

**P. O. BOX 3157  
PIKEVILLE, KY 41502  
PHONE: (606) 631-9162  
FAX: (606) 631-3087  
TDD: (606) 631-3711**

February 14, 2017

Public Service Commission  
Talina R. Mathews  
Executive Director  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602

RECEIVED

FEB 17 2017

Public Service  
Commission


Re: KIA Agreement Submittal  
Case No. : 2016-00356

Dear Ms. Mathews:

Please find enclosed the KIA Assistance Agreement for the project referenced in the case number above as required by Item 6 of the Certificate of Public Convenience and Necessity order.

Please contact me with any questions or concerns you may have at 606-631-9162.

Sincerely,

  
Roy Sawyers  
District Manager

Enclosure(s)

cc: file



*Legal Counsel.*

DINSMORE & SHOHL LLP  
50 East RiverCenter Boulevard ^ Suite 1150  
Covington, KY 41011  
www.dinsmore.com  
(859) 431-7000 ^ (859) 431-0673

February 9, 2017

RECEIVED

FEB 17 2017

Public Service  
Commission

Michael Blackburn  
Chairman  
Mountain Water District  
6332 Zebulon Highway  
PO Box 3157  
Pikeville, Kentucky 41502

Re: Assistance Agreement by and between the Kentucky Infrastructure Authority  
and the Mountain Water District Fund A15-077

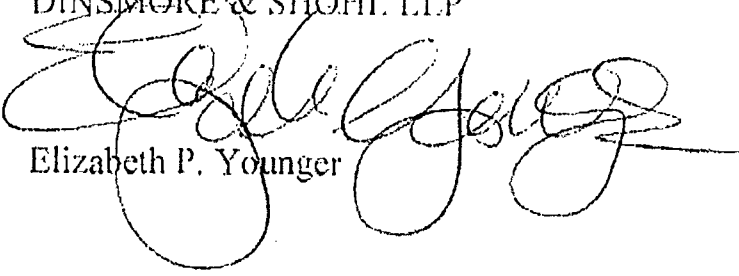
Dear Mr. Blackburn:

We are enclosing for your files the Assistance Agreement for the above-referenced issue. We would like to take this opportunity to say how much we enjoyed working on this transaction with the various members of the team.

Should questions arise in the future concerning this transaction please do not hesitate to call. Again, it was our pleasure working with each of you on this transaction and we look forward to working with you again in the future.

Very truly yours,

DINSMORE & SHOHL LLP

  
Elizabeth P. Younger

EPY/mmw  
Encls.

RECEIVED

FEB 17 2017

Public Service  
Commission

ASSISTANCE AGREEMENT

BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY

AND

MOUNTAIN WATER DISTRICT

**TRANSCRIPT OF PROCEEDINGS**

PECK, SHAFFER & WILLIAMS, A DIVISION OF  
DINSMORE & SHOHL LLP  
COVINGTON, KENTUCKY

## **INDEX TO TRANSCRIPT OF PROCEEDINGS**

In re: Assistance Agreement between Kentucky Infrastructure Authority (the "Authority") and Mountain Water District (the "Governmental Agency"), dated as of October 1, 2016

1. Opinion of Counsel to the Governmental Agency.
2. General Closing Certificate of the Governmental Agency.
3. Assistance Agreement.
4. Resolution of the Governmental Agency authorizing the Assistance Agreement.
5. Extract of Minutes of the Meeting of the Board of Commissioners adopting Resolution authorizing Assistance Agreement.
6. Extract of Minutes of the Authority authorizing the Assistance Agreement.
7. Commitment Letter, including Credit Analysis.

DISTRIBUTION LIST

Roy B. Sawyers  
Mountain Water District  
6332 Zebulon Highway  
P.O. Box 3157  
Pikeville, Kentucky 41502

Ms. Brandi Norton  
Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601

Mr. Buddy Griffin  
Water Infrastructure Branch  
Energy and Environment Cabinet  
200 Fair Oaks, 4<sup>th</sup> Floor  
Frankfort, Kentucky 40601

Mr. Charles Lush, Jr.  
U.S. Bank National Association  
Corporate Trust Services  
Locator CN-KY-0850  
One Financial Square  
Louisville, Kentucky 40202

Dirk M. Bedarff, Esq.  
Peck, Shaffer & Williams,  
a division of Dinsmore & Shohl LLP  
50 E Rivercenter Blvd.  
Suite 1150  
Covington, Kentucky 41011

10703017v1

**STRATTON LAW FIRM, P.S.C.**

POST OFFICE BOX 1530  
PIKEVILLE, KENTUCKY 41502  
TELEPHONE: (606) 437-7800  
FACSIMILE: (606) 437-7569  
WWW.STRATTONLAWFIRM.NET

DAVID C. STRATTON  
[david@strattonlaw.net](mailto:david@strattonlaw.net)

P. B. STRATTON  
(1874-1953)

DANIEL P. STRATTON  
[dan@strattonlaw.net](mailto:dan@strattonlaw.net)

HENRY D. STRATTON  
(1925-1989)

October 5, 2016

Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

**RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Mountain Water District, date as of October 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 Mountain 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 theretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

## **STRATTON LAW FIRM, P.S.C.**

*Kentucky Infrastructure Authority*

October 5, 2016

Page 2

- 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.

**STRATTON LAW FIRM, P.S.C.**

*Kentucky Infrastructure Authority*  
October 5, 2016  
Page 3

- 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.

Sincerely,  
STRATTON LAW FIRM, P.S.C.



Daniel P. Stratton, Esq.

email: [dan@strattonlaw.net](mailto:dan@strattonlaw.net)

DPS/dsm



Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and Mountain Water District (the "Governmental Agency"), dated as of October 1, 2016

### **GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY**

In connection with the above-captioned Assistance Agreement (the "Assistance Agreement"), the Governmental Agency, through its undersigned duly authorized officer hereby certifies, represents, warrants and covenants as follows:

1. No event of default exists, or with the passage of time will exist, under the Assistance Agreement and the representations and warranties set forth in the Assistance Agreement are true and correct as of the date hereof.
2. The Governmental Agency has examined and is familiar with proceedings of the governing body of the Governmental Agency approving the Assistance Agreement and authorizing its negotiation, execution and delivery and such proceedings were 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 proceedings are in full force and effect and have not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.
3. The Governmental Agency is a duly organized and validly existing political subdivision of the Commonwealth of Kentucky with full power to own its properties, conduct its affairs, enter into the Assistance Agreement and consummate the transactions contemplated thereby.
4. The negotiation, execution and delivery of the Assistance Agreement by the Governmental Agency and the consummation of the transactions contemplated thereby by the Governmental Agency have been duly authorized by all requisite action of the governing body of the Governmental Agency.
5. 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.
6. There is no controversy or litigation of any nature pending, or to the knowledge of the Governmental Agency after diligent inquiry, 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 the 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 the Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of the Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of the

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 the Assistance Agreement.

7. The authorization and delivery of the Assistance Agreement and the consummation of the transactions contemplated thereby 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.

8. All actions taken by the Governmental Agency in connection with the Assistance Agreement and the loan described therein and the Project, as defined in the Assistance Agreement, have been in full compliance with the provisions of the Kentucky Open Meetings Law, KRS 61.805 to 61.850.

9. The Governmental Agency has all licenses, permits and other governmental approvals required to own, occupy, operate and maintain the Project and to enter into the 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 Governmental Agency Project, and has full right, power and authority to perform the acts and things as provided for in the Assistance Agreement.

10. The individuals named below are the duly elected or appointed qualified and acting incumbents in the office of the Governmental Agency indicated after their respective names and the signatures subscribed above their names are their genuine signatures.

WITNESS our signatures, this 12<sup>th</sup> day of October, 2016.

**GOVERNMENTAL AGENCY:  
MOUNTAIN WATER DISTRICT**

By: Michael Blackburn  
Name: Michael Blackburn  
Title: Chairman

Attest:

By: Ancie Casey  
Name: Ancie Casey  
Title: Secretary

10703177v1

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A

PROJECT NUMBER: A15-077

BORROWER: Mountain Water District

BORROWER'S ADDRESS 6332 Zebulon Highway  
P.O. Box 3157  
Pikeville, Kentucky 41501

DATE OF ASSISTANCE AGREEMENT: October 1, 2016

CFDA NO.: 66.458

---

ASSISTANCE AGREEMENT

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

ARTICLE II

REPRESENTATIONS AND WARRANTIES

SECTION 2.1. Representations and Warranties of Authority ..... 6  
SECTION 2.2. Representations and Warranties of the Governmental Agency ..... 6

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

SECTION 3.1. Determination of Eligibility ..... 9  
SECTION 3.2. Principal Amount of Loan Established; Disbursement of Funds;  
Loan Payments ..... 9  
SECTION 3.3. Governmental Agency's Right to Prepay Loan ..... 9  
SECTION 3.4. Subordination of Loan ..... 10

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT;  
REQUISITION FOR FUNDS

SECTION 4.1. Covenants of Governmental Agency and Conditions of Loan ..... 11  
SECTION 4.2. Additional Conditions to Disbursement Required Under the  
Federal Agreement ..... 14  
SECTION 4.3. Disbursements of Loan; Requisition for Funds ..... 15

ARTICLE V

CERTAIN COVENANTS OF GOVERNMENTAL AGENCY;  
PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

SECTION 5.1. Imposition of Service Charges ..... 17

SECTION 5.2. Governmental Agency's Obligation to Repay Loan ..... 17  
SECTION 5.3. Covenant to Adjust Service Charges..... 17  
SECTION 5.4. Adequacy of Service Charges ..... 17  
SECTION 5.5. Covenant to Establish Maintenance and Replacement Reserve ..... 18  
SECTION 5.6. Covenant to Charge Sufficient Rates; Reports; Inspection..... 18  
SECTION 5.7. Segregation of Funds ..... 18  
SECTION 5.8. Mandatory Sewer Connection..... 18

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

SECTION 6.1. Further Assurance ..... 20  
SECTION 6.2. Completion of Project ..... 20  
SECTION 6.3. Establishment of Completion Date ..... 20  
SECTION 6.4. Commitment to Operate..... 20  
SECTION 6.5. Continue to Operate ..... 20  
SECTION 6.6. Tax Covenant ..... 20  
SECTION 6.7. Accounts and Reports ..... 21  
SECTION 6.8. Financial Statements ..... 21  
SECTION 6.9. General Compliance With All Duties ..... 21  
SECTION 6.10. System Not to Be Disposed Of ..... 21  
SECTION 6.11. General ..... 21  
SECTION 6.12. Further Covenants Under the Federal Agreement ..... 21  
SECTION 6.13. Continuing Disclosure Obligations ..... 22

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

SECTION 7.1. Maintain System ..... 24  
SECTION 7.2. Additions and Improvements ..... 24  
SECTION 7.3. Compliance with State and Federal Standards..... 24  
SECTION 7.4. Access to Records ..... 24  
SECTION 7.5. Covenant to Insure -Casualty ..... 24  
SECTION 7.6. Authority as Named Insured ..... 24  
SECTION 7.7. Covenant to Insure - Liability ..... 24  
SECTION 7.8. Covenant Regarding Workers' Compensation ..... 25  
SECTION 7.9. Application of Casualty Insurance Proceeds..... 25  
SECTION 7.10. Eminent Domain ..... 25  
SECTION 7.11. Flood Insurance ..... 26

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1.	Events of Default Defined.....	27
SECTION 8.2.	Remedies on Default.....	27
SECTION 8.3.	Appointment of Receiver.....	28
SECTION 8.4.	No Remedy Exclusive.....	28
SECTION 8.5.	Consent to Powers of Authority Under Act.....	28
SECTION 8.6.	Waivers.....	28
SECTION 8.7.	Agreement to Pay Attorneys' Fees and Expenses.....	28

ARTICLE IX

MISCELLANEOUS PROVISIONS

SECTION 9.1.	Approval not to be Unreasonably Withheld.....	29
SECTION 9.2.	Approval.....	29
SECTION 9.3.	Effective Date.....	29
SECTION 9.4.	Binding Effect.....	29
SECTION 9.5.	Severability.....	29
SECTION 9.6.	Assignability.....	29
SECTION 9.7.	Execution in Counterparts.....	29
SECTION 9.8.	Applicable Law.....	29
SECTION 9.9.	Captions.....	30
SIGNATURES.....		30
EXHIBIT A - PROJECT SPECIFICS.....		A-1
EXHIBIT B - REQUISITION FORM.....		B-1
EXHIBIT C - SCHEDULE OF SERVICE CHARGES.....		C-1
EXHIBIT D - FORM OF RESOLUTION.....		D-1
EXHIBIT E - LEGAL OPINION.....		E-1
EXHIBIT F - SCHEDULE OF PAYMENTS.....		F-1
EXHIBIT G - ADDITIONAL COVENANTS AND AGREEMENTS.....		G-1

## 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 March 1, 1990 (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 September 1, 1989 (the "Indenture") between the Authority and National City Bank (F/K/A First Kentucky Trust Company) (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 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 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.

"*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 Environmental and Public 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.

"*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 Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

"*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 March 1, 1989 between the Authority and the Trustee.

"*Interagency Agreement*" means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

"*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.

"*Resolution*" means the resolution of the Governmental Agency in the form of the resolution attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

"*Person*" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"*Program*" shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater 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 Treatment Works 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 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 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 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 arises 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 Treatment Works 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.

*"Treatment Works"* shall mean Treatment works as defined in the Act.

## 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 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.

(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.

## 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 Treatment Works 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; 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 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, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the 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 and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (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 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 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 as of the submission of the initial Requisition for Funds.

(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) That the Project shall be completed no later than the date set forth in the Project Specifics.

(B) 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 Section 603(d) of the Federal Act. 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.

(C) 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.

(D) 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.

(E) 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(B).

(F) 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.

(G) 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.

(H) That final disbursement will not be allowed until approval by the Cabinet of a final operations and maintenance manual.

(I) 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).

(J) That it shall advise the Cabinet and the Authority in writing of the date for initiation of operation of the Project.

(K) 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.

(L) 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.

(M) That it shall notify the Authority and the Cabinet of the completion date of the Project.

(N) 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.

(O) That all measures required to minimize water pollution to affected waters shall be employed in the construction of 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.

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

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 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 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 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, 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 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 provide for the operation of the System as required under this Assistance Agreement and to make

required deposits to the Maintenance and Replacement Reserve, 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; Inspection. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribe, charge and collect the Service Charges set forth in Exhibit C hereto for the services of the Project 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 as required under this Assistance Agreement 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 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 System 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. 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.

## 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. Audit Requirements. 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 \$300,000 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 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. 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 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, 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 6.12. 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 Sections 603 and 606 of 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:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR 35.3140 (And Appendix A to Subpart K) – NEPA-Like State Environmental Review Process
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) Executive Order 11246, as amended, 11625 and 12138
- (h) Title VI of the Civil Rights Act of 1964, as amended
- (i) Age Discrimination Act
- (j) Rehabilitation Act of 1973
- (k) Contract work Hours and Safety Standards Act

(2) State:

- (a) KRS 224
- (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.13. 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 6.13 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. 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.

Section 7.11. 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 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 6.13 hereof shall be those remedies specifically set forth in Section 6.13 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:

Brendi Naton

Title: SECRETARY

KENTUCKY INFRASTRUCTURE  
AUTHORITY

By: Sandra K. Dunahoo

Title: BOARD CHAIR

ATTEST:

Ancie Casey  
Title: Secretary

GOVERNMENTAL AGENCY:  
MOUNTAIN WATER DISTRICT

By: Michael Blackburn  
Title: Chairman

APPROVED:

William M. Randsome

SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:

Peep Shaffer & Williams  
a division of Dinsmore & Shale  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

Patrick M. D...

APPROVED  
FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A**  
**MOUNTAIN WATER DISTRICT**  
**PROJECT SPECIFICS**  
**A15-077**

**GOVERNMENTAL AGENCY:**

Name: Mountain Water District  
P.O. Box 3157  
Pikeville, KY 41502

Contact  
Person: Roy B. Sawyers  
District Administrator

**SYSTEM:** Wastewater

**PROJECT:**

This project will construct a new wastewater treatment plant to replace its existing plant as well as rehabilitate the lift stations. The new plant will increase the capacity to 300,000 GPD with headwork designed to expand to 400,000 GPD in order to correct the issue with biological capacity while anticipating the changing EPA effluent limitations on future permits to remain in compliance. The District will rehabilitate the lift stations by installing high efficiency pumps and motors with advanced electrical controllers to improve efficiency to serve customers. Odor and corrosion control systems will be installed at the upstream lift stations to minimize hydrogen sulfide issues to the increased developed area.

**PROJECT BUDGET:**

	<u>Total</u>
Administrative Expenses	\$ 50,000
Legal Expenses	3,000
Planning	5,000
Engineering Fees - Design / Const	144,176
Engineering Fees - Inspection	129,155
Engineering Fees - Other	52,254
Construction	3,007,500
Contingency	300,750
Other	8,165
<b>Total</b>	<b>\$ 3,700,000</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 3,102,921	84%
HB 608	486,079	13%
HB 269	111,000	3%
<b>Total</b>	<b>\$ 3,700,000</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$	3,102,921
Amortized Loan Amount	\$	3,102,921
Interest Rate		0.75%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	167,363
Administrative Fee (0.20%)		6,206
<b>Total Estimated Annual Debt Service</b>	<b>\$</b>	<b>173,569</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/17).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/18).

<b>REPLACEMENT RESERVE ACCOUNT:</b>	\$	7,800	ANNUAL AMOUNT
	\$	78,000	TOTAL AMOUNT

The annual replacement cost is \$7,800. This amount should be added to the replacement account each December 1 until the balance reaches \$78,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.20%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
RD 2005	\$ 678,500	2045
RD 2003	384,000	2043
RD 2002	688,000	2035
RD 2005	1,534,000	2027
RD 2009	629,000	2047
Ky Rural Water	6,100,000	2039
KIA (B291-07)	2,233,980	2023
KIA (B291-01)	147,254	2023
KIA (F01-07)	681,655	2024
KIA (A03-06)	106,123	2023
KIA (A209-32)	325,186	2031
Community Trust	5,960	2014
Community Trust	10,301	2015
Community Trust	11,905	2015
Community Trust	11,909	2015
Community Trust Line of Credit	90,953	

Utility Management Group	37,353	2014
Community Trust	23,838	2014
Community Trust	23,633	2014
Community Trust	19,216	2014
Community Trust	17,317	2015
<b>Total</b>	<b>\$ 13,760,083</b>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)  
 Death or Personal Injury (per occurrence)  
 Property Damage on System

Gen. Aggregate \$3,000,000  
~~\$1,000,000~~  
~~\$61,859,450~~  
 (see attached Certificate  
 of liability)



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
10/12/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

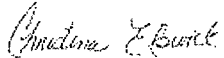
<b>PRODUCER</b> Peoples Ins Agcy-Pikeville PO Box 210 Marietta OH 45750		<b>CONTACT NAME:</b> Chris Elswick <b>PHONE (A/C, No., Ext):</b> 606-433-5958 <b>E-MAIL ADDRESS:</b> Chris.Elswick@pebo.com		<b>FAX (A/C, No.):</b> 740-376-6480
<b>INSURED</b> Mountain Water District Carrie Hatfield 6332 Zebulon Hwy Pikeville KY 41502		<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A : U S Specialty Insurance Co		<b>NAIC #</b> 29599
<b>INSURANCE CLASSIFICATION</b> MOUN-17		<b>INSURER B :</b> <b>INSURER C :</b> <b>INSURER D :</b> <b>INSURER E :</b> <b>INSURER F :</b>		

**COVERAGES**      **CERTIFICATE NUMBER:** 1936096255      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:		PKG80110770	9/1/2016	9/1/2017	EACH OCCURRENCE	\$1,000,000.
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$500,000.
						MED EXP (Any one person)	\$10,000.
						PERSONAL & ADV INJURY	\$1,000,000.
						GENERAL AGGREGATE	\$3,000,000.
						PRODUCTS - COMP/OP AGG	\$3,000,000.
							\$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		PKG80110770	9/1/2016	9/1/2017	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000.
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
							\$
A	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$NIL		PKG80110770	9/1/2016	9/1/2017	EACH OCCURRENCE	\$5,000,000.
						AGGREGATE	\$5,000,000.
							\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	N/A			PER STATUTE	OTH-ER
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

<b>CERTIFICATE HOLDER</b>  Kentucky Infrastructure Authority 1024 Capital Drive Ste. 340 Frankfort KY 40601	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
----------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



**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				
<b>TOTAL</b>					

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				
<b>TOTAL</b>				

We certify that the expenses in this draw request were incurred pursuant to local procurement polices 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)

<b>Line Item</b>	<b>Draw #</b>	<b>Vender</b>	<b>Amount</b>
------------------	---------------	---------------	---------------

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

**EXHIBIT C**

MOUNTAIN  
WATER  
DISTRICT

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>David Farley</i>
EFFECTIVE 1/12/2013

P.S.C. KY No. 3

Cancels P.S.C. KY No. 2

---

MOUNTAIN WATER DISTRICT

---

OF

Pike County, Kentucky

---

Rates, Rules and Regulations for Furnishing

Water Service

IN

All of Pike County, Kentucky Except  
Incorporated Areas of the City of Pikeville and Elkhorn City Utilities

---

Filed with the PUBLIC SERVICE COMMISSION OF  
KENTUCKY

---

ISSUED NOVEMBER 14, 2012      EFFECTIVE: JANUARY 12, 2013

---

ISSUED BY: MOUNTAIN WATER DISTRICT

BY: *AS/* JOHN COLLIER, KENTUCKY  
VICE COMMISSIONER, PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Jeff R. Deroen</i>
EFFECTIVE 1/12/2013

FILED NOV 14 2012 10:00 AM IN COLUMBIA KY

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 3

1<sup>st</sup> REVISED SHEET NO. 2

CANCELLING P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 2

Mountain Water District  
(Name of Utility)

**RATES AND CHARGES**

Phase 1 Monthly Water Rates  
For Service Rendered From  
October 9, 2015 through October 9, 2016

5/8" Meters:	
First 2,000 gallons	\$25.98 Minimum Bill
Next 8,000 gallons	\$9.10 per 1,000 gallons
All over 10,000 gallons	\$8.07 per 1,000 gallons
1" Meters:	
First 5,000 gallons	\$53.28 Minimum Bill
Next 5,000 gallons	\$9.10 per 1,000 gallons
All over 10,000 gallons	\$8.07 per 1,000 gallons
2" Meter:	
First 20,000 gallons	\$179.48 Minimum Bill
All over 20,000 gallons	\$8.07 per 1,000 gallons
3" Meter:	
First 30,000 gallons	\$260.18 Minimum Bill
All over 30,000 gallons	\$8.07 per 1,000 gallons
4" Meter:	
First 50,000 gallons	\$421.58 Minimum Bill
All over 50,000 gallons	\$8.07 per 1,000 gallons
6" Meter:	
First 100,000 gallons	\$825.08 Minimum Bill
All over 100,000 gallons	\$8.07 per 1,000 gallons
Martin County Water District	\$3.11 per 1,000 gallons
Mingo County Public Service District	\$4.87 per 1,000 gallons
Jenkins Utilities	
First 50,000 gallons per day	\$3.11 per 1,000 gallons
All over 50,000 gallons per day	3.57 per 1,000 gallons
City of Elkhorn City	
First 215,000 gallons per day	\$2.92 per 1,000 gallons
All over 215,000 gallons per day	\$3.11 per 1,000 gallons

Water withdrawn from a hydrant and water withdrawn for construction shall be charged at the lowest rate in the current rate schedule.

DATE OF ISSUE October 9, 2015  
Month / Date / Year

DATE EFFECTIVE October 9, 2015  
Month / Date / Year

ISSUED BY /S/ ANCIE CASEY  
(Signature of Officer)

TITLE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00342 DATED October 9, 2015

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH <i>Brent Kirkley</i>
EFFECTIVE <b>10/9/2015</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 2.1

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RATES AND CHARGES**

Phase 2 Monthly Water Rates  
For Service Rendered From  
October 10, 2016 through October 9, 2017

5/8" Meters:	
First 2,000 gallons	\$24.66 Minimum Bill
Next 8,000 gallons	\$8.64 per 1,000 gallons
All over 10,000 gallons	\$7.66 per 1,000 gallons
1" Meters:	
First 5,000 gallons	\$50.58 Minimum Bill
Next 5,000 gallons	\$8.64 per 1,000 gallons
All over 10,000 gallons	\$7.66 per 1,000 gallons
2" Meter:	
First 20,000 gallons	\$170.38 Minimum Bill
All over 20,000 gallons	\$7.66 per 1,000 gallons
3" Meter:	
First 30,000 gallons	\$246.98 Minimum Bill
All over 30,000 gallons	\$7.66 per 1,000 gallons
4" Meter:	
First 50,000 gallons	\$400.18 Minimum Bill
All over 50,000 gallons	\$7.66 per 1,000 gallons
6" Meter:	
First 100,000 gallons	\$783.18 Minimum Bill
All over 100,000 gallons	\$7.66 per 1,000 gallons
Martin County Water District	\$2.96 per 1,000 gallons
Mingo County Public Service District	\$4.62 per 1,000 gallons
Jenkins Utilities	
First 50,000 gallons per day	\$2.96 per 1,000 gallons
All over 50,000 gallons per day	3.39 per 1,000 gallons
City of Elkhorn City	
First 215,000 gallons per day	\$2.77 per 1,000 gallons
All over 215,000 gallons per day	\$2.96 per 1,000 gallons

Water withdrawn from a hydrant and water withdrawn for construction shall be charged at the lowest rate in the current rate schedule.

DATE OF ISSUE October 9, 2015  
Month / Date / Year

DATE EFFECTIVE October 9, 2015  
Month / Date / Year

ISSUED BY /s/ ANCIE CASEY  
(Signature of Officer)

TITLE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00342 DATED October 9, 2015

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH <i>Brent Kirkley</i>
EFFECTIVE <b>10/9/2015</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)



FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 2.2

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RATES AND CHARGES**

Phase 3 Monthly Water Rates  
For Service Rendered On or After October 10, 2017

5/8" Meters:	
First 2,000 gallons	\$23.35 Minimum Bill
Next 8,000 gallons	\$8.18 per 1,000 gallons
All over 10,000 gallons	\$7.25 per 1,000 gallons
1" Meters:	
First 5,000 gallons	\$47.89 Minimum Bill
Next 5,000 gallons	\$8.18 per 1,000 gallons
All over 10,000 gallons	\$7.25 per 1,000 gallons
2" Meter:	
First 20,000 gallons	\$161.29 Minimum Bill
All over 20,000 gallons	\$7.25 per 1,000 gallons
3" Meter:	
First 30,000 gallons	\$233.79 Minimum Bill
All over 30,000 gallons	\$7.25 per 1,000 gallons
4" Meter:	
First 50,000 gallons	\$378.79 Minimum Bill
All over 50,000 gallons	\$7.25 per 1,000 gallons
6" Meter:	
First 100,000 gallons	\$741.29 Minimum Bill
All over 100,000 gallons	\$7.25 per 1,000 gallons
Martin County Water District	\$2.80 per 1,000 gallons
Mingo County Public Service District	\$4.37 per 1,000 gallons
Jenkins Utilities	
First 50,000 gallons per day	\$2.80 per 1,000 gallons
All over 50,000 gallons per day	3.21 per 1,000 gallons
City of Elkhorn City	
First 215,000 gallons per day	\$2.62 per 1,000 gallons
All over 215,000 gallons per day	\$2.80 per 1,000 gallons

Water withdrawn from a hydrant and water withdrawn for construction shall be charged at the lowest rate in the current rate schedule.

DATE OF ISSUE October 9, 2015  
Month / Date / Year

DATE EFFECTIVE October 9, 2015  
Month / Date / Year

ISSUED BY /s/ ANCIE CASEY  
(Signature of Officer)

TITLE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00342 DATED October 9, 2015

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH <i>Brent Kirkley</i>
EFFECTIVE <b>10/9/2015</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Justice Center Area  
Community, Town or City

P.S.C. KY NO. \_\_\_\_\_

ORIGINAL SHEET NO. \_\_\_\_\_

CANCELING P.S.C. KY NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

CLASSIFICATION OF SERVICE

As per contract with the South Williamson Development Company, the following charges will be billed to users within the Southside Mall. These charges are not a part of the DISTRICT'S rate structure but are based on Mall charges relative to meter size.

5/8-Inch	\$11.30
3/4-Inch	\$15.05
1-Inch	\$33.88
1 1/2-Inch	\$60.27
2-Inch	\$80.30
3-Inch	\$125.47

DATE OF ISSUE \_\_\_\_\_ NOVEMBER 14, 2012  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_ JANUARY 12, 2013  
Month / Date / Year

ISSUED BY \_\_\_\_\_ S. LOUIS COLLINS  
Signature / Title

BY \_\_\_\_\_ VICE CHAIRPERSON

BY AUTHORITY OF / APPROVED BY \_\_\_\_\_ PUBLIC SERVICE COMMISSION

DATE ASSESSED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Jeff R. Deroquen</i> EXECUTIVE
1/12/2013

FOR \_\_\_\_\_  
 (Name of Service Area)  
 Community, Town or City

P S C KY NO. \_\_\_\_\_

ORIGINAL SHEET NO. 4

CANCELLING P S C KY NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
 (Name of Utility)

CLASSIFICATION OF SERVICE

Service Connection Fees in accordance with an order of the Public Service Commission of Kentucky in Case No. 2005-436 dated November 14, 2005

Service Connection Fee Based on Meter Size for Metered Service

<u>Size of Connection</u>	<u>Service Connection Charge</u>
3/8 x 3/4-Inch <sup>1</sup>	\$825.00
1-Inch <sup>2</sup>	Actual Cost of Construction <sup>2</sup>
Over 1-Inch <sup>2</sup>	Actual Cost of Construction <sup>2</sup>

<sup>1</sup> DISTRICT'S standard service. Standard connections requiring a road bore or creek crossing shall be accessed the additional actual cost. In addition, any extra depth requirements and rock, which cannot be excavated by normal means (backhoe, etc.) and any additional length of service lateral will be charged at actual cost. Cost estimate for such work will be provided to the customer prior to installation.

<sup>2</sup> Non-standard service connection

Any customer receiving a free or reduced tap fee as a result of project funding or government appropriated funds must connect their plumbing and begin using the DISTRICT'S water service within sixty (60) days and shall begin receiving a bill at the current water rates

Note: Any customer applying for a water connection may pay the connection fee on an installment plan at 0% interest. The installment plan may be for a length of up to 12 months at the customer's choosing. However, the water connection will not be installed until the installment plan is paid in full.

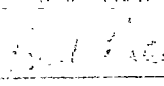
DATE OF ISSUE \_\_\_\_\_ NOVEMBER 14, 2013 \_\_\_\_\_  
 Month Date Year

DATE EFFECTIVE \_\_\_\_\_ JANUARY 14, 2014 \_\_\_\_\_  
 Month Date Year

ISSUED BY \_\_\_\_\_ AS TOBIN COLLINS \_\_\_\_\_  
 (Signature of Official)

TITLE \_\_\_\_\_ VICE CHAIRPERSON \_\_\_\_\_

BY A CLERK OF THE ORDER OF THE PUBLIC SERVICE COMMISSION  
 (Signature of Clerk)

<b>KENTUCKY          PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN          EXECUTIVE DIRECTOR</b>
LAUREL BRANCH 
(Signature) <b>1/12/2013</b>

FOR Fire Service Area  
(Community, Town or City)

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 3

CANCELLING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

CLASSIFICATION OF SERVICE

Monthly Usage Charge for Special Service Sprinkler  
System or Fire Service Connection

The monthly charge for each municipal, governmental, institutional, industrial or private connection to the water mains of the DISTRICT used exclusively for fire protection purposes, based on the size of the respective connections, shall be as follows:

<u>Size of Connection</u>	<u>Monthly Charge for Usage</u>
4-Inch	\$12.50
6-Inch	\$25.00
8-Inch	\$50.00

DATE OF ISSUE NOVEMBER 14, 2012  
Month Day Year

DATE EFFECTIVE JANUARY 1, 2013  
Month Day Year

ISSUED BY JOHN COLLINS  
Director of Office

TITLE VICE CHAIRPERSON

BY AUTHORITY OF BOARD OF THE PUBLIC SERVICE COMMISSION  
SECRET

KENTUCKY  
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN  
EXECUTIVE DIRECTOR

LAUREL BIRNCH  
*Laurel Birnch*  
REPLY TO

1/12/2013

FOR Emme Seale's Area  
Community / Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 6

CANCELLING P.S.C. KY. NO. 3

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

CLASSIFICATION OF SERVICE

Connection and Installation Charge for a Special Service

An Individual Fire Hydrant

For each fire hydrant contracted for order by a City, County, State, or Federal governmental agency or institution, private customer, private institution, the connection and installation charge shall be \$3,300.00.

DATE OF ISSUE NOVEMBER 11, 2012

Month - Date - Year

DATE EFFECTIVE JANUARY 11, 2013

Month - Date - Year

ISSUED BY J. JOHN COLLINS

Signature (Print Name)

TITLE VIC. CHAIRPERSON

APPROVED BY ORDER OF THE PUBLIC SERVICE COMMISSION

CASE NO. 12-1017

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brad Feltz</i> OFFICER
1/12/2013

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 7

CANCELLING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

CLASSIFICATION OF SERVICE

Monthly Usage for Fire Hydrant

Monthly charges for each fire hydrant contracted for by a City, County, State or Federal Government Institution, private customer, private industry, or private institution to be used exclusively for fire protection shall be \$12.50

No Monthly charge shall be made for fire hydrants, which are contracted for by a City, County, State or Federal Governmental Institution, private customer, private industry, or private institution where such hydrants are so located to be of general benefit to the residents of the area.

DATE OF ISSUE NOVEMBER 11, 2012  
Month Date Year

DATE EFFECTIVE JANUARY 13, 2013  
Month Date Year

ISSUED BY S. JOHN COLLINS  
Signature of PSC Officer

TITLE VIC E HARPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

CLASS NO. \_\_\_\_\_ DATE \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>[Signature]</i>
EFFECTIVE 1/12/2013

FOR Entire Service Area  
Community, Town or City

P.S.C. KY NO. 3

ORIGINAL SHEET NO. 3

CANCELLING P.S.C. KY NO. 3

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

CLASSIFICATION OF SERVICE

Monthly Usage Charge for Special Service  
Through a Multi-Unit Master Meter

The monthly charge for customers who have requested water service through a master meter for multi-unit service shall be the amount based on the average gallons used per housing unit at the current rate schedule, times the number of housing units in the multiple-unit facility.

DATE OF ISSUE NOVEMBER 11, 2012  
Month, Day, Year

DATE EFFECTIVE JANUARY 1, 2013  
Month, Day, Year

ISSUED BY SAUL ANGLADE  
Title

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
CASTLE

KENTUCKY  
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN  
EXECUTIVE DIRECTOR

TARIFF BRANCH

*Jeff R. Derouen*  
EFFECTIVE  
1/12/2013

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 9

CANCELLING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

This schedule of Rules and Regulations governs the furnishing of water service by Mountain Water District hereinafter referred to as the DISTRICT and applies to all service received from the DISTRICT. No employee or individual Commissioner of the DISTRICT is permitted to make an exception to Rates, Rules or Regulations. All Rules and Regulations are to be in effect so long as they are not in conflict with Public Service Commission Rules and Regulations. The DISTRICT is further subject to all Rules and Regulations of the Public Service Commission even though not contained herein.

1. Scope

This Schedule of Rules and Regulations is a part of all contracts for receiving water service from the DISTRICT, and applies to all service received from the DISTRICT whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this schedule, together with a copy of the DISTRICT'S Schedule of Rates and Charges, shall be kept open to inspection at the office of the DISTRICT, the rules are promulgated under direction and authority granted pursuant to Chapter 13 of Kentucky Revised Statutes and Administrative Regulations 807 KAR 5 established via authority of Executive Order 81-126 dated March 4, 1981. The aforesaid rules and regulations are hereby adopted and included the same herein written now or as may be legally changed from time to time.

2. Revisions

These Rules and Regulations may be revised, amended, supplemented, or otherwise changed from time to time by either of the two (2) following methods.

DATE OF ISSUE NOVEMBER 14, 2012

Month Date Year

DATE EFFECTIVE JANUARY 12, 2013

Month Date Year

ISSUED BY S. JOHN COLLINS

(Signature of Official)

TITLE VICE CHAIRPERSON

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>David Hartley</i> EFFECTIVE
1/12/2013



FOR Energy Service Area  
Community, Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 10

CANCELLING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

- A. By order of the Public Service Commission upon formal application by the DISTRICT, and after hearing as provided by commission regulations.
- B. By issuing and filing on at least thirty (30) days notice to the commission and the public all proposed changes in the Rules and Regulations, as provided by commission regulations.

3. Conflict

In case of conflict between any provisions of any rate schedule and the schedule of Rules and Regulations the rate schedule shall apply. Also, should the rules contained herein conflict with the rules and regulations of the Public Service Commission, the rules and regulations of the Public Service Commission shall control.

4. Application for Service

Any person, firm, agency or governmental entity within the current boundary of the DISTRICT may request service. Said request must be in writing on a form approved by the DISTRICT.

No request for service shall be granted unless the property of said requestor has public access within a reasonable distance from and existing distribution main of the DISTRICT consistent with the topography of the area. Should the requestor desire to have the existing distribution system extended to serve them, same shall be accomplished as stipulated, hereafter.

DATE OF ISSUE NOVEMBER 14, 2011  
Month / Day / Year

DATE EFFECTIVE JANUARY 12, 2013  
Month / Day / Year

ISSUED BY S. JOHN COLLINS  
(Signature of Officer)

TITLE VICE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
FILE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Paul Farley</i>
EXECUTIVE 1/12/2013

FOR Entire Service Area  
Community, Town or City

F.S.C. KY. NO. 1

ORIGINAL SHEET NO. 11

CANCELLING P.S.C. KY. NO. ?

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

Should DISTRICT determine that service to requestor is available, each prospective customer desiring water service shall be required to execute and sign the DISTRICT'S standard application for water service before service is supplied by the DISTRICT. A 5/8" x 3/4" meter shall be the standard customer service meter and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter."

The DISTRICT shall provide for a standard connection (i.e., 5/8" x 3/4" meter) from the DISTRICT'S existing distribution main upon payment of tap fee. An extension of fifty (50) feet or less shall be made by the DISTRICT to its existing utility main without charge, with exception of those connections requiring a road bore or creek crossing for a prospective customer who applies for and contracts to use the service for one (1) year or more with the appropriate guarantee

5. Non-Standard Service

Each prospective customer requiring a non-standard service (i.e., other than a 5/8" x 3/4" meter) shall present to the DISTRICT sufficient justification for same. Insofar as prospective customer requirements may meet those non-standard service presently in effect for DISTRICT same may be applied. An extension shall be made by the DISTRICT to its existing utility main for a prospective customer who applies for and contracts to use the service for one (1) year or more with the appropriate guarantee. The customer shall be charged at actual cost to the DISTRICT for installation of such service.

DATE OF ISSUE NOVEMBER 2011  
Mark Eric Yon  
DATE EFFECTIVE JANUARY 2012  
Mark Eric Yon  
ISSUED BY S. JOHN COFFEE  
S. JOHN COFFEE  
DIRECTOR OF UTILITY  
OFFICE ACT. CHARLIE BOGGS  
BY AUTHORITY OF CLERK OF DISTRICT PUBLIC SERVICE COMMISSION  
NOTAL NO. \_\_\_\_\_ DATE \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>David Hartley</i>
EFFECTIVE 1/12/2013

FOR Entire Service Area  
Community, Town or City

P.S.C. KY NO. 3

ORIGINAL SHEET NO. 12

CANCELING P.S.C. KY NO. 3

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

In addition, the prospective customer shall pay the cost of any special installation necessary to meet their particular requirements, as a contribution in aid of construction.

6. Point of Delivery

The point of delivery is the point where the meter or vault is located. All water lines, plumbing, and equipment beyond the meter shall be installed and maintained by the customer. The DISTRICT reserves the right to determine the location of point of delivery with full regard to those wishes of the prospective customer, however the DISTRICT will in no event set a meter at a point that does not deliver 30 psig at the meter.

7. Customer's Service Line

All service lines beyond the metering point should be installed of material consisting of copper, PVC pipe, or PE pipe with rating of not less than 200 psi. The size of service line beyond the point of delivery should not be less than 3/4".

Should a prospective customer desire a higher pressure due to his location or need, the customer may make provision, at their expense, for an individual pressure booster system. The manner of connection, location cross-connection protection and type is subject to approval by DISTRICT. The DISTRICT reserves the right to require discontinuance and disconnection should the private booster system have a detrimental effect on DISTRICT'S system.

DATE OF ISSUE NOVEMBER 14, 2012  
Month Date Year  
DATE EFFECTIVE JANUARY 15, 2013  
Month Date Year  
PREPARED BY S. RUTH COLLINS  
Signature of Officer  
TITLE VEP CLAIRPERSON  
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
AS APPOINTED 11/14/12

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARGET DATES: <i>David Farley</i> EFFECTIVE 1/12/2013

FOR Entire Service Area  
Community, Town or City

P.S.C. KY NO. 3

ORIGINAL SHEET NO. 13

CANCELLING P.S.C. KY NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

8. Ownership of Mains, Services & Appurtenances

All mains, fire hydrants, valves, crossings and other appurtenances are and shall remain the property of the DISTRICT, whether installed directly by them or received through actions of a customer or extender.

All service lines from main to meter with appurtenances shall be and remain the property of DISTRICT, whether installed directly by them or received through actions of a customer or extender.

The customer shall install, own and maintain his service line from meter and/or point of delivery as defined here before.

9. Discontinuance of Service by DISTRICT

Water service may be discontinued by the DISTRICT for any violation of any rule, regulation, or condition, and especially for any of the following reasons.

- A. Misrepresentation in the application or contract to the property or fixtures to be supplied or additional use to be made of water
- B. Failure to report to the DISTRICT additions to the property or fixtures to be supplied or additional use to be made of water
- C. Resale of water.

DATE OF ISSUE NOVEMBER 13, 2012  
Month Date Year

DATE EFFECTIVE DECEMBER 15, 2012  
Month Date Year

ISSUED BY [Signature]  
(Signature of Utility)

FILE \_\_\_\_\_ VICE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<u>[Signature]</u> EFFECTIVE
12/15/2012



FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 4

ORIGINAL SHEET NO. 15

CANCELLING P.S.C. KY. NO. 3

SHEET NO. 15

Mountain Water District  
(Name of Utility)

**RULES AND REGULATIONS**

excused from the payment of any bill or any performance required in said notice.

Bills for water service are due and payable at the office of the DISTRICT, or to any designated agent, by the 15<sup>th</sup> day after the date of issue. All accounts not paid in full 5 days after the due date shall be considered past due and an additional charge of 10 percent of the unpaid portion of the bill will be made. Payments may be made in the form of cash, check, credit/debit card, or online at [www.mountainwaterdistrictky.com](http://www.mountainwaterdistrictky.com). Customers choosing to pay by credit/debit card or online shall be assessed a fee at a rate equal to the rate being charged to the DISTRICT to process such transactions. The fee is generally calculated using a formula applied to the balance of the amount being paid, but may be a flat fee per transaction. Prior to processing the transaction, the customer will be informed of the fee amount and, upon request by the customer, the formula employed to arrive at this fee amount.

All bills not paid on or before the past due date shall be deemed delinquent. Any said delinquent bill shall be disconnected fifteen (15) days after the due date, but not before at least five (5) days written notice of termination is provided. Said termination notice shall be exclusive of and separate from the original bill. Included on the notice will be a statement that the DISTRICT plans to terminate service and the date in which the DISTRICT plans to terminate service if the balance is not paid in full. However, if, prior to discontinuance of service, there is delivered to the DISTRICT a written certificate signed by a physician, registered nurse, or a public health officer that, in the opinion of the certifier, discontinuance of service will aggravate an existing illness or infirmity at the affected premises, service shall not be discontinued until the affected resident can make other living arrangements or until thirty (30) days elapse from the time of the DISTRICT'S receipt of said certification, whichever occurs first. Such certificates shall not be accepted in consecutive months.

DATE OF ISSUE May 6, 2013  
Month / Date / Year  
DATE EFFECTIVE July 7, 2013  
Month / Date / Year  
ISSUED BY [Signature]  
(Signature of Officer)  
TITLE CHAIRPERSON  
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH <i>Brent Hartley</i>
EFFECTIVE <b>6/7/2013</b>
PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 4

ORIGINAL SHEET NO. 16

CANCELLING P.S.C. KY. NO. 3

SHEET NO. 16

Mountain Water District  
(Name of Utility)

**RULES AND REGULATIONS**

**11. Discontinuance of Service by Customer**

Any customer having fulfilled their contract terms and desiring to discontinue the water service to their premises for any reason must give notice of discontinuance in writing at the business office of the DISTRICT at least three (3) days prior to the date on which the customer desires to discontinue service. If such notice in writing is not given, a customer shall remain liable for all water used and service rendered to such premises by the DISTRICT until such notice is received by the DISTRICT.

**12. Termination or Field Collection Fee**

A \$30.00 charge shall be assessed when a DISTRICT representative makes a trip to the premises of a customer for the purpose of terminating service. The charge shall be assessed if the DISTRICT representative actually terminates service or if, in the course of the trip, the customer pays the delinquent bill to avoid termination. The charge shall also be made if the DISTRICT representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. The DISTRICT shall make a Termination or Field Collection Charge only once in any billing period. Any disconnection or reconnection as a result of non-payment of service that requires the District to take extraordinary means to perform said disconnection/reconnection (i.e. digging up and re-pavement of blacktop) shall be charged to the customer at actual cost.

**13. Reconnection Fees**

Where the water supply to the customer has been discontinued for non-payment of delinquent bills, or where a meter is to be reinstalled for a new customer at the location where one existed previously, a charge of \$30.00 shall be made for reconnection in addition to all delinquent bills and other charges, if any, owed by the customer to the DISTRICT. In instances where the customer pays after three (3) p.m. and would like service connected the same day a charge of \$30.00 shall apply.

**14. Turn-On Fee**

A Turn-On Charge of \$30.00 shall be assessed for a new service Turn-On, seasonal Turn-On or temporary service. A Turn-On Charge shall not be made for initial installation of service where a tap fee is required.

DATE OF ISSUE May 6, 2013

Month / Date / Year

DATE EFFECTIVE June 7, 2013

Month / Date / Year

ISSUED BY [Signature]

(Signature of Officer)

TITLE CHAIRPERSON

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>Paul Kralig</i>
EFFECTIVE <b>6/7/2013</b> PURSUANT TO 307 KAR 5.011 SECTION 9.11

FOR Light Service Area  
Community, Town or City

P.S.C. KY NO. 3

ORIGINAL SHEET NO. 17

CANCELLING P.S.C. KY NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RULES AND REGULATIONS**

**13. DEPOSIT**

The Mountain Water District reserves the right to require a minimum cash deposit of \$75.00 for residential accounts and \$150.00 for commercial accounts to secure payment of bills except for customers qualifying for service reconnection pursuant to 807 KAR 5:005, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 273.460, will be paid annually either by refund or credit to the customer's bill, except that no refund or credit will be made if the customer's bill is delinquent on the anniversary date of the deposit. The rate at which interest will be paid shall be equal to the interest rate the DISTRICT receives from the customer deposit escrow account.

The deposit may be waived upon a customer's showing of satisfactory credit or payment history, and required deposits will be returned after two (2) years if the customer has established a satisfactory payment record for that period. If a deposit has been waived or refunded and the customer fails to maintain a satisfactory payment record, a deposit may then be required. The DISTRICT may require a deposit in addition to the initial deposit if the customer's classification of service changes or if there is a substantial change in usage. Upon termination of service, the deposit, any principal amounts, and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria may be considered:

1. Previous payment history with the DISTRICT. If the customer has no previous history with the DISTRICT, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit.
2. Whether the customer has an established income or line of credit.
3. Length of time the customer has resided or been located in the area.
4. Whether the customer owns property in the area.

DATE OF ISSUE NOVEMBER 14, 2012  
Month Date Year

DATE EFFECTIVE JANUARY 12, 2013  
Month Date Year

ISSUED BY JOHN COLLETT  
Signature of D.B. Officer

TITLE VICE CHAIRPERSON

BY AUTHORITY OF BOARD OF PUBLIC UTILITIES COMMISSION  
ENCLOSURE DATE \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R DEROUEN EXECUTIVE DIRECTOR</b>
<u>Target Branch</u> TARGET BRANCH
<u>Jeff R. Deroquen</u> JEFF R. DEROUEN
<b>1/12/2013</b> DATE



FOR Entire Service Area  
Community Town or City

P.S.C. KY NO. 1

ORIGINAL SHEET NO. 18

CANCELING P.S.C. KY NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RULES AND REGULATIONS**

5. Whether the customer has filed bankruptcy proceedings within the last seven years.
6. Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit

If a deposit is held longer than 30 months, the deposit will be recalculated at the customer's request based on the customer's actual usage. If the deposit on account differs from the recalculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the DISTRICT may collect any underpayment and shall refund any overpayment by check or credit to the customer's bill. No refund will be made if the customer's bill is delinquent at the time of the recalculation.

DATE OF ISSUE NOVEMBER 14, 2012  
Month Date Year

DATE EFFECTIVE JANUARY 2, 2013  
Month Date Year

INSPECTED BY SCOTT L. HARRISON  
(Signature or Title)

TITLE VICE CHAIRPERSON

BY ALL MEMBERS OF THE PUBLIC SERVICE COMMISSION

CLASS NO. \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
LADUE BRANCH
<i>Scott Harrison</i>
EFFECTIVE <b>1/12/2013</b>
<small>OFFICE OF THE PUBLIC SERVICE COMMISSION</small>

FOR Entire Service Area  
Community, Town or City

P.S.C. KY NO. 3

ORIGINAL SHEET NO. 19

CANCELLING P.S.C. KY NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

16 Adjustment Relative to Erroneous Meter

A. If test results on a customer's meter show an average error greater than two (2) percent fast or slow, or if a customer has been incorrectly billed for any other reason, except in an instance where a utility has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a customer, the utility shall immediately determine the period during which the error has existed, and shall recompute and adjust the customer's bill to either provide a refund to the customer or collect an additional amount of revenue from the under billed customer. The utility shall readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If the customer and the utility are unable to agree on an estimate of the time period during which the error existed, the commission shall determine the issue. In all instances of customer overbilling, the customer's account shall be credited or the overbilled amount refunded at the discretion of the customer within thirty (30) days after final meter test results. A utility shall not require customer repayment of any under billing to be made over a period shorter than a period equal to the under billing.

DATE OF ISSUE NOVEMBER 14, 2013

Month Day Year

DATE EFFECTIVE JANUARY 1, 2014

Month Day Year

SIGNATURE WILLIAM B. PERSON

SECRETARY

NAME OF THE PUBLIC SERVICE COMMISSION

OFFICE OF THE SECRETARY

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
LAUREL BRANDE <i>Laurel Brande</i> EFFECTIVE
1/12/2013

FOR Entire Service Area \_\_\_\_\_  
Community, Town or City \_\_\_\_\_

P.S.C. KY. NO. 3 \_\_\_\_\_

ORIGINAL SHEET NO. 20 \_\_\_\_\_

CANCELLING P.S.C. KY. NO. 2 \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

- B. If the result of such test shows an average error greater than two (2) percent slow, the customer's bill for the period during which the meter error is known to have existed, shall be recomputed and the account adjusted on the basis of the test. If the period during which the meter error existed cannot be determined, then the customer's bill shall be recomputed for one-half (1/2) of the elapsed time since the last previous test, but in no event to exceed twelve (12) months.
- C. If the result of such test necessitates making a refund or back billing a customer, the customer shall be notified in writing of the percentage of error, fast or slow, the date(s) of testing, and the amount of charge or credit to be shown on their next bill.

17. Customer Request for Billing Adjustment

The DISTRICT thru its Board of Commissioners may approve, subject to the following guidelines, a customer's request for billing adjustment. This adjustment is in addition to and does not supplant Rule 16, Adjustment Relative to Erroneous Meter. No adjustment shall be granted if the metered water has been consumed or utilized by the customer. Any adjustment made upon request of the customer shall be on a one time basis and shall inure to the meter service location and not the name of the customer. Following are guidelines, which must be met before the Board of Commissioners may grant an adjustment.

DATE OF ISSUE \_\_\_\_\_ NOVEMBER 14, 2012 \_\_\_\_\_  
Month Date Year

DATE EFFECTIVE \_\_\_\_\_ JANUARY 12, 2013 \_\_\_\_\_  
Month Date Year

BY \_\_\_\_\_ S. JOHN COLLETS \_\_\_\_\_  
Secretary of Office

TITLE \_\_\_\_\_ VICE CHAIRPERSON \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
LABETTE BRANCH
<i>Paul Estlin</i>
FIFTEEN 1/12/2013

FOR Mountain Water District Service Area  
Community Board of C.O.'s

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 21

CANCELING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

1. Request for adjustment must be signed and submitted by the customer on forms adopted by the DISTRICT.
2. Adjustments shall be made only upon action of the Board of Commissioners of the DISTRICT.
3. Appearance by the customer before the Board of Commissioners is not mandatory for consideration.
4. Any customer may upon written request within twenty (20) days of action by the Board of Commissioners appeal to the Board for reconsideration at the next regular meeting date.
5. An appeal must be presented by the customer or their representative in order that it may be considered.
6. Customer may not have had an adjustment in the previous 12 months.

18. Method of Adjustment Calculation - Customer Request for Adjustment

The billing adjustment approved by the Board of Commissioners shall be calculated on an established form as follows:

- A. The customer shall pay, based on the DISTRICT'S current and prevailing water usage rate, for a volume equal to the average monthly usage. The average monthly usage shall be determined by averaging the customer's metered service for the three months prior to the month of application of adjustment or date of disavowal, whichever occurs first.

DATE OF ISSUE NOVEMBER 14, 2012  
Month Year  
DATE OF REVISION JANUARY 12, 2013  
Month Day Year  
ISSUED BY S. RILEY COLLINS  
Commissioner  
FILED BY JEFF CHADWICKSON  
DATE FOR FILING BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION  
AT \_\_\_\_\_ DAY OF \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Paul A. King</i>
EFFECTIVE <b>1/12/2013</b>



FOR Laurel Service Area  
Community To-BE or City

P.S.C. KY. NO. 2

ORIGINAL SHEET NO. 23

CANCELLING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RULES AND REGULATIONS**

At least once monthly, the DISTRICT will monitor the usage of each customer according to the following procedure:

1. Review a compiled irregular usage report, which consist of any accounts in which the current month's usage exceeds the twelve (12) month average by twenty (20) percent or more.
2. If the current month's usage is substantially the same or if any difference is known to be attributed to unique circumstances, such as unusual weather conditions common to all customers, no further review will be completed.
3. If the usages differ by twenty (20) percent or more and cannot be attributed to readily identified common causes, the DISTRICT will compare the customer's monthly usage records for the same month of the preceding year.
4. If the cause for the usage deviation cannot be determined from analysis of the customer's meter reading and billing records, the DISTRICT will contact the customer by telephone or in writing to determine whether there have been changes such as: an increase in the number of household members or work staff, addition of different appliances, changes in business volume, or known leaks in the customer's service line.
5. Where the deviation is not otherwise explained, the DISTRICT will test the customer's meter to determine whether it shows an average error greater than two (2) percent fast or slow.
6. The DISTRICT will notify the customer of the investigation, it's findings and any refunds or back billing in accordance with Public Service Commission Rules and Regulations.

DATE OF ISSUE NOVEMBER 11, 2013  
Month Day Year

DATE EFFECTIVE JANUARY 1, 2013  
Month Day Year

ISSUED BY S. JOHN COLLINS  
(Signature of Official)

TITLE V. G. C. HAIRPERSON

BY MEMBERS OF BOARD OF THE PUBLIC SERVICE COMMISSION  
DEANS, KY. \_\_\_\_\_ DATED \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
<u>Jeff R. Deroen</u> <small>Signature of Official</small>
<b>EFFECTIVE 1/12/2013</b>

FOR Public Service Area  
Community, Town or City

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 24

CANCELLING P.S.C. KY. NO. 1

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

20 Failure of Water Meter

Where a meter is found to be in error, the customer's bill will be adjusted in accordance with Public Service Commission Regulations. Where a meter has ceased to register, the DISTRICT will estimate the monthly bill of the customer for the months that the meter did not operate. The estimated bill will be based upon the previous six months' usage.

21. Right of Access

The customer must agree to donate to the DISTRICT the necessary easements to lay, maintain, repair, or remove such water lines that are the property of the DISTRICT located on the customer's property with the right of ingress and egress over customer's property. The DISTRICT'S duly authorized representative and/or other duly authorized employee of the State Health Department bearing proper credentials and identification shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling, and testing, in accordance with the provisions of these Rules and Regulations.

22 Interruption of Service

The DISTRICT will use reasonable diligence in supplying water service, but shall not be liable for breach of contract in the event of, or for loss, injury, or damage to persons or property resulting from interruptions in service excessive or inadequate water pressure, or

DATE OF ISSUE NOVEMBER 14, 2012  
Month Day Year

DATE EFFECTIVE JANUARY 12, 2013  
Month Day Year

ISSUED BY B. JOHN COLLINS  
(Signature of Officer)

TITLE V.P. CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
CLASS. NO. \_\_\_\_\_ DATE \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
LARRY BRANDELL <i>Larry Brandell</i>
OFFICER 1/12/2013

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 2

ORIGINAL SHEET NO. 25

CANCELING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

otherwise unsatisfactory service, whether or not caused by negligence. This includes the quality of water used in filling a swimming pool.

The DISTRICT does hereby explicitly state that its system is one for rural domestic consumption and that its allowance of connections to its system for fire protection whether by design or implication is only for such benefit as said customer may be able to derive from such connection.

The DISTRICT'S system is not designed nor intended for use for fire protection in any manner whatsoever. Any customer using same for fire protection does so at their own full and sole responsibility.

The DISTRICT shall in no event be held responsible for any claim made against it by reason of the breaking of any mains or service pipes or by reason of any other interruption of the supply of water caused by the failure of machinery or stoppage for necessary repairs. No person shall be entitled to damages for any portion of a payment refunded for any interruption of service, which in the opinion of the DISTRICT may be deemed necessary.

The DISTRICT shall make all reasonable efforts to eliminate interruption of service and when such interruptions occur will endeavor to reestablish service with the shortest possible delay. When the service is interrupted, all consumers affected by such interruption will be notified in advance whenever it is possible to do so

DATE OF ISSUE NOVEMBER 11, 2011

Month Date Year

DATE EFFECTIVE JANUARY 11, 2012

Month Date Year

SIGNED BY S. JOHN COLLINS

Chairman of District

TITLE VICE CHAIRPERSON

BY AUTHORITY OF BOARD OF THE PUBLIC SERVICE COMMISSION

PLEASE PRINT NAME AND DATE

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
FILED-BRANCH
<i>Paul Anthony</i>
EFFECTIVE 1/12/2013



FOR Edge Service Area  
Community Power Act

P.S.C. KY NO. 1

ORIGINAL SHEET NO. 26

CANCELLING P.S.C. KY NO. 1

SHEET NO. \_\_\_\_\_

Abenmin Water District  
(Name of Utility)

RULES AND REGULATIONS

23 Boilers and/or Pressure Vessels

Customers having boilers and/or pressure vessels receiving a supply of water from the DISTRICT must have a check valve on the water supply line and a vacuum valve on the stream line to prevent collapse in case the water supply from the DISTRICT is discontinued or interrupted for any reason, with or without notice. It is the responsibility of the customer to make provisions for protection of his equipment in case of interrupted or intermittent service.

24. Backflow Preventers

Special services and fire connections shall have backflow preventers in accordance with State & Health Department Plumbing Codes, installed at the cost of and maintained by the prospective customer.

25 Cross-Connection

Kentucky Department of Health, Kentucky Public Service Commission, and these rules and regulations do hereby explicitly state that cross-connection of the DISTRICT'S system with any other source is hereby prohibited

DATE OF ISSUANCE NOVEMBER 14, 2013  
Month Day Year  
EFFECTIVE DATE JANUARY 12, 2014  
Month Day Year  
SHEET BY JOHN COLLINS  
Signature of Officer  
TITLE MANAGING PERSON  
OFFICIAL POSITION OF OFFICER THE PUBLIC SERVICE COMMISSION  
CLASS NO. DAV70

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Tariq Faruqi</i> DIRECTOR
1/12/2013 OFFICE OF THE PUBLIC SERVICE COMMISSION

FOR Entry Services Area  
Community, Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 27

CANCELING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

26. Relocation of Water Facility

The DISTRICT may, at the request of a customer or other person relocate, change or modify existing DISTRICT owned equipment, mains or appurtenances. Same shall reimburse DISTRICT for such changes at actual cost including appropriate legal, administrative, engineering, and overhead cost.

27. Damage to DISTRICT'S Water System

No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of the DISTRICT'S water works. Any person violating this provision shall be subject to immediate arrest and/or discontinuation of water service and shall pay the cost of repairing or replacing the property of the DISTRICT and all legal fees.

Any person, firm or organization working in the vicinity or near DISTRICT'S distribution mains or appurtenances may request the DISTRICT to indicate location of same. However, indication by DISTRICT of same does not relieve such person of complete responsibility and liability for any and all damages, liability and loss resulting from any act of such person or his assigns and/or agent.

28. Additional Load

The service connection supplied by the DISTRICT for each customer has a definite capacity, and no addition to the equipment or load connected thereto will be allowed

DATE OF ISSUE: NOVEMBER 15, 2012

Month, Date, Year

DATE EFFECTIVE: JANUARY 12, 2013

Month, Date, Year

ISSUED BY: S. JOHN COLLINS

Signature of Official

TITLE: V.P. CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TABLE BRANCH
<i>Jeff R. Derouen</i> EXECUTIVE
1/12/2013 OFFICE OF THE ATTORNEY GENERAL

POP Home Service Area  
Community, Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 23

CANCELLING P.S.C. KY. NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

except by consent of the DISTRICT. Failure to give notice of additions or changes in load, and to obtain the DISTRICT'S consent for same, shall render the customer liable for any damage to any of the DISTRICT'S lines or equipment caused by the additional or changed installation.

29. Notice of Trouble

The customer shall notify the DISTRICT immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble or accidents affecting the supply of water.

30. Distribution Extensions

Any person desiring an extension to DISTRICT'S system shall request in writing, in a form approved by DISTRICT, for such extension. Any requested extension may be provided under one of the following options.

OPTION I - DISTRICT shall construct such extension under authority and procedure as stipulated in Public Service Commission Regulation 807 KAR 5:066, Section I. Any extension made under this option shall be subject to refund as outlined in said regulation.

OPTION II - Applicant may construct and donate to DISTRICT, the extension, as a contribution in aid of construction, meeting all DISTRICT'S specifications and approval. The DISTRICT reserves right to stipulate applicable engineering, legal and administrative factors.

DATE OF ISSUE NOVEMBER 2, 2012  
Month Day Year

DATE EFFECTIVE JANUARY 12, 2013  
Month Day Year

SIGNATURE SEYMOUR COLLINS  
(Signature of Official)

TITLE VICE CHAIRPERSON

LOCAL AGENCY OR BOARD OF THE PUBLIC SERVICE COMMISSION  
BY ASST. SEC. GEN. DATE 1/12/2013

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
JEFF BRANTZ <i>Jeff Brantz</i> DIRECTOR
1/12/2013 OFFICE OF THE SECRETARY

FOR Fairly Service Area \_\_\_\_\_  
Community Town or City \_\_\_\_\_

P S C KY NO. \_\_\_\_\_

ORIGINAL SHEET NO. \_\_\_\_\_

CANCELLING P S C KY NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

Applicant shall pay all cost of DISTRICT as a contribution in aid of construction. Any extension made under this option shall not be eligible for refund.

The applicant or group of applicants shall have the right to elect the option by which said extension shall be made. In either case applicant must execute a contract and agreement for line extension on a form approved by DISTRICT.

The applicant is hereby notified that regardless of option selected all other rules, rates and schedules of fees applicable to size and type of service requested shall be paid in addition to cost of extension.

31. Complaints

Complaints may be made to the operator of the system whose decision may be appealed to the DISTRICT Commissioners. Such appeal shall be in writing within ten (10) days of date of decision by operator, stating the nature of the complaint and supporting evidence. Decisions by the DISTRICT'S Commissioners or operation may be brought before the Public Service Commission in accordance with current regulations.

32. Sale of Water

Water furnished by the DISTRICT may be used for domestic consumption by the customer's household or business subject to special service agreements.

DATE ISSUED \_\_\_\_\_ NOVEMBER 14, 2012 \_\_\_\_\_  
Month Date Year  
DATE RECEIVED \_\_\_\_\_ JANUARY 2, 2013 \_\_\_\_\_  
Month Date Year  
ISSUED BY \_\_\_\_\_ DEBORAH COLLINS \_\_\_\_\_  
Special Agent  
OFFICE \_\_\_\_\_ ARLINGTON, MISSOURI \_\_\_\_\_  
BY AUTHORITY OF DEPUTY CHIEF OF PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATE \_\_\_\_\_

KENTUCKY  
PUBLIC SERVICE COMMISSION  
JEFF R. DEBOUEN  
EXECUTIVE DIRECTOR  
TABLE BRANCH  
*Jeff Debouen*  
OFFICIAL  
1/12/2013  
BY \_\_\_\_\_

FOR Entire Service Area  
Community, Town or City

P.S.C. KY NO. 3

ORIGINAL SHEET NO. 30

CANCELLING P.S.C. KY NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RULES AND REGULATIONS**

The customer shall not sell, donate, give, or allow use of such water to any authorized or unauthorized party

33 Special Charges

Special charges may be assessed to the customer for returned checks, meter rereads, and meter retests at the specified charges shown below:

- A A charge of \$15.00 will be made for each check returned to the DISTRICT by the bank
- B A charge of \$30.00 will be made to reread a meter at the customer's request unless such reread reveals that the initial reading was erroneous. No charge shall be made if the initial reading was erroneous.
- C A charge of \$30.00 will be made for a meter retest when such test is made at the customer's written request unless the meter is found to be faulty. No charge shall be made for a faulty meter, but appropriate adjustments shall be made in accordance with Section 14 of these rules and regulations. If the customer chooses to have an independent test performed they shall be charged at cost.
- D A charge of \$30.00 shall be made for service investigation during regular working hours if interruption of service or service problem is associated with the customer's own plumbing facility and beyond the DISTRICT'S delivery point and is not caused by a failure of DISTRICT facilities. The charge for investigation after working hours will be \$75.00 per trip. Any maintenance and repair of facilities beyond the DISTRICT'S delivery point is the responsibility of the customer.
- E When an investigation of facilities on the customer's premises reveals an unauthorized use of the water system, an investigation fee of \$75.00 shall be charged. The actual cost of repairing damage and correcting the improper service connection, if any, shall be charged and the customer's bill shall be charged for the amount of service rendered.

DATE OF ISSUE NOVEMBER 14, 2012  
Month / Date / Year

DATE EFFECTIVE JANUARY 1, 2013  
Month / Date / Year

ISSUED BY JOHN COLLINS  
(Signature of Officer)

TITLE VICE CHAIRPERSON

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>David A. ...</i>
EFFECTIVE 1/12/2013
<small>PUBLIC SERVICE COMMISSION</small>

FOR Entire Service Area  
Community, Town or City

P.S.C. KY NO. 3

ORIGINAL SHEET NO. 31

CANCELING P.S.C. KY NO. 2

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

34 Special User Agreements for Nonstandard Service

Each prospective customer requesting a nonstandard service shall execute to the DISTRICT an agreement for special service. The standard forms for Agreement for Special Services are as follows:

- Agreement for Special Service, nonstandard Size Meter
- Agreement for Multi-Family Development, Master Meter
- Agreement for Multi-Family Development, Units with Individual Meters
- Agreement for Mobile Home Park Service, Master Meter
- Agreement for Mobile Home Park Service, Sites with Individual Meters
- Agreement for Special Service, Sprinkler System and Fire Service Connection

For special service not applicable to above categories the DISTRICT may, upon consent of Applicant and DISTRICT, formulate and execute a contractual agreement specifically applicable to said special service need.

DATE OF ISSUE NOVEMBER 14, 2013  
Month Day Year

DATE EFFECTIVE JANUARY 12, 2013  
Month Day Year

ISSUED BY MR. JEFFERSON  
Signature of Official

OFFICER MR. CHAMBERLAIN

BY AUTHORITY OF CHIEF OF THE PUBLIC SERVICE COMMISSION

SEALS TO BE PLACED ON \_\_\_\_\_


KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
 RECEIVED
<b>1/12/2013</b>

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE MOUNTAIN WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$3,102,921 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Mountain 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 Wastewater 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, IT IS RESOLVED by the Mountain Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of October 1, 2016 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 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 \_\_\_\_\_.

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Mountain Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said Agency at a meeting duly held on \_\_\_\_\_, 20\_\_\_; 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 \_\_\_\_\_, 20\_\_\_.

\_\_\_\_\_  
Secretary



EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Mountain Water District, dated as of December 1, 2015

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 Mountain Water District (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 wastewater treatment works 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 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 municipal corporation and political subdivision 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 acquisition and 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  
THE MOUNTAIN 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: \_\_\_\_\_

MOUNTAIN WATER DISTRICT  
Governmental Agency

By: Michael Blackburn

Title: Chairman

ATTEST: \_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

10702950v1

## RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE MOUNTAIN WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$3,102,921 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Mountain 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 Wastewater 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, IT IS RESOLVED by the Mountain Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of October 1, 2016 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.

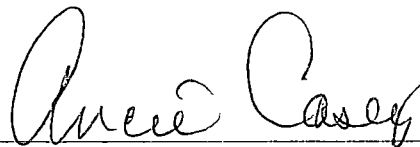
SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on October 12<sup>th</sup>, 2016.

  
Chairman

Attest:

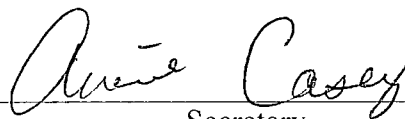


Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Mountain Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said Agency at a meeting duly held on Oct. 12<sup>th</sup>, 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 61.825; 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 12<sup>th</sup> day of October, 2016.



Secretary

10703093v1

# MOUNTAIN WATERDISTRICT BOARD OF COMMISSIONERS SPECIAL MEETING

October 12th, 2016  
11:00 AM

## ATTENDEES

Julia Roberts, Appalachian News Express  
Jody Hunt, Summit Engineering  
DanStratton, Stratton Law Firm  
Roy Sawyers, Mountain Water District Manager  
Tammy Olson, Office/Compliance Manager, MWD  
Carrie Hatfield, Financial Administrator, MWD

## CALL TO ORDER

## AGENDA ITEM I

The Mountain Water District Board of Commissioners' Special Meeting was held on Wednesday, October 12th, 2016 at 11:00 a.m.

Commissioners present for the meeting were as follows:

Commissioner Ancie Casey  
Commissioner Eddie Hurley  
Commissioner Johnny Tackett

Commissioners Mike Blackburn and Kelsey Friend were absent for this meeting.

Vice Chairman Eddie Hurley called the meeting to order.

## AGENDA ITEM I

### 1. **Approval of Pompey Water Line Extension Project Contract 2, Change Order #1**

Jody Hunt, Summit Engineering, stated that this change order was discussed during the last regular meeting. At the time we were contemplating doing the change order on Contract 1 of the project. That was approved at the last meeting but we have shifted what we are change ordering and are just moving the monies around. Contract 1 that was approved last time, instead of being a \$45,000 addition, it is a \$37,800 subtraction to Contract 1. We are taking some line that was in Contract 1 out and putting it in Contract 2. In Contract 2 is a change order in the amount of \$45,800. The difference of that is the difference in taking the line out of one contract and putting it in the other. He stated that he recently told the Board it would be a \$45,000 change order. There is an additional \$3,000 because we are taking a master meter station out and changing it to a PRV station. We went to Frankfort and met with the funding agencies and also discussed in our previous meeting that the funding agencies do approve of this change. There is funding in the project to afford these changes. Mr. Sawyers stated that AML and Rural Development are both on board with this. Vice Chairman Hurley requested a motion to approve the requested change order #1 of Contract 2 of the Pompey Water Line Extension Project. Commissioner Casey made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

Commissioner Casey	Aye
Commissioner Friend	Absent
Commissioner Blackburn	Absent

Commissioner Hurley           Aye  
Commissioner Tackett        Aye

Upon Commissioner voting, the motion was carried and passed.  
**Resolution No. 16-10-001**

Mr. Hunt stated that as an update on the Johns Creek BPS Replacement Project with FEMA Mitigation funding. We have received a letter and today we are meeting with Amanda LeMaster with Hazard Mitigation. That money has finally come through and we got approval to begin phase I, which is design of that project, and once design is complete FEMA will award the money for construction. This project will replace two (2) additional pump stations that we applied for that are in the flood zone. This will be for Phelps 1 and Phelps 2 pump stations and are in bad need of replacement. Mr. Sawyers stated that these funds come through FEMA and hazard mitigation and is a 12% match of funds for the District. Vice Chairman Hurley clarified that the 12% is all we have to pay back. Mr. Sawyers confirmed that as correct. The Board agreed they were pleased that this project could move forward.

## **AGENDA ITEM II**

### **1. KIA Assistance Agreement Approval – Douglas WWTP Upgrades Project**

Mr. Sawyers stated that he met with KIA while in Frankfort and there is a sense of urgency for the Board to go ahead and get this processed instead of waiting until the next Board meeting so we could move along. This is executing the final documents for the Assistance Agreement with KIA for the funding and will finalize the loan process and we can go ahead and start going to construction. He just needs the Board's resolution to approve the KIA loan documents and Assistance Agreement. Vice Chairman Hurley requested a motion to approve the Assistance Agreement with KIA for the Douglas WWTP Upgrades project as presented. Commissioner Tackett made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Commissioner Casey           Aye  
Commissioner Friend         Absent  
Commissioner Blackburn      Absent  
Commissioner Hurley         Aye  
Commissioner Tackett        Aye

Upon Commissioner voting, the motion was carried and passed.  
**Resolution No. 16-10-002**

Vice Chairman Hurley requested a motion to approve the Resolution Approving and Authorizing an Assistance Agreement Between the Mountain Water District and the Kentucky Infrastructure Authority to Provide \$3,102,921 of Loan Funds for Wastewater System Improvements as presented. Commissioner Tackett made the motion. Commissioner Hurley seconded the motion. Commissioner voting as follows:

Commissioner Casey           Aye  
Commissioner Friend         Absent  
Commissioner Blackburn      Absent  
Commissioner Hurley         Aye  
Commissioner Tackett        Aye

Upon Commissioner voting, the motion was carried and passed.  
**Resolution No. 16-10-003**



**ADJOURN MEETING**

There being no further business on the agenda, Vice Chairman Hurley requested a motion to adjourn the meeting. Commissioner Tackett made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

Commissioner Casey	Aye
Commissioner Friend	Absent
Commissioner Blackburn	Absent
Commissioner Hurley	Aye
Commissioner Tackett	Aye

Upon Commissioner voting, the motion was carried and passed.  
**Resolution No. 16-10-004**

**KENTUCKY INFRASTRUCTURE AUTHORITY**  
**Minutes of the Full Board**

**Meeting Date/Location:** April 2, 2015 – 1:00 p.m.  
Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340, Frankfort

**Members present:**

Mr. Tony Wilder, Commissioner, Department for Local Government  
Mr. Sam Ruth, Finance and Administration Cabinet  
(proxy for Secretary Lori H. Flanery, FAC)  
Ms. Lona Brewer, Energy and Environment Cabinet  
(permanent proxy for Secretary Leonard K. Peters, EEC)  
Mr. Robert Aldridge, Economic Development Cabinet  
(proxy for Secretary Larry Hayes (EDC)  
Mr. Jeff Derouen, Executive Director, Public Service Commission  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities  
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association

**Members absent:**

Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association  
of Counties  
Ms. Linda C. Bridwell, representing for-profit private water companies

**Guests:**

Ms. Anshu Singh, Division of Water  
Mr. Grondell Potter, Mountain Water District  
Mr. Jody Hunt, Summit Engineering  
Mr. Mitch Brunsma, Vaughn & Melton  
Mr. John Callihan, Barbourville Utility Commission  
Mr. Ralph Johnstone, Sanitation District #1  
Ms. Ashley Bode, Sanitation District #1  
Mr. William Ballard, East Clark County Water District  
Mr. Bryan Kirby, CEDA, Inc.  
Mr. Bob Amato, City of Nicholasville  
-----  
Ms. Laura Gilkerson, GRW Engineers, Inc.  
Mr. John Brady, Office of Financial Management  
Mr. Andy Meadors, Whitley County Water District  
Mr. Tim Schwendeman, Cumberland Valley Area Development District  
Mr. Ken Taylor, Kenvirons, Inc.

## PROCEEDINGS

Chair Tony Wilder called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Mr. Wilder asked board members and guests to introduce themselves. Board Member David Cartmell was introduced as Mayor of Maysville, one of the 18 Most Charming Small Towns in America according to Country Living magazine. Chair Wilder confirmed that a quorum was present and that the press had been notified regarding the meeting.

New Kentucky Infrastructure Authority staff member Meg Link was introduced to the board.

### I. BUSINESS (Board Action Required)

#### A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of February 5, 2015

*Mr. Damon Talley moved to approve the minutes of the February 5, 2015, regular board meeting. Ms. Lona Brewer seconded, and the motion carried unanimously.*

#### B. NEW PROJECTS/ACTION ITEMS

Chair Wilder advised that the board would consider in sequence two projects, both to the City of Barbourville, listed in the agenda as Action Item 1, Fund A Loan A15-006 and Action Item 9, Fund B Loan B15-005.

#### 1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A15-006) IN THE AMOUNT OF \$1,856,109 TO THE CITY OF BARBOURVILLE F/B/O BARBOURVILLE UTILITY COMMISSION, KNOX COUNTY, KENTUCKY

Ms. Anshu Singh, DOW, and Ms. Jami Johnson, KIA, presented the Fund A loan A15-006 project to the Board. The City of Barbourville f/b/o Barbourville Utility Commission requested a \$1,856,109 Fund "A" loan for the Barbourville Sewer Rehab project. The project will TV inspect, smoke test and rehabilitate approximately 63,000 linear feet of gravity sewer collection lines using slip lining, trenchless pipe bursting, and point repairs to correct the inflow and infiltration entering the system.

*Mr. Marty Ivy moved to approve Fund A Loan A15-006 in the amount of \$1,856,109 to the City of Barbourville f/b/o of Barbourville Utility Commission with the standard conditions. Mr. Damon Talley seconded, and the motion was unanimously approved.*

**2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B15-005) OF \$130,000 TO THE CITY OF BARBOURVILLE F/B/O BARBOURVILLE UTILITY COMMISSION, KNOX COUNTY, KENTUCKY**

Ms. Debbie Landrum, KIA, presented the project to the Board. The City of Barbourville f/b/o Barbourville Utility Commission requested a \$130,000 Fund B loan for the Barbourville Levee Certification project. The City operates a levee to protect against flooding from the Cumberland River. The system includes 3.79 miles of levee, four storm water pump stations, and seven closure structures. The City has entered into an agreement with FEMA to prepare a 44CFR54.10 certification of the levee system. The certification must be completed every ten years. If this certification is not completed, FEMA's recourse is to publish flood insurance rate maps of the city as though no levee were present. This would be a significant burden to both residents and commercial establishments in the current zone of protection.

*Mr. Damon Talley moved to approve the Fund B loan B15-005 in the amount of \$130,000 to the City of Barbourville f/b/o Barbourville Utility Commission with the standard conditions Mr. Sam Ruth seconded, and the motion was unanimously approved.*

The board then considered in sequence three projects to the City of Harrodsburg, listed in the agenda as Action Item 2, Fund A Loan A15-074, Action Item 3, Fund A Loan A15-075, and Action Item 11, Fund F Loan F15-031.

**3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-074) IN THE AMOUNT OF \$10,000,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Armstrong-Norton, KIA, presented the Fund A loan A15-074 project to the Board. The City of Harrodsburg requested a \$10,000,000 Fund A loan for the Wastewater Treatment Plant Expansion project. The project will upgrade and expand the existing plant that has capacity to operate at 2.6 MGD. The current system is aged and showing signs of distress within the sludge press. After expansion, the plant will have a 3.5 MGD capacity that will include oxidation ditch treatment services to replace the current outdated treatment process. The project will allow future services to city and county residential and industrial customers.

**4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-075) IN THE AMOUNT OF \$810,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Armstrong-Norton, KIA, presented the Fund A loan A15-075 project to the Board. The City of Harrodsburg requested a \$810,000 Fund A loan for the Harrodsburg Corning Pump Station and Force Main project. The project will re-route existing wastewater flows that are currently being discharged into an aged downtown collection system that frequently overflows due to pipe restrictions. The project will install a pump station and lines that will relieve the downtown system by improving the hydraulics and reducing the overflows. The new pump will also provide additional capacity for adjacent areas of the system by discharging flows to the newer wastewater system.

*Mr. Damon Talley moved to approve Fund A Loan A15-074 in the amount of \$10,000,000 to the City of Harrodsburg and Fund A loan A15-075 in the amount of \$810,000 to the City of Harrodsburg, both with the standard conditions. Mr. Sam Ruth seconded, and the motion was unanimously approved.*

5. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND F LOAN (F15-031) IN THE AMOUNT OF \$326,660 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Armstrong-Norton, KIA, presented the Fund F loan F15-031 project to the Board. The City of Harrodsburg requested a Fund F loan in the amount of \$326,660 for the College and Chestnut Street Water Lines project. The project will create additional loops within the City's water system by connecting an existing six inch water line to a twelve inch water main on the Harrodsburg Bypass. The loops will help water quality by allowing consistent water movement, which may result in lower disinfection by-products. This project will also replace corroded water lines in inaccessible areas between College and Chestnut Streets.

Mr. Damon Talley inquired about the status of the City's USDA Rural Development loan and was told that the application has been submitted and is under review.

*Mr. Damon Talley moved to approve the Fund F loan F15-031 in the amount of \$326,660 to the City of Harrodsburg with the standard conditions. Mr. Marty Ivy seconded, and the motion was unanimously approved.*

6. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-077) IN THE AMOUNT OF \$3,102,921 TO THE MOUNTAIN WATER DISTRICT, PIKE COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Jami Johnson, KIA, presented the Fund A loan A15-077 project to the Board. The Mountain Water District requested a Fund A loan in the amount of \$3,102,921 for the Douglas Wastewater Treatment Plant

project. The project will construct a new wastewater treatment plant to replace its existing plant using membrane technology. The plant will increase capacity from 200,000 gallons per day (GPD) to 300,000 GPD and add headwork designed to expand capacity to 400,000 GPD. The plant is currently at maximum capacity, and the expansion will allow more customers to be added to the service. Another component to this project is rehabilitation to the lift stations to increase reliability of the sewer collection system. The District will install high efficiency pumps and motors in conjunction with advanced electrical controllers. Odor and corrosion control systems will be installed at the lift stations upstream of the new treatment plant that will assist in minimizing hydrogen sulfide issues to the more developed area.

Mr. Jeff Derouen indicated that he would be abstaining from a vote on this motion. Mr. Damon Talley asked about the membrane technology that will be used in the plant. Ms. Singh responded that DOW concluded that it is the best option for this particular situation. It is believed that more systems will be moving to the use of this technology. The board was advised that the District's rate increase application is scheduled for a Public Service Commission hearing. In response to Mr. Ron Lovan's inquiry, it was confirmed that the system is still being operated by a contract operator.

***Mr. Damon Talley moved to approve Fund A Loan A15-077 in the amount of \$3,102,921 to the Mountain Water District with the standard conditions. Mr. Sam Ruth seconded, and the motion was approved with Mr. Jeff Derouen abstaining.***

**7. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-090) IN THE AMOUNT OF \$340,980 TO THE CITY OF NICHOLASVILLE, JESSAMINE COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Jami Johnson, KIA, presented the project to the Board. The City of Nicholasville requested a Fund A loan in the amount of \$340,980 for the Orchard Parallel Sanitary Sewer Project. This project will replace and upsize 2,445 linear feet (LF) of an existing gravity sewer to provide sufficient capacity to convey wastewater flows downstream of and in the Orchard area of Nicholasville to improve the surface water quality. The project will also reduce the incidence and duration of wet weather overflows from seven existing manholes.

***Mr. Marty Ivy moved to approve the Fund A Loan A15-090 in the amount of \$340,980 to the City of Nicholasville with the standard conditions. Mr. Damon Talley seconded, and the motion was unanimously approved.***

The board then considered two projects to Sanitation District No. 1, serving Boone, Campbell, and Kenton counties, listed in the agenda as Action Item 6, Fund A Loan A15-102 and Action Item 7, Fund A Loan A15-103.

8. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A15-102) IN THE AMOUNT OF \$3,000,000 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL, AND KENTON COUNTIES, KENTUCKY**

Ms. Anshu Singh, DOW, and Mr. Jeff Abshire, KIA, presented the project to the Board. Sanitation District No.1 requested a Fund A loan in the amount of \$3,000,000 for the Highland Pike Sewer Replacement project. The project will replace over 2,400 feet of existing ten inch gravity sewer using trenchless horizontal directional drilling. The existing sewer line was severely damaged by a large landslide in 2009. A temporary above ground bypass line was constructed to maintain sanitary service, and is anchored along the top of the slope by cloth straps, steel cable, and buried concrete anchors. The temporary bypass will inevitably fail in the near future, resulting in a sewage release and extensive costs related to clean up and bypass pumping unless a more permanent solution can be implemented. Mr. Jeff Derouen confirmed with Mr. Abshire that the District's current rates are deemed sufficient to cover the additional liability.

9. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A15-103) IN THE AMOUNT OF \$2,750,194 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL, AND KENTON COUNTIES, KENTUCKY**

Ms. Anshu Singh, DOW, and Mr. Jeff Abshire, KIA, presented the project to the Board. Sanitation District No.1 requested a Fund A loan in the amount of \$2,750,194 for the Patton and 8th Street Wet Well Rehabilitation project. These two combination flood pump stations and sanitary lift stations have experienced significant deterioration and are at risk of failure. A failure of the concrete trough in either of the two wet wells would result in a very large volume of sewage released to the Licking River. This project will rehabilitate the concrete and reinforcing steel and provide a hydrogen sulfide protective coating to extend the life of the existing structures. There will also be replacement of corroded metal work within the wet well areas.

*Mr. Ron Lovan moved to approve Fund A Loan A15-102 in the amount of \$3,000,000 to Sanitation District No. 1 and Fund A loan A15-103 in the amount of \$2,750,194 to Sanitation District No. 1, both with the standard conditions. Mr. David Cartmell seconded, and the motion was unanimously approved.*

10. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B12-09) INCREASING THE AMOUNT TO \$1,882,411 TO THE CITY OF SOUTH SHORE, GREENUP COUNTY, KENTUCKY**

Ms. Brandi Armstrong-Norton, KIA, presented the project to the Board. The City of South Shore requested an increase of \$282,411 to a previously approved Fund "B" loan in the amount of \$1,600,000 for the South Shore Water Works (SSWW) purchase project. The original loan was for the purchase of SSWW from a private owner, which was completed on June 1, 2013. Water quality and reliability were concerns prior to the purchase, and the City was aware that a significant investment would be required in the aging treatment and distribution systems. The City identified the highest priority as being replacement of the 150,000 gallon clearwell, which has exceeded its useful life and has deteriorated significantly. The clearwell loses approximately 10,000 gallons of water per day due to its concrete block walls cracking and shifting. Additionally, the structure housing it has a deteriorated roof, and the structural beams have severe corrosion. A catastrophic failure of the clearwell or collapse of the housing structure would lead to major outages that would have a significant adverse effect on customers. The proposed project would replace the clearwell with a 100,000 gallon structure and eliminate the risk of a controllable structural failure.

Mr. Damon Talley asked about the status of the acquisition and consolidation of the privately owned South Shore Water Works with the City of South Shore, and Mr. Jeff Derouen asked if any required Public Service Commission rulings have been completed. City officials responded that the acquisition process was approved and the system consolidation completed about two years ago.

***Mr. Damon Talley moved to approve the increase of \$282,411 to Fund B loan B12-09 for a total amount of \$1,882,411 to the City of South Shore with the standard conditions. Ms. Lona Brewer seconded, and the motion was unanimously approved.***

**11. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F15-030) OF \$932,500 TO THE WHITLEY COUNTY WATER DISTRICT, WHITLEY COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Armstrong-Norton, KIA, presented the project to the Board. The Whitley County Water District requested a Fund F loan in the amount of \$932,500 for the Water System Improvement project. The project will replace 36,400 linear feet of deteriorated water lines across the Fairview, Savoy, Fabor, and Woodbine areas of Whitley County. Many of the lines are undersized and have frequent leaks. The District will also replace 700 conventional meters with radio read meters. The project will reduce purchased water costs, maintenance expense, and transportation costs.

Mr. Jeff Derouen indicated that he would be abstaining from a vote on this motion.

***Mr. Damon Talley moved to approve the increase to Fund F loan F15-030 in the amount of \$932,500 to the Whitley County Water District with the standard conditions. Mr. Sam Ruth seconded, and the motion was approved with Mr. Jeff Derouen abstaining.***



**12. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES**

This is a routine resolution allowing KIA to reimburse expenses that are paid out of the Authority's funds with bond proceeds. The projects listed below are covered under this resolution:

APPLICANT	FUND	AMOUNT
City of Barbourville	A15-006	\$ 1,856,109
City of Harrodsburg	A15-074	\$10,000,000
City of Harrodsburg	A15-075	\$ 810,000
Mountain Water District	A15-077	\$ 3,102,921
City of Nicholasville	A15-090	\$ 340,980
Sanitation District No. 1 of Northern Kentucky	A15-102	\$ 3,000,000
Sanitation District No. 1 of Northern Kentucky	A15-103	\$ 2,750,194
City of South Shore (increase)	B12-09	\$ 1,882,411
City of Barbourville	B15-005	\$ 130,000
Whitley County Water District	F15-030	\$ 932,500
City of Harrodsburg	F15-031	\$ 326,660

*Mr. David Cartmell moved to approve the resolution. Mr. Ron Lovan seconded, and the motion carried unanimously.*

**II. EXECUTIVE DIRECTOR'S REPORT**

Kentucky Infrastructure Authority Executive Director John Covington reported that HB 276, which amended KRS 224A.111 to provide for a 30 year payback for wastewater loans using federal funds, was passed by the legislature and signed into law by the governor. It will go into effect on July 15, 2015. Mr. Covington told the board that after consulting with legal staff, it has been determined that such loans can be approved before that date, but that loan agreements cannot be executed until after that date. Federal law allows such loans to be made for a term of 30 years or the useful life of the project. He stressed that the Authority will continue to look at applications in the same way as always, taking into account the useful life of the project.

Mr. Covington also asked board members to take under consideration the possibility of granting 30-year loan terms for wastewater projects in hardship situations, as is currently done for drinking water projects. The board will need to address the question of to whom 30-year loans will be offered, possibly limiting them to circumstances such as hardship conditions in the community or a significant impact on rates, or if the extended term should be made available for anyone. Mr. Jeff Derouen asked if this decision will be establishing board policy. Mr. Covington explained that the board is limited in what it can establish, as the Authority's regulations determine how this process can be implemented. The board would actually be establishing guidelines based on the regulations, rather than policy. Mr.

Jeff Abshire told the board that the Fund A regulation allows the Authority to proceed as allowed by federal law.

Mr. Covington told the board that the issuing of bonds given preliminary approval at last month's meeting is moving forward. The necessary state approvals have been given for bond issues, and market conditions are still favorable. The anticipated total bond issue size is \$85 million, \$75 million for Funds A and F and \$10 million for Fund C. The potential Fund A and Fund F savings of approximately 4.5 percent will benefit the programs by increasing the capacity to leverage bonds in the future and make loans. The estimated savings for Fund C will be about 6.9 percent, with bonds issued for an estimated \$5 million in new money. This will benefit the program by the addition of capital to make Fund C loans and to take advantage of low interest rates that will help to sustain the program.

Mr. Covington brought a potential change in the Clean Water SRF program to the board's attention. A couple of years ago a situation with Big Valley Sanitation District in Bullitt County came before the board. The owner died and there was no one to take it over. The Bullitt County Sanitation District had no funds to operate it. In that case, the board made an exception to guidelines, granting a loan with 95 percent principal forgiveness in order to get the situation moving forward, and it was successful. It has come to the Authority's attention that there are other similar situations in the Commonwealth that need to be addressed. In the SRF program there is an amount that is to be used for principal forgiveness, based on the amount of capitalization grant received. What is being proposed is a set aside of approximately \$500,000 of the principal forgiveness amount to use for such situations. Division of Water will establish guidelines on the types of situations eligible, and the Authority would offer 90-95 percent principal forgiveness. There would only be a small loan repayment. Mr. Covington reported that Division of Water staff is very supportive of this plan, and will help to develop a meaningful way to determine how to identify which projects would be eligible. This principal forgiveness would only be available in dire or emergency situations in which the funds would make a big impact and encourage consolidation and achieve some of the goals the Authority and Division of Water want to achieve. These loans could only be made to publicly owned utilities, and would be to provide the necessary initial funding.

### III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2

### IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:  
Tentatively set for Thursday, May 7, 2015  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

*There being no further business Mr. David Cartmell moved to adjourn. Mr. Sam Ruth seconded and the motion carried unanimously. The April 2, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.*

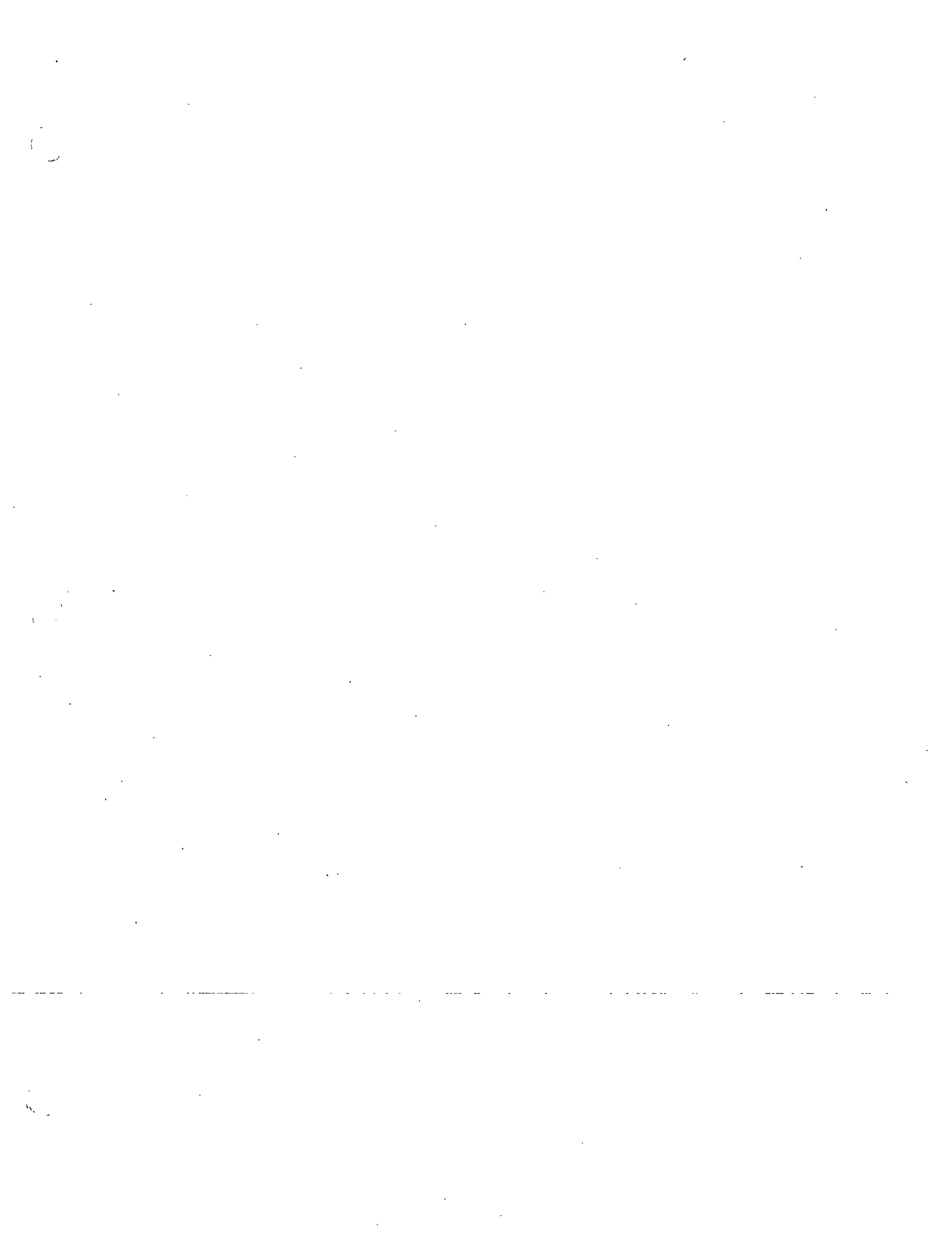
Submitted by:

Jeff Abshire

Jeffrey A. Abshire, Secretary  
Kentucky Infrastructure Authority

5/11/15

Date





KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
Phone (502) 573-0260  
Fax (502) 573-0157  
<http://kia.ky.gov>

John E. Covington III  
Executive Director

Steven L. Beshear  
Governor

2015 JUL 13 AM 10 02  
RECEIVED  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

April 2, 2015

The Honorable Roy B. Sawyers, District Administrator  
Mountain Water District  
P.O. Box 3157  
Pikeville, KY 41502

KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (A15-077)

Dear Mr. Sawyers:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On April 2, 2015, the Authority approved your loan for the Douglas Wastewater Treatment Plant Expansion Project, subject to the conditions stated below. The total cost of the project shall not exceed \$3,700,000 of which the Authority loan shall provide \$3,102,921 of the funding. Other anticipated funding for the project is reflected in Attachment A. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Mountain Water District upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by April 2, 2016 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$3,102,921.
2. This loan does not qualify for principal forgiveness.
3. The loan shall bear interest at the rate of 0.75 percent per annum

commencing with the first draw of funds.

4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", requires that 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 the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements changed for calendar or fiscal years beginning after December 26, 2014. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.
11. The Authority requires that an annual financial audit be provided for the life of the loan.

12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.

---

7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving CWSRF funds.

9. Technical plans and specifications and a complete CWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the CWSRF loan project.
12. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case; if required.
17. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

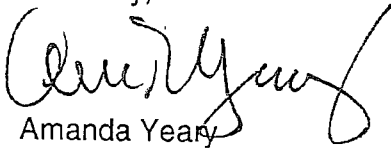


Mr. Sawyers  
April 2, 2015  
Page 5

Any special conditions listed stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



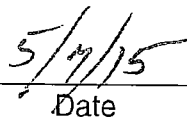
Amanda Yeary  
Kentucky Infrastructure Authority

Attachments

cc: Mike Spears, Michael R. Spears, CPA  
Jody G. Hunt, Summit Engineering, Inc.  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State and Local Debt Office, DLG  
Borrower File - Mountain Water District - A15-077

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization for Electronic Deposit of Vendor Payment" Form.

  
Accepted

  
Date