



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
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Frankfort, Kentucky 40602-0615
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psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

August 22, 2012

Mr. Johnny Dowdy
Graves County Water District
P. O. Box 329
Mayfield, Kentucky 42066

Re: Case No. 2012-00278
Graves County Water District

Dear Mr. Dowdy:

The enclosed documents have been filed in the record of the above-referenced case. Any objections to this action should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

gw
Enclosures



EXHIBIT C

Steven L. Beshear
Governor

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

February 4, 2011

Mr. Johnny Dowdy, Chairman
Graves County Water District
P.O. Box 329
Mayfield, KY 42066

RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY
2011 FEB 28 A 10:06

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (B11-02)**

Dear Chairman Dowdy:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On February 3, 2011, the Authority approved your financial assistance for the Fancy Farm Waterline Interconnect & AMI Upgrades project subject to the conditions stated below. The total cost of the project shall not exceed \$1,111,266 of which the Authority loan shall provide \$1,000,000 of the funding. Other anticipated funding for the project is reflected in Attachment A. The final loan amounts 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 Graves County Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (2/4/2012) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. 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 \$1,000,000.
2. The loan shall contain principal forgiveness in the amount of the lesser of (a) 80% of the Authority financing or (b) \$220,000. Actual loan and forgiveness amounts will be based on actual project costs drawn from the Authority.



Chairman Johnny Dowdy

2/4/2011

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3. The loan shall bear interest at the rate of 2% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven 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.
6. Full principal payments will commence on June 1 or December 1 immediately succeeding the date of the last draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1 or December 1 which is at least six months from the date of the last draw of funds. Full payments will be due each six months thereafter until the loan is repaid.
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 and grant funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
10. 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. Upon completion of final design of the facilities in the attached project description, favorable approval shall be obtained of such design by all appropriate parties as required by Kentucky statute or administrative regulation.

2. 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.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the Attachment A description shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding or any new sources of funding not reflected in Attachment A shall be immediately reported and may cause this loan to be subject to further consideration.
4. Upon receipt of construction bids a tabulation of such bids and engineer's recommendations on compliance with bid specifications and recommendation for award, shall be forwarded to the Authority for final approval and sizing of this loan and the project.
5. Based on the final "as bid" project budget, the community must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by your consultant engineer
6. 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.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Authority.
8. 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. At this time we know of no further submission required for their review; however, they may request information as needed.
9. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.

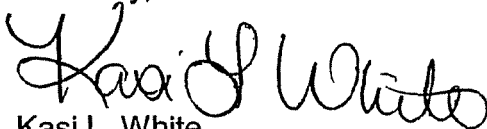
Chairman Johnny Dowdy
2/4/2011
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10. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
11. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
12. Final Design Plans in an AutoCAD Drawing File Format (DWG), referenced to the appropriate (North, South or Single) Kentucky State Plane Coordinate System (NAD83-Survey Feet) on a Compact Disc (CD). If there is a significant deviation from the Final Design Plan during construction, As-built plans shall also be provided to the Authority in the same format.

Any special conditions listed below and/or stated in Attachment A must be resolved.

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

Sincerely,

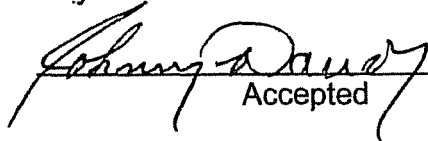


Kasi L. White
Financial Analyst

Attachments

cc: Kristie McAdoo, Mayfield Electric and Water Company
Charles McCann, Florence and Hutcheson
Dirk Bedarff, Peck, Shaffer & Williams LLP
State and Local Debt Office, DLG
Borrower File - Graves County Water District - B11-02

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

2 - 22 - 2011
Date

AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
(FUND B11-02)

Borrower Information:

Name: GRAVES COUNTY WATER DISTRICT
Address: P.O. BOX 329
City: MAYFIELD State: KY Zip: 42066
Telephone: 270-247-9314 Contact: BELVA WILKERSON
Federal I.D. # 26-2993243

Financial Institution Information:

Bank Name: FNB
Branch: MAYFIELD, KY Phone No: 270-247-1758
City: MAYFIELD State: KY Zip: 42066
Transit / ABA No.: 083901087
Account Name: Graves County Water District
FE/MANS Interconnect Grant
Account Number: 572 5526

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: Belva A. Wilkerson Date: 2-22-11
Name Printed: BELVA A. WILKERSON Job Title: Accountant

Please return completed form to:

Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
phone: 502-573-0260
fax: 502-573-0157

ATTACHMENT A

**Graves County Water District
B11-02**

**EXECUTIVE SUMMARY
KENTUCKY INFRASTRUCTURE AUTHORITY
FUND B, INFRASTRUCTURE
REVOLVING LOAN FUND**

Reviewer: Kasi White
Date: February 3, 2011
KIA Loan Number: B11-02
WRIS Number: WX21083030

BORROWER:	GRAVES COUNTY WATER DISTRICT GRAVES COUNTY			
BRIEF DESCRIPTION:	The Graves County Water District is requesting a Fund B loan in the amount of \$1,000,000 for the Fancy Farm / Mayfield Interconnect and Automated Meter Infrastructure (AMI) Upgrades. This is Phase III of the interconnect project that will link the Mayfield and Fancy Farm water systems. The project consists of the extension of approximately 8,500 linear feet of eight or twelve inch SDR 21 PVC water main with related appurtenances and a new pre-engineered duplex booster pump station; master meter, and radio telemetry improvements. This project will improve redundancy between systems and potentially open the door for regional water treatment service for this portion of Graves County. The loan will also fund the purchase of radio read water meters to upgrade the districts existing meters which will help mitigate revenues loss from erroneous meter readings. The district was invited to apply for Fund B monies due to ranking 3rd on the Purchase Area Development District Area Water Management Council list completed in the fall of 2009. The loan will be offered with principal forgiveness at the lower of (1) \$220,000 or (2) 80% of the total disbursed under the loan.			
PROJECT FINANCING:	PROJECT BUDGET			
Fund B Loan	\$	1,000,000	Administrative Expenses	\$ 2,500
HB267 - CPBOC 6/20/06		111,266	Engineering Fees	7,500
(\$111,266 bal of \$495,000)		0	Construction	358,766
		0	Equipment	632,500
		0	Contingency	110,000
TOTAL	\$	1,111,266	TOTAL	\$ 1,111,266
REPAYMENT			Est. Annual	
	Rate	2.00%	Payment	\$ 49,071
	Term	20 years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Florence and Hutcheson		
	Bond Counsel	Peck, Shaffer, & Williams		
PROJECT SCHEDULE				
	Bid Opening:	February, 2011		
	Construction Start:	February, 2011		
	Construction Stop:	September, 2011		
DEBT PER CUSTOMER	Existing:	\$	350	
	Proposed:	\$	574	
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Fancy Farm Water District	438	\$19.80	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Available for	Debt Service	Income after Debt	Coverage Ratio
		Debt Service	Service	
Audited	102,155	325,863	(223,708)	0.31
Compiled	132,603	74,922	57,681	1.77
Projected	137,691	90,387	47,304	1.52
Projected	130,620	123,721	6,899	1.06
Projected	126,687	123,585	3,102	1.03

Reviewer: Kasi White
Date: February 3, 2011
Loan Number: B11-02

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
GRAVES COUNTY WATER DISTRICT, GRAVES COUNTY**

**PROJECT REVIEW
WX21083030**

I. PROJECT DESCRIPTION

The Graves County Water District is requesting a Fund B loan in the amount of \$1,000,000 for the Fancy Farm / Mayfield Interconnect and Automated Meter Infrastructure (AMI) Upgrades. This is Phase III of the interconnect project that will link the Mayfield and Fancy Farm water systems. The project consists of the extension of approximately 8,500 linear feet of eight or twelve inch SDR 21 PVC water main with related appurtenances and a new pre-engineered duplex booster pump station. The loan will also fund the purchase of radio read water meters to upgrade the existing meters for the existing Fancy Farm and Mayfield customers which will help mitigate revenues loss with more accurate meter readings.

This project will improve redundancy between systems and potentially open the door for regional water treatment service for this portion of Graves County. The district was invited to apply for Fund B monies due to ranking 3rd on the Purchase Area Development District Area Water Management Council list completed in the fall of 2009. The loan will be offered with principal forgiveness at the lower of (1) \$220,000 or (2) 80% of the total disbursed under the loan.

Mayfield Electric and Water Systems provides contracted operation, maintenance and management of the District's systems.

The District was created in 2008 by the merger of four water districts formerly known as Consumers, Fancy Farm, South Graves and Hardeman under Chapter 14 of the Kentucky Revised Statutes. The Public Service Commission approved the merger on May 21, 2008 and it was finalized on September 8, 2008. The General Assembly, in KRS 74.361(1), has determined the "reduction of the number of operating water districts in the Commonwealth...[is] in the public interest, in that mergers of such districts will tend to eliminate wasteful duplication of costs and efforts, result in a sounder and more businesslike degree of management, and ultimately result in greater economies, less cost, and a higher degree of service to the general public; and that the public policy favors the merger of water districts wherever feasible."

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 2,500
Engineering Fees	7,500
Construction	358,766
Equipment	632,500
Contingency	110,000
Total	\$ 1,111,266

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 1,000,000	90%
HB267 Grant (bal of \$495,000)	111,266	10%
Total	\$ 1,111,266	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 1,000,000
Less: Principal Forgiveness (lesser of 80% disbursed or \$220,000)	<u>220,000</u>
Amortized Loan Amount	\$ 780,000
Interest Rate	2.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 47,511
Administrative Fee (0.20%)	<u>1,560</u>
Total Estimated Annual Debt Service	\$ 49,071

V. PROJECT SCHEDULE

Bid Opening:	February, 2011
Construction Start:	February, 2011
Construction Stop:	August, 2011

VI. RATE STRUCTURE

A. Customers

Fancy Farm currently has 438 customers. This represents approximately 14% of Graves County total customers (approximately 3,178).

The District is in negotiations to consolidate with the Hickory Water District. If the merger is completed, an additional 1,350 additional customers will be added to the Graves County customer base.

B. Rates

CONSUMERS (Rates effective since April, 2007)

First	2,000	\$12.01	per 1,000 gallons
Next	8,000	2.95	per 1,000 gallons
Next	10,000	2.73	per 1,000 gallons
Next	30,000	2.53	per 1,000 gallons
Over	50,000	2.12	per 1,000 gallons
Monthly 4,000 gallon rate		\$17.91	
Affordability Index		0.70%	

HARDEMAN (Rates effective Since June, 2003)

First	2,000	\$13.10	per 1,000 gallons
Next	3,000	2.75	per 1,000 gallons
Next	15,000	2.12	per 1,000 gallons
Over	20,000	1.80	per 1,000 gallons
Monthly 4,000 gallon rate		\$18.60	
Affordability Index		0.72%	

SOUTH GRAVES

First	2,000	\$14.25	per 1,000 gallons
Next	3,000	6.87	per 1,000 gallons
Next	5,000	6.62	per 1,000 gallons
Next	10,000	6.38	per 1,000 gallons
Next	30,000	5.89	per 1,000 gallons
Next	50,000	4.91	per 1,000 gallons
Over	100,000	3.43	per 1,000 gallons
Monthly 4,000 gallon rate		\$27.99	
Affordability Index		1.09%	

FANCY FARM

First	2,000	\$13.10	per 1,000 gallons
Next	3,000	3.35	per 1,000 gallons
Next	5,000	3.18	per 1,000 gallons
Next	10,000	2.98	per 1,000 gallons
Over	20,000	2.70	per 1,000 gallons
Monthly 4,000 gallon rate		\$19.80	
Affordability Index		0.77%	

Per a PSC ruling, at the end of the first 12 months of operations, the merged district will perform a cost-of-service study to establish a new rate for all customers that will consist of a base rate and a debt surcharge rate. Within five years of the PSC approval the merged district will charge a uniform rate to all customers.

VII. DEMOGRAPHICS

In 2000, the County's population was 37,028 with a Median Household Income (MHI) of \$30,874. The median household income for the Commonwealth is \$33,672. The project will qualify for a 2% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information presented is for the Water Fund. Audited financial statements were provided for the year ended December 31, 2009 and management prepared numbers were provided the year ended December 31, 2010.

HISTORY

For 2009 the district had \$931,571 in revenues which grew 13% to \$1.05 million in 2010. Expenses followed a similar trend between 2009 and 2010 which expenses increased from just over \$1 million to \$1.2 million. Cash available for debt service averaged approximately \$117,000.

Required debt service in 2009 was \$49,534, however the District made additional payments totaling \$286,828 which is reflected in the Debt Coverage Ratio of 0.31. A loan from KIA (B05-05) which was originally due to be repaid in 2020 was paid off in 2009 using existing cash balances and grant proceeds. In 2010, the debt service ratio is estimated at 1.77. Payments totaling \$53,391 on KIA loan B-07-03 began during 2010 which is the cause of the decline in the ratio from the prior year.

PROJECTIONS

Projections are based on the following assumptions:

- Revenue will increase 3% per year with 1% additional in 2011 to reflect additional revenues realized as a result of the meter replacement.
- Expenses will increase 4% per year.
- A replacement reserve of \$2,500 will be funded each year
- Debt service on the proposed loan will be \$49,071 annually. Total debt service, all of which are loans from KIA, will be approximately \$123,000 per year upon completion.

Debt service coverage is 1.06 in 2012 when principal and interest repayments begin. Based on the proforma assumptions, the utility shows adequate cashflow to repay the KIA Fund B loan.

REPLACEMENT RESERVE

The annual replacement cost is \$2,500. This amount should be added to the replacement account each December 1 until the balance reaches \$25,000 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS (as of December 31, 2010)

	<u>Outstanding</u>	<u>Maturity</u>
KIA (B07-03) 0.40%	\$ 800,784	2026
KIA (B05-04) 0.48%	311,510	2026
Total	\$ 1,112,294	

X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
Cuba Loop (Graves Co FC)	HB380	\$ 870,674	Grant
MEWS / Hickory Interconnect (Graves Co FC)	HB380	\$ 95,000	Grant
Hardeman / MEWS Interconnect (Graves Co FC)	HB608	\$ 400,000	Grant
MEWS 1 Mil Gal Storage Tank (Mayfield)	HB608	\$ 1,050,000	Grant
Flyover (Mayfield)	HB608	\$ 75,000	Grant
Consumer Merger (Graves Co FC)	HB608	\$ 55,000	Grant

XI. CONTACTS

Applicant		Applicant Contact	
Name	Graves County Water District	Name	Mayfield Electric and Water Company
Address	P.O. Box 329 Mayfield, KY 42066	Address	301 East Broadway Mayfield, KY 42066
County	Graves	Contact	Kristie McAdoo
Contact	Johnny Dowdy, Chairman	Phone	(270) 247-4661
Phone	(270) 247-4661	Email	kmcadoo1@mewsbb.net

Engineer	
Name	Charles McCann
Firm	Florence and Hutcheson
Address	2550 Irvin Cobb Drive Paducah, KY 42003
Phone	(270) 444-9691
Email	cmccann@flohut.com

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

**EXHIBIT 1
GRAVES COUNTY WATER DISTRICT
CASH FLOW ANALYSIS (WATER ONLY)**

	Audited 2009	% Change	Compiled 2010	Projected 2011	Projected 2012	Projected 2013
Operating Revenues						
Operating Revenues	931,571	13%	1,053,403	1,095,539	1,129,501	1,165,645
Total Revenues	931,571	13%	1,053,403	1,095,539	1,129,501	1,165,645
Operating Expenses						
Operating Expenses	848,315	10%	929,883	967,078	1,005,761	1,045,991
Depreciation	228,640	26%	288,431	316,213	322,537	328,988
Replacement Reserve				2,500		2,500
Total Expenses	1,076,955	13%	1,218,314	1,283,291	1,330,798	1,377,479
Net Operating Income	(145,384)	13%	(164,911)	(187,752)	(201,297)	(211,834)
Non-Operating Income and Expenses						
Interest on Investments	10,731	-32%	7,350	7,497	7,647	7,800
Proceeds from Sale of Assets	8,168		1,733	1,733	1,733	1,733
Total Non-Operating Income & Expenses	18,899	-52%	9,083	9,230	9,380	9,533
Add Non-Cash Expenses						
Depreciation	228,640	26%	288,431	316,213	322,537	328,988
Cash Available for Debt Service	102,155	30%	132,603	137,691	130,620	126,687
Debt Service <small>(enter as positive #'s)</small>						
Required Principal	321,135		67,683	67,969	68,257	68,546
Interest	4,727		7,239	6,817	6,393	5,968
Proposed KIA Loan			0	15,600	49,071	49,071
Total Debt Service	325,863		74,922	90,387	123,721	123,585
Income After Debt Service	(223,708)		57,681	47,304	6,899	3,102
Debt Coverage Ratio	0.31		1.77	1.52	1.06	1.03

**GRAVES COUNTY WATER DISTRICT
BALANCE SHEETS (WATER ONLY)**

ASSETS	Audited 2009	Compiled 2010	Upon Completion 2011
Current Assets			
Cash	511,079	499,869	547,173
Accounts Receivable	78,349	91,807	105,265
Other Current Assets	6,712	7,876	9,040
Total Current Assets	596,140	599,552	661,478
Restricted Assets			
Cash	10,851	37,680	45,180
Total Restricted Assets	10,851	37,680	45,180
Utility Plant			
Land, System, Building and Equipment	5,164,348	6,191,974	7,686,974
Less Accumulated Depreciation ()	(296,091)	(641,966)	(716,716)
Net Fixed Assets	4,868,257	5,550,008	6,970,258
Total Assets	5,475,248	6,187,240	7,676,916
LIABILITIES			
Current Liabilities			
Accounts Payable	50,146	39,754	45,000
Customer Deposits	71,207	80,593	89,979
Current Portion Long Term Debt	67,684	67,683	67,969
Total Current Liabilities	189,037	188,030	202,948
Long Term Liabilities			
Long Term Debt	1,112,294	1,044,612	1,756,643
Total Long Term Liabilities	1,112,294	1,044,612	1,756,643
Total Liabilities	1,301,331	1,232,642	1,959,591
Retained Earnings:			
Invested in Capital Assets Net of Related Debt	3,688,279	4,437,713	5,092,941
Restricted	10,851	37,680	45,180
Unrestricted	474,787	479,205	579,205
Total Retained Earnings	4,173,917	4,954,598	5,717,326
Total Liabilities and Equities	5,475,248	6,187,240	7,676,917
Balance Sheet Analysis			
Current Ratio	3.15	3.19	3.26
Debt to Equity	0.31	0.25	0.34
Working Capital	407,103	411,522	458,530
Percent of Total Assets in Working Capital	7.44%	6.65%	5.97%
Days Sales Outstanding	30.7	31.8	35.1

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #A B11-02
 GRAVES COUNTY WATER DISTRICT
 PRELIMINARY

2.00% Rate
 \$23,755.37 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/12	\$15,955.37	\$7,800.00	2.00%	\$23,755.37	\$780.00	\$24,535.37	\$780,000.00	\$0.00	\$0.00
12/01/12	\$16,114.52	\$7,640.45	2.00%	\$23,755.37	\$764.04	\$24,519.41	\$764,044.63	\$2,500.00	\$2,500.00
06/01/13	\$16,276.07	\$7,479.30	2.00%	\$23,755.37	\$747.93	\$24,503.30	\$731,653.64	\$0.00	\$2,500.00
12/01/13	\$16,438.93	\$7,316.54	2.00%	\$23,755.37	\$731.65	\$24,487.02	\$715,214.81	\$2,500.00	\$5,000.00
06/01/14	\$16,603.22	\$7,152.15	2.00%	\$23,755.37	\$715.21	\$24,470.58	\$698,611.60	\$0.00	\$7,500.00
12/01/14	\$16,769.25	\$6,986.12	2.00%	\$23,755.37	\$698.61	\$24,453.98	\$681,842.35	\$2,500.00	\$7,500.00
06/01/15	\$16,936.94	\$6,818.42	2.00%	\$23,755.37	\$681.84	\$24,437.21	\$664,905.40	\$0.00	\$10,000.00
12/01/15	\$17,106.31	\$6,649.05	2.00%	\$23,755.37	\$664.91	\$24,420.27	\$647,799.09	\$2,500.00	\$10,000.00
06/01/16	\$17,277.38	\$6,477.99	2.00%	\$23,755.37	\$647.80	\$24,403.17	\$630,521.71	\$0.00	\$10,000.00
12/01/16	\$17,450.15	\$6,305.22	2.00%	\$23,755.37	\$630.52	\$24,385.89	\$613,071.57	\$2,500.00	\$12,500.00
06/01/17	\$17,624.65	\$6,130.72	2.00%	\$23,755.37	\$613.07	\$24,368.44	\$595,446.91	\$0.00	\$12,500.00
12/01/17	\$17,800.90	\$5,954.47	2.00%	\$23,755.37	\$595.45	\$24,350.81	\$577,646.02	\$2,500.00	\$15,000.00
06/01/18	\$17,978.91	\$5,776.46	2.00%	\$23,755.37	\$577.65	\$24,333.01	\$559,667.11	\$0.00	\$15,000.00
12/01/18	\$18,158.70	\$5,596.67	2.00%	\$23,755.37	\$559.67	\$24,315.03	\$541,508.42	\$2,500.00	\$17,500.00
06/01/19	\$18,340.28	\$5,415.08	2.00%	\$23,755.37	\$541.51	\$24,296.87	\$523,168.13	\$0.00	\$17,500.00
12/01/19	\$18,523.69	\$5,231.68	2.00%	\$23,755.37	\$523.17	\$24,278.53	\$504,644.45	\$2,500.00	\$20,000.00
06/01/20	\$18,708.92	\$5,046.44	2.00%	\$23,755.37	\$504.64	\$24,260.01	\$485,935.53	\$0.00	\$20,000.00
12/01/20	\$18,896.01	\$4,859.36	2.00%	\$23,755.37	\$485.94	\$24,241.30	\$467,039.52	\$2,500.00	\$22,500.00
06/01/21	\$19,084.97	\$4,670.40	2.00%	\$23,755.37	\$467.04	\$24,222.41	\$447,954.54	\$0.00	\$22,500.00
12/01/21	\$19,275.82	\$4,479.55	2.00%	\$23,755.37	\$447.95	\$24,203.32	\$428,678.72	\$2,500.00	\$25,000.00
06/01/22	\$19,468.58	\$4,286.79	2.00%	\$23,755.37	\$428.68	\$24,184.05	\$409,210.14	\$0.00	\$25,000.00
12/01/22	\$19,663.26	\$4,092.10	2.00%	\$23,755.37	\$409.21	\$24,164.58	\$389,546.88	\$0.00	\$25,000.00
06/01/23	\$19,859.90	\$3,895.47	2.00%	\$23,755.37	\$389.55	\$24,144.91	\$369,686.98	\$0.00	\$25,000.00
12/01/23	\$20,058.50	\$3,696.87	2.00%	\$23,755.37	\$369.69	\$24,125.05	\$349,628.48	\$0.00	\$25,000.00
06/01/24	\$20,259.08	\$3,496.28	2.00%	\$23,755.37	\$349.63	\$24,104.99	\$329,369.40	\$0.00	\$25,000.00
12/01/24	\$20,461.67	\$3,293.69	2.00%	\$23,755.37	\$329.37	\$24,084.74	\$308,907.73	\$0.00	\$25,000.00
06/01/25	\$20,666.29	\$3,089.08	2.00%	\$23,755.37	\$308.91	\$24,064.27	\$288,241.44	\$0.00	\$25,000.00
12/01/25	\$20,872.95	\$2,882.41	2.00%	\$23,755.37	\$288.24	\$24,043.61	\$267,368.49	\$0.00	\$25,000.00
06/01/26	\$21,081.68	\$2,673.68	2.00%	\$23,755.37	\$267.37	\$24,022.73	\$246,286.81	\$0.00	\$25,000.00
12/01/26	\$21,292.50	\$2,462.87	2.00%	\$23,755.37	\$246.29	\$24,001.65	\$224,994.31	\$0.00	\$25,000.00
06/01/27	\$21,505.42	\$2,249.94	2.00%	\$23,755.37	\$224.99	\$23,980.36	\$203,488.89	\$0.00	\$25,000.00
12/01/27	\$21,720.48	\$2,034.89	2.00%	\$23,755.37	\$203.49	\$23,958.86	\$181,768.41	\$0.00	\$25,000.00
06/01/28	\$21,937.68	\$1,817.68	2.00%	\$23,755.37	\$181.77	\$23,937.13	\$159,830.73	\$0.00	\$25,000.00
12/01/28	\$22,157.06	\$1,598.31	2.00%	\$23,755.37	\$159.83	\$23,915.20	\$137,673.67	\$0.00	\$25,000.00
06/01/29	\$22,378.63	\$1,376.74	2.00%	\$23,755.37	\$137.67	\$23,893.04	\$115,295.04	\$0.00	\$25,000.00
12/01/29	\$22,602.42	\$1,152.95	2.00%	\$23,755.37	\$115.30	\$23,870.66	\$92,692.62	\$0.00	\$25,000.00
06/01/30	\$22,828.44	\$926.93	2.00%	\$23,755.37	\$92.69	\$23,848.06	\$69,864.18	\$0.00	\$25,000.00
12/01/30	\$23,056.72	\$698.64	2.00%	\$23,755.37	\$69.86	\$23,825.23	\$46,807.46	\$0.00	\$25,000.00
06/01/31	\$23,287.29	\$468.07	2.00%	\$23,755.37	\$46.81	\$23,802.17	\$23,520.16	\$0.00	\$25,000.00
12/01/31	\$23,520.16	\$235.20	2.00%	\$23,755.37	\$23.52	\$23,778.89	\$0.00	\$0.00	\$25,000.00
Totals	\$780,000.00	\$170,214.66		\$950,214.66	\$17,021.47	\$967,236.12		\$25,000.00	

Created by KIA on 9/7/2011

- Mark Davis -

Date: 24-Jan-11
To: Graves County Water Board
Attn: Kevin Leonard

Re: Graves County Water Board
 Cost Estimate of Advanced Meter Infrastructure Project
 Proposal for Implementing and Completion of AMI County Project

<u>Quantity</u>	<u>Description</u>	<u>Unit Price(\$)</u>	<u>Total</u>
4600	iPerl 3/4" water meter	100.00	460,000.00
30	iPerl 1" water meter	149.00	4,470.00
10	1.5" Omni com. water meter	667.23	6,672.30
50	2" Omni com. water meter	751.45	35,572.00
3	3" Omni com. water meter	936.70	2,811.00
5	6" Omni T2 com. water meter	3,283.20	16,416.00
4600	520m smartpoints	120.00	552,000.00
4600	Lid Drilling or Replacement	6.00	27,600.00
5	S100 TGB	69,750.00	348,750.00
4	Installation Cost of TGBs(est.)	5,000.00	20,000.00
4	Buildings w/ Electrical ht & air	6,000.00	24,000.00
4	Backhauls 3.65	5,000.00	20,000.00
3120	4 Employees Labor	25.00 per hr	312,000.00
3120	2 Trucks	15.00 per hr	46,800.00
1	Upgrade Existing TGB 2-way	30,000.00	30,000.00
	<u>TOTAL COST</u>		<u>\$1,907,091.30</u>
	Contingency Money 15% of Project		286,063.70
	Total Cost Including Contingency Money		2,193,155.00

PROJECTED PAY BACK

<u>LOAN</u>	<u>TERM</u>	<u>RATE</u>	<u>MONTHLY</u> PRIN. & INT.	<u>ANNUAL</u> PRIN. & INT	<u>TERM</u> PRIN. & INT
2,000,000.00	20 YRS	1% KIA	9,197.89	110,374.68	\$ 2,207,493.60
		2% KIA	10,117.67	121,412.04	\$ 2,428,240.80
		3% KIA	11,091.96	133,103.52	\$ 2,662,070.40

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND B

PROJECT NUMBER B11-02
BORROWER: Graves County Water District
BORROWER'S ADDRESS PO Box 329
Mayfield, Kentucky 42066
DATE OF ASSISTANCE AGREEMENT: November 1, 2011

2011 DEC 22 10:00:07

RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

2012 JAN -6 10:00:07

RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

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ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of the Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

WITNESSETH

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Program as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of Projects, as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize and manage the resources of the Commonwealth of Kentucky (the "Commonwealth") for the protection and preservation of the health, safety, convenience, and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and National City Bank of Kentucky (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide funding for its Program; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to acquire, construct, and finance the Project, as hereinafter defined, and the Authority has determined that the Project is a Project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

WHEREAS, the Governmental Agency desires to enter into this Assistance Agreement with the Authority for the purpose of securing from the Authority the repayable Loan hereinafter identified; and

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to levy, collect, and enforce and remit adequate Service Charges, as hereinafter defined, for the services provided by the Governmental Agency's System, as hereinafter defined, and to apply the necessary portion of said Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

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

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

ARTICLE I

DEFINITIONS

All of the terms utilized in this Assistance Agreement will have the same definitions and meaning as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Assistance Agreement by reference, the same as if set forth hereby verbatim; provided, however, that those definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Governmental Agency and its Project.

"Act" shall mean Chapter 224A of the Kentucky Revised Statutes, as amended.

"Administrative Fee" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"Assistance Agreement" shall mean this agreement made and entered into by and between a Governmental Agency and the Authority, as authorized by the Act, providing for a Loan to the Governmental Agency by the Authority, and for the repayment thereof to the Authority by the Governmental Agency.

"Authority" shall mean the Kentucky Infrastructure Authority created by the Act, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth of Kentucky, or such other designation as may be effected by future amendments to the Act.

"Bond" or "Bonds" or "Revenue Bonds" shall mean any Kentucky Infrastructure Authority Bond or Bonds, or the issue of such Bonds, as the case may be, authenticated and delivered under the Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday or other legal holiday on which the general offices of the Commonwealth are closed.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"Commonwealth" shall mean the Commonwealth of Kentucky.

"Construction" shall mean construction as defined in the Act.

"Debt Obligations" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance Agreement or issued in the future in accordance with the terms hereof, payable from the revenues of the Project.

"Engineers" means the firm of consulting engineers employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"Governmental Agency" shall mean any agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate a Project, including specifically but not by way of limitation, incorporated cities, counties, sanitation districts, water districts, public authorities, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified in the Project Specifics.

"Indenture" shall mean the General Trust Indenture dated as of September 1, 1989 between the Authority and the Trustee.

"Loan" shall mean the loan effected under this Assistance Agreement from the Authority to the Governmental Agency in the principal amount set forth in the Project Specifics, for the purpose of defraying the costs incidental to the Construction of the Project.

"Loan Rate" means the rate of interest identified in the Schedule of Payments.

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

"Program" shall mean the program authorized by KRS 224A.112 and the Indenture as the "infrastructure revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"Project" shall mean, when used generally, an infrastructure project as defined in the Act, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

"Project Specifics" means those specific details of the Project identified in Exhibit A hereto, all of which are incorporated by reference in this Assistance Agreement.

"Requisition for Funds" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Authority as construction of the Project progresses.

"Schedule of Payments" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto, to be established and agreed to upon or prior to the completion of the Project.

"Schedule of Service Charges" shall mean those revenues identified in Exhibit C from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

"Service Charges" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by

the Authority, in respect of the Project which Service Charges arise by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charge shall be no less than those set forth in the Schedule of Service Charges.

"System" shall mean the utility system of which the Project shall become a part.

[End of Article I]

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

(A) The Authority is a body corporate and politic constituting a governmental agency and instrumentality of the Commonwealth, has all necessary power and Authority to enter into, and perform its obligations under, this Assistance Agreement, and has duly authorized the execution and delivery of this Assistance Agreement.

(B) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Authority, there is no litigation or proceeding pending or threatened against the Authority or any other person affecting the right of the Authority to execute or deliver this Assistance Agreement or to comply with its obligations under this Assistance Agreement. Neither the execution and delivery of this Assistance Agreement by the Authority, nor compliance by the Authority with its obligations under this Assistance Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Assistance Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Governmental Agency.

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) There is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the

authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement and the Loan described herein and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

(I) Legal counsel to the Governmental Agency has duly executed and delivered the opinion of legal counsel substantially in the form set forth in Exhibit E hereto.

[End of Article II]

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable on the Interest Payment Dates set forth in the Project Specifics, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; subject to the requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Repay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue revenue bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Governmental Agency (i) of its intention to proceed with the authorization of such bonds (ii) of the limitation on prepayments after such bonds are issued and (iii) that the Governmental Agency has thirty (30) days from its receipt of said notice to exercise its option to prepay the Loan. Upon the expiration of said thirty day period the Governmental Agency's right to prepay the Loan shall be limited to the terms described in such notice.

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable

from the revenues of the Project outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

[End of Article III]

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority, if requested, appropriate documentation, satisfactory to the Authority, in its sole discretion, indicating the following:

(A) That the Authority and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to enter upon the Project and to examine and inspect same.

(B) All real estate and interest in real estate and all personal property constituting the Project and the Project sites heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency and constitute a part of the System.

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of Construction of the Project over and above the Loan, prior to the disbursement by the Authority of any portion of the Loan.

(D) The Governmental Agency shall do all things necessary to acquire all proposed and necessary sites, easements and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design and specifications prepared for the Governmental Agency by the Engineers.

(E) Actual construction and installation incident to the Project shall be performed by either the lump-sum (fixed price) or unit price contract method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.

(F) Unless construction of the Project has already been initiated as of the date of this Assistance Agreement, pursuant to due compliance with state law and applicable regulations, the Project will not be advertised or placed on the market for construction bidding by the Governmental Agency until the final plans, designs and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Governmental Agency and furnished to the Authority.

(G) Duly authorized representatives of the Authority and such other agencies of the Commonwealth as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

(H) The construction contract or contracts shall require the contractor to comply with all provisions of federal and state law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Assistance Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project, and same shall be maintained monthly thereafter to indicate the actual construction progress of the Project.

(J) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, and any other participating federal or state agency, the Engineers, and all construction contractors. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each agency involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

(K) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(L) Any change or changes in a construction contract will be promptly submitted to the Authority and any state or federal agencies.

(M) The Construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers to the Governmental Agency and approved by state and federal agencies, but only to the extent such approvals may be required.

(O) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority noting the participation of the Authority in the financing of the Project.

(P) Except as otherwise provided in this Assistance Agreement, the Governmental Agency shall have the sole and exclusive charge of all details of the Construction.

(Q) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Authority, acting by and through its duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state grants.

(R) The Governmental Agency shall require that any bid for any portion of the Construction of the Project be accompanied by a bid bond, certified check or other negotiable instrument payable to the Governmental Agency, as assurance that the bidder will, upon acceptance of such bid, execute the necessary contractual documents within the required time.

(S) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and payment bond in an amount at least equal to one hundred percent (100%) of the contract price or the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

(T) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor, shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

(U) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Authority, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

(V) The Governmental Agency shall demonstrate to the satisfaction of the Authority the legal capability of the Governmental Agency to enact, adopt, levy, charge, collect, enforce and remit to the Authority the Service Charges of the Governmental Agency described in the Schedule of Service Charges attached to and made a part of this Assistance Agreement as Exhibit C and submit proof satisfactory to the Authority that the Service Charges are in full force and effect as of the submission of the initial Requisition for Funds.

Section 4.2. Disbursements of Loan; Requisition for Funds. The Governmental Agency may submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) a Requisition for Funds during the first ten days of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance

Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting;

(B) A full and complete accounting of any costs of the Project paid by the Governmental Agency from its own funds with the approval of the Authority and not included in any previous accounting for which it seeks reimbursement;

(C) A full and complete accounting of any costs of the Project paid or requisitioned under any other financing, loan, bond, grant or similar agreement or paid from its own funds for which it does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment thereunder due, together with the Engineer's and Governmental Agency's approval thereof for payment by the Authority directly to the contractor.

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

[End of Article IV]

ARTICLE V

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

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose the Service Charges set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". On or before each payment date identified in the Schedule of Payments,

the Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to ten percent (10%) of the amount of such Loan payment until the amount on deposit in such fund is equal to five percent (5%) of the original principal amount of the Loan (the "Required Balance"). Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the costs of replacing worn or obsolete portions of the Project. If amounts are withdrawn from such fund, the Governmental Agency shall again make the periodic deposits hereinabove required until the Required Balance is reinstated.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspection. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribed, charge and collect the Service Charges set forth in Exhibit C hereto as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement.

(B) That it will furnish to the Authority not less than annually reports of the operations and income and revenues of the Project, and will permit authorized agents of the Authority to inspect all records, accounts and data of the Project at all reasonable times.

(C) That it will collect, account for and promptly remit to the Authority those specific revenues, funds, income and proceeds derived from Service Charges incident to this Assistance Agreement.

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the Project not less than thirty (30) days prior to the sale of said obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

Section 5.8. Mandatory Sewer Connection. In the event that the Project consists of sanitary sewer facilities, the Governmental Agency hereby irrevocably covenants and agrees with the Authority that it will, to the maximum extent permitted by Kentucky law, and by means of ordinance, or other appropriate legislative order or action, mandatorily require the connection to and use of, the sanitary sewers constituting the Project by all persons owning, renting or occupying premises generating pollutants where such sanitary sewers are reasonably available to such premises, and to exhaust, at the expense of the Governmental Agency, all remedies for the collection of Service Charges, including, either directly or indirectly, pursuant to authority granted by Sections 96.930 to 96.943, inclusive, of the Kentucky Revised Statutes, and the Act, causing termination of water services to any premises where the bill for sewer services is delinquent and foreclosure and decretal sale in respect of improvement benefit assessments which are delinquent.

Section 5.9. Termination of Water Services to Delinquent Users. In the event the Project consists of water facilities the Governmental Agency covenants and agrees that it shall, pursuant to applicable provisions of law, to the maximum extent authorized by law, enforce and collect

the Service Charges imposed, and will promptly cause water service to be discontinued to any premises where any billing for such facilities and services shall not be paid in a timely manner.

[End of Article V]

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries

shall be made of all its transactions relating to the System, which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within ninety (90) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principals on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the this Assistance Agreement and any other Debt Obligations.

Section 6.10. Project Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities constituting the Project or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

[End of Article VI]

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain Project. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which it is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.4. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.5. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.6. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal inquiry, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.8. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.9. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement, and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.10. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

- (A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or
- (B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

[End of Article VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

- (A) Failure by the Governmental Agency to pay any payments at the times specified herein.
- (B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.
- (C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.
- (D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing, the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

- (A) Declare all payments due hereunder, as set forth in the Schedule of Payments to be immediately due and payable.
- (B) Exercise all the rights and remedies of the Authority set forth in the Act.
- (C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer;

provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the nondefaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue to full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, nor assignable by either parties without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.7. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.8. Venue. The parties hereto agree that in the event of a default by the Governmental Agency pursuant to the provisions of Article 8 of this Agreement, the Authority shall, to the extent permitted under the laws of the Commonwealth, have the right to file any necessary actions with respect thereto in Franklin Circuit Court.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

[End of Article IX]

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

ATTEST:

Sandy Williams
SECRETARY
Title: _____

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By: [Signature]
EXECUTIVE DIRECTOR
Title: _____

ATTEST:

By: [Signature]
Title: Secretary

**GOVERNMENTAL AGENCY:
GRAVES COUNTY WATER DISTRICT**

By: [Signature]
Title: Chairman

APPROVED:

[Signature]
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

EXAMINED:

Beck Shaffer + Williams LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

[Signature]
APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
GRAVES COUNTY WATER DISTRICT GCWD
PROJECT SPECIFICS
B11-02

GOVERNMENTAL AGENCY:

Name: Graves County Water District
P.O. Box 329
Mayfield, KY 42066

Contact Person: Johnny Dowdy
(270) 247-4661

SYSTEM: Infrastructure

PROJECT:

GCWD is requesting a Fund B loan in the amount of \$1,000,000 for the Fancy Farm/Mayfield Interconnect and Automated Meter Infrastructure (AMI) Upgrades. This is Phase III of the interconnect project that will link the Mayfield & Fancy Farm water systems. The project consists of the extension of approximately 8,500 linear feet of 8" or 12" SDR 21 PVC water main with related appurtenances and a new pre-engineered duplex booster pump station, master meter, and radio telemetry improvements. This project will improve redundancy between systems and potentially open the door for regional water treatment service for this portion of Graves County. The loan will also fund the purchase of radio read water meters to upgrade the existing meters which will help mitigate revenues loss from erroneous meter readings. The district was invited to apply for Fund B monies due to ranking 3rd on the Purchase Area Development District Area Water Management Council list completed in the fall of 2009. The loan will be offered with principal forgiveness at the lower of (1) \$220,000 or (2) 80% of the total disbursed under the loan.

PROJECT BUDGET:

	Total
Administrative Expenses	\$ 2,500
Engineering Fees	7,500
Construction	358,766
Equipment	632,500
Contingency	110,000
Total	\$ 1,111,266

FUNDING SOURCES:

	Amount	%
Fund B Loan	\$ 1,000,000	90%
HB267 - CPBOC 6/20/06 (\$111,266 bal of \$495,000)	111,266	10%
Total	\$ 1,111,266	100%

KIA DEBT SERVICE:

Construction Loan	\$ 1,000,000
Less: Principal Forgiveness (22%)	\$ 220,000
Amortized Loan Amount	<u>\$ 780,000</u>
Interest Rate	2.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 47,511
Administrative Fee (0.20%)	<u>\$ 1,560</u>
Total Estimated Annual Debt Service	\$ 49,071

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 6/1/12).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/12).

REPLACEMENT RESERVE ACCOUNT:	\$ 2,500 ANNUAL AMOUNT
	\$ 25,000 TOTAL AMOUNT

The annual replacement cost is \$2,500. This amount should be added to the replacement account each December 1 until the balance reaches \$25,000 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.20%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING (as of 12/31/10):

	<u>Outstanding</u>	<u>Maturity</u>
KIA (B07-03)	\$800,784	2026
KIA (B05-04)	311,510	2026
Total	<u>\$1,112,294</u>	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	<u>2,000,000.00</u>
Death or Personal Injury (per occurrence)	<u>2,000,000.00</u>
Property Damage on System	<u>See attached - equip breakdown protection</u>

EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED NOVEMBER 1, 2011

Request No. _____

Dated _____

ORIGINAL SENT TO: Kentucky Infrastructure Authority
 1024 Capital Center Drive
 Suite 340
 Frankfort, Kentucky 40601

COPY SENT TO: Ms. Nancy Sanders
 Director, Community Programs
 Governor's Office for Local Development
 1024 Capitol Center Drive
 Frankfort, Kentucky 40601

FROM: Graves County Water District ("Governmental Agency")

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of facilities described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request totaling \$_____.

Documentation supporting the expenses incurred and identified per this request are attached.

ELIGIBLE PROJECT EXPENSES INCURRED

<u>Contractor</u>	<u>Expenses this Request</u>	<u>Expenses to Date</u>
-------------------	------------------------------	-------------------------

Total

ALLOCATION OF FUNDING FOR EXPENSES

<u>Portion of Funding Source Totals</u>	<u>Portion of Expenses Expenses this Request</u>	<u>Total to Date</u>
---	--	----------------------

The Governmental Agency certifies it has also paid Project expenses or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:

<u>Funding Source</u>	<u>Amount of Payment or Requisition</u>	<u>Date of Payment or Requisition</u>
-----------------------	---	---

Respectfully submitted,

Governmental Agency

By: _____

Title: _____

Certificate of Consulting Engineers as to
Payment Request

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request in connection with the "Eligible Project" and that all expenses represented in this request were duly incurred for the Construction of the "Project," that the Authority's funding share of these expenses is accurately represented and that such expenses have not been the subject of any request for disbursement previously submitted.

Engineer/Consultant

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached Water Rate Schedule

Graves County Water District

Graves County Courthouse

Mayfield, KY 42066

Rates, Rules, Regulations and Charges
for service to entire service area

Filed with the Public Service Commission
September 8, 2008

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
8/29/2008
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By  Executive Director

for Graves County
Community to n city

PSC KY No. 1

Original Sheet No. 3

Cancelling No. _____

_____ Sheet No. _____

Graves County Water District
Name of Utility

South Graves Water District Area All Meters

First 2000 gallons \$14.25 minimum bill
Next 3000 gallons \$ 6.87 per 1000 gallons
Next 5000 gallons \$ 6.62 per 1000 gallons
Next 10,000 gallons \$ 6.38 per 1000 gallons
Next 30,000 gallons \$ 5.89 per 1000 gallons
Next 50,000 gallons \$ 4.91 per 1000 gallons
Over 100,000 gallons \$ 3.43 per 1000 gallons

Fancy Farm Water District Area

First 2000 gallons \$13.10 minimum bill
Next 3000 gallons \$3.35 per 1000 gallons
Next 5000 gallons \$3.18 per 1000 gallons
Next 10,000 gallons \$2.98 per 1000 gallons
Over 20,000 gallons \$2.70 per 1000 gallons
Wholesale rate to City of Milburn: \$2.17 Minimum bill

Fancy Farm Sewer Rates Monthly Rates

Residential \$ 35.34
Residential with Grinder pump \$ 34.34
Fancy Farm School \$35.34 per residential equivalent

Date of Issue September 8 2008 Date Effective August 29 2008

Issued By: Johnny Dowdy Title Chairman
Signature of Officer

Issued by Authority of Case No. 2007-00496

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
8/29/2008
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By J. H. Brown
Executive Director

Monday Dec 12, 2011

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Consumers Water District Rates

Consumers Water District furnishes water service to South and Southeastern Graves County, Kentucky.

Effective April 2007

Water Rate Schedule

5/8" x 3/4" Meter

FIRST 2,000 GALLONS	\$12.01 PER MONTH
NEXT 8,000 GALLONS	2.95 PER MONTH PER 1,000 GALLONS
NEXT 10,000 GALLONS	2.73 PER MONTH PER 1,000 GALLONS
NEXT 30,000 GALLONS	2.53 PER MONTH PER 1,000 GALLONS
OVER 50,000 GALLONS	2.12 PER MONTH PER 1,000 GALLONS

1" Meter

FIRST 10,000 GALLONS	\$35.61 PER MONTH
NEXT 10,000 GALLONS	2.73 PER MONTH PER 1,000 GALLONS
NEXT 30,000 GALLONS	2.53 PER MONTH PER 1,000 GALLONS
OVER 50,000 GALLONS	2.12 PER MONTH PER 1,000 GALLONS

2" Meter

FIRST 20,000 GALLONS	\$62.91 PER MONTH
NEXT 30,000 GALLONS	2.53 PER MONTH PER 1,000 GALLONS
OVER 50,000 GALLONS	2.12 PER MONTH PER 1,000 GALLONS

Special Non-Recurring Charges

DEPOSIT	\$40.00
CONNECTION CHARGE	\$25.00
RECONNECTION CHARGE	\$25.00
RETURNED CHECK CHARGE	\$25.00
SERVICE CHARGE	\$25.00
AFTER-HOURS SERVICE CHARGE	\$75.00
LATE PAYMENT NOTICE CHARGE	\$2.00
TAP ON FEE - 5/8" - 3/4" METER	\$450.00
TAP ON FEE - METERS LARGER THAN 3/4"	QUOTE

Mayfield Electric & Water Systems
301 East Broadway
PO Box 347
Mayfield, KY 42066

Phone: 270-247-4661
Fax: 270-247-0550
Office Hours: M-F 7:00am-4:30pm
After Hours: 270-247-3531

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Fancy Farm Water District Rates

Fancy Farm Water District furnishes water and sewer service to West Graves County, East Carlisle County and Milburn, Kentucky.

Effective October 1997

Water Rate Schedule

FIRST 2,000 GALLONS	\$13.10 PER MONTH
NEXT 3,000 GALLONS	3.35 PER MONTH PER 1,000 GALLONS
NEXT 5,000 GALLONS	3.18 PER MONTH PER 1,000 GALLONS
NEXT 10,000 GALLONS	2.98 PER MONTH PER 1,000 GALLONS
OVER 20,000 GALLONS	2.70 PER MONTH PER 1,000 GALLONS

Special Non-Recurring Charges

DEPOSIT	\$40.00
CONNECTION CHARGE	\$25.00
RECONNECTION CHARGE	\$25.00
RETURNED CHECK CHARGE	\$25.00
SERVICE CHARGE	\$25.00
AFTER-HOURS SERVICE CHARGE	\$75.00
LATE PAYMENT NOTICE CHARGE	\$2.00
WATER TAP ON FEE - 5/8" - 3/4" METER	\$450.00
WATER TAP ON FEE - METERS LARGER THAN 3/4"	QUOTE
SEWER TAP ON FEE - NORMAL	\$300.00
SEWER TAP ON FEE - SPECIAL	QUOTE

For more detailed information or for questions concerning these rates, please call our main office.

Mayfield Electric & Water Systems
301 East Broadway
PO Box 347
Mayfield, KY 42066

Phone: 270-247-4661
Fax: 270-247-0550
Office Hours: M-F 7:00am-4:30pm
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[Districts](#) [Graves County](#) [South Graves Area](#) [Rates](#)

South Graves Water District Rates

South Graves Water District furnishes water service to South Graves County, Kentucky.

Effective August 2000

Water Rate Schedule

FIRST 2,000 GALLONS	\$14.25 PER MONTH
NEXT 3,000 GALLONS	6.87 PER MONTH PER 1,000 GALLONS
NEXT 5,000 GALLONS	6.62 PER MONTH PER 1,000 GALLONS
NEXT 10,000 GALLONS	6.38 PER MONTH PER 1,000 GALLONS
NEXT 30,000 GALLONS	5.89 PER MONTH PER 1,000 GALLONS
NEXT 50,000 GALLONS	4.91 PER MONTH PER 1,000 GALLONS
OVER 100,000 GALLONS	3.43 PER MONTH PER 1,000 GALLONS

Special Non-Recurring Charges

DEPOSIT	\$40.00
CONNECTION CHARGE	\$25.00
RECONNECTION CHARGE	\$25.00
RETURNED CHECK CHARGE	\$25.00
SERVICE CHARGE	\$25.00
AFTER-HOURS SERVICE CHARGE	\$75.00
LATE PAYMENT NOTICE CHARGE	\$2.00
TAP ON FEE - 5/8" - 3/4" METER	\$450.00
TAP ON FEE - METERS LARGER THAN 3/4"	QUOTE

For more detailed information or for questions concerning these rates, please call our main office.

Mayfield Electric & Water Systems
301 East Broadway
PO Box 347
Mayfield, KY 42068

Phone: 270-247-4661
Fax: 270-247-0550
Office Hours: M-F 7:00am-4:30pm
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[Districts](#) [Graves County](#) [Hardeman Area](#) [Rates](#)

Hardeman Water District Rates

Hardeman Water District furnishes water service to a five mile area east, northeast of Mayfield, Kentucky.

Effective June 2003

Water Rate Schedule

5/8" x 3/4" Meter

FIRST 2,000 GALLONS	\$13.10 PER MONTH
NEXT 3,000 GALLONS	2.75 PER MONTH PER 1,000 GALLONS
NEXT 15,000 GALLONS	2.12 PER MONTH PER 1,000 GALLONS
OVER 20,000 GALLONS	1.80 PER MONTH PER 1,000 GALLONS

Special Non-Recurring Charges

DEPOSIT - HOUSES	\$15.00
DEPOSIT - TRAILERS	\$20.00
CONNECTION CHARGE	\$10.00
RECONNECTION CHARGE	
RETURNED CHECK CHARGE	
SERVICE CHARGE	
AFTER-HOURS SERVICE CHARGE	
LATE PAYMENT NOTICE CHARGE	
TAP ON FEE - 5/8" - 3/4" METER	\$300.00
TAP ON FEE - METERS LARGER THAN 3/4"	QUOTE

For more detailed information or for questions concerning these rates, please call our main office.

Mayfield Electric & Water Systems
301 East Broadway
PO Box 347
Mayfield, KY 42066

Phone: 270-247-4661
Fax: 270-247-0550
Office Hours: M-F 7:00am-4:30pm
After Hours: 270-247-3531

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EXHIBIT D

RESOLUTION

RESOLUTION OF THE GRAVES COUNTY WATER DISTRICT
APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT
BETWEEN THE GRAVES COUNTY WATER DISTRICT AND THE
KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("governing authority") of the Graves County Water District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain water facilities and improvements to the Governmental Agency's Water System (the "Project"); and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement with the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Graves County Water District, as follows:

SECTION 1. That the governing authority hereby approves and authorizes of the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on _____, 2011.

Chairman

Attest:

Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Graves County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said District at a meeting duly held on _____, 2011; 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 _____, 2011.

Recording Officer

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and the Graves County Water District, dated as of November 1, 2011

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 Graves County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the infrastructure project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the Engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN
THE GRAVES COUNTY WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

Total Loan to be Repaid by
Governmental Agency to
Kentucky Infrastructure Authority \$ _____

Principal and Interest Payable
on Each _____ and

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: _____

GRAVES COUNTY WATER DISTRICT
GOVERNMENTAL AGENCY

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

60572v1

2.



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

March 15, 2012

Mr. Chuck Lush, Account Manager
US Bank Corporate Trust Services
One Financial Square
Mail Code: CN-KY-0850
Louisville, Kentucky 40202

Dear Mr. Lush:

Requisition for Payment from the "Revolving Fund Account" of the
Infrastructure Revolving Loan Fund (Fund B) (Account #720264043)

This Requisition is delivered to you pursuant to the provisions of Section 507 of that certain General Trust Indenture securing Kentucky Infrastructure Revenue Bonds (the "Trust Indenture"), dated as of September 1, 1989, by and between the Kentucky Infrastructure Authority (the "Authority") and First Kentucky Trust Company (now know as US Bank), as Trustee. In connection with the issuance of its Infrastructure Authority Revolving Loan Fund Program Revenue Bonds the Authority has determined that certain moneys are due and payable in respect of an Assistance Agreement duly entered into by and between the Authority and the Governmental Agency hereinafter identified, and that such moneys, which are now being held by the Trustee in the Revolving Fund Account are due and payable at this time pursuant to the Trust Indenture and said Assistance Agreement.

You are hereby authorized and directed to immediately pay from the Revolving Fund Account created and established in respect of said Infrastructure Authority Revenue Bonds to the following payee or payees the sums set forth opposite the designation of each such payee, as follows:

<u>Asst. Agree. #</u>	<u>Name of Payee</u>	<u>Req. #</u>	<u>Amount Payable</u>
B08-06	Carrollton, City of	4	\$9,800.00
B09-03	Falmouth, City of	6	\$28,622.52
B11-02	Graves County Water District	1	\$359,894.00
B10-05	Marion, City of	4	\$43,215.60
B11-09	MuniNet Fiber Agency	4	\$35,015.95

Pursuant to Section 507 of the Trust Indenture it is hereby further certified by the Authority that with respect to the requisitioned payments or disbursements hereinabove identified, there has not been filed with or served upon the Authority notice of any lien or attachment upon, or claim affecting the right to receive, payment of any of the amounts requisitioned and payable to any of these persons, firms or corporations named in this Requisition which have not been released or will not be released simultaneously with such requisitioned payments.



Mr. Chuck Lush

Page 2

(Fund B) (Account #720264043)

It is further certified by the Authority that this Requisition contains no item representing payment on account of any retained percentages of the cost of Construction of any Eligible Project which the Authority is at the date of this Requisition entitled to retain.

It is further certified by the Authority that in connection with the Requisitions herein made, the Authority has received such proofs executed by the consulting engineers for the Governmental Agencies hereinabove identified which have entered into Assistance Agreements as are properly required by the Authority, to the effect that each obligation set forth in this Requisition has been (a) properly incurred, and (b) is now due and unpaid; or in the alternative, has been fully paid and insofar as any such obligation has been incurred by any such Governmental Agency for work, services, materials, or supplies, such work or services was actually performed or such materials, equipment or supplies were actually installed in furtherance of the Construction of such Eligible Projects, or were delivered at the site of the Eligible Projects for such purposes, all in accordance with the Assistance Agreements specifically identified in this Requisition.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Covington, III". The signature is stylized and somewhat cursive.

John E. Covington, III
Executive Director

B11-02
Pay

REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED November 1, 2011

Request No. 1 Dated 02-28-12

ORIGINAL SENT TO: Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

FROM: GRAVES COUNTY WATER DISTRICT ("Governmental Agency")
KIA Fund B: #11-02

2012 FEB 29 P 12:57
COMMUNICATIONS SECTION

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of facilities described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request totaling \$359,894.00

KW 11/1/11
3-6-12 CPBOC dtd 2/18/11 (Finance approved)

Documentation supporting the expenses incurred and identified per this request are attached.

ELIGIBLE PROJECT EXPENSES INCURRED

Expenses this Expenses to

<u>Contractor</u>	<u>Request</u>	<u>Date</u>	<u>Total</u>
C.I THORNBURG	1	02-28-12	\$ 359,894.00

ALLOCATION OF FUNDING FOR EXPENSES

<u>Portion of Funding Source</u>	<u>Portion of Expenses Expenses this Request</u>	<u>Total to Date</u>	<u>Totals</u>
\$1,000,000.00	\$ 359,894.00	\$359,894.00	\$640,106.00

The Governmental Agency certifies it has also paid Project expenses or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:


<u>Funding Source</u>	<u>Amount of Payment or Requisition</u>	<u>Date of Payment or Requisition</u>
KIA 1.000.00.00 (\$780,000.00 loan) (220,000.00 forgiveness)	\$359,894.00	02-28-12

Respectfully submitted,

Graves County Water District
Governmental Agency
By: Jay Mann
Title: Sec/TREAS

Certificate of Consulting Engineers as to
Payment Request

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request in connection with the "Eligible Project" and that all expenses represented in this request were duly incurred for the Construction of the "Project," that the Authority's funding share of these expenses is accurately represented and that such expenses have not been the subject of any request for disbursement previously submitted.



Engineer/Consultant



Firm Name

THE C.I. THORNBURG CO.,INC.
PO BOX 2163
4034 ALTIZER AVENUE
HUNTINGTON, WV 25705
304-523-3484 Fax 304-523-0510

****** Invoice ******

INVOICE DATE	INVOICE NUMBER
02/16/12	S1548808.5
REMIT TO:	PAGE NO
THE C.I. THORNBURG CO., INC. P.O. BOX 2163 HUNTINGTON, WV 25722-2163	1

BILL TO:

MAYFIELD ELECTRIC/WATER SYSTEM
 P O BOX 347
 301 EAST BROADWAY
 MAYFIELD, KY 42066

SHIP TO:

MAYFIELD ELECTRIC/WATER SYSTEM
 P O BOX 347
 301 EAST BROADWAY
 MAYFIELD, KY 42066

County Amt order #1 2150, peris + 2150 5200 order all rec.

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	CUSTOMER JOB NUMBER	WHSE	SALES PERSON	TERMS:
7362	WQ 2012			4 BLADEN	30 DAY AND CASH DISCOUNT IF APPLICABLE ARE LISTED BELOW.
SALES TICKET NUMBER	SHIP VIA	DATE SHIPPED	ORDER DATE		1 1/2% FINANCE CHARGE ADDED ON PAST DUE ACCOUNTS.
S1548808.5	DIRECT	02/16/12	01/23/12		
DESCRIPTION	ORDER QTY	SHIP QTY	LN	NET UNIT PRICE	NET AMOUNT
UPGRADE IS TAKE EXISTING E2000 TGB TO 2 WAY COMMUNICATION AND HARDWARE FOR AN S100 FOR DA AND FUTURE LIGHTING*****					
SENSUS MODEL 520M MIGRATEABLE (M2) MXU, TOUCHCOUPLED, SINGLE PORT TRANSCEIVER UNIT with INTERNAL BATTERY and HOURLY LEAK DETECTION INTERVALS	206	206		123.000	25338.00
5/8"x3/4" SENSUS 1PERL WATER METER, TRPL, W/ 6' WIRE, LESS HOUSING, 1 GAL #15S1GBXX, 2-WIRE	2150	960		100.000	96000.00

FOR INVOICE QUESTIONS, PLEASE CONTACT CHERI AT OUR HUNTINGTON OFFICE.
 PHONE: (304) 523-3484

SUBTOTAL	121338.00
FREIGHT	0.00
SALES TAX	0.00
AMT DUE	121338.00

PAYMENT TERMS: NET 30 DAYS. PAST DUE ACCOUNTS SUBJECT TO 1 1/2% FINANCE CHARGE PER MONTH. ANNUAL PERCENTAGE RATE 18%.
 NO RETURNS ALLOWED WITHOUT PROPER WRITTEN AUTHORIZATION. RETURN MATERIAL SUBJECT TO RESTOCKING, HANDLING AND FREIGHT CHARGES.
 WARRANTIES: LIMITED TO THOSE PROVIDED BY MANUFACTURER.

THE C.I. THORNBURG CO.,INC.
PO BOX 2163
4034 ALTIZER AVENUE
HUNTINGTON, WV 25705
304-523-3484 Fax 304-523-0510

****** Invoice ******

INVOICE DATE	INVOICE NUMBER
02/17/12	S1548808.9
REMIT TO:	PAGE NO
THE C.I. THORNBURG CO., INC. P.O. BOX 2163 HUNTINGTON, WV 25722-2163	1

BILL TO:

MAYFIELD ELECTRIC/WATER SYSTEM
 P O BOX 347
 301 EAST BROADWAY
 MAYFIELD, KY 42066

SHIP TO:

MAYFIELD ELECTRIC/WATER SYSTEM
 P O BOX 347
 301 EAST BROADWAY
 MAYFIELD, KY 42066

County Arre order # 2150 perls + 2150 529m radius all received

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	CUSTOMER JOB NUMBER	WHSF	SALESPERSON	TERMS:
7362	WO 2012		4	BLADEN	DOM DATE AND CASH DISCOUNT IF APPLICABLE ARE LISTED BELOW.
SALES TICKET NUMBER	SHIP VIA	DATE SHIPPED	ORDER DATE	1 1/2% FINANCE CHARGE ADDED ON PAST DUE ACCOUNTS.	
S1548808.9	DIRECT	02/17/12	01/23/12		
DESCRIPTION	ORDER QTY	SHIP QTY	UN	NET UNIT PRICE	NET AMOUNT
UPGRADE IS TAKE EXISTING E2000 TGB TO 2 WAY COMMUNICATION AND HARDWARE FOR AN S100 FOR DA AND FUTURE LIGHTING***** 5/8"x3/4" SENSUS IPERL WATER METER, TRPL, W/ 6' WIRE, LESS HOUSING, 1 GAL #I5S1GBXX, 2-WIRE	1190	1190		100.000	119000.00
FOR INVOICE QUESTIONS, PLEASE CONTACT CHERI AT OUR HUNTINGTON OFFICE. PHONE: (304) 523-3484				SUBTOTAL	119000.00
				FREIGHT	0.00
				SALES TAX	0.00
				AMT DUE	119000.00

PAYMENT TERMS: NET 30 DAYS. PAST DUE ACCOUNTS SUBJECT TO 1 1/2% FINANCE CHARGE PER MONTH. ANNUAL PERCENTAGE RATE 18%.
 NO RETURNS ALLOWED WITHOUT PROPER WRITTEN AUTHORIZATION. RETURN MATERIAL SUBJECT TO RESTOCKING, HANDLING AND FREIGHT CHARGES.
 WARRANTIES: LIMITED TO THOSE PROVIDED BY MANUFACTURER.

**** Invoice ****

THE C.I. THORNBURG CO.,INC.
 PO BOX 2163
 4034 ALTIZER AVENUE
 HUNTINGTON, WV 25705
 304-523-3484 Fax 304-523-0510

INVOICE DATE	INVOICE NUMBER
02/14/12	S1548808.3
REMIT TO:	PAGE NO.
THE C.I. THORNBURG CO., INC. P.O. BOX 2163 HUNTINGTON, WV 25722-2163	1

BILL TO:

MAYFIELD ELECTRIC/WATER SYSTEM
 P O BOX 347
 301 EAST BROADWAY
 MAYFIELD, KY 42066

SHIP TO:

MAYFIELD ELECTRIC/WATER SYSTEM
 P O BOX 347
 301 EAST BROADWAY
 MAYFIELD, KY 42066

County Amt order #1 2150 parts + 2150 520m all received

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	CUSTOMER JOB NUMBER	AP-SE	SALESPERSON	TERMS:	
7362	WO 2012		4	BLADEN	DUE DATE AND CASH DISCOUNT IF APPLICABLE ARE LISTED BELOW.	
SALES TICKET NUMBER	SHIP VIA	DATE SHIPPED	ORDER DATE		1 1/2% FINANCE CHARGE ADDED ON PART DOWN ACCOUNTS.	
S1548808.3	DIRECT	02/14/12	01/23/12			
DESCRIPTION		ORDER QTY	SHIP QTY	UM	NET UNIT PRICE	NET AMOUNT
UPGRADE IS TAKE EXISTING E2000 TGB TO 2 WAY COMMUNICATION AND HARDWARE FOR AN S100 FOR DA AND FUTURE LIGHTING***** SENSUS MODEL 520M MIGRATEABLE (M2) MXU, TOUCHCOUPLED, SINGLE PORT TRANSCEIVER UNIT with INTERNAL BATTERY and HOURLY LEAK DETECTION INTERVALS		1178	972		123.000	119556.00
FOR INVOICE QUESTIONS, PLEASE CONTACT CHERI AT OUR HUNTINGTON OFFICE. PHONE: (304) 523-3484						

SUBTOTAL	119556.00
FREIGHT	0.00
SALES TAX	0.00
AMT DUE	119556.00

PAYMENT TERMS: NET 30 DAYS. PAST DUE ACCOUNTS SUBJECT TO 1 1/2% FINANCE CHARGE PER MONTH. ANNUAL PERCENTAGE RATE 18%.
 NO RETURNS ALLOWED WITHOUT PROPER WRITTEN AUTHORIZATION. RETURN MATERIAL SUBJECT TO RESTOCKING, HANDLING AND FREIGHT CHARGES.
 WARRANTIES: LIMITED TO THOSE PROVIDED BY MANUFACTURER.



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

June 14, 2012

Mr. Chuck Lush, Account Manager
US Bank Corporate Trust Services
One Financial Square
Mail Code: CN-KY-0850
Louisville, Kentucky 40202

Dear Mr. Lush:

Requisition for Payment from the "Revolving Fund Account" of the
Infrastructure Revolving Loan Fund (Fund B) (Account #720264043)

This Requisition is delivered to you pursuant to the provisions of Section 507 of that certain General Trust Indenture securing Kentucky Infrastructure Revenue Bonds (the "Trust Indenture"), dated as of September 1, 1989, by and between the Kentucky Infrastructure Authority (the "Authority") and First Kentucky Trust Company (now know as US Bank), as Trustee. In connection with the issuance of its Infrastructure Authority Revolving Loan Fund Program Revenue Bonds the Authority has determined that certain moneys are due and payable in respect of an Assistance Agreement duly entered into by and between the Authority and the Governmental Agency hereinafter identified, and that such moneys, which are now being held by the Trustee in the Revolving Fund Account are due and payable at this time pursuant to the Trust Indenture and said Assistance Agreement.

You are hereby authorized and directed to immediately pay from the Revolving Fund Account created and established in respect of said Infrastructure Authority Revenue Bonds to the following payee or payees the sums set forth opposite the designation of each such payee, as follows:

<u>Asst. Agree. #</u>	<u>Name of Payee</u>	<u>Req. #</u>	<u>Amount Payable</u>
SX21205026	Morehead Utility Plant Board	4	\$42,178.00
B11-02	Graves County Water District	2	\$5,423.68
B08-07	Louisa, City of	14	\$62,267.80
B10-05	Marrion, City of	7	\$229,294.34

Pursuant to Section 507 of the Trust Indenture it is hereby further certified by the Authority that with respect to the requisitioned payments or disbursements hereinabove identified, there has not been filed with or served upon the Authority notice of any lien or attachment upon, or claim affecting the right to receive, payment of any of the amounts requisitioned and payable to any of these persons, firms or corporations named in this Requisition which have not been released or will not be released simultaneously with such requisitioned payments.



Mr. Chuck Lush

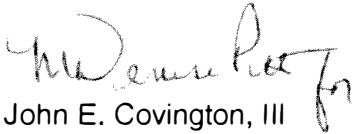
Page 2

(Fund B) (Account #720264043)

It is further certified by the Authority that this Requisition contains no item representing payment on account of any retained percentages of the cost of Construction of any Eligible Project which the Authority is at the date of this Requisition entitled to retain.

It is further certified by the Authority that in connection with the Requisitions herein made, the Authority has received such proofs executed by the consulting engineers for the Governmental Agencies hereinabove identified which have entered into Assistance Agreements as are properly required by the Authority, to the effect that each obligation set forth in this Requisition has been (a) properly incurred, and (b) is now due and unpaid; or in the alternative, has been fully paid and insofar as any such obligation has been incurred by any such Governmental Agency for work, services, materials, or supplies, such work or services was actually performed or such materials, equipment or supplies were actually installed in furtherance of the Construction of such Eligible Projects, or were delivered at the site of the Eligible Projects for such purposes, all in accordance with the Assistance Agreements specifically identified in this Requisition.

Sincerely,

A handwritten signature in cursive script, appearing to read "John E. Covington, III".

John E. Covington, III
Executive Director

B11-02

REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED November 1, 2011

Request No. 2

Dated 05-25-12

ORIGINAL SENT TO: Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

FROM: GRAVES COUNTY WATER DISTRICT ("Governmental Agency")
KIA Fund B: #11-02

2012 MAY 30 A 11:17

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of facilities described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request totaling \$ 5423.68

JKW
6-12-13

Documentation supporting the expenses incurred and identified per this request are attached.

ELIGIBLE PROJECT EXPENSES INCURRED

Expenses this Expenses to

<u>Contractor</u>	<u>Request</u>	<u>Date</u>	<u>Total</u>
GEO JOBE	2	05-25-12	\$ 5423.68

ALLOCATION OF FUNDING FOR EXPENSES

<u>Portion of Funding Source</u>	<u>Portion of Expenses Expenses this Request</u>	<u>Total to Date</u>	<u>Totals</u>
\$1,000,000.00	\$ 359,894.00	\$359,894.00	\$640,106.00
\$ 640,106.00	\$ 5423.68	\$ 365,317.68	\$634,682.32

The Governmental Agency certifies it has also paid Project expenses or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:

	<u>Funding Source</u>	<u>Amount of Payment or Requisition</u>	<u>Date of Payment or Requisition</u>
1)	KIA 1,000.00.00	\$359,894.00	02-28-12
2)		\$ 5423.68	05-25-12

(\$780,000.00 loan)
(220,000.00 forgiveness)

Respectfully submitted,

Graves Co Water District
Governmental Agency

By: Jay Ma

Title: Secretary / Treasurer

Invoice # 4974



Date	P.O. No.	Terms
5/14/2012	GCWD1	Net 30

Bill To:
Graves County Water District c/o Accounts Payable P.O. Box 329 Mayfield, KY 42066

Mail Payment To:
P.O. Box 440329 Nashville, TN 37244-0329

Phone #	Fax #	Email	Rep
615-883-0085	615-296-4024	dmurphy@geo-jobe.com	EE

Serviced	Description	QTY	Rate	Annual Fee	Amount
	(67134-00) Trimble Nomad 900GLE handheld (camera, barcode scanner)	2	2,649.00	\$325/yr	5,298.00T
	3) Nomad G series have the Serial boot (EGL-Z1005) as the standard boot. For USB host capability order EGL-Z1004 as an accessory.				
	(EGL-Z1004) Trimble Nomad USB Boot	2	50.00		100.00T
	Shipping and Handling Charge	1	25.68		25.68T
<p>Past due invoices may be subject to 1.5% late charge.</p>		Total:		\$5,423.68	

