS
F16-021

GOVERNMENTAL AGENCY:

Name: Crittenden-Livingston County Water District
P.O. Box 495
Salem, KY 42078

Contact

Person: Ronnie Slayden
Superintendent

SYSTEM: Water

PROJECT:

The project will construct a 400,000 gallon elevated water tank on Moore Hill to replace a smaller standpipe tank installed in 1972. The project will increase pressure and relieve a bottle neck in the system allowing more water to be fed into the 600,000 gallon tank in the City of Marion. The new tank will provide an additional 250,000 gallons of storage.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 49,500
Legal Expenses	10,000
Land, Easements	10,000
Planning	9,000
Engineering Fees - Design / Const	68,250
Engineering Fees - Inspection	40,300
Construction	810,000
Contingency	42,450
Total	\$ 1,039,500

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 1,039,500	100%
Total	\$ 1,039,500	100%

KIA DEBT SERVICE:

Construction Loan	\$ 1,039,500
Amortized Loan Amount	\$ 1,039,500
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 61,825
Administrative Fee (0.25%)	2,599
Total Estimated Annual Debt Service	\$ 64,424

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/16).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/17).

REPLACEMENT RESERVE ACCOUNT:	\$ 2,600 ANNUAL AMOUNT
	\$ 26,000 TOTAL AMOUNT

The annual replacement cost is \$2,600. This amount should be added to the replacement account each December 1 until the balance reaches \$26,000 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.25%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	<u>Outstanding</u>	<u>Maturity</u>
Waterworks Revenue Bond, Series 1995	\$ 651,000	2035
Waterworks Revenue Bond, Series 2000	1,642,000	2040
Waterworks Revenue Bond, Series 2008	1,365,000	2030
KIA(B11-10)	281,405	2033
KIA(F01-05)	717,952	2023
Kentucky Rural Water, 2013 Flexible Term	3,485,000	2029
Kentucky Rural Water, 2013 Flexible Term	2,070,000	2040
Lease Payable	2,419,167	2039
Total	\$ 12,631,524	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	<u>3,000,000</u>
Death or Personal Injury (per occurrence)	<u>5,000,000</u>
Property Damage on System	<u>5,547,112</u>

**EXHIBIT B
REQUEST FOR PAYMENT AND PROJECT STATUS REPORT**

Borrower: _____

WX/SX Number: _____

KIA Loan # _____

Draw Number _____

Date: _____

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of facilities described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request.

Documentation supporting the expenses incurred and identified per this request are attached.

Funds Requested: _____

Project Budget and Expenses

Line Item	Cost	Expenses This Request	Expenses to Date	Project Budget	Balance
1	Administrative				
2	Legal				
3	Land, Appraisals, Easements				
4	Relocation Expense				
5	Planning				
6	Engineering Fees – Design				
7	Engineering Fees - Construction				
8	Engineering Fees – Inspection				
9	Construction				
10	Equipment				
11	Contingency				
12	Other				
	TOTAL				

If expenses to date exceed project budget a revised budget must be submitted to and approved by the Authority before funds will be released.

Project Funding

Funding Agency	Expenses This Request	Expenses to Date	Project Budget	Balance
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
	TOTAL			

We certify that the expenses in this draw request were incurred pursuant to local procurement policies which conform to KRS 45A.

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:
PROJECT IS:

On schedule _____
Ahead of schedule _____
Behind schedule _____
If ahead or behind, please explain _____

PROJECT EXPENSES THIS DRAW REQUEST
(Include Invoices for Expenses Listed Below)

Line Item	Draw #	Vender	Amount
------------------	---------------	---------------	---------------

**CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST**

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request in connection with the "Eligible Project" and that all expenses represented in this request were duly incurred for the Construction of the "Project," that the Authority's funding share of these expenses is accurately represented and that such expenses have not been the subject of any request for disbursement previously submitted.

Engineer/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached

FOR Crittenden-Livingston County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 42

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

Crittenden-Livingston County Water District
(Name of Utility)

A.3. MONTHLY RATES:

PHASE III (Effective for Service Rendered On and After May 1, 2015)

5/8" x 3/4" Meter

First 1,000 gallons	\$18.73	Minimum Bill
Next 9,000 gallons	10.65	per 1,000 gallons
Next 10,000 gallons	9.12	per 1,000 gallons
Over 20,000 gallons	7.20	per 1,000 gallons

1" Meter

First 5,000 gallons	\$61.33	Minimum Bill
Next 5,000 gallons	10.65	per 1,000 gallons
Next 10,000 gallons	9.12	per 1,000 gallons
Over 20,000 gallons	7.20	per 1,000 gallons

2" Meter

First 15,000 gallons	\$160.18	Minimum Bill
Next 5,000 gallons	9.12	per 1,000 gallons
Over 20,000 gallons	7.20	per 1,000 gallons

Bulk Sales \$7.20 per 1,000 gallons

Wholesale \$2.58 per 1,000 gallons

DATE OF ISSUE March 26, 2013
Month / Date / Year

DATE EFFECTIVE January 1, 2013
Month / Date / Year

ISSUED BY /s/ RONNIE SLAYDEN
(Signature of Officer)

TITLE SUPERINTENDENT

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2012-00390 DATED 12/20/2012

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Brent Kirling</i>
EFFECTIVE 1/1/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR CRITTENDEN-LIVINGSTON COUNTY, KY

PSC KY. NO. _____

Original SHEET NO. 07

CRITTENDEN-LIVINGSTON CO. WATER DISTRICT

CANCELLING PSC KY NO. (NAME OF UTILITY)

SHEET NO. _____

D. SPECIAL NON-RECURRING CHARGES:

Current

Connection/Turn-on Charge	\$35.00 (I)
Connection/Turn-on Charge After Hrs.	\$80.00 (I)
Reconnection Fee	\$50.00 (I)
Reconnection Fee After Hrs.	\$90.00 (I)
Field Collection Charge	\$35.00 (I)
Late Penalty	10%
Meter Relocation Charge	Actual Cost
Meter Reading Re-Check	\$35.00 (I)
Meter Test Request	\$80.00 (I)
Broken Meter Lock Fee	Actual Cost (N)
Meter Valve Replacement Fee	Actual Cost (N)
Meter Box Replacement Fee	Actual Cost (N)
Meter Box Top Replacement Fee	Actual Cost (N)
Service Call/Investigation	\$35.00 (I)
Service Call/Investigation After Hrs.	\$80.00 (I)
Returned Check Charge	\$25.00

DATE OF ISSUE _____

MONTH / DATE / YEAR

DATE EFFECTIVE _____

August 01, 2010

MONTH / DATE / YEAR

ISSUED BY Ronnie Nye _____

SIGNATURE OF OFFICER

TITLE Superintendent _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<u>Brent Kinley</u>
EFFECTIVE
8/1/2010
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Crittenden-Livingston County, KY
Community, Town or City

P.S.C. KY. NO. _____

1st Revised SHEET NO. 6

CANCELLING P.S.C. KY. NO. _____

Original SHEET NO. 6

Crittenden-Livingston County Water District
(Name of Utility)

RATES & CHARGES

C. METER CONNECTION / TAP-ON CHARGES:

5/8 Inch x 3/4 Inch	\$750.00
1 Inch	\$850.00
All Larger Meters	Actual Cost

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE 02/01/2012
Month / Date / Year

ISSUED BY *Ronnie Dyer*
(Signature of Officer)

TITLE *Superintendent*

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Hedley</i>
EFFECTIVE 2/1/2012
PURSUANT TO 807 KAR 5-001

EXHIBIT D

RESOLUTION

RESOLUTION OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF JULY 1, 2016 BETWEEN THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Crittenden-Livingston County Water District ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to acquire and construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of July 1, 2016 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Crittenden-Livingston County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on _____, 2016.

Chairman

Attest:

Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Crittenden-Livingston County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on _____, 2016; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this ____ day of _____, 2016.

Secretary

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

**RE: Assistance Agreement by and between Kentucky Infrastructure Authority and
Crittenden-Livingston County Water District, dated as of July 1, 2016**

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Crittenden-Livingston County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

EXHIBIT F

**TO ASSISTANCE AGREEMENT BETWEEN
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY**

Total Loan to be Repaid by
Governmental Agency to
Kentucky Infrastructure Authority \$ _____

Principal and Interest Payable
on Each June 1 and December 1

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: _____

**CRITTENDEN-LIVINGSTON COUNTY WATER
DISTRICT, Governmental Agency**

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

10487391v1

Attachment 10d

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\$2,445,000

Lease Agreement between the County of Livingston, Kentucky
and the Kentucky Association of Counties Finance Corporation

DEFINITIONS

"Program Administrator" -	Kentucky Association of Counties Leasing Trust
"Lessor" -	Kentucky Association of Counties Finance Corporation
"Financial Advisors" -	Compass Municipal Advisors, LLC
"Bond Counsel" -	Dinsmore & Shohl LLP
"Trustee"-	U.S. Bank National Association

Terms not otherwise defined herein shall have the meanings given them in the Trust Indenture dated as of October 1, 2010 between the Lessor and the Trustee.

1. Lease Agreement, including executed Payment Schedule and executed Exhibits
2. Opinion of Counsel to Participant
3. Official Statement
4. Emergency Ordinance of Participant (without exhibits) Authorizing the Lease Agreement
5. Affidavit of Publication of Summary of Ordinance
6. Recorded Interlocal Cooperation Agreement
7. Resolution of Participant Authorizing the Interlocal Cooperation Agreement
8. Evidence of Approval of State Local Debt Officer
9. IRS Form 8038-G

GENERAL OBLIGATION LEASE

LEASE AGREEMENT

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

LESSEE: County of Livingston, Kentucky

LESSEE'S ADDRESS: 335 Court Street, Smithland, Kentucky 42081

DATE OF LEASE: September 19, 2017

TERMINATION DATE: February 1, 2039

This Lease Agreement constitutes a Security Agreement and all right, title and interest of the Lessor herein has been assigned to U.S. Bank National Association, as trustee under a Trust Indenture dated as of October 1, 2010 between it and the Lessor.

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This Table of Contents is not a part of the Lease Agreement and is for convenience only. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the Lease Agreement.

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LEASE AGREEMENT

THIS LEASE AGREEMENT, dated the date shown on the cover page hereof (together with any amendments hereto made in accordance herewith, this "Lease"), is entered into by and between the Kentucky Association of Counties Finance Corporation (the "Lessor"), as the lessor hereunder, a nonprofit corporation duly created and existing under the laws of the Commonwealth of Kentucky (the "State"), and the Lessee shown on the cover page hereof (the "Lessee"), as lessee hereunder, a body politic and corporate validly existing under the constitution, statutes and laws of the State.

WITNESSETH:

WHEREAS, the governing body of the Lessee (the "Governing Body") has the power, pursuant to Section 65.940 et seq. of the Kentucky Revised Statutes to enter into lease agreements with or without the option to purchase in order to provide for the use of property for public purposes;

WHEREAS, the Governing Body has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined herein;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Lessor enter into this Lease for the leasing by the Lessee from the Lessor of the Project and to become a Participant in the Program, as defined in the Indenture;

WHEREAS, the execution, delivery and performance of this Lease, have been authorized, approved and directed by the Governing Body by an ordinance or resolution finally passed and adopted by the Governing Body; and

WHEREAS, the Lessor desires to lease the Project to the Lessee, and the Lessee desires to lease the Project from the Lessor, pursuant to the terms and conditions and for the purposes set forth herein;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. All words and phrases will have the meanings specified below unless the context clearly requires otherwise. Terms not defined herein will have the meanings assigned to them in the Indenture. References to Sections mean Sections of this Lease unless otherwise indicated.

"Additional Rentals" means the aggregate of (i) any expenses (including attorneys' fees and expenses) of the Lessor and/or the Trustee in defending an action or proceeding in connection with this Lease or in enforcing the provisions of this Lease; (ii) any taxes or any other expenses, including, but not limited to, licenses, permits, state and local sales and use or ownership taxes or property taxes and recording fees and/or other fees which the Lessor is expressly required to pay as a result of or in connection with this Lease; and (iii) the Lessee's Proportionate Share of any Administrative Expenses and Fiduciary Fees to the extent the same are not included in and paid as Base Rentals.

"Administrative Expenses" means the fees and expenses of the Lessor in administering the Program.

"Base Rentals" means the payments payable by the Lessee which constitute the principal component and interest component of Lease Rental Payments hereunder and other amounts set forth in Exhibit B.

"Bonds" mean the Bonds issued by the Kentucky Association of Counties Finance Corporation to fund this Lease.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto and applicable to the Bonds or the use of the proceeds thereof.

"Costs" means, with respect to the Project, all or any part of the cost of construction, installation and acquisition of all land, buildings, structures, machinery and equipment; finance charges; extensions, enlargements,

additions, replacements, renovations and improvements; engineering, financial and legal services; plans, specifications, studies, surveys, estimates of cost of revenue, administrative expenses, expenses necessary or incidental to determining the feasibility or practicability of constructing a Project; and such other expenses as the Lessor determines may be necessary or incidental to the construction, installation and acquisition of the Project, the financing of such construction, installation and acquisition, interest during construction, installation or acquisition and the placing of the Project in service.

"Fiduciary Fees" shall mean the contractual fees and expenses (including reasonable attorney's fees) of the Trustee under the terms of the Indenture.

"Indenture" means the General Trust Indenture dated as of October 1, 2010, as supplemented and amended, and the Series Indenture related to this Lease, which is entered into in accordance therewith.

"Late Payment Rate" means the per annum rate, not exceed fifteen percent per annum, equal to 2.00% plus the greater of (i) the average interest rate on investments in the Debt Service Reserve Fund and (ii) the rate used to determine the interest component of Lease Rental Payments during the applicable period.

"Lease" means this Lease Agreement and any amendments or supplements hereto entered into in accordance with the provisions hereof, including the Exhibits attached hereto.

"Lease Rental Payments" means Base Rentals and Additional Rentals, which constitute the payments payable by the Lessee for and in consideration of the right to use and the option to purchase the Project and constitute Financing Payments under the Indenture.

"Lease Term" means the term of this Lease as determined pursuant to Sections 5 and 6 hereof.

"Lessee" means the Lessee identified on the cover page hereto.

"Lessor" means Kentucky Association of Counties Finance Corporation, acting as lessor under this Lease, or any successor thereto acting as lessor under this Lease.

"Optional Prepayment Price" means the amount determined by the Lessor and provided to the Trustee, which a Participant may, in its discretion, pay hereunder in order to prepay in full its Lease Rental Payments, which amount shall be equal to the unpaid principal component of Lease Rental Payments increased by the sum of (a) the amount of any due or past due Lease Rental Payments together with interest on such past due Lease Rental Payments to the date of such prepayment in full; (b) the unpaid accrued interest on the outstanding principal component of the Lease Rental Payments to the next date on which the related Bonds can be redeemed; (c) an amount of Defeasance Obligations which, together with the interest income thereon (as certified by the Program Administrator, Bond Counsel or other entity satisfactory to the Trustee), will be sufficient to pay Lease Rental Payments, which would have been due hereunder, if this Lease had not been prepaid, between the date of the prepayment and the date the prepayment will be used to redeem Bonds; (d) any additional Lease Rental Payments to the extent known or determinable at the time the prepayment is made through the date that the prepayment will be used to redeem Bonds; and (e) an amount equal to the premium, if any, payable on any Bonds to be redeemed on account of the payment of such Optional Prepayment Price. A Lease may not be prepaid if for any reason the Optional Prepayment Price cannot be calculated.

"Participant Disbursement Account" means the account by that name established for the Lessee by the Trustee under the Indenture.

"Program Administrator" means the Lessor or such other entity or unincorporated association as may be appointed in accordance with the Indenture to administer the Program and perform the duties and obligations of Program Administrator under the Indenture.

"Project" means property, the Costs of which are financed or refinanced, or the Costs of which are reimbursed hereunder, as more particularly described in Exhibit A hereto.

"Proportionate Share" means, as of a date of calculation, a fraction, the numerator of which is the unpaid principal components of Base Rentals hereunder, and the denominator of which is the sum of the unpaid principal components under all Financing Agreements.

"State" means the Commonwealth of Kentucky.

"Trustee" means U.S. Bank National Association, a national banking association, as trustee under the Indenture, and any successor trustee at the time serving as such under the Indenture.

Section 2. Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants that (a) it is a body politic and corporate of the State; (b) it has full power and authority to enter into and to perform its obligations under, this Lease and all related documents; (c) it has duly authorized this Lease and all related documents; (d) this Lease and all related documents are valid, legal and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms; (e) the execution and delivery of this Lease and all related documents does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessee is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessee; (f) there is no action, suit, proceeding or investigation before or by any court or public body wherein an unfavorable decision would materially and adversely affect the transactions contemplated by this Lease; (g) it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Lease Rental Payments; (h) the Project furthers the Lessee's governmental purposes, serves a public purpose and is in the best interests of the Lessee and at the time of execution and delivery of the Lease, the Lessee intends to annually appropriate the Lease Rental Payments due hereunder; and (i) during the Lease Term, the Project will at all times be used only for the purpose of performing one or more lawful governmental functions of the Lessee.

The Lessee acknowledges that it has requested that the Lessor act on its behalf to issue the Bonds and that this Lease is being funded with the proceeds of bonds which may require the Lessee to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"). The Lessee covenants and agrees that it will not take or omit to take any actions that conflict with the requirements of the Code that are applicable to the Bonds.

Section 3. Representations, Covenants and Warranties of Lessor. The Lessor represents, covenants and warrants that (a) it is a nonprofit corporation duly created and validly existing under the laws of the State, has all necessary power and authority to perform its obligations under, this Lease, and has duly authorized the execution and delivery of this Lease; (b) the execution and delivery of this Lease does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessor is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessor; (c) there is no litigation or proceeding pending or threatened against the Lessor or any other person affecting the right of the Lessor to execute or deliver this Lease or to comply with its obligations under this Lease.

Section 4. Demising Clause: Title; Security Interest. The Lessor leases the Project to the Lessee, and the Lessee leases the Project from the Lessor, in accordance with the provisions of this Lease, to have and to hold for the Lease Term. The Lessee will take possession of the Project upon delivery thereof.

Legal title to the Project and all fixtures, appurtenances and other permanent accessories thereto and all interests therein will be held by the Lessee, subject to Lessor's rights under this Lease. Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Project and the Lease.

In order to secure all of its obligations hereunder, the Lessee hereby (i) grants to the Lessor a first and prior security interest in any and all right, title and interest of the Lessee in the portions of the Project that constitute personal property and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom, (ii) agrees that this Lease may be filed as a financing statement evidencing such security interest, and (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence such security interest.

The Lessor's interest shall terminate upon (a) the Lessee's exercise of the purchase option granted in Section 24 hereof, or (b) the complete payment and performance by the Lessee of all of its obligations hereunder; provided,

however, that title shall immediately and without any action by the Lessee vest in the Lessor and the Lessee shall immediately surrender possession of the Project to the Lessor upon (i) any termination of this Lease without the Lessee exercising its option to purchase pursuant to this Lease or (ii) the occurrence of an Event of Default. In any of such cases, the Lessee agrees to execute such instruments and do such things as the Lessor reasonably requests and as may be required by law in order to effectuate transfer of any and all of the Lessee's right, title and interest in the Project, as is, to the Lessor. It is hereby acknowledged by the Lessor and the Lessee that the Lessee intends to purchase the Project on the terms set forth in this Lease.

Section 5. Duration of Lease Term. The Lease Term will commence and terminate on the dates shown on the cover page hereof unless earlier terminated as provided in Section 6.

Section 6. Termination of Lease Term. The Lease Term will terminate upon conveyance of the Project to the Lessee pursuant to Section 24.

Section 7. Enjoyment. The Lessor hereby covenants that the Lessee will during the Lease Term peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Lessor, except as expressly required or permitted by this Lease. The Lessor will, at the request of the Lessee and at the cost of the Lessee, join and cooperate fully in any legal action regarding the Project and the Lessee may, at its own expense, join in any legal action affecting the Project.

Section 8. Lease Rental Payments. The Lessee shall pay Base Rentals in the amounts and at the times set forth in Exhibit B, as said Exhibit B is in effect on the first day of each fiscal year during the Lease Term.

The Lessee will pay Additional Rentals within fifteen (15) days after a written request therefor is mailed to the Lessee by or on behalf of the Lessor.

Any Lease Rental Payment that is not paid within 10 days of the date due shall bear interest thereon at the Late Payment Rate. Amounts due pursuant to this paragraph will be deemed to be Additional Rentals due and payable when incurred and without further written demand therefor.

The Lessee agrees and acknowledges that (a) the Trustee is authorized under the Indenture to draw amounts from the Debt Service Reserve Fund if the Lessee fails to make any part of a Lease Rental Payment when due and (b) Exhibit B will be deemed automatically amended if the Trustee draws on such account to cure deficiencies in the payment of Lease Rental Payments, to increase the principal component of Lease Rental Payments due on the next applicable payment dates (which monthly payment dates may be established if there are less than 48 remaining payment dates) so that the amount such draw has caused the amount remaining on deposit in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement (as determined in accordance with the Indenture) is repaid no later than 48 months from the date of such draw and to increase the interest component of Lease Rental Payments due on such dates on the unpaid amount so drawn at the rate per annum equal to the Late Payment Rate. Promptly following any such automatic amendment, the Lessor will mail to the Lessee a revised Exhibit B (identified by date or other means), by first class mail, postage prepaid; provided that any failure to mail such revised Exhibit B will not affect the obligation of the Lessee to make the revised Lease Rental Payments. Amounts drawn from the Debt Service Reserve Fund and applied to payment of all or any portion of Lease Rental Payments will satisfy such Lease Rental Payment to the extent so applied.

Each Lease Rental Payment will be applied first to the Base Rentals then due and payable, then as Additional Rentals then due and payable.

This Lease will be deemed and construed to be a "net lease," and the Lessee will pay absolutely net during the Lease Term, the Lease Rental Payments and all other payments required hereunder, free of any deductions, and without abatement, deduction or set-off (other than credits against Lease Rental Payments expressly provided for in this Lease).

Notwithstanding anything herein to the contrary, the maximum Base Rentals and Additional Rentals payable hereunder shall not exceed the principal component hereof, plus an amount not to exceed 15% per annum of such principal component.

Section 9. Manner of Payment. Unless Lessee has submitted a properly executed ACH service agreement acceptable to the Trustee or has otherwise provided for the electronic transfer of payments, all Lease Rental Payments will be paid by check made payable and delivered to the Trustee. The obligation of the Lessee to pay the Lease Rental Payments and to perform and observe the covenants and conditions contained herein during the Lease Term will be absolute and unconditional except as otherwise expressly provided in this Lease, and payment of the Lease Rental Payments may not be abated through accident or unforeseen circumstances or payment of this Lease from the Debt Service Reserve Fund or damage to, destruction of, or failure to complete, the Project. Lessee will not assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor (or any of its assigns) will affect the Lessee's obligation to pay all Lease Rental Payment during the Lease Term.

Section 10. Expression of Lessee's Need for the Project; Determination as to Useful Life. The Lessee hereby declares its current need for the Project and further determines and declares its expectations that the Project will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being acquired throughout the Lease Term. The Lessee hereby determines and declares that, to the best of its knowledge, the period during which the Lessee has an option to purchase the Project (i.e. the maximum term of this Lease) does not exceed the useful life of the Project.

Section 11. General Obligation of Lessee. The obligation of the Lessee created by this Lease shall be a full general obligation of the Lessee and, for the payment of the Lease Rental Payments, the full faith, credit and revenue of the Lessee are hereby pledged for the prompt payment thereof. During the period of the Lease is outstanding, there shall be levied on all taxable property in the Lessee, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease Rental Payments when and as due; provided, however, that in each year to the extent that the other taxes of the Lease are available for the payment of the Lease Rental Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the Lessee shall be reduced by the amount of such other taxes so available and appropriated. As provided in the Ordinance, the funds derived from said tax levy hereby required or other available taxes shall be placed in the Sinking Fund of the Lessee and, together with interest collected on the same, are irrevocably pledged for the payment of all bonds issued under KRS Chapter 66 and Tax Supported Leases, as defined in KRS Chapter 66, including the Lease Rental Payments, when and as the same fall due.

Section 12. Agreement to Acquire, Construct and Install the Project and Lease to the Lessee. The Lessee will provide for completion of the acquisition, construction, installation and equipping of the Project by the Lessee as the agent of the Lessor. The Lessee agrees that it will do all things which may be necessary or proper for the construction, acquisition, installation and equipping of the Project, on behalf of the Lessor. So long as this Lease is in full force and effect, the Lessee will have full power to carry out the acts and agreements provided in this Section, and such power is granted and conferred under this Lease to the Lessee, and is accepted by the Lessee, and will not be terminated or restricted by act of the Lessor or the Trustee, except as provided in this Section. All contracts relating to the Project are hereby assigned to the Lessor.

Section 13. Disbursements from the Participant Disbursement Account. As long as no Event of Default has occurred, and the Lessee's right to control acquisition, construction, installation and equipping of the Project has not otherwise been terminated, disbursements from the Participant Disbursement Account may be made to pay or reimburse the Lessee for Costs of the Project. The Lessee must provide to the Lessor for approval, and thereafter to the Trustee, a request for disbursement substantially in the form set forth in Exhibit G hereto.

If an Event of Default occurs prior to the completion of the Project or if the right of the Lessee to control the acquisition, construction, installation and equipping of the Project has been otherwise terminated, amounts on deposit in the Participant Disbursement Account may be utilized by the Lessor to complete the Project.

Section 14. Risk of Loss; Damage; Destruction. Lessee assumes all risk of loss or damage to the Project from any cause whatsoever. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Project will relieve Lessee of the obligation under this Lease. Lessee will promptly repair or replace any portions of Project lost, destroyed, damaged or appropriated which are necessary to maintain the Project in sound operating condition so that at all times during the Lease Term the Project will be able to carry out its intended functions.

The net proceeds of any insurance policies, performance bonds, condemnation awards or net proceeds received as a consequence of default or breach of warranty under a construction contract or other contract relating to the Project will be deposited in the Participant Disbursement Account, if received before the completion of the Project, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee and will be applied in the same manner described in Section 13. The balance remaining after repair, restoration, modification, improvement or replacement of the Project has been completed will be applied to satisfy payment of Lease Rental Payments.

Section 15. Disclaimer of Warranties. THE LESSOR, THE TRUSTEE AND THE OWNERS OF THE BONDS MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY PORTION THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF.

Section 16. Financial Reports; Notice. The Lessee will provide the Lessor with a copy of the Lessee's annual audited financial report within thirty (30) days of its receipt by the Lessee. The Lessee will immediately notify the Lessor and the Trustee of any Event of Default hereunder. If an audited financial report is not available to be submitted by the Lessee within 180 days of the end of Lessee's fiscal year, Lessee shall provide an unaudited financial report in form and substance satisfactory to Lessor.

Section 17. Inspection and Lessee Reports. The Lessor, the Trustee and their respective authorized representatives shall at any time during normal business hours have the right to enter the premises where the Project may be located for the purpose of inspecting and examining the Project and its condition, use, and operation and the books and records of the Lessee relating thereto.

Section 18. Maintenance of the Project by the Lessee. The Lessee agrees that, at all times during the Lease Term, the Lessee will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and that the Lessee will from time to time promptly make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 14. The Lessor, the Trustee and the owners of the Bonds will not have any responsibility in any of these matters or for the making of any additions, modifications, improvements or replacements to the Project.

Section 19. Modification of the Project; Installation of Equipment and Machinery of the Lessee. Following acquisition of the Project, Lessee will not make any alterations, additions, substitutions or replacements to the Project which would have an adverse effect on either the nature of the Project or the functionality or value of the Project, unless such alterations, additions, substitutions, replacements or improvements may be readily removed without damage to the Project. Any alterations, additions or improvements to the Project which may not be readily removed without damage to the Project, and any substitutions or replacements, shall be and be considered to constitute a part of the Project.

The Lessee may also install machinery, equipment and other tangible property in or on the Project; provided that such machinery, equipment and other tangible property which becomes permanently affixed to the Project will be subject to this Lease if the Lessor reasonably determines that the Project would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 20. Provisions Regarding Casualty, Public Liability and Property Damage Insurance. The Lessee, at its expense, will cause casualty and property damage insurance with a company or self-insurance fund acceptable to the Lessor to be carried and maintained with respect to the Project in an amount equal to the aggregate principal components of Lease Rental Payments payable during the maximum term of this Lease or the replacement cost (excluding foundations) of the Project, if less than such principal components. Any casualty and property damage insurance policy required by this Section will name the Lessor and the Trustee as additional named insureds and will be so written or endorsed as to make losses, if any, payable to the Trustee (for application as provided in Section 14).

The Lessee will cause public liability insurance to be carried and maintained with a company or self-insurance fund acceptable to the Lessor with respect to the Project in such amount as is approved by the Lessor. Any public liability insurance policy required by this Section will name the Lessor and the Trustee as additional named insureds.

Section 21. No Encumbrance, Mortgage or Pledge of Project. The Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project, unless specifically consented to in writing by the Lessor.

Section 22. Assignment by Lessor. As security for the payment and performance by the Lessor of all of its obligations under the Indenture, including particularly the payment of the principal of, premium, if any, and interest on the Bonds, the Lessor has assigned to the Trustee, under and pursuant to the Indenture, all of the Lessor's right, title and interest in, to and under this Lease, including but not limited to the right to receive the Lease Rental Payments and other amounts due hereunder. The Lessee acknowledges and agrees that this assignment will entitle the Trustee to enforce any obligation of the Lessee hereunder and to exercise any remedy or right of the Lessor hereunder. The Lessee further acknowledges and agrees that, as provided in the Indenture, the function of the "Lessor" under this Lease may be performed by the Program Administrator (which may be a person or entity other than the Lessor) and its agents and representatives.

Section 23. Assignment and Subleasing by the Lessee. This Lease may not be assigned by the Lessee for any reason. The Project may be subleased by the Lessee, as a whole or in part, but only with the prior written consent of the Lessor.

Section 24. Purchase Option. The Lessee may, in its discretion, prepay in full its Lease Rental Payments under the Lease by paying to the Lessor the Optional Prepayment Price with respect to the Lease. The Optional Prepayment Price shall be used as provided in the Indenture. Upon payment of the Optional Prepayment Price, the Lessor will transfer and convey the Project to the Lessee pursuant to Section 4 hereof.

Section 25. Release and Indemnification Covenants. To the extent permitted by law, the Lessee will and hereby agrees to indemnify and save the Lessor and the Trustee (each, an "Indemnitee") harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, regardless of the cause thereof and the expenses, penalties and fees in connection therewith (including counsel fees and expenses), arising from or as a result of the operation, ordering, ownership, acquisition, construction, use, condition, delivery, rejection, storage, return or management of the Project during the Lease Term, or the entering into of the Lease or any other document or instrument relating thereto (collectively, "Indemnified Claims"), including, but not limited to: (i) any condition of the Project; (ii) any act of negligence of the Lessee or of any of the agents, contractors or employees or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; (iii) any accident in connection therewith resulting in damage to property or injury or death to any person; and (iv) the incurring of any cost or expense in connection with the acquisition of the Project in excess of the moneys available therefor in the Participant Disbursement Account. To the extent permitted by law, the Lessee will indemnify and save each Indemnitee harmless from any such Indemnified Claim, or in connection with any action or proceeding brought thereon and, upon notice from such Indemnitee, will defend or pay the cost of defending such Indemnitee, in any such action or proceeding.

The indemnification arising under this Section will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease for any reason.

Section 26. Events of Default Defined. The following will be "Events of Default" under this Lease and the term "Event of Default" or "Default" will mean, whenever it is used in this Lease, any one or more of the following events:

- (a) Failure by the Lessee to pay any Lease Rental Payments at the time specified herein;
- (b) failure by the Lessee to vacate or surrender the Project by the July 1 following an Event of Nonappropriation as provided in Section 11;
- (c) failure by the Lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than referred to in subsection (a) or (b) of this Section, for a period of 30 days after

written notice specifying such failure and requesting that it be remedied will have been given to the Lessee by the Lessor unless the Lessor agrees in writing to an extension of such time prior to its expiration.

Section 27. Remedies on Default. Whenever any Event of Default has occurred and is continuing, the Lessor may, without any further demand or notice, take one or any combination of the following remedial steps:

(a) By appropriate court action, enforce the pledge set forth in Section 2 of the Ordinance and Section 11 of this Lease so that during the remaining Lease Term there is levied on all the taxable property in the Lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the Lease Rental Payments when and as due;

(b) take legal title to, and sell or re-lease the Project or any portion thereof;

(c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Project under this Lease (including, without limitation, the right to possession of the Project and the right to sell or re-lease or otherwise dispose of the Project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the Lessee of the applicable covenants and agreements of the Lessee under this Lease (subject, however, to the limitations thereon contained in this Lease) and to recover damages for the breach thereof.

No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

The Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by the Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred.

Section 28. Notices. All notices, certificates, requests or other communications hereunder will be in writing and mailed (postage prepaid, and certified or registered with return receipt requested) or delivered (including delivery by courier service) as follows: if to the Lessor, Kentucky Association of Counties Finance Corporation, 400 Englewood Drive, Frankfort, Kentucky 40601, Attention: Administrator; if to Trustee, to U.S. Bank Corporate Trust Services, One Financial Square, Louisville, Kentucky 40202 and if to the Lessee, to the address shown on the cover page hereof. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications will be sent hereunder. All notices, certificates, requests and other communications pursuant to this Lease will be effective when received (if given by mail) or when delivered (if given by delivery).

Section 29. Amendments, Changes and Modifications. Except as provided in Section 8 with respect to Exhibit B, this Lease may not be amended, changed, modified or altered, or any provision hereof waived, without the written consent of the Lessor and the Lessee.

Section 30. Third Party Beneficiary. No person other than a party hereto and the Trustee will have any right, remedy or claim under or by reason of this Lease or otherwise be a third party beneficiary of any rights, remedies, claims or agreements hereunder.

Section 31. Lessee Acknowledgment of the Bonds. The Lessee acknowledges (i) that this Lease and the financing by the Lessor of the Project is a part of the Program and (ii) that the Lease Rental Payments under this Lease, together with lease rental payments under all other leases entered into by Lessors under the Program, are and will be applied to (A) pay the principal and premium, if any, and interest on the Bonds and (B) pay all other costs and expenses of the Program. The Lessee acknowledges and consents to the assignment by the Lessor pursuant to

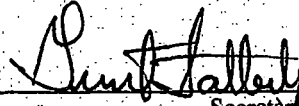
the Indenture and Section 22 hereof, to the Trustee, for the equal and ratable benefit of the Owners of the Bonds, of all right, title and interest of the Issuer and the Lessor, respectively, in, to and under this Lease.

Section 32. Miscellaneous. This Lease will inure to the benefit of and will be binding upon the Lessor and the Lessee and their respective successors and assigns (including, without limitation, security assigns). This Lease may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument. This Lease will be governed by and construed in accordance with the laws of the State. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease. If any provision of this Lease, other than the requirement of the Lessee to pay Lease Rental Payments and the requirement of the Lessor to provide quiet enjoyment of the Project and to convey the Project to the Lessee under the conditions set forth herein, is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the Lessor has executed this Lease in its name; and the Lessee has caused this Lease to be executed in its name and attested by duly authorized officers thereof. All of the above are effective as of the date first above written.

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By:


Secretary

County of Livingston, Kentucky

By:


Judge/Executive

Attest:

By:

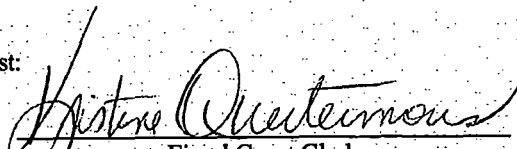

Fiscal Court Clerk

EXHIBIT A

DESCRIPTION OF PROJECT

(including site description)

ESTIMATED COST OF THE PROJECT	\$2,445,000
ESTIMATED DATE OF COMPLETION OF THE PROJECT:	September 19, 2017

DESCRIPTION

Refunding a portion of the outstanding Lease Agreement by and between the Kentucky Association of Counties Finance Corporation and the County of Livingston, Kentucky, dated December 16, 2010 (the "Prior Lease"), the proceeds of which were used to replace a short term note, the proceeds of which was used to run approximately 90 miles of waterline in Crittenden and Livingston County.

EXHIBIT B

LEASE RENTAL PAYMENTS

Combined (This schedule amends and replaces EXHIBIT B to the Prior Lease.**)**

Date	Principal	Interest	Total P+i	Expenses	Payment Fund	Net New D/S	Lease Balance
10/01/2017	17,500.00	8,309.12	25,809.12	865.11	(12,229.44)	14,444.79	2,427,500.00
11/01/2017	17,500.00	8,309.12	25,809.12	865.11	(16,567.97)	10,106.26	2,410,000.00
12/01/2017	17,500.00	8,309.12	25,809.12	865.11	(16,567.97)	10,106.26	2,392,500.00
01/01/2018	17,500.00	8,309.09	25,809.09	865.09	(16,567.96)	10,106.22	2,375,000.00
02/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,368,750.00
03/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,362,500.00
04/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,356,250.00
05/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,350,000.00
06/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,343,750.00
07/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,337,500.00
08/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,331,250.00
09/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,325,000.00
10/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,318,750.00
11/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,312,500.00
12/01/2018	6,250.00	7,085.88	13,335.88	573.96	-	13,909.84	2,306,250.00
01/01/2019	6,250.00	7,085.82	13,335.82	573.94	-	13,909.76	2,300,000.00
02/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,293,750.00
03/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,287,500.00
04/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,281,250.00
05/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,275,000.00
06/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,268,750.00
07/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,262,500.00
08/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,256,250.00
09/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,250,000.00
10/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,243,750.00
11/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,237,500.00
12/01/2019	6,250.00	6,822.34	13,072.34	558.34	-	13,630.68	2,231,250.00
01/01/2020	6,250.00	6,822.26	13,072.26	558.26	-	13,630.52	2,225,000.00
02/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,218,333.33
03/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,211,666.66
04/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,204,999.99
05/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,198,333.32
06/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,191,666.65
07/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,184,999.98
08/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,178,333.31
09/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,171,666.64
10/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,164,999.97
11/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,158,333.30
12/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,151,666.63
01/01/2021	6,666.63	6,558.70	13,225.33	505.19	-	13,730.52	2,145,000.00
02/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,138,333.33
03/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,131,666.66
04/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,124,999.99
05/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,118,333.32

Date	Principal	Interest	Total P+I	Expenses	Payment Fund	Net New D/S	Lease Balance
06/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,111,666.65
07/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,104,999.98
08/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,098,333.31
09/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,091,666.64
10/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,084,999.97
11/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,078,333.30
12/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,071,666.63
01/01/2022	6,666.63	6,225.44	12,892.07	488.45	-	13,380.52	2,065,000.00
02/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,057,916.66
03/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,050,833.32
04/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,043,749.98
05/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,036,666.64
06/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,029,583.30
07/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,022,499.96
08/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,015,416.62
09/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,008,333.28
10/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,001,249.94
11/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	1,994,166.60
12/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	1,987,083.26
01/01/2023	7,083.26	5,892.07	12,975.33	471.82	-	13,447.15	1,980,000.00
02/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,972,500.00
03/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,965,000.00
04/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,957,500.00
05/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,950,000.00
06/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,942,500.00
07/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,935,000.00
08/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,927,500.00
09/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,920,000.00
10/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,912,500.00
11/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,905,000.00
12/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,897,500.00
01/01/2024	7,500.00	5,537.94	13,037.94	454.13	-	13,492.07	1,890,000.00
02/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,882,083.33
03/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,874,166.66
04/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,866,249.99
05/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,858,333.32
06/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,850,416.65
07/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,842,499.98
08/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,834,583.31
09/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,826,666.64
10/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,818,749.97
11/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,810,833.30
12/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,802,916.63
01/01/2025	7,916.63	5,162.94	13,079.57	435.38	-	13,514.95	1,795,000.00

Date	Principal	Interest	Total P+I	Expenses	Payment Fund	Net New D/S	Lease Balance
02/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,786,666.66
03/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,778,333.32
04/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,769,999.98
05/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,761,666.64
06/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,753,333.30
07/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,744,999.96
08/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,736,666.62
09/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,728,333.28
10/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,719,999.94
11/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,711,666.60
12/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,703,333.26
01/01/2026	8,333.26	4,767.07	13,100.33	415.57	-	13,515.90	1,695,000.00
02/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,686,250.00
03/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,677,500.00
04/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,668,750.00
05/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,660,000.00
06/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,651,250.00
07/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,642,500.00
08/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,633,750.00
09/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,625,000.00
10/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,616,250.00
11/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,607,500.00
12/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,598,750.00
01/01/2027	8,750.00	4,350.44	13,100.44	394.70	-	13,495.14	1,590,000.00
02/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,580,833.33
03/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,571,666.66
04/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,562,499.99
05/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,553,333.32
06/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,544,166.65
07/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,534,999.98
08/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,525,833.31
09/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,516,666.64
10/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,507,499.97
11/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,498,333.30
12/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,489,166.63
01/01/2028	9,166.63	3,912.94	13,079.57	372.88	-	13,452.45	1,480,000.00
02/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,470,416.66
03/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,460,833.32
04/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,451,249.98
05/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,441,666.64
06/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,432,083.30
07/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,422,499.96
08/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,412,916.62
09/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,403,333.28

Date	Principal	Interest	Total P+I	Expenses	Payment Fund	Net New D/S	Lease Balance
10/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,393,749.94
11/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,384,166.60
12/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,374,583.26
01/01/2029	9,583.26	3,706.69	13,289.95	350.00	-	13,639.95	1,365,000.00
02/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,355,000.00
03/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,345,000.00
04/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,335,000.00
05/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,325,000.00
06/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,315,000.00
07/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,305,000.00
08/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,295,000.00
09/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,285,000.00
10/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,275,000.00
11/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,265,000.00
12/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,255,000.00
01/01/2030	10,000.00	3,467.07	13,467.07	325.95	-	13,793.02	1,245,000.00
02/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,235,000.00
03/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,225,000.00
04/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,215,000.00
05/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,205,000.00
06/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,195,000.00
07/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,185,000.00
08/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,175,000.00
09/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,165,000.00
10/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,155,000.00
11/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,145,000.00
12/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,135,000.00
01/01/2031	10,000.00	3,192.07	13,192.07	300.95	-	13,493.02	1,125,000.00
02/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,114,583.33
03/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,104,166.66
04/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,093,749.99
05/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,083,333.32
06/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,072,916.65
07/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,062,499.98
08/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,052,083.31
09/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,041,666.64
10/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,031,249.97
11/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,020,833.30
12/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,010,416.63
01/01/2032	10,416.63	2,892.07	13,308.70	275.95	-	13,584.65	1,000,000.00
02/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	989,583.33
03/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	979,166.66
04/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	968,749.99
05/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	958,333.32

Date	Principal	Interest	Total P+I	Expenses	Payment Fund	Net New D/S	Lease Balance
06/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	947,916.65
07/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	937,499.98
08/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	927,083.31
09/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	916,666.64
10/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	906,249.97
11/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	895,833.30
12/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	885,416.63
01/01/2033	10,416.63	2,579.57	12,996.20	250.00	-	13,246.20	875,000.00
02/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	864,166.66
03/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	853,333.32
04/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	842,499.98
05/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	831,666.64
06/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	820,833.30
07/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	809,999.96
08/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	799,166.62
09/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	788,333.28
10/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	777,499.94
11/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	766,666.60
12/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	755,833.26
01/01/2034	10,833.26	2,267.07	13,100.33	223.94	-	13,324.27	745,000.00
02/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	733,333.33
03/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	721,666.66
04/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	709,999.99
05/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	698,333.32
06/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	686,666.65
07/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	674,999.98
08/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	663,333.31
09/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	651,666.64
10/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	639,999.97
11/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	628,333.30
12/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	616,666.63
01/01/2035	11,666.63	1,942.07	13,608.70	196.82	-	13,805.52	605,000.00
02/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	593,333.33
03/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	581,666.66
04/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	569,999.99
05/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	558,333.32
06/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	546,666.65
07/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	534,999.98
08/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	523,333.31
09/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	511,666.64
10/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	499,999.97
11/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	488,333.30
12/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	476,666.63
01/01/2036	11,666.63	1,592.07	13,258.70	167.69	-	13,426.39	465,000.00

Date	Principal	Interest	Total P+I	Expenses	Payment Fund	Net New D/S	Lease Balance
02/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	452,500.00
03/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	440,000.00
04/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	427,500.00
05/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	415,000.00
06/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	402,500.00
07/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	390,000.00
08/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	377,500.00
09/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	365,000.00
10/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	352,500.00
11/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	340,000.00
12/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	327,500.00
01/01/2037	12,500.00	1,227.45	13,727.45	138.45	-	13,865.90	315,000.00
02/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	302,500.00
03/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	290,000.00
04/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	277,500.00
05/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	265,000.00
06/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	252,500.00
07/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	240,000.00
08/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	227,500.00
09/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	215,000.00
10/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	202,500.00
11/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	190,000.00
12/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	177,500.00
01/01/2038	12,500.00	853.22	13,353.22	107.20	-	13,460.42	165,000.00
02/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	151,250.00
03/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	137,500.00
04/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	123,750.00
05/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	110,000.00
06/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	96,250.00
07/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	82,500.00
08/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	68,750.00
09/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	55,000.00
10/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	41,250.00
11/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	27,500.00
12/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	13,750.00
01/01/2039	13,750.00	166.94	13,916.94	75.95	-	13,992.89	-
Total	\$2,445,000.00	\$995,672.02	\$3,440,672.02	\$88,472.92	(61,933.34)	\$3,467,211.60	-

ACKNOWLEDGED:

County of Livingston, Kentucky

By: 
 Judge/Executive

Allocation to Prior Lease (2010 First Series A Bonds)

Date	Principal	Interest	Total P+I	Expenses	Payment Fund	Net New D/S	Lease Balance
10/01/2017	15,000.00	1,009.38	16,009.38	231.25	(12,229.44)	4,011.19	175,000.00
11/01/2017	15,000.00	1,009.38	16,009.38	231.25	(16,240.63)	-	160,000.00
12/01/2017	15,000.00	1,009.38	16,009.38	231.25	(16,240.63)	-	145,000.00
01/01/2018	15,000.00	1,009.36	16,009.36	231.25	(16,240.61)	-	130,000.00
02/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	124,583.33
03/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	119,166.66
04/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	113,749.99
05/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	108,333.32
06/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	102,916.65
07/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	97,499.98
08/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	92,083.31
09/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	86,666.64
10/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	81,249.97
11/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	75,833.30
12/01/2018	5,416.67	460.42	5,877.09	64.59	-	5,941.68	70,416.63
01/01/2019	5,416.63	460.38	5,877.01	64.51	-	5,941.52	65,000.00
02/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	59,583.33
03/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	54,166.66
04/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	48,749.99
05/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	43,333.32
06/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	37,916.65
07/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	32,499.98
08/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	27,083.31
09/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	21,666.64
10/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	16,249.97
11/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	10,833.30
12/01/2019	5,416.67	230.21	5,646.88	51.05	-	5,697.93	5,416.63
01/01/2020	5,416.63	230.19	5,646.82	50.95	-	5,697.77	-
Total	\$190,000.00	\$12,325.00	\$202,325.00	\$2,312.50	(60,951.31)	\$143,686.19	

Allocation to this Lease (2017 First Series C Bonds)

Date	Principal	Interest	Total P+I	Expenses	Payment		Lease Balance
					Fund	Net New D/S	
10/01/2017	2,500.00	7,299.74	9,799.74	633.86	-	10,433.60	2,252,500.00
11/01/2017	2,500.00	7,299.74	9,799.74	633.86	(327.34)	10,106.26	2,250,000.00
12/01/2017	2,500.00	7,299.74	9,799.74	633.86	(327.34)	10,106.26	2,247,500.00
01/01/2018	2,500.00	7,299.73	9,799.73	633.84	(327.35)	10,106.22	2,245,000.00
02/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,244,166.67
03/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,243,333.34
04/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,242,500.01
05/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,241,666.68
06/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,240,833.35
07/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,240,000.02
08/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,239,166.69
09/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,238,333.36
10/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,237,500.03
11/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,236,666.70
12/01/2018	833.33	6,625.46	7,458.79	509.37	-	7,968.16	2,235,833.37
01/01/2019	833.37	6,625.44	7,458.81	509.43	-	7,968.24	2,235,000.00
02/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,234,166.67
03/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,233,333.34
04/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,232,500.01
05/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,231,666.68
06/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,230,833.35
07/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,230,000.02
08/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,229,166.69
09/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,228,333.36
10/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,227,500.03
11/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,226,666.70
12/01/2019	833.33	6,592.13	7,425.46	507.29	-	7,932.75	2,225,833.37
01/01/2020	833.37	6,592.07	7,425.44	507.31	-	7,932.75	2,225,000.00
02/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,218,333.33
03/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,211,666.66
04/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,204,999.99
05/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,198,333.32
06/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,191,666.65
07/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,184,999.98
08/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,178,333.31
09/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,171,666.64
10/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,164,999.97
11/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,158,333.30
12/01/2020	6,666.67	6,558.80	13,225.47	505.21	-	13,730.68	2,151,666.63
01/01/2021	6,666.63	6,558.70	13,225.33	505.19	-	13,730.52	2,145,000.00
02/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,138,333.33
03/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,131,666.66
04/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,124,999.99
05/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,118,333.32

Date	Principal	Interest	Total P+I	Expenses	Payment		Lease Balance
					Fund	Net New D/S	
06/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,111,666.65
07/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,104,999.98
08/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,098,333.31
09/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,091,666.64
10/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,084,999.97
11/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,078,333.30
12/01/2021	6,666.67	6,225.46	12,892.13	488.55	-	13,380.68	2,071,666.63
01/01/2022	6,666.63	6,225.44	12,892.07	488.45	-	13,380.52	2,065,000.00
02/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,057,916.66
03/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,050,833.32
04/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,043,749.98
05/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,036,666.64
06/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,029,583.30
07/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,022,499.96
08/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,015,416.62
09/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,008,333.28
10/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	2,001,249.94
11/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	1,994,166.60
12/01/2022	7,083.34	5,892.13	12,975.47	471.88	-	13,447.35	1,987,083.26
01/01/2023	7,083.26	5,892.07	12,975.33	471.82	-	13,447.15	1,980,000.00
02/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,972,500.00
03/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,965,000.00
04/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,957,500.00
05/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,950,000.00
06/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,942,500.00
07/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,935,000.00
08/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,927,500.00
09/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,920,000.00
10/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,912,500.00
11/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,905,000.00
12/01/2023	7,500.00	5,537.96	13,037.96	454.17	-	13,492.13	1,897,500.00
01/01/2024	7,500.00	5,537.94	13,037.94	454.13	-	13,492.07	1,890,000.00
02/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,882,083.33
03/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,874,166.66
04/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,866,249.99
05/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,858,333.32
06/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,850,416.65
07/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,842,499.98
08/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,834,583.31
09/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,826,666.64
10/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,818,749.97
11/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,810,833.30
12/01/2024	7,916.67	5,162.96	13,079.63	435.42	-	13,515.05	1,802,916.63
01/01/2025	7,916.63	5,162.94	13,079.57	435.38	-	13,514.95	1,795,000.00

Date	Principal	Interest	Total P+I	Expenses	Payment		Lease Balance
					Fund	Net New D/S	
02/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,786,666.66
03/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,778,333.32
04/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,769,999.98
05/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,761,666.64
06/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,753,333.30
07/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,744,999.96
08/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,736,666.62
09/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,728,333.28
10/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,719,999.94
11/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,711,666.60
12/01/2025	8,333.34	4,767.13	13,100.47	415.63	-	13,516.10	1,703,333.26
01/01/2026	8,333.26	4,767.07	13,100.33	415.57	-	13,515.90	1,695,000.00
02/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,686,250.00
03/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,677,500.00
04/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,668,750.00
05/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,660,000.00
06/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,651,250.00
07/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,642,500.00
08/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,633,750.00
09/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,625,000.00
10/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,616,250.00
11/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,607,500.00
12/01/2026	8,750.00	4,350.46	13,100.46	394.80	-	13,495.26	1,598,750.00
01/01/2027	8,750.00	4,350.44	13,100.44	394.70	-	13,495.14	1,590,000.00
02/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,580,833.33
03/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,571,666.66
04/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,562,499.99
05/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,553,333.32
06/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,544,166.65
07/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,534,999.98
08/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,525,833.31
09/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,516,666.64
10/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,507,499.97
11/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,498,333.30
12/01/2027	9,166.67	3,912.96	13,079.63	372.92	-	13,452.55	1,489,166.63
01/01/2028	9,166.63	3,912.94	13,079.57	372.88	-	13,452.45	1,480,000.00
02/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,470,416.66
03/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,460,833.32
04/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,451,249.98
05/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,441,666.64
06/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,432,083.30
07/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,422,499.96
08/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,412,916.62
09/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,403,333.28

Date	Principal	Interest	Total P+I	Expenses	Payment Fund	Net New D/S	Lease Balance
10/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,393,749.94
11/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,384,166.60
12/01/2028	9,583.34	3,706.71	13,290.05	350.00	-	13,640.05	1,374,583.26
01/01/2029	9,583.26	3,706.69	13,289.95	350.00	-	13,639.95	1,365,000.00
02/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,355,000.00
03/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,345,000.00
04/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,335,000.00
05/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,325,000.00
06/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,315,000.00
07/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,305,000.00
08/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,295,000.00
09/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,285,000.00
10/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,275,000.00
11/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,265,000.00
12/01/2029	10,000.00	3,467.13	13,467.13	326.05	-	13,793.18	1,255,000.00
01/01/2030	10,000.00	3,467.07	13,467.07	325.95	-	13,793.02	1,245,000.00
02/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,235,000.00
03/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,225,000.00
04/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,215,000.00
05/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,205,000.00
06/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,195,000.00
07/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,185,000.00
08/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,175,000.00
09/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,165,000.00
10/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,155,000.00
11/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,145,000.00
12/01/2030	10,000.00	3,192.13	13,192.13	301.05	-	13,493.18	1,135,000.00
01/01/2031	10,000.00	3,192.07	13,192.07	300.95	-	13,493.02	1,125,000.00
02/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,114,583.33
03/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,104,166.66
04/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,093,749.99
05/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,083,333.32
06/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,072,916.65
07/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,062,499.98
08/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,052,083.31
09/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,041,666.64
10/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,031,249.97
11/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,020,833.30
12/01/2031	10,416.67	2,892.13	13,308.80	276.05	-	13,584.85	1,010,416.63
01/01/2032	10,416.63	2,892.07	13,308.70	275.95	-	13,584.65	1,000,000.00
02/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	989,583.33
03/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	979,166.66
04/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	968,749.99
05/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	958,333.32

Date	Principal	Interest	Total P+I	Expenses	Payment		Lease Balance
					Fund	Net New D/S	
06/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	947,916.65
07/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	937,499.98
08/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	927,083.31
09/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	916,666.64
10/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	906,249.97
11/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	895,833.30
12/01/2032	10,416.67	2,579.63	12,996.30	250.00	-	13,246.30	885,416.63
01/01/2033	10,416.63	2,579.57	12,996.20	250.00	-	13,246.20	875,000.00
02/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	864,166.66
03/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	853,333.32
04/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	842,499.98
05/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	831,666.64
06/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	820,833.30
07/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	809,999.96
08/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	799,166.62
09/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	788,333.28
10/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	777,499.94
11/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	766,666.60
12/01/2033	10,833.34	2,267.13	13,100.47	223.96	-	13,324.43	755,833.26
01/01/2034	10,833.26	2,267.07	13,100.33	223.94	-	13,324.27	745,000.00
02/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	733,333.33
03/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	721,666.66
04/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	709,999.99
05/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	698,333.32
06/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	686,666.65
07/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	674,999.98
08/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	663,333.31
09/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	651,666.64
10/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	639,999.97
11/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	628,333.30
12/01/2034	11,666.67	1,942.13	13,608.80	196.88	-	13,805.68	616,666.63
01/01/2035	11,666.63	1,942.07	13,608.70	196.82	-	13,805.52	605,000.00
02/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	593,333.33
03/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	581,666.66
04/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	569,999.99
05/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	558,333.32
06/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	546,666.65
07/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	534,999.98
08/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	523,333.31
09/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	511,666.64
10/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	499,999.97
11/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	488,333.30
12/01/2035	11,666.67	1,592.13	13,258.80	167.71	-	13,426.51	476,666.63
01/01/2036	11,666.63	1,592.07	13,258.70	167.69	-	13,426.39	465,000.00

Date	Principal	Interest	Total P+I	Expenses	Payment		Lease Balance
					Fund	Net New D/S	
02/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	452,500.00
03/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	440,000.00
04/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	427,500.00
05/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	415,000.00
06/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	402,500.00
07/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	390,000.00
08/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	377,500.00
09/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	365,000.00
10/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	352,500.00
11/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	340,000.00
12/01/2036	12,500.00	1,227.55	13,727.55	138.55	-	13,866.10	327,500.00
01/01/2037	12,500.00	1,227.45	13,727.45	138.45	-	13,865.90	315,000.00
02/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	302,500.00
03/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	290,000.00
04/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	277,500.00
05/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	265,000.00
06/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	252,500.00
07/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	240,000.00
08/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	227,500.00
09/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	215,000.00
10/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	202,500.00
11/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	190,000.00
12/01/2037	12,500.00	853.30	13,353.30	107.30	-	13,460.60	177,500.00
01/01/2038	12,500.00	853.22	13,353.22	107.20	-	13,460.42	165,000.00
02/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	151,250.00
03/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	137,500.00
04/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	123,750.00
05/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	110,000.00
06/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	96,250.00
07/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	82,500.00
08/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	68,750.00
09/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	55,000.00
10/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	41,250.00
11/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	27,500.00
12/01/2038	13,750.00	167.01	13,917.01	76.05	-	13,993.06	13,750.00
01/01/2039	13,750.00	166.94	13,916.94	75.95	-	13,992.89	-
Total	\$2,255,000.00	\$983,347.02	\$3,238,347.02	\$86,160.42	(982.03)	\$3,323,525.41	-

EXHIBIT C

FORM OF ORDINANCE

ORDINANCE NO. _____

AN ORDINANCE APPROVING A LEASE FOR THE FINANCING OF A PROJECT; PROVIDING FOR THE PAYMENT AND SECURITY OF THE LEASE; CREATING A SINKING FUND; AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE

WHEREAS, the governing body of the County of Livingston, Kentucky (the "Lessee") has the power, pursuant to Section 65.940 et seq. of the Kentucky Revised Statutes to enter into lease agreements with or without the option to purchase in order to provide for the use of property for public purposes;

WHEREAS, the governing body of the Lessee (the "Governing Body") has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined in the Lease hereinafter described;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Kentucky Association of Counties Finance Corporation (the "Lessor") enter into a Lease Agreement (the "Lease") for the leasing by the Lessee from the Lessor of the Project;

NOW THEREFORE, BE IT ORDAINED BY THE County of Livingston, Kentucky, AS FOLLOWS:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") substantially the form presented to this Governing Body. It is hereby found and determined that the Project identified in the Lease is public property to be used for public purposes. It is further determined that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the Closing Memorandum with respect to the Lease, or as may be required by the Lessor prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Judge/Executive and Fiscal Court Clerk of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

Section 2. General Obligation Pledge. Pursuant to the Constitution of the Commonwealth and Chapter 66 of the Kentucky Revised Statutes, as amended (the "General Obligation Statutes"), the obligation of the Lessee created by the Lease shall be a full general obligation of the Lessee and, for the prompt payment of the Lease Payments, the full faith, credit and revenue of the Lessee are hereby pledged. During the period the Lease is outstanding, there shall be and there hereby is levied on all the taxable property in the Lessee, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease Payments on the Lease when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof; provided, however, that in each year to the extent that the other taxes of the Lessee are available for the payment of the Lease Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the Lessee shall be reduced by the amount of such other taxes so available and appropriated.

There is hereby established with the Lessee a sinking fund (the "Sinking Fund"). The funds derived from said tax levy hereby required or other available taxes shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of all bonds or obligations issued under the General Obligation Statutes and all Tax Supported Leases, as defined in General Obligation Statutes, including the Lease herein authorized, when and as the same fall due. Amounts shall be transferred from the Sinking Fund to the Lessor at the times and in the amounts required by the Lease.

Section 3. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 4. Open Meetings Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Ordinance were taken in an open meeting of this Governing Body, and that all deliberations of this Governing Body and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 5. Conflicts. All resolutions, ordinances, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed and the provisions of this Ordinance shall prevail and be given effect.

Section 6. Effective Date. This Ordinance shall take effect from and after its passage and publication of a summary thereof, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on _____, after first reading held on _____, signed by the Judge/Executive of the Lessee, attested by the Fiscal Court Clerk, filed and indexed as provided by law.

By: _____
Judge/Executive

Attest:

By: _____
Fiscal Court Clerk

EXHIBIT D-1

NOTICE OF PUBLIC HEARING AND SECOND READING OF ORDINANCE

The Fiscal Court of the County of Livingston, Kentucky, at a meeting to be held on _____ at 335 Court Street, Smithland, Kentucky 42081 in the County of Livingston, Kentucky for the purpose of receiving public comment and to consider for passage, the following ordinance:

AN ORDINANCE APPROVING A LEASE FOR THE FINANCING OF A PROJECT; PROVIDING FOR THE PAYMENT AND SECURITY OF THE LEASE; CREATING A SINKING FUND; AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE.

It is hereby certified that the foregoing ordinance provides for approval of a lease with Kentucky Association of Counties Leasing Trust, as administrator, and the bank, financial institution or finance corporation offering the lowest and best interest rate, as lessor for financing certain public improvements and provides a general obligation pledge to assess and levy sufficient taxes to comply with the obligations to make lease payments, establishes and maintains a sinking fund for the deposit and application of tax revenues, and makes certain designations regarding the Lease. Public comment concerning the lease will be received at this meeting

A complete copy of the ordinance may be reviewed at the office of the County of Livingston, Kentucky at 335 Court Street, Smithland, Kentucky 42081.

County of Livingston, Kentucky

By /s/ _____

Fiscal Court Clerk

EXHIBIT D-2

SUMMARY OF ORDINANCE

The Fiscal Court of the County of Livingston, Kentucky, at a meeting held on _____, adopted the following ordinance:

AN ORDINANCE APPROVING A LEASE FOR THE FINANCING OF A PROJECT; PROVIDING FOR THE PAYMENT AND SECURITY OF THE LEASE; CREATING A SINKING FUND; AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE

It is hereby certified that the foregoing ordinance provides for approval of a lease with Kentucky Association of Counties Finance Corporation for financing certain public improvements and provides a general obligation pledge to assess sufficient taxes to comply with the obligations to pay lease payments. The full text of the section relating to the pledge to levy and assess a tax to pay the lease obligation is:

A complete copy of the ordinance may be reviewed at the office of the County of Livingston, Kentucky.

County of Livingston, Kentucky

By /s/ _____

Fiscal Court Clerk

CERTIFICATION

The undersigned, an attorney licensed to practice law in the Commonwealth of Kentucky, hereby certifies that the foregoing is a true and accurate summary of an Ordinance that has been prepared by an attorney licensed to practice law in the Commonwealth of Kentucky.

LICENSED KENTUCKY ATTORNEY

EXHIBIT E

OPINION OF LESSEE'S COUNSEL

September 19, 2017

U.S. Bank National Association, Trustee
Corporate Trust Services
614 West Main Street, Suite 2600
Louisville, Kentucky 40202

Kentucky Association of Counties Finance Corporation
400 Englewood Drive
Frankfort, Kentucky 40601

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and the County of Livingston, Kentucky, as lessee

Ladies and Gentlemen:

We have acted as counsel to the lessee identified above (the "Lessee") in connection with the authorization, execution, and delivery by the Lessee of the Lease Agreement identified above, (the "Lease"), between the Lessee and Kentucky Association of Counties Finance Corporation (the "Lessor"). We have reviewed (i) the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), (ii) certain proceedings taken by the Governing Body of the Lessee, (iii) an executed copy of the Lease, and (iv) such other information and documents as we have deemed necessary or appropriate in order to render this opinion.

Based on the foregoing, we are of the opinion that:

1. The Lessee is a body politic and corporate, validly organized and existing in good standing under the laws of the Commonwealth and has full power and authority to enter into and to perform its obligations under the Lease.
2. The Lease has been duly authorized, executed and delivered by the Lessee and (assuming the due authorization, execution and delivery thereof by the other parties thereto) constitute legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.
3. All consents, approvals or authorizations of any governmental entity and all filings and notices required on the part of the Lessee in connection with the authorization, execution and delivery of the Lease and the consummation of the transactions contemplated thereby have been obtained and are in full force and effect.
4. Neither the execution and delivery of the Lease nor the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Lease conflict with or constitute a violation of any provision of any law or regulation applicable to the Lessee or, to the best of our knowledge after reasonable investigation, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound.
5. To the best of our knowledge, after reasonable investigation, there is no action, suit, proceeding or governmental investigation at law or in equity before or by any court, public board or body, pending of which the Lessee has been served with a summons, summons and complaint or other notice of commencement, or threatened against or affecting the Lessee, challenging the validity of the Lease or contesting the power and authority of the Lessee to execute and deliver the Lease or to consummate the transactions contemplated by the Lease.

Respectfully submitted,

EXHIBIT F

CERTIFICATE OF OFFICIALS OF LESSEE

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and the County of Livingston, Kentucky, as lessee dated September 19, 2017.

The undersigned officials of the lessee identified above (the "Lessee") under the Lease Agreement identified above (the "Lease") between the Lessee and the Kentucky Association of Counties Finance Corporation (the "Lessor"), DO HEREBY CERTIFY AS FOLLOWS:

1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the Lessee, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the Lessee.

2. That the Lessee is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to lease property as lessee and to carry on its business as now being conducted.

3. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the Ordinance duly adopted by the Governing Body of the Lessee on September 8, 2017 (the "Official Action"), authorizing the appropriate officials of the Lessee to execute the Lease. The Official Action was duly adopted in accordance with all applicable laws.

4. The representations and warranties of the Lessee made in the Lease are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Official Action has not been amended or supplemented and is in full force and effect; and the Lease has been entered into and is in full force and effect.

5. That the below-named persons were on the date or dates of the execution of the Lease and are on the date of this certificate the duly elected or appointed and qualified incumbents of the respective offices of the Lessee set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>Chris K. Lasher</u>	<u>Judge/Executive</u>	<u>[Signature]</u>
<u>Kristine Quertman</u>	<u>Fiscal Court Clerk</u>	<u>[Signature]</u>

6. The Lease has been duly authorized, executed and delivered by the Lessee and constitutes legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms.

7. The Lessee is not in default under or in violation of (i) any provisions of applicable law, (ii) the Lease, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it or its properties are or may be bound, or to which it or any of its assets is subject, which default would have a material adverse effect on the condition, financial or otherwise, of the Lessee or on the ability of the Lessee to perform its obligations under the Lease. Neither the execution and delivery of the Lease nor compliance by the Lessee with the terms, conditions and provisions of the Lease will conflict with or result in a breach of, or constitute a default under, any of the foregoing.


8. Since the date of the financial information provided to the Lessor, there have not been any material adverse changes in the business, properties, condition (financial or otherwise) or results of operations of the Lessee, whether or not arising from transactions in the ordinary course of business, and since such date, except in the ordinary course of business, the Lessee has not entered into any transaction or incurred any liability material to the financial position of the Lessee.

9. There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or, to the best of our knowledge, threatened against or affecting the Lessee wherein an unfavorable decision, ruling or finding would materially adversely affect the business, properties, condition (financial or otherwise) or the results of operations of the Lessee or the ability of the Lessee to perform its obligations under the Lease.

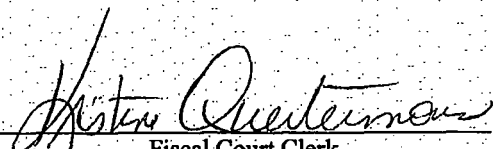
10. All authorizations, consents and approvals of, notices to, registrations or filings with, or other actions in respect of or by, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the Lessee of the Lease has been duly obtained, given or taken (and copies thereof have been provided to the Lessor).

11. Any certificate signed by any official of the Lessee and delivered to the Lessor will be deemed to be a representation by the Lessee to the Lessor as to the statements made therein.

WITNESS our hands this September 19, 2017.

By: 

Judge/Executive

Attest:
By: 

Fiscal Court Clerk

EXHIBIT G

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and the County of Livingston, Kentucky, as lessee dated September 19, 2017.

Requisition Certificate No. _____

The Lessee hereby requests a disbursement from the Participant Disbursement Account in the amount of \$ _____ and hereby certifies, as follows (except that with respect to a disbursement to pay an interest component of Lease Rental Payments during construction of a Project, only the document described in (a) below will be required):

(a) Attached is a statement of the amount and nature of each item of the Costs of the Project to be paid and the name and address of the payee, with the payee's statement and, if reimbursement to the Lessee of amounts previously paid is requested, evidence of such payment;

(b) each item for which payment or reimbursement is requested is or was necessary in connection with the Costs of the Project and none of such items formed the basis for any previous payment from the Participant Disbursement Account;

(c) each contractor, subcontractor and materialman has filed with the Lessee receipts or waivers of liens for all amounts previously certified for payment, or any amount previously certified for reimbursement to the Lessee, or there is on file with the Lessee a cancelled check endorsed by the contractor, subcontractor or materialman evidencing such payment;

(d) all of the warranties and representations of the Lessee contained in the Lease are true and correct as of the date of such disbursement, as though such warranties and representations were made on such date, no Event of Default has occurred under the Lease, the right of the Lessee to control the acquisition, construction and installation of the Project has not otherwise been terminated pursuant to the Lease, and that amounts on deposit in the Participant Disbursement Account will be sufficient to complete the Project in accordance with the approved plans and specifications;

Executed this _____ day of _____, _____.

County of Livingston, Kentucky, Lessee

By: _____
Authorized Lessee Representative.

EXHIBIT H
FORM OF INDEBTEDNESS CERTIFICATE

STATEMENT OF INDEBTEDNESS
KY CONST. §§157 and 158
KRS §66.041


COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF LIVINGSTON)

The undersigned with respect to County of Livingston, Kentucky (the "Lessee"), does hereby certify that the following statements concerning the financial condition of said Lessee are true and correct as they appear from records of the Lessee:

1.	The assessed valuation of all the taxable property in the Lessee as estimated on the last certified assessment is.....	\$ 675,558,073.00
2.	The total of all bonds, notes and other obligations currently issued and outstanding, including the present Lease of \$2,445,000.00	\$ 9,877,138.00
3.	Bonds, notes and other obligations excluded from the calculation of net indebtedness are as follows:	
(a)	Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year.....	\$ 0.00
(b)	Obligations issued after July 15, 1996 by any instrumentality of the Lessee created for the purpose of financing public projects (a properties corporation) for which there is no pledge of taxes or a covenant to levy a tax to pay debt charges.....	\$ 0.00
(c)	Obligations for which there is no pledge of taxes or a covenant to levy a tax to pay debt charges	\$ 0.00
(d)	Obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year.....	\$ 0.00
(e)	Leases entered into under KRS 65.940 to 65.956 that are not tax-supported leases	\$ 0.00
(f)	Bonds issued in the case of an emergency, when the public health or safety should so require	\$ 0.00
(g)	Bonds issued to fund a floating indebtedness	\$ 0.00
	TOTAL EXEMPT OBLIGATIONS.....	\$ 0.00
4.	The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (2 minus 3) is	\$ 9,877,138.00

5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 5 above, does not exceed 2% of the assessed valuation of all the taxable property in the Lessee.
6. The current tax rate of the Lessee, for other than school purposes, upon the value of its taxable property does not exceed \$0.50 per \$100, which is the maximum permissible tax rate for the Lessee as set forth in Section 157 of the Kentucky Constitution.
7. The issuance of the bonds, notes or other obligations set forth in 2 hereof will not cause the current tax rate to increase in an amount which would exceed the maximum permissible tax rate for the Lessee as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this September 19, 2017.

By: 

Judge/Executive

EXHIBIT I

FORM OF TAX CERTIFICATE

CERTIFICATE UNDER SECTIONS 103(b)(2) AND 148 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

PARTICIPANT: County of Livingston, Kentucky

FINANCING AGREEMENT AMOUNT: \$2,445,000

The Participant hereby certifies with respect to a Financing Agreement (the "Financing Agreement") with the Kentucky Association of Counties Finance Corporation (the "Corporation"), funded with a portion of the proceeds of the Bonds, as defined in the Financing Agreement, issued by the Corporation on behalf of the Participant, which is entered into for the purpose of redeeming certain outstanding obligations (the "Prior Obligation"), which financed certain improvements (the "Project") and made as of the date hereof (the "Closing Date"), which is the date of delivery of, and payment for, the Bonds and the Financing Agreement, that the following facts, estimates and circumstances regarding the amount and use of all of the Proceeds, as defined in Treas. Reg. § 1.148-1(b), issued under the Internal Revenue Code of 1986, as amended (the "Code"); of the Financing Agreement are, as of the Closing Date and according to the Participant's best knowledge, information and belief, reasonably expected to exist or to occur (with capitalized terms not defined herein having the meanings given them in the Financing Agreement or the Tax Compliance Agreement attached hereto):

A. Proceeds. The Proceeds of the Financing Agreement consist, and will consist, of the Sale Proceeds, Replacement Proceeds and Investment Proceeds, each as defined in Treas. Reg. § 1.148-1(b), issued under the Code.

B. Purpose of Issue. The Proceeds of the Financing Agreement, together with certain other funds, will be used to advance refund the Prior Obligation to achieve debt service savings, which constitutes a valid governmental purpose (the "Governmental Purpose").

C. Yield on the Financing Agreement. (1) The price at which a substantial amount of the Bonds related to the Financing Agreement were sold is set forth in the Certificate of Financial Advisor attached hereto.

(2) The Yield on the Financing Agreement is equal to the Yield on the portion of the Bonds the proceeds of which financed the Financing Agreement; therefore, the Yield on the Financing Agreement does not exceed the Yield on the portion of the Bonds the proceeds of which financed the Financing Agreement.

D. Application of Proceeds. The Proceeds of the Obligations will be held in used to purchase Investment Property consisting of United States Treasury Obligations to be deposited in an escrow fund (the "Advance Refunding Escrow Fund") for the Prior Obligation no later than thirty days after the Closing Date. [The Issuer will purchase Investment Property only as set forth in Section 2 of this Certificate.]

E. Retirement or Redemption. The Prior Obligation will be retired or redeemed on the first date permitted for redemption. An amount equal to the portion of the Investment Property in the Advance Refunding Escrow Fund, if any, purchased with the amounts on deposit in the bond payment fund for the Prior Obligation will be used to pay Debt Service of or redeem the Prior Obligations before any payment is made with the portion of the Investment Property in the Advance Refunding Escrow Fund purchased with the Proceeds of the Bonds.

F. Investment of Proceeds. (1) The Participant has agreed in the Tax Compliance Agreement that it will not invest any of the Proceeds of the Financing Agreement without the express consent of the Corporation, and any such investments will be done so that such investment will not cause interest on either the Financing Agreement or the Bonds to be includable in the holder's gross income for purposes of federal income taxation or the debt to be treated as "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder.

(2) Compass Municipal Advisors, LLC has prepared and AMTEK has verified the accuracy of certain schedules relating, inter alia, to the respective Yields on the Bonds and on the Investment Property purchased or to be purchased for the Advance Refunding Escrow Fund and the cash flows required to effect the payment of Debt

Service of or redemption of the Prior Obligation, all as described in the verification. The Yield on both the Bonds and the Investment Property in the Advance Refunding Escrow Fund, as shown in these schedules, has been computed as that Yield (determined on the basis of semiannual interest compounding) which, when used in computing the present worth of all payments of Debt Service to be made with respect to particular obligations, produces an amount equal to their purchase price. These schedules demonstrate the Yield on the Bonds to be no more than one one-thousandths of one percentage point (0.00001) greater than the Yield on the Bonds.

(3) Not more than fifty percent (50%) of the Proceeds of the Financing Agreement will be invested in investments that both do not carry out the Governmental Purpose of the Financing Agreement and have a substantially guaranteed yield for at least four (4) years and no more than fifty percent (50%) of the Proceeds of the Prior Obligation were so invested.

(4) No account or fund has been or will be established to pay principal of, premium, if any, or interest on the Financing Agreement. Other than the Reserve Fund, as described in Subsection (4) below, there are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the Financing Agreement, and there are no moneys, sources of funds, securities or obligations with respect to which the Issuer has given or will give any reasonable assurance to any holder of the Financing Agreement that such funds will be available to pay principal of, premium, if any, or interest on the Financing Agreement.

(5) The amounts on deposit in Reserve Fund, which secures the combination of the Financing Agreement and all other financing agreements entered into pursuant to the Program (the "Program Financing Agreements"), on an aggregate basis, should not exceed the least of (i) 10% of the stated principal amount of the Program Financing Agreements, if original issue discount does not exceed 2% times the stated redemption price of the Bonds, or the Issue Price of the Program Financing Agreements, if original issue discount does exceed 2% times the stated redemption price of the Program Financing Agreements, (ii) the maximum annual Debt Service of the Program Financing Agreements, or (iii) 125% of average annual Debt Service of the Program Financing Agreements, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits will not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), issued under the Code, appropriate Yield Reduction Payments will be timely made. For purposes of calculating any Rebate Payments and Yield Reduction Payments due in Connection with the Bonds, the amount of the Reserve Fund allocable to the Financing Agreement will be determined in accordance with Treas. Reg. § 1.148-6.

(6) Any unexpended portion of the Proceeds of the Financing Agreement, including any amounts in the Reserve Fund or any additional Reasonably Required Reserve or Replacement Fund, will be invested as provided in the Trust Indenture for the Bonds and other than any funds described herein invested during an Applicable Temporary Period permitted under Treas. Regs. §§ 1.148-1 through -11, issued under the Code, if any, or any amounts in any Reasonably Required Reserve or Replacement Fund, as described in Treas. Reg. § 1.148-2(f), no Proceeds of the Financing Agreement, or any moneys that may become Replacement Proceeds, as defined in Treas. Reg. § 1.148-1(c), of the Financing Agreement, in excess of the lesser of (i) five percent (5%) of such Proceeds or (ii) \$100,000, will be invested in "higher yielding investments," as defined in the Code and the Treasury Regulations thereunder.

G. General. (1) Neither the Project, nor any part thereof, will be sold or otherwise disposed of by the Participant prior to the final principal maturity date of the Financing Agreement.

(2) The Participant will allocate Proceeds of the Financing Agreement to reimburse itself only for capital expenditures paid not earlier than sixty (60) days prior to the Closing Date or not earlier than sixty (60) days prior to the date it adopted an official expression of intent to reimburse (the "Official Expression of Intent"), within the meaning of Treas. Reg. § 1.150-2, issued under the Code, if earlier, or as otherwise permitted pursuant to Treas. Reg. § 1.150-2.

(3) There are no amounts, other than the Gross Proceeds of the Financing Agreement that are available for the Governmental Purpose. Other than the Reserve Fund, there are no sinking funds or pledged funds and the term of the Financing Agreement is not longer than reasonably necessary for the Governmental Purpose.

(4) Any Rebate Payments and any Yield Reduction Payments, owed pursuant to Section 148(f) of the Code, will be remitted to the United States Treasury as directed by the Corporation, pursuant to the Tax Compliance Agreement entered into with respect to the Bonds.

(5) The Participant has not employed in connection with the Financing Agreement a transaction or series of transactions that attempts to circumvent the provisions of Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder, enabling the Participant to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and/or increasing the burden on the market for tax-exempt obligations through actions such as issuing more obligations, issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary for the Governmental Purpose.

(6) The Issuer has never been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that the Participant's certification with respect to its obligations may not be relied upon and no notice to that effect has been published in the Internal Revenue Bulletin.

(7) With respect to the Financing Agreement, the first, and each subsequent, "Bond Year", as defined in Treas. Reg. §1.148-1(b) shall end on February 1, commencing with the first February 1, subsequent to the Closing Date.

(8) Certain of the facts, estimates and circumstances contained herein are based upon representations made by the Financial Advisor in the attached certificate, or in other letters and reports that accompany the sundry closing documents related to the sale and delivery of the Financing Agreement and the Bonds. The Participant is not aware of any facts, estimates or circumstances that would cause it to question the accuracy of such representations. To the best of the knowledge, information and belief of the undersigned, who is authorized by the Participant to sign this certificate on behalf of the Participant, the above expectations of the Participant as stated herein are reasonable and there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

CHECK IF APPLICABLE

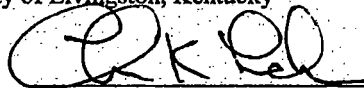
(9) During this calendar year, the Participant, which has general taxing powers, has not issued and does not expect to issue tax-exempt bonds, including any tax-exempt bonds issued by any subordinate entities, but excluding "private activity bonds," as defined in the Section 141 of the Code, and any refunding bonds, as defined in Section 148(f)(4)(D)(iii) of the Code, exceeding \$5,000,000 in aggregate face amount.

(10) Participant does not reasonably anticipate that the total principal amount of "tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the Participant or any subordinate entity of the Participant will issue during the calendar year in which the Financing Agreement is executed and delivered will exceed \$10,000,000; and, therefore, the Participant hereby designates the Financing Agreement as a "qualified tax-exempt obligation".

This certificate is being executed and delivered pursuant to Treas. Regs. §§ 1.148-1 through -11 issued under the Code, of which the undersigned, with the advice of counsel, is generally familiar. On the basis of the foregoing, it is not expected that the proceeds of the Financing Agreement will be used in a manner that would cause the Financing Agreement or the Bonds to be "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code or the Treasury Regulations thereunder.

County of Livingston, Kentucky

By:



Judge/Executive


Dated: September 19, 2017

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned hereby certifies on behalf Compass Municipal Advisors, LLC (the "Financial Advisor") that (1) the Bonds were sold by competitive sale on August 29, 2017 (the "Sale Date") under a written and binding agreement, dated the Sale Date, the terms of which have not been materially altered since the Sale Date; (2) the purchase prices for the Bonds are set forth in Exhibit A hereto, which purchase prices were not less than the fair market value of each maturity of the Bonds as of the Sale Date; (3) it is of the opinion that the amount deposited in the Reserve Fund is reasonable and necessary because no reserve fund or a reserve fund in a lesser amount would adversely affect the interest rates at which the Bonds could be sold; and (4) this certificate may be relied upon by the Participant in executing the foregoing certificate and by Dinsmore & Shohl LLP in rendering any opinion with respect to the Bonds or the Financing Agreement.

COMPASS MUNICIPAL ADVISORS, LLC

By: _____



Title: _____

Dated: September 19, 2017

**Attachment to No-Arbitrage Certificate
TAX COMPLIANCE AGREEMENT**

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

PARTICIPANT: County of Livingston, Kentucky

DATE OF AGREEMENT: September 19, 2017

FINANCING AGREEMENT AMOUNT: \$2,445,000

This Tax Compliance Agreement relates to a Financing Agreement between the Participant and the Kentucky Association of Counties Finance Corporation dated the date of this Tax Compliance Agreement.

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "Tax Compliance Agreement") is made and entered into as of the date shown on the cover page hereto between the KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION (the "Corporation") and the Participant shown on the cover page hereto (the "Participant"):

WITNESSETH:

WHEREAS, the Participant has agreed, in a financing agreement (the "Financing Agreement") dated the date hereof (with capitalized terms not defined herein having the meanings given them in the Financing Agreement) to borrow the Financing Agreement Amount shown on the cover page hereto pursuant to a Program administered by the Corporation and funded with the portion of the proceeds of Bonds issued by the Corporation on behalf of the Participant to redeem certain obligations of the Lessee (the "Prior Obligation") the proceeds of which were used to finance the project identified in the Financing Agreement (the "Project"); and

WHEREAS, it is necessary for the parties hereto to enter into this Tax Compliance Agreement to ensure that interest paid on the Bonds and on the Financing Agreement shall all be and shall all remain excludible from gross income for Federal income purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and is not and will not become a specific item of tax preference under Section 57(a)(5)(C) of the Code for the federal alternative minimum tax and to comply with the requirements of the No-Arbitrage Certificate (as hereinafter defined).

NOW, THEREFORE, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. In addition to words and terms defined elsewhere in this Tax Compliance Agreement, the Code and Regulations, the No-Arbitrage Certificate, the Indenture and the Financing Agreement, the following capitalized words and terms used in this Tax Compliance Agreement shall have the following meanings, unless some other meaning is plainly intended:

"AMT Bond" means a Qualified Private Activity Bond, other than a Qualified 501(c)(3) Bond, the interest on which is a specific item of tax preference under Section 57(a)(5) of the Code, subject to the federal alternative minimum tax under Section 55 of the Code.

"Arbitrage Bond" means any obligation of a Governmental Entity that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

"Applicable Temporary Period" means the temporary investment period available for each particular category of Gross Proceeds of Governmental Obligations, as provided in Treas. Reg. § 1.148-2(e), issued under the Code, during which time the Gross Proceeds may be invested at a Materially Higher Yield. The Applicable Temporary Period for amounts in a Capital Acquisition Fund ends three years, after the Closing Date of Governmental Obligations, the Applicable Temporary Period for amounts deposited into a Bona Fide Debt Service Fund ends thirteen months after the date of deposit into the fund, the Applicable Temporary Period for Investment Proceeds of Governmental Obligations ends one year after the date of receipt or deemed receipt of the monies, the Applicable Temporary Period for Replacement Proceeds of Governmental Obligations ends thirty days after the date the amounts become Replacement Proceeds and the Applicable Temporary Period for Disposition Proceeds of Governmental Obligations will be determined under Treas. Reg. § 1.141-12(a), issued under the Code.

"Bona Fide Debt Service Fund" means a fund that is used primarily to achieve a proper matching of revenues with Debt Service of Governmental Obligations within each Bond Year and is depleted at least once each Bond Year, except for the Permitted Carryover.

"Bond Counsel" means a nationally recognized bond counsel experienced in municipal finance, particularly in the issuance of bonds the interest on which is excluded from gross income pursuant to the Code.

"Bond Year" means the period commencing on the Closing Date of Governmental Obligations and ending on a date no later than one year after the Closing Date and then each one-year period commencing the day after such date and each anniversary of such date thereafter.

"Capital Acquisition Fund" means a fund that is to be used to finance the acquisition or construction of assets that qualify as Capital Expenditures.

"Capital Expenditure" means any expense that is properly depreciable or amortizable or is otherwise treated as a capital expenditure under the Code, and for the purposes of determining eligible Reimbursement Allocations, Costs of Issuance.

"Closing Date" means the date of this Tax Compliance Agreement.

"Cost of Issuance" means any expenditure incurred in connection with the issuance of the Financing Agreement or the Participant's share of such expenditures relating to the Bonds, including such costs as underwriters' spread, rating agency fees, appraisal costs, attorneys' and accounts' fees and printing costs, but excluding Qualified Guarantee Fees or expenditures incurred in connection with the acquisition of the Project.

"Debt Service" means any principal and interest payments on obligations.

"Disposition Proceeds" means the amounts, including property, received from the sale, exchange or other disposition of the Project.

"Disproportionate Private Use" means the excess of Related Private Use over the Related Governmental Use.

"Federally-Guaranteed" means having the payment of either the principal or interest on any portion of the Financing Agreement or any loan made with the Proceeds of any portion of the Financing Agreement guaranteed, in whole or in part, directly or indirectly, by the United States, or acquiring any Investment Property that is, directly or indirectly federally-insured, except as otherwise permitted by Section 149(b) of the Code.

"Governmental Entity" means any State and any political subdivision and agency of any State.

"Governmental Facility" means any property owned by one or more Governmental Entities financed or refinanced with Governmental Bonds, if no more than 10% of the property is used by Private Users.

"Governmental Issuer" means the Governmental Entity that is the debtor on or issuer of a Governmental Obligation.

"Governmental Obligation" means any debt obligation of a Governmental Entity.

"Gross Proceeds" means Sale Proceeds, Investment Proceeds, Transferred Proceeds and Replacement Proceeds, determined pursuant to Treas. Regs. §§ 1.148-1(b) and -1(c), all until spent.

"Investment Proceeds" means any amounts actually or constructively earned or received from investing the Proceeds in Investment Property.

"Investment Property" means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (not including any Tax-Exempt Bond other than an AMT Bond), annuity contract or other investment-type property and any Residential Rental Property.

"Materially Higher Yield" means any Yield that is greater than the Yield permitted to be earned under Section 148 of the Code and Treas. Regs. §§ 1.148-1 through -11, issued under the Code.

"Minor Portion" means an amount of the Proceeds of Governmental Obligations, other than Proceeds invested in a Reasonably Required Reserve or Replacement Fund or Proceeds invested during an Applicable Temporary Period, not in excess of the lesser of (i) 5% of the Proceeds of the Financing Agreement, or (ii) \$100,000.

"No-Arbitrage Certificate" means the "Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended," for the Bonds and the Financing Agreement given by the Participant, including certifications given with respect thereto by the Financial Advisor.

"Non-Governmental Entity" means any person or entity, other than a Governmental Entity.

"Nonpurpose Investment" means any Investment Property other than a Purpose Investment.

"Pledged Fund" means any amount pledged, directly or indirectly, to pay principal of or interest on the Financing Agreement and which provides reasonable assurance of such amounts being paid even if the Participant experiences financial difficulties, including amounts subject to a negative pledge.

"Private Activity Bond" means any Governmental Obligation if (i) there is more than 10% Private Use of the Proceeds of the obligations and more than 10% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly, by any Private User; (ii) more than the lesser of 5% of the Proceeds of the obligations or \$5,000,000 is used to make Private Loans; (iii) there is more than 5% in the aggregate of Unrelated Private Use and Disproportionate Private Use and more than 5% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly with respect to or from property financed with the Proceeds of the obligations that is used in an Unrelated Private Use or Disproportionate Private Use; all as described in Section 141 of the Code.

"Private Loan" means any loan, directly or indirectly, of any of the Proceeds of an obligation of a Governmental Entity to any Non-Governmental Entity.

"Private Use" means the use of any Proceeds of the Financing Agreement or any facilities financed with such Proceeds by Private Users.

"Private User" means any Non-Governmental Entity, other than a natural person not engaged in a trade or business.

"Purpose Investment" means Investment Property purchased with Gross Proceeds of the Governmental Obligations to carry out the governmental purpose for which the obligations were issued, as provided in Treas. Reg. §1.148-1(b), issued under the Code.

"Qualified 501(c)(3) Bond" means any Qualified Private Activity Bond that satisfies the requirements of Section 145 of the Code.

"Qualified Private Activity Bond" means any Private Activity Bond that satisfies the requirements of Section 141(e) of the Code.

"Reasonably Required Reserve or Replacement Fund" means any fund that is pledged as security for or is available for payment of any Debt Service of any Governmental Obligation and is reasonably required by a lender, a State or other governmental or regulatory authority having jurisdiction over the Governmental Issuer, a national bond rating agency, or an underwriter or financial advisor and that satisfies the limitations of Treas. Reg. §1.148-2(f), issued under the Code.

"Rebate Amount" means the amount determined by the Corporation pursuant to the No-Arbitrage Certificate.

"Rebate Payment" means any payment of the Rebate Amount made to the United States Treasury.

"Redemption Date" means the date on which the last of the principal of and interest on the Financing Agreement has been paid, whether upon maturity, redemption or acceleration thereof.

"Reimbursement Allocation" means a written allocation of the Proceeds of the Financing Agreement intended to reimburse the Participant for Capital Expenditures for the Project that were paid prior to the Closing Date, provided that any such allocation is made no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the Project was placed in service, but in no event later than three (3) years after the payment date. Any written allocation made within thirty (30) days after the Closing Date shall be treated as if made on the Closing Date.

"Reimbursement Resolution" means a declaration of intent, under Treas. Reg. §1.150-2, by the Participant to finance, by issuing debt, Capital Expenditures. For this purpose, the issuance of debt to finance specific facilities shall constitute a Reimbursement Resolution, the date of adoption of which shall be no later than the Closing Date of such debt.

"Related Private Use" means any Private Use that is not Unrelated Private Use.

"Replacement Proceeds" means amounts replaced by Proceeds of the Financing Agreement, including any sinking fund, Pledged Fund, restricted gifts (not including qualified endowment funds, pursuant to Treas. Reg. § 1.148-6(d)(3)(iii)(C)) or reserve or replacement fund, or other funds that would be available, directly or indirectly, to pay debt service on any of the Financing Agreement, within the meaning of Treas. Reg. § 1.148-1(c).

"Research Agreement" means an agreement between the Participant and a Private User under which the Participant or the Private User uses any portion of the Project to carry on research.

"Residential Rental Property" means any residential rental property for family units not located in the jurisdiction of the Governmental Issuer or not acquired to implement a court ordered or approved housing desegregation plan.

"Sale Proceeds" means the Financing Agreement Amount shown on the cover page hereto.

"Service Contract" means a contract between the Participant and a Service Provider under which the Service Provider provides services involving any portion or function of a Governmental Facility financed with Governmental Bonds.

"Service Provider" means any Private User that provides management or other services.

"State" means any state and possession of the United States and the District of Columbia.

"Tax-Exempt Bond" means (i) any Governmental Obligation the interest on which is excludible from gross income for federal income tax purposes, under Sections 103 and 150(a)(6) of the Code, (ii) any Pre-TRA Bond, (iii) certain tax-exempt mutual funds, as provided in Treas. Reg. § 1.150-1(b), issued under the Code, and (iv) any Demand Deposit SLGS.

"Transferred Proceeds" means transferred proceeds as defined in Treas. Reg. §1.148-9.

"Treasury Regulation" and "Treas. Reg." means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department pursuant to the Code or the 1954 Code, as appropriate.

"Unrelated Private Use" means any Private Use that is not related to the Use by a Governmental Entity of Governmental Facilities.

"Yield" means, pursuant to Treas. Regs. §§ 1.148-4 and -5, that discount rate which, when computing the present value of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in

the case of the Financing Agreement, the Issue Price and in the case of any Investment Property, the fair market value, as provided in Treas. Reg. § 1.148-5(d).

"Yield Reduction Amount" means the amount determined by the Corporation pursuant to the Tax Regulatory Agreement.

"Yield Reduction Payment" means any payment of the Yield Reduction Amount made to the United States Treasury.

SECTION 1.02. Interpretative Rules. For all purposes of this Tax Compliance Agreement, except as otherwise expressly provided or unless the context otherwise requires (a) "Tax Compliance Agreement" means this instrument, as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof; (b) all references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed; (c) the words "herein," "hereof," "hereunder" and "herewith" and other words of similar import refer to this Tax Compliance Agreement as a whole and not to any particular Article, Section or other subdivision; (d) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; (e) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (f) the terms defined elsewhere in this Tax Compliance Agreement shall have the meanings therein prescribed for them; (g) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders; (h) the headings used in this Tax Compliance Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE II

COVENANTS AND REPRESENTATIONS OF CORPORATION AND THE PARTICIPANT ACKNOWLEDGEMENTS BY, DIRECTIONS TO AND FROM CORPORATION AND THE PARTICIPANT

SECTION 2.01. Authority and Organization. (a) The Participant represents for the benefit of the Corporation that it is a political subdivision of the Commonwealth of Kentucky with the power, among others, to enter into the Financing Agreement in furtherance of its corporate purposes, including financing the cost of the Project; and

(b) The Corporation represents for the benefit of the Participant that (i) the Corporation is a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky; and (ii) the Corporation has full power and authority granted to it by the Commonwealth of Kentucky to establish a program to enter into fixed rate financing agreements with counties, political subdivisions and public agencies of the Commonwealth of Kentucky.

SECTION 2.02. Use of Proceeds. The Participant represents that:

(a) **No Private Use of Proceeds.** No more than 10% of the Use of either the Proceeds of the Financing Agreement or the Project may be Private Use if more than 10% of the principal of or interest on the Financing Agreement is secured or to be paid, either directly or indirectly, by any Private User, no more than 5% of the Use of either the Proceeds of the Obligations or the Project may be for an Unrelated Private Use or Disproportionate Private Use and no more than the lesser of 5% of the Proceeds of the Financing Agreement or \$5,000,000 may be used to make Private Loans.

(b) **Expectations.** The Prior Obligation will be retired or redeemed on the first date permitted for redemption.

(c) **Use of the Project.** The Participant will own or lease and operate the Project during the entire term of the Financing Agreement and will not change the use or ownership of any part of a Project during the entire term of the Financing Agreement without consultation of Bond Counsel and the prior written consent of the Corporation.

(d) Application of Proceeds. The Proceeds of the Obligations must be used to purchase Investment Property to be deposited in an escrow fund (the "Advance Refunding Escrow Fund") for the Prior Obligation no later than thirty days after the Closing Date. The Issuer will purchase Investment Property only as set forth in the following paragraph (e). The Yield on the Investment Property to be deposited in the Advance Refunding Escrow Fund must be restricted or limited in order to prevent the Bonds from becoming Arbitrage Bonds, the Participant shall and shall so instruct any holder of the Sale Proceeds or Investment Proceeds of the Financing Agreement to take such action or actions as may be necessary to restrict or limit the yield on such investments as set forth in, and in accordance with, such instruction.

(e) Investment Limitations. (i) The Participant will restrict the investment of the Proceeds of the Financing Agreement and take such other actions as may be necessary so that the Financing Agreement will not constitute Arbitrage Bonds. Except for an amount equal to the Minor Portion and amounts in Reasonably Required Reserve or Replacement Funds, neither the Gross Proceeds of the Financing Agreement nor any Disposition Proceeds of the Financing Agreement may be invested at a Materially Higher Yield after the expiration of any Applicable Temporary Periods, unless any permitted Yield Reduction Payments are made.

(ii) The Participant should invest the Proceeds of the Financing Agreement separately from its other investments.

(iii) No more than 50% of the Sale Proceeds of the Financing Agreement may be invested in Nonpurpose Investments with a substantially guaranteed Yield for four or more years.

(iv) Either no amount on deposit in all Reasonably Required Reserve or Replacement Funds for the combination of the Financing Agreement and all other financing agreements entered into pursuant to the Program (the "Program Financing Agreements") on an aggregate basis, should exceed the least of (i) 10% of the stated principal amount of the Program Financing Agreements, if original issue discount does not exceed 2% times the stated redemption price of the Obligations, or the Issue Price of the Program Financing Agreements, if original issue discount does exceed 2% times the stated redemption price of the Program Financing Agreements, (ii) the maximum annual Debt Service of the Program Financing Agreements, or (iii) 125% of average annual Debt Service of the Program Financing Agreements, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits may not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), issued under the Code, appropriate Yield Reduction Payments should be timely made.

(v) If at any time, either the Participant determines or is informed that the Yield on the investment of moneys held by itself or any other person must be restricted or limited in order to prevent the Bonds from becoming Arbitrage Bonds, the Participant shall and shall so instruct any holder of the Sale Proceeds or Investment Proceeds of the Financing Agreement to take such action or actions as may be necessary to restrict or limit the yield on such investments as set forth in, and in accordance with, such instruction.

(f) Federal Guarantees. The Gross Proceeds will not be invested in any Investment Property that is Federally-Guaranteed.

SECTION 2.03. Service Contracts. The Participant represents that it will not enter into any Service Contracts or management contracts with respect to the Project without the prior written consent of Bond Counsel and the Corporation.

SECTION 2.04. Research Agreements. The Participant represents that it will not enter into any Research Agreements with respect to the Project without the prior written consent of the Corporation.

SECTION 2.05. Changes in Use or User of Project. The Participant represents that (a) no part of the Project will be sold, otherwise disposed of or leased without the prior written consent of the Corporation; (b) it will not permit any use of its Project by any person or entity other than itself without the prior written consent of the Corporation; (c) any portion of a Project consisting of personal property may be sold in the ordinary course of an established governmental program if (i) the weighted average maturity of the portion of the Financing Agreement

financing the personal property was not greater than one hundred twenty percent (120%) of the reasonably expected actual use of such personal property by the Participant, (ii) the Participant expected at the date of the Financing Agreement that the fair market value of the personal property at the time of disposition would not be greater than twenty-five percent (25%) of its cost and (iii), at the time of disposition, the personal property is no longer suitable for the governmental purpose for which it was acquired.

SECTION 2.06. Investments. The Participant will invest the Gross Proceeds of the Financing Agreement and any Disposition Proceeds of the Financing Agreement only under the Investment Agreement unless otherwise authorized in writing by the Corporation.

SECTION 2.07. Records. The Participant represents that proper records and accounts, containing complete and correct entries of all transactions relating to the Financing Agreement, the use of the Gross Proceeds of the Financing Agreement and the expenditures made in connection with the acquisition of the Project, will be maintained. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.08. Payment of Arbitrage Compliance Amounts. The Participant represents that all actions necessary to comply with the Yield limitations applicable to investments of the Sale Proceeds and Investment Proceeds of the Financing Agreement and the Rebate requirements contained in Section 148(f) of the Code and the Treasury Regulations thereunder will be taken. Immediately upon the request of the Corporation, the Participant will assemble copies of records concerning investments of Gross Proceeds of the Financing Agreement, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement. In particular, the Participant will provide the Corporation with information that will enable the Corporation to determine if any Rebate Amount is payable. The Participant will pay any Rebate Payment and any Yield Reduction Payment owed with respect to the Gross Proceeds of the Financing Agreement, as determined by the Corporation. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.09. Information Reporting Requirements. The Participant represents that it will timely execute and file any information reports required under Section 149(e) of the Code (Form 8038-G) or as required by the Corporation.

SECTION 2.10. Compliance with Tax Compliance Agreement. (a) The Participant and the Corporation may, at any time, employ bond counsel, independent certified public accountants, or other qualified experts acceptable to the Corporation to perform any of the requirements imposed upon the Participant by this Tax Compliance Agreement.

(b) The Participant and the Corporation agree, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Regulations, effective retroactively, and the Participant and the Corporation shall take all actions necessary to amend this Tax Compliance Agreement to comply therewith.

(c) Whenever any action or direction is required of the Participant hereunder, such action or direction may, or in the absence of any such action or direction may be made by the Corporation.

SECTION 2.11. Section 265 Designation. (a) The Corporation hereby designates the Financing Agreement as "qualified tax-exempt obligations" for purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the Participant certifies that the Financing Agreement will not be at any time "private activity bonds" (as defined in Section 141 of the Code) other than "qualified 501(c)(3) bonds" (as defined in Section 145 of the Code). The Corporation further certifies that, as of the date hereof in the current calendar year, (i) no tax-exempt obligations of any kind other than the Bonds have been issued for the benefit of the Participant, and (ii) not more than \$10,000,000 of obligations of any kind (including the Bonds) benefitting the Participant during the current calendar year will be designated for purposes of Section 265(b)(3) of the Code.

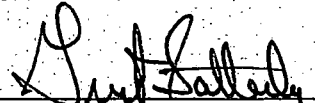
(b) The Participant is not subject to Control by any entity, and there are no entities subject to Control by the Participant.

(c) On the date hereof, the Participant does not reasonably anticipate that for the current calendar year any Section 265 Tax-Exempt Obligations (except for the Financing Agreement) will be issued for its benefit. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludible from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds. The Corporation will not issue for the benefit of the Participant or any entity subject to control by the Participant (which may hereafter come into existence) of Section 265 Tax-Exempt Obligations (including the Financing Agreement) that exceed the aggregate amount of \$10,000,000 during the current calendar year unless it first obtains an opinion of Bond Counsel to the effect that such issuance will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purpose and within the meaning of Section 265(b)(3) of the Code.

IN WITNESS WHEREOF, the Participant and the Corporation have each caused this Tax Compliance Agreement to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth on the cover page hereto.

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By:


Secretary

County of Livingston, Kentucky

By:


Judge/Executive

EXHIBIT J

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of the date shown below between the County of Livingston, Kentucky (the "Participant") and Kentucky Bond Corporation, as disclosure agent (the "Disclosure Agent").

RECITALS

WHEREAS, the Participant has entered into a Lease (the "Lease") dated the date hereof with respect to which the Corporation issued its Bonds (the "Corporation Bonds") under the Indenture described in the Lease, and offered and sold the Corporation Bonds pursuant to an offering circular containing information regarding the Participant (the "Offering Document"); and

WHEREAS, the Disclosure Agent and the Participant, wish to provide for the disclosure of certain information concerning the Lease and the Corporation Bonds and other matters on an ongoing basis as set forth herein for the benefit of Holders of Corporation Bonds in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Lease, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Lease, as amended and supplemented from time to time. Any such successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Participant which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Participant may change the accounting principles used for preparation of such financial information so long as the Participant includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Corporation Bonds (including persons holding Corporation Bonds through nominees, depositories or other intermediaries).

"Holders of Bonds" shall mean any holder of the Corporation Bonds and any Beneficial Owner thereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean, to the extent the Participant obtains knowledge, (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the security; (vii) modifications to rights of security holders, if material; (viii) bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event; (ix) defeasances; (x) release, substitution or sale of property securing repayment of the securities; (xi) rating changes; (xii) bankruptcy,

insolvency, receivership or similar event; (xiii) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Participant, other than in the ordinary course of business, or entering into or terminating an agreement relating to any such actions; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material and (xv) failure (of which the Participant has knowledge) to provide the required Annual Financial Information on or before the date specified herein; provided, that the occurrence of an event described in clauses (i), (iii), (iv), (v), (viii), (ix) and (xi) shall always be deemed to be material. The SEC requires the listing of (i) through (xv) although some of such events may not be applicable to the Corporation Bonds.

"Operating Data" shall mean an update of the Operating Data contained in the Offering Document, if any.

"Participating Underwriter" shall mean any of the original underwriters of the Corporation Bonds required to comply with the Rule in connection with the offering of the Corporation Bonds.

"Release" shall mean Securities and Exchange Commission Release No. 34-34961.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository ("SID"), as such term is used in the Release, if and when a SID is created for the State.

"State" shall mean the Commonwealth of Kentucky.

"Turn Around Period" shall mean (i) five (5) business days, with respect to Annual Financial Information and Operating Data delivered by the Participant to the Disclosure Agent; (ii) two (2) business days with respect to Material Event occurrences disclosed by the Participant to the Disclosure Agent; or (iii) two (2) business days with respect to the failure, on the part of the Participant, to deliver Annual Financial Information and Operating Data to the Disclosure Agent which period commences upon notification by the Participant of such failure, or upon the Disclosure Agent's actual knowledge of such failure.

(B) This Agreement applies to the Corporation Bonds and the Lease.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Corporation Bonds or the Lease except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Agent, as Program Administrator, under the Indenture. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Participant, apart from the relationship created hereby, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except in its capacity as Program Administrator under the Indenture or except as may be provided by written notice from the Participant.

Section 2. Disclosure of Information

(A) General Provisions. This Agreement governs the Participant's direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting not as Program Administrator but as the Participant's agent; provided that the Disclosure Agent shall be entitled to the same protection in so acting under this Agreement as it has in acting as Program Administrator under the Indenture.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Participant shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 300 days after the end of Participant's current fiscal year and continuing with each fiscal year thereafter, for which the information is provided, taking into account the Turn Around Period, and, in addition, all information with respect to the Corporation Bonds required to be disseminated by the Trustee pursuant to the Indenture.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(3) Failure to Provide Annual Financial Information. Notice of the failure of Participant to provide the Annual Financial Information and Operating Data by the date required herein.

(C) Information Provided by Disclosure Agent to Public.

(1) The Participant directs the Disclosure Agent on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Participant's agent in so making public, the following:

(a) the Annual Financial Information and Operating Data;

(b) Material Event occurrences;

(c) the notices of failure to provide information which the Participant has agreed to make public pursuant to subsection (B)(3) of this Section 2;

(d) such other information as the Participant shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(2) of this Section 2. If the Participant chooses to include any information in any Annual Financial Information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Agreement, the Participant shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of a Material Event; and

(2) The information which the Participant has agreed to make public shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Agent as Program Administrator by the Participant, in the form required by the Lease or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, the Operating Data, the Material Event occurrences and the failure to provide the Annual Financial Information and Operating Data within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information, Operating Data and Material Events shall be made public on the same day as notice thereof is given to the Holders of Bonds of outstanding Corporation Bonds, if required in the Indenture, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Participant to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Participant or the Disclosure Agent under this Agreement if it is transmitted as provided in subsection (D)(2) of this Section 2 by the following means:

(a) to the Holders of Bonds of outstanding Corporation Bonds, by the method prescribed by the Indenture;

(b) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Participant or the Disclosure Agent is authorized to transmit information to a MSRB by whatever means are mutually acceptable to the Disclosure Agent or the Participant, as applicable, and the MSRB; and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Participant or the Disclosure Agent is authorized to transmit information to a SEC by whatever means are mutually acceptable to the Disclosure Agent or the Participant, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Annual Financial Information and Operating Data shall be made available to the MSRB;

(b) notice of all Material Event occurrences and all notices of the failure to provide Annual Financial Information or Operating Data within the time specified in Section 2(B)(1) hereof shall be made available to the MSRB; and

(c) all information described in clauses (a) and (b) shall be made available to any Holder of Bonds upon request, but need not be transmitted to the Holders of Bonds who do not so request.

(d) to the extent any Annual Financial Information or Operating Data is included in a document filed with the MSRB or the SEC, the Participant shall have been deemed to have provided that information if a statement specifically referencing the filed document is filed with the MSRB as part of the Participant's obligation to file Annual Financial Information and Operating Data pursuant to this Agreement. Additionally, if the referenced document is a final official statement (as that term is defined in Rule 15c2-12(f)(3)), it must be available from the MSRB.

With respect to requests for periodic or occurrence information from Holders of Bonds, the Disclosure Agent may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Participant for response.

(E) Disclosure Agent Compensation. The Participant shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement as provided in the Lease.

(F) Indemnification of Disclosure Agent. The Participant shall indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Participant shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Participant under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Corporation Bonds.

Section 3. Amendment or Waiver. Notwithstanding any other provision of this Agreement, the Participant and the Disclosure Agent may amend this Agreement (and the Disclosure Agent shall agree to any reasonable amendment requested by the Participant) and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel or counsel expert in federal securities laws acceptable to both the Participant and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

Section 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Corporation Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Corporation Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Participant, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Holders of Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate when all of the Corporation Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If an event of default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4(G), the non-defaulting party or any such beneficiary may (and, at the request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Corporation Bonds, the non-defaulting party shall), enforce the obligations of the defaulting party under this Agreement; provided, however, the sole remedy available in any proceeding to enforce this Agreement shall be an action in mandamus, for specific performance or similar remedy to compel performance.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Participant, the Trustee, the Disclosure Agent, the Participating Underwriter and Holders of Bonds, and shall create no rights in any other person or entity.

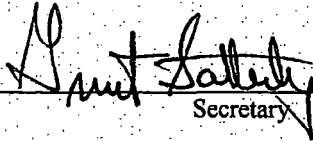
Section 5: Additional Disclosure Obligations. The Participant acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Participant, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Participant under such laws.

Section 6. Notices. Notices shall be provided in the manner set forth in the Lease.

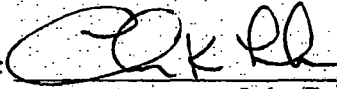
IN WITNESS WHEREOF, the Disclosure Agent and the Participant have each caused their duly authorized officers to execute this Agreement, as of the date set forth below.

DATE OF AGREEMENT: September 19, 2017

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By:  Secretary

County of Livingston, Kentucky

By:  Judge/Executive

COURTHOUSE
P.O. BOX 97
SMITHLAND, KY 42081
270-928-2880
1-800-599-2880
FAX 270-928-4612

BILLY N. RILEY
LIVINGSTON COUNTY ATTORNEY

ALLEN O. WILSON
ASSISTANT COUNTY ATTORNEY

EXHIBIT E
OPINION OF LESSEE'S COUNSEL

September 19, 2017

U.S. Bank National Association, Trustee
Corporate Trust Services
614 West Main Street, Suite 2600
Louisville, Kentucky 40202

Kentucky Association of Counties Finance Corporation
400 Englewood Drive
Frankfort, Kentucky 40601

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and the County of Livingston, Kentucky, as lessee

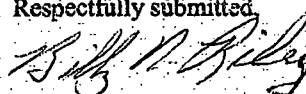
Ladies and Gentlemen:

We have acted as counsel to the lessee identified above (the "Lessee") in connection with the authorization, execution, and delivery by the Lessee of the Lease Agreement identified above, (the "Lease"), between the Lessee and Kentucky Association of Counties Finance Corporation (the "Lessor"). We have reviewed (i) the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), (ii) certain proceedings taken by the Governing Body of the Lessee, (iii) an executed copy of the Lease, and (iv) such other information and documents as we have deemed necessary or appropriate in order to render this opinion.

Based on the foregoing, we are of the opinion that:

1. The Lessee is a body politic and corporate, validly organized and existing in good standing under the laws of the Commonwealth and has full power and authority to enter into and to perform its obligations under the Lease.
2. The Lease has been duly authorized, executed and delivered by the Lessee and (assuming the due authorization, execution and delivery thereof by the other parties thereto) constitute legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.
3. All consents, approvals or authorizations of any governmental entity and all filings and notices required on the part of the Lessee in connection with the authorization, execution and delivery of the Lease and the consummation of the transactions contemplated thereby have been obtained and are in full force and effect.
4. Neither the execution and delivery of the Lease nor the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Lease conflict with or constitute a violation of any provision of any law or regulation applicable to the Lessee or, to the best of our knowledge after reasonable investigation, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound.
5. To the best of our knowledge, after reasonable investigation, there is no action, suit, proceeding or governmental investigation at law or in equity before or by any court, public board or body, pending of which the Lessee has been served with a summons, summons and complaint or other notice of commencement, or threatened against or affecting the Lessee, challenging the validity of the Lease or contesting the power and authority of the Lessee to execute and deliver the Lease or to consummate the transactions contemplated by the Lease.

Respectfully submitted



ORDINANCE NO. 20170-09-05-04

AN ORDINANCE APPROVING A LEASE FOR THE FINANCING OF A PROJECT; PROVIDING FOR THE PAYMENT AND SECURITY OF THE LEASE; CREATING A SINKING FUND; AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE; AND DECLARING AN EMERGENCY.

WHEREAS, the governing body of the County of Livingston, Kentucky (the "Lessee") has the power, pursuant to Section 65.940 et seq. of the Kentucky Revised Statutes to enter into lease agreements with or without the option to purchase in order to provide for the use of the property for public purposes; and

WHEREAS, the governing body of the Lessee (the "Governing Body") has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined in the Lease hereinafter described; and

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee enter into a Lease Agreement (the "Lease"), to be administered by Kentucky Association of Counties Leasing Trust (the "Program Administrator") and funded by the bank or financial institution offering the lowest and best interest rate, as selected by the Lessee upon the advice of the Program Administrator (the "Lessor"), for the leasing by the Lessee from the Lessor of the Project; and

WHEREAS, the Governing Body has determined, in accordance with Section 66.078 of the Kentucky Revised Statutes, that in order to insure timely payment of the costs of the Project it is necessary at this time that the Governing Body adopt this Ordinance in emergency session.

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

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") in substantially the form presented to this Governing Body. The recitals in this Ordinance are incorporated herein as if set forth in this Section in their entirety and are hereby found and determined to be true and correct. It is further found and determined that the Project identified in the Lease is public property to be used for public purposes, that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the closing memorandum with respect to the Lease, or as may be required by the Lessor prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Judge/Executive and Fiscal Court Clerk of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

Section 2. General Obligation Pledge. Pursuant to the Constitution of the Commonwealth and Chapter 66 of the Kentucky Revised Statutes, as amended (the "General Obligation Statutes"), the obligation of the Lessee created by the Lease shall be a full general obligation of the Lessee and, for the prompt payment of the Lease Payments, the full faith, credit and revenue of the Lessee are hereby pledged. During the period the Lease is outstanding, there shall be and there hereby is levied on all the taxable property in the Lessee, in addition to all

other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease Payments on the Lease when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof; provided, however, that in each year to the extent that the other taxes of the Lessee are available for the payment of the Lease Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the Lessee shall be reduced by the amount of such other taxes so available and appropriated.

There is hereby established, or it is acknowledged that there has heretofore been established, with the Lessee a sinking fund (the "Sinking Fund"). The funds derived from said tax levy hereby required or other available taxes shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of all obligations issued under the General Obligation Statutes and all Tax Supported Leases, as defined in the General Obligation Statutes, including the Lease herein authorized, when and as the same fall due. Amounts shall be transferred from the Sinking Fund to the Lessor at the times and in the amounts required by the Lease.

Section 3. Administration of the Lease. The Kentucky Association of Counties Leasing Trust is hereby acknowledged to be the program administrator under the Lease.

Section 4. Declaration of an Emergency. This Governing Body hereby finds and determines that an emergency exists as a result of the bonds related to the Lease being scheduled to close prior to the date of the next regularly scheduled meeting of this Governing Body and that it is necessary that the second reading requirements of this Ordinance be suspended in accordance with Section 66.078 of the Kentucky Revised Statutes, as amended.

Section 5. Certification of Summary. The summary of this Ordinance set forth in the Financing Agreement is a concise narrative of the main points of this Ordinance and is hereby certified as accurate, and publication thereof is hereby directed and approved.

Section 6. Severability. If any Section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such Section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

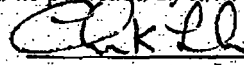
Section 7. Open Meetings Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Ordinance were taken in an open meeting of this Governing Body, and that all deliberations of this Governing Body and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 8. Conflicts. All ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed and the provisions of this Ordinance shall prevail and be given effect.

Section 9. Effective Date. This Ordinance shall take effect from and after its passage.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened emergency meeting of the Governing Body, held on September 8, 2017, signed by the Judge/Executive of the Lessee, attested by the Fiscal Court Clerk, filed and indexed as provided by law.

By:



Judge/Executive

ATTEST:

By:


Fiscal Court Clerk

Attachment 11

Crittenden-Livingston Water District

Bonds	1995 A Bonds		2000 A Bonds			2008 Bonds		2013 C				
	Principal	Interest	Principal	Interest		Principal	Interest	Principal	Interest			
Balance 12/31/2015			651,000			1,642,000			1,260,000		3,300,000	
2016	20,000	28,395	631,000	37,000	72,225	1,605,000	110,000	50,190	1,150,000	200,000	127,038	3,100,000
2017	21,000	27,450	610,000	39,000	70,470	1,566,000	110,000	46,010	1,040,000	195,000	119,545	2,905,000
2018	22,000	26,460	588,000	40,000	68,670	1,526,000	115,000	41,454	925,000	200,000	111,053	2,705,000
2019	23,000	25,425	565,000	42,000	66,780	1,484,000	120,000	36,695	805,000	185,000	102,775	2,520,000
2020	24,000	24,345	541,000	44,000	64,800	1,440,000	130,000	31,633	675,000	185,000	94,820	2,335,000
2021	25,000	23,220	516,000	46,000	62,730	1,394,000	130,000	26,368	545,000	200,000	86,543	2,135,000
2022	27,000	22,005	489,000	48,000	60,570	1,346,000	135,000	20,917	410,000	235,000	77,190	1,900,000
2023	28,000	20,745	461,000	50,000	58,320	1,296,000	145,000	15,072	265,000	245,000	66,258	1,655,000
2024	29,000	19,440	432,000	53,000	55,935	1,243,000	45,000	11,078	220,000	250,000	54,378	1,405,000
2025	31,000	18,045	401,000	55,000	53,460	1,188,000	45,000	9,143	175,000	270,000	42,573	1,135,000
2026	32,000	16,605	369,000	57,000	50,895	1,131,000	45,000	7,208	130,000	275,000	32,574	860,000
2027	34,000	15,075	335,000	60,000	48,195	1,071,000	50,000	5,134	80,000	285,000	23,678	575,000
2028	36,000	13,455	299,000	63,000	45,360	1,008,000	50,000	2,921	30,000	280,000	14,355	295,000
2029	37,000	11,790	262,000	65,000	42,435	943,000	15,000	1,474	15,000	295,000	4,868	
2030	39,000	10,035	223,000	69,000	39,330	874,000	15,000	341				
2031	40,000	8,235	183,000	71,000	36,135	803,000						
2032	43,000	6,300	140,000	75,000	32,760	728,000						
2033	44,000	4,320	96,000	78,000	29,250	650,000						
2034	47,000	2,205	49,000	82,000	25,560	568,000						
2035	49,000	-	-	84,000	21,780	484,000						
2036				88,000	17,820	396,000						
2037				92,000	13,680	304,000						
2038				96,000	9,360	208,000						
2039				101,000	4,815	107,000						
2040				107,000	-	-						
2041												
	<u>631,000</u>	<u>295,155</u>		<u>1,605,000</u>	<u>979,110</u>		<u>1,150,000</u>	<u>255,445</u>		<u>3,100,000</u>	<u>830,606</u>	

2013C		Total		Disclosure		
Principal	Interest	Principal	Interest			
		2,030,000		8,883,000		
50,000	77,396	1,980,000	417,000	8,466,000		
55,000	75,389	1,925,000	420,000	8,046,000		
55,000	73,024	1,870,000	432,000	7,614,000	432,000	320,660
55,000	70,659	1,815,000	425,000	7,189,000	425,000	302,334
60,000	68,186	1,755,000	443,000	6,746,000	443,000	283,784
60,000	65,606	1,695,000	461,000	6,285,000	461,000	264,466
65,000	62,919	1,630,000	510,000	5,775,000	510,000	243,601
65,000	59,961	1,565,000	533,000	5,242,000		
70,000	56,721	1,495,000	447,000	4,795,000		
75,000	53,429	1,420,000	476,000	4,319,000		
75,000	50,673	1,345,000	484,000	3,835,000		
75,000	48,291	1,270,000	504,000	3,331,000	2,444,000	892,882
80,000	45,734	1,190,000	509,000	2,822,000		
85,000	43,011	1,105,000	497,000	2,325,000		
85,000	40,100	1,020,000	208,000	2,117,000		
85,000	37,083	935,000	196,000	1,921,000		
90,000	33,976	845,000	208,000	1,713,000	1,618,000	469,698
95,000	30,693	750,000	217,000	1,496,000		
95,000	27,320	655,000	224,000	1,272,000		
100,000	23,734	555,000	233,000	1,039,000		
105,000	19,839	450,000	193,000	846,000		
105,000	15,849	345,000	197,000	649,000	1,064,000	232,049
110,000	11,764	235,000	206,000	443,000		
115,000	7,417	120,000	216,000	227,000		
120,000	2,805	-	227,000	-		
					649,000	36,161
1,980,000	1,024,181		8,466,000	3,384,497	8,046,000	3,045,633

Loans:	KIA		KIA Radio-Read		Moore Hill Water Tower		Total					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest				
Balance 12/31/2015			643,776		268,697		960,486		1,872,959			
2016	75,516	11,250	568,260	12,964	5,840	255,733	88,480	17,090	1,784,479			
2017	76,882	9,884	491,378	13,224	5,554	242,509	90,106	15,438	1,694,372			
2018	78,272	8,494	413,106	13,490	5,261	229,018	918,762	133,485	32,685	1,560,887		
2019	79,687	7,079	333,419	13,761	4,963	215,257	876,306	135,905	30,206	1,424,982		
2020	81,128	5,638	252,291	14,038	4,659	201,219	833,103	138,369	27,608	1,286,613		
2021	82,595	4,171	169,696	14,320	4,348	186,899	789,141	140,877	24,963	1,145,735		
2022	84,098	2,678	85,608	14,608	4,032	172,290	744,406	143,431	22,270	1,002,304		
2023	85,609	1,157	(0)	14,902	3,709	157,389	698,884	146,032	19,528	856,273		
2024				15,201	3,379	142,188	46,321	13,747	652,563	61,523	17,126	794,750
2025				15,507	3,043	126,681	47,136	12,817	605,427	62,642	15,860	732,108
2026				15,818	2,700	110,862	47,964	11,870	557,463	63,782	14,570	668,325
2027				16,136	2,351	94,726	48,807	10,906	508,656	64,944	13,257	603,382
2028				16,461	1,994	78,265	49,665	9,926	458,991	66,126	11,920	537,256
2029				16,792	1,630	61,474	50,538	8,928	408,453	67,329	10,558	469,926
2030				17,129	1,259	44,344	51,426	7,913	357,027	68,555	9,172	401,371
2031				17,473	880	26,871	52,330	6,880	304,697	69,803	7,760	331,568
2032				17,825	494	9,046	53,250	5,829	251,447	71,074	6,322	260,493
2033				9,046	99	0	54,186	4,759	197,261	63,232	4,859	197,261
2034							55,138	3,671	142,123	55,138	3,671	142,123
2035							56,107	2,563	86,016	56,107	2,563	86,016
2036							57,094	1,436	28,922	57,094	1,436	28,922
2037							28,922	289	(0)	28,922	289	(0)
	568,260	39,102		255,733	50,355		960,486	202,604		1,587,217	284,102	

Leases (monthly)	2017 KACo		Disclosure	
	Principal	Interest		
Balance 12/31/2017			2,375,000	
2018	68,750.00	84,258.24	2,306,250	68,750 84,258
2019	75,000.00	88,583.76	2,231,250	75,000 88,584
2020	79,583.37	85,084.63	2,151,667	79,583 85,085
2021	80,000.00	80,918.00	2,071,667	80,000 80,918
2022	84,583.37	76,718.00	1,987,083	84,583 76,718
2023	89,583.26	72,277.32	1,897,500	
2024	94,583.37	67,574.25	1,802,917	
2025	99,583.37	62,608.68	1,703,333	
2026	104,583.26	57,380.50	1,598,750	
2027	109,583.37	51,889.82	1,489,167	497,917 311,731
2028	114,583.37	48,909.63	1,374,583	
2029	119,583.26	45,781.67	1,255,000	
2030	120,000.00	42,218.00	1,135,000	
2031	124,583.37	38,343.00	1,010,417	
2032	125,000.00	34,293.95	885,417	603,750 209,546
2033	129,583.37	30,231.56	755,833	
2034	139,166.63	26,020.12	616,667	
2035	140,000.00	21,497.13	476,667	
2036	149,166.63	16,786.86	327,500	
2037	150,000.00	11,932.50	177,500	707,917 106,468
2038	163,750.00	3,634.08	13,750	
2039	13,750.00	242.89	0	177,500 3,877

Attachment 12

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Crittenden-Livingston County Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Ronnie Stayden
(Print Name)

Ronnie Stayden
(Signed)

Superintendent
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Ronnie Slayden
(Name)

this 27th day of November, 2018.

[Signature] 553120 3/18/20
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Randell O'Bryan
(Print Name)

Randell O'Bryan
(Signed)

CHAIRMAN
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Randell O'Bryan
(Name)

this 27th day of November, 2018.

[Signature] 553120 3/18/00
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Bill Barrett
(Print Name)

Bill Barrett
(Signed)

Sec. / TCAS.
(Position/Office)

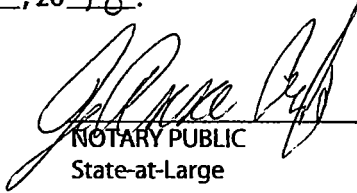
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COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Bill Barrett
(Name)

this 27th day of November, 2018.


NOTARY PUBLIC
State-at-Large

553120, 3/18/20

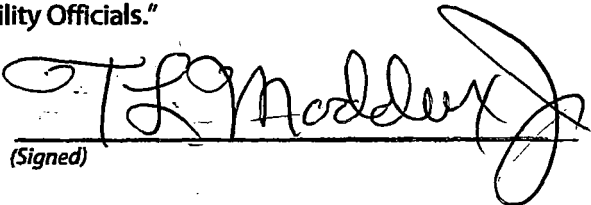
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T.L. Maddux
(Print Name)


(Signed)

COMMISSIONERS
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by TL Maddux
(Name)

this 27th day of November, 2018.

[Signature] 553120, 3/18/22
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Joseph Kaiser
(Print Name)

Joseph Kaiser
(Signed)

COMMISSIONER
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Joseph Kaiser
(Name)

this 27th day of November, 2018.

[Signature] 553120, 3/18/0
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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ALAN HUNT
(Print Name)

Alan Hunt
(Signed)

COMMISSIONER
(Position/Office)

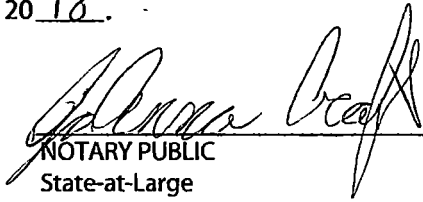
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COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Alan Hunt
(Name)

this 27th day of November, 2018.


NOTARY PUBLIC
State-at-Large 553120, 3/18/20

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Stephen Hill
(Print Name)

Stephen Hill
(Signed)

COMMISSIONER
(Position/Office)

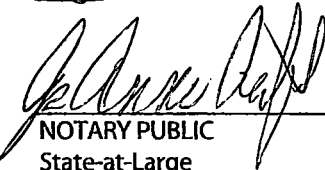
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COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Stephen Hill
(Name)

this 27th day of November, 2018.


NOTARY PUBLIC
State-at-Large
553120,3-18-20

Attachment 13

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT PROPOSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT

WHEREAS, the Crittenden-Livingston County Water District ("District") is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission ("PSC");

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

WHEREAS, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.


Section 2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

Section 3. The Chairman is hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Superintendent, and all other appropriate District Staff are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT at a meeting held on November 26, 2018, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:



SECRETARY

CERTIFICATION

I, Secretary of the Crittenden-Livingston County Water District (the “District”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Commission of the District at a meeting properly held on November 26, 2018, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 26nd day of November, 2018.



SECRETARY

APPENDIX A

**CURRENT AND PROPOSED RATES
Crittenden-Livingston County Water District**

<u>Current Rates</u>		
<u>Minimum Bills Based on Meter Size</u>		
<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 18.73
1 inch	5,000	61.33
2 inch	15,000	160.18
<u>Rates for Water Usage in Addition to Minimum</u>		
<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>	
First 1,000 Gallons	\$ 18.73	
Next 9,000 Gallons	10.65	
Next 10,000 Gallons	9.12	
Over 20,000 Gallons	7.20	
<hr/>		
Bulk Sales	\$	7.20
Wholesale Rate	\$	2.58

<u>Proposed Rates - Phase 1</u>		
<u>Minimum Bills Based on Meter Size</u>		
<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 20.71
1 inch	5,000	67.79
2 inch	15,000	177.04
<u>Rates for Water Usage in Addition to Minimum</u>		
<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>	
First 1,000 Gallons	\$ 20.71	
Next 9,000 Gallons	11.77	
Next 10,000 Gallons	10.08	
Over 20,000 Gallons	7.96	
<hr/>		
Bulk Sales	\$	7.96
Wholesale Rate	\$	2.84

<u>Proposed Rates - Phase 2</u>		
<u>Minimum Bills Based on Meter Size</u>		
<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 22.69
1 inch	5,000	74.25
2 inch	15,000	193.90
<u>Rates for Water Usage in Addition to Minimum</u>		
<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>	
First 1,000 Gallons	\$ 22.69	
Next 9,000 Gallons	12.89	
Next 10,000 Gallons	11.04	
Over 20,000 Gallons	8.72	
<hr/>		
Bulk Sales	\$	8.72
Wholesale Rate	\$	3.09

<u>Proposed Rates - Phase 3</u>		
<u>Minimum Bills Based on Meter Size</u>		
<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 24.67
1 inch	5,000	80.79
2 inch	15,000	210.99
<u>Rates for Water Usage in Addition to Minimum</u>		
<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>	
First 1,000 Gallons	\$ 24.67	
Next 9,000 Gallons	14.03	
Next 10,000 Gallons	12.01	
Over 20,000 Gallons	9.48	
<hr/>		
Bulk Sales	\$	9.48
Wholesale Rate	\$	3.34