

Ledbetter Water District  
1483 US 60 West  
PO Box 123  
Ledbetter, Kentucky 42058  
Phone: 270-898-3236  
[ledbetterwaterdi@bellsouth.net](mailto:ledbetterwaterdi@bellsouth.net)

RECEIVED

APR 02 2018

PUBLIC SERVICE  
COMMISSION

April 2, 2018

Ms. Gwen R. Pinson  
Executive Director  
Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

RE: ARF Application - Water & Sewer Rates  
Ledbetter Water District

Dear Ms. Pinson:

Enclosed for filing are the original and five (5) copies of the Ledbetter Water District's ARF Application for an adjustment to its water and sewer rates. The ARF Application is being filed pursuant to 807 KAR 5:076. The District proposes to increase its water and sewer rates in two phases with the second phase to be implemented one year after the effective date of the first phase.

The ARF Application uses calendar year 2016 as the Test Year, with appropriate adjustments to normalize revenues and expenses.

A copy of the ARF Application has been provided to the Office of Rate Intervention in the Attorney General's Office.

My electronic mail address is [ledbetterwaterdi@bellsouth.net](mailto:ledbetterwaterdi@bellsouth.net).

Yours truly,



Bill Downs, Manager

Enclosures

cc: Office of the Attorney General, Rate Intervention

**SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY****RECEIVED****APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION****APR 02 2018****For Small Utilities Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)****PUBLIC SERVICE  
COMMISSION****Ledbetter Water District***(Name of Utility)***1483 US Highway 60W***(Business Mailing Address - Number and Street, or P.O. Box)***Ledbetter, KY 42058***(Business Mailing Address - City, State, and Zip)***270-898-3236***(Telephone Number)***BASIC INFORMATION**

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

**Bill Downs, Manager***(Name)***1483 US Highway 60W***(Address - Number and Street or P.O. Box)***Ledbetter, KY 42058***(Address - City, State, Zip)***270-898-3236***(Telephone Number)***ledbetterwaterdi@bellsouth.net***(Email Address)***(For each statement below, the Applicant should check either "YES", "NO", or  
"NOT APPLICABLE" (N/A))****YES NO N/A**

- |       |  |                                     |                          |  |
|-------|--|-------------------------------------|--------------------------|--|
| 1. a. | In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |
| b.    | Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |
| 2. a. | Applicant has filed an annual report with the Public Service Commission for the past year.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |
| b.    | Applicant has filed an annual report with the Public Service Commission for the two previous years.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |
| 3.    | Applicant's records are kept separate from other commonly-owned enterprises.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |



YES NO N/A

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

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)** ☒ ☐
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2016. ☒ ☐
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)** ☒ ☐
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ see attachments and total revenues from service rates of \$ see attachments. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)** ☒ ☐
12. As of the **date of the filing of this application**, Applicant had 1,237 water customers. ☒ ☐  
798 sewer
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)** ☒ ☐
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)** ☒ ☐
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds. ☒ ☐
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution). ☒ ☐ ☐
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness. ☒ ☐ ☐

YES NO N/A

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

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

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

Signed Phillip Dae  
Officer of the Company/Authorized Representative

Title Chairman

Date 3/26/2018

COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

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

Billy Downe (#592429)  
Notary Public

My commission expires: 12/22/2021



## **LIST OF ATTACHMENTS**

### **Ledbetter Water District**

1. Customer Notices of Proposed Rate Adjustments
  - a. Water Division
  - b. Sewer Division
2. Reasons for Rate Increase
3. Current and Proposed Rates
  - a. Water Division
  - b. Sewer Division
4. Statements of Adjusted Operations and Revenue Requirements Calculation (two pages)  
with the following attachments:
  - a. References
  - b. Table A - Depreciation Expense Adjustments
  - c. Table B - Debt Service Schedule - Sewer Division
5. Current Billing Analyses
  - a. Water Division
  - b. Sewer Division
6. Proposed Billing Analyses
  - a. Water Division
  - b. Sewer Division
7. Depreciation Schedules
  - a. Water Division
  - b. Sewer Division
8. Outstanding Debt Instruments
  - a. KIA Loan (sewer only)
  - b. KACo Lease (sewer only)
9. Amortization Schedules
  - a. KIA Loan
  - b. KACo Lease
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

## **Attachment 1a**

## CUSTOMER NOTICE

Notice is hereby given that the Ledbetter Water District expects to file an application on or about April 2, 2018 with the Kentucky Public Service Commission seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

### MONTHLY WATER RATES

#### Phase 1 Customer Charge Based on Meter Size

<u>Meter Size</u>	<u>Customer Charge</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	\$6.59	\$7.58	\$0.99	15%
1 inch	6.59	10.79	4.20	64%
1-1/2 inch	6.59	13.88	7.29	111%
2 inch	6.59	22.36	15.77	239%
4 inch	6.59	107.94	101.35	1538%

#### Phase 1 Rates for Water Usage in Addition to Customer Charge

<u>Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
First 25,000 Gallons	\$5.68	\$6.65	\$0.97	17%
Over 25,000 Gals.	3.85	4.50	0.65	17%

#### Phase 2 Customer Charge Based on Meter Size

(Phase 2 to be implemented one year after the effective date of Phase 1)

<u>Meter Size</u>	<u>Customer Charge</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Phase 1</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	\$7.58	\$8.26	\$0.68	9%
1 inch	10.79	11.74	0.95	9%
1-1/2 inch	13.88	15.10	1.22	9%
2 inch	22.36	24.33	1.97	9%
4 inch	107.94	117.45	9.51	9%

#### Phase 2 Rates for Water Usage in Addition to Customer Charge

<u>Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Phase 1</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
First 25,000 Gallons	\$6.65	\$7.23	\$0.58	9%
Over 25,000 Gals.	4.50	4.90	0.40	9%



If the Public Service Commission approves the proposed water rates, then the Phase 1 monthly bill for a customer using an average of 4,000 gallons per month will increase from \$29.31 to \$34.18. This is an increase of \$4.87 or 17%. The Phase 2 monthly bill for a customer using an average of 4,000 gallons per month will increase from \$34.18 to \$37.18. This is an increase of \$3.00 or 10%.

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

Ledbetter Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at Ledbetter Water District's office located at 1483 US Highway 60W, Ledbetter, KY 42058. You may contact the office at 270-898-3236.

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

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

## **Attachment 1b**

## CUSTOMER NOTICE

Notice is hereby given that the Ledbetter Water District expects to file an application on or about April 2, 2018 with the Kentucky Public Service Commission seeking approval of a proposed adjustment to its sewer rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

### MONTHLY SEWER RATES

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#### **Phase 1 Minimum Bills and Rates**

	<u>Gals. Incl'd. In Minimum</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Dollar</u>	<u>Percent</u>
		<u>Rate</u>	<u>Rate</u>	<u>Increase</u>	<u>Increase</u>
Minimum Bill	2,000	\$25.21	\$35.29	\$10.08	40%
Charge per 1,000 Gals. for Usage Over Minimum		12.87	18.02	5.15	40%
Unmetered Customers per Month		63.82	89.35	25.53	40%

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#### **Phase 2 Minimum Bills and Rates**

(To be implemented one year after the effective date of Phase 1 rates)

	<u>Gals. Incl'd. In Minimum</u>	<u>Phase 1 Rates</u>	<u>Proposed Rates</u>	<u>Dollar</u>	<u>Percent</u>
		<u>Rate</u>	<u>Rate</u>	<u>Increase</u>	<u>Increase</u>
Minimum Bill	2,000	\$35.29	\$42.10	\$6.81	19%
Charge per 1,000 Gals. for Usage Over Minimum		18.02	21.49	3.47	19%
Unmetered Customers per Month		89.35	106.58	17.23	19%

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If the Public Service Commission approves the proposed rates, then the Phase 1 monthly bill for a customer using an average of 4,000 gallons per month will increase from \$50.95 to \$71.33. This is an increase of \$20.38 or 40%. The monthly bill for Unmetered Customers will increase from \$63.82 to \$89.35, an increase of \$25.53 or 40%. The Phase 2 monthly bill for a customer using an average of 4,000 gallons per month will increase from \$71.33 to \$85.08. This is an increase of \$13.75 or 19%. The monthly bill for Unmetered Customers will increase from \$89.35 to \$106.58. This is an increase of \$17.23 or 19%.

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



Ledbetter Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at Ledbetter Water District's office located at 1483 US Highway 60W, Ledbetter, KY 42058. You may contact the office at 270-898-3236.

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

## **Attachment 2**

# **Reasons for Rate Increase**

Ledbetter Water District (the “District”) is requesting a 27.3% rate increase for its retail water customers which will be implemented in two phases. The entire water rate increase will generate an approximate total of \$116,400 in additional annual revenue.

The District is also requesting a 67.0% revenue increase from its retail sewer customers also to be implemented in two phases. The sewer rate increase will generate an approximate total of \$285,100 in additional annual revenue.

The District needs these rate increases for the following reasons:

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



## **Attachment 3a**

## CURRENT AND PROPOSED WATER RATES Ledbetter Water District

### Current Water Rates

#### Monthly Rates - All Meter Sizes:

Customer Charge	\$	6.59	Per Month
First 25,000 Gallons		5.68	Per 1,000 Gallons
Over 25,000 Gallons		3.85	Per 1,000 Gallons

### Proposed Water Rates - Phase 1

#### 5/8 x 3/4 inch Meters

Customer Charge	\$	7.58	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

#### 1 inch Meters

Customer Charge	\$	10.79	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

#### 1-1/2 inch Meters

Customer Charge		13.88	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

#### 2 inch Meters

Customer Charge	\$	22.36	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

#### 4 inch Meters

Customer Charge	\$	107.94	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

### Proposed Water Rates - Phase 2

#### 5/8 x 3/4 inch Meters

Customer Charge	\$	8.26	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

#### 1 inch Meters

Customer Charge	\$	11.74	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

#### 1-1/2 inch Meters

Customer Charge		15.10	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

#### 2 inch Meters

Customer Charge	\$	24.33	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

#### 4 inch Meters

Customer Charge	\$	117.45	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

\* There are currently no 4-inch meters in the system.  
A rate is provided in case it is needed in the future.

## **Attachment 3b**

**CURRENT AND PROPOSED SEWER RATES**  
**Ledbetter Water District**

**Current Sewer Rates**

**Monthly Rates:**

First 2,000 gallons	\$	25.21	Minimum Bill
Over 2,000 gallons		12.87	per 1,000 gallons
Unmetered Customers	\$	63.82	per Month

**Proposed Sewer Rates - Phase 1**

**Monthly Rates:**

First 2,000 gallons	\$	35.29	Minimum Bill
Over 2,000 gallons		18.02	Per 1,000 Gallons
Unmetered Customers	\$	89.35	per Month

**Proposed Sewer Rates - Phase 2**

**Monthly Rates:**

First 2,000 gallons	\$	42.10	Minimum Bill
Over 2,000 gallons		21.49	Per 1,000 Gallons
Unmetered Customers	\$	106.58	per Month



## **Attachment 4**

**SCHEDULE OF ADJUSTED OPERATIONS  
LEDBETTER WATER DISTRICT  
WATER DIVISION**

	<u>Test Year Per</u> <u>Annual Report</u>	<u>Audit</u> <u>Adj'mts. (a.)</u>	<u>Rate Study</u> <u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>					
Total Metered Water Sales	\$ 412,231	\$ 20,663	(5,934)	b.	\$ 426,960
Other Water Revenues:					
Misc. Service Revenues	43,174	(32,781)			10,393
Other Water Revenues		3,843			3,843
<b>Total Operating Revenues</b>	<b>\$ 455,405</b>	<b>\$ (8,275)</b>	<b>(5,934)</b>		<b>\$ 441,196</b>
<u>Operating Expenses</u>					
Operation and Maintenance					
Employee Wages	128,698	10	21,539	c.	150,247
Salaries and Wages - Officers	0				-
Employee Pensions & Benefits	46,146	4,986	19,274	d.	70,406
Purchased Water	82,955		(10,510)	e.	72,445
Purchased Power	22,973		(2,911)	e.	20,062
Chemicals	41,523	(2,230)	(4,978)	e.	34,315
Materials and Supplies	32,451	(3,225)			29,226
Contractual Services - Acct.	46,695	(9,275)			37,420
Contractual Services - Other	1,906				1,906
Water Testing	0				-
Transportation Expenses	4,633	(97)			4,536
Insurance - General Liability	3,469	686			4,155
Insurance - Workers Compensation	4,032	(2,860)			1,172
Regulatory Commission Expenses	0				-
Bad Debt Expense	1,639				1,639
Miscellaneous Expenses	13,895	3,046			16,941
Total Operation and Mnt. Expenses	431,015	(8,959)	22,413		444,469
Depreciation Expense	44,995		1,468	f.	46,463
<b>Total Operating Expenses</b>	<b>\$ 476,010</b>	<b>\$ (8,959)</b>	<b>\$ 23,881</b>		<b>\$ 490,932</b>
<b>Net Utility Operating Income</b>	<b>\$ (20,605)</b>	<b>\$ 684</b>	<b>\$ (29,815)</b>		<b>\$ (49,736)</b>

**REVENUE REQUIREMENTS**

<b>Pro Forma Operating Expenses</b>	\$ 490,932
Divided by: Operating Ratio	g. 88%
<b>Total Revenue Requirement</b>	557,877
Less: Other Operating Revenue	14,236
Interest & Investment Income	249
<b>Revenue Required From Retail Rates</b>	543,392
Less: Revenue from Sales at Present Rates	426,960
<b>Required Revenue Increase</b>	\$ 116,432
<b>Percent Increase</b>	27.3%

**SCHEDULE OF ADJUSTED OPERATIONS**  
**LEDBETTER WATER DISTRICT**  
**SEWER DIVISION**

	<u>Test Year Per</u>	<u>Audit</u>	<u>Rate Study</u>		
	<u>Annual Report</u>	<u>Adj'mts. (a.)</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>					
Total Sewer Sales	\$ 414,843	\$ 5,429	5,068	b.	\$ 425,340
Other Sewer Revenues	-				-
<b>Total Operating Revenues</b>	<b>\$ 414,843</b>	<b>\$ 5,429</b>	<b>5,068</b>		<b>\$ 425,340</b>
<u>Operating Expenses</u>					
Operation Expenses					
Collection - Labor, Materials and Expenses	\$ 134,931	\$ (58,175)	19,406	c.	\$ 96,162
Pumping - Labor, Materials and Expenses	19,145	19,245			38,390
Power for Pumping and Treatment	42,161	2,530			44,691
Chemicals	10,470	(220)			10,250
Miscellaneous Supplies and Expenses	13,839	(5,660)			8,179
Maintenance Expenses					
Maintenance of Collection Sewer System	2,233	-			2,233
Maintenance of Pumping System	34,702	(13,259)			21,443
Maintenance of Treatment and Disposal Plant	15,508	-			15,508
Administrative and General Expenses					-
Office Supplies and Other Expenses	16,001	(2,461)			13,540
Outside Services Employed	3,978	-			3,978
Employee Pensions and Benefits		48,170	17,366	d.	65,536
Regulatory Commission Expense					-
Transportation Expense	8,781	-			8,781
Miscellaneous General Expenses					-
Rents					-
Maintenance of General Plant					-
<b>Total Sewer Operation and Mnt. Expenses</b>	<b>301,749</b>	<b>(9,830)</b>	<b>36,772</b>		<b>328,691</b>
Depreciation Expense	112,988	14,747	(1,785)	f.	125,950
Amortization Expense	-				-
Taxes Other Than Income	9,063	-			9,063
<b>Total Operating Expenses</b>	<b>423,800</b>	<b>4,917</b>	<b>34,987</b>		<b>463,704</b>
<b>Net Utility Operating Income</b>	<b>(8,957)</b>	<b>512</b>	<b>(29,919)</b>		<b>(38,364)</b>

**REVENUE REQUIREMENTS**

<b>Pro Forma Operating Expenses</b>	<b>463,704</b>
Plus: Avg. Annual Principal and Interest Pmts.	h. 205,731
Additional Working Capital	i. 41,146
<b>Total Revenue Requirement</b>	<b>710,581</b>
Less: Other Operating Revenue	-
Interest & Investment Income	134
<b>Revenue Required From Retail Rates</b>	<b>710,447</b>
Less: Revenue from Sales at Present Rates	425,340
<b>Required Revenue Increase</b>	<b>285,106</b>
<b>Percent Increase</b>	<b>67.0%</b>

## **Attachment 4a**

## **REFERENCES**

- a. After the District's Annual Report was filed the Auditor found several revenue and expense categories that required adjustment. This column includes those adjustments.
- b. The Water & Sewer Billing Analyses indicated these Sales Revenue adjustments are appropriate.
- c. After the test year of 2016 a new employee was hired and all employees received raises. These wage increases were prorated to the water and sewer divisions in accordance with the existing allocations of wage expense.
- d. The District has been notified that its CERS Pension contribution will increase to 28.05% beginning July 1, 2018. This rate change is applied to existing wages and wage increases. Additional employer's FICA tax for wage increases is also included in this adjustment.
- e. The District's test year water loss was 27.67%. The PSC's maximum allowable loss for rate-making purposes is 15.0%. Therefore, the costs for Purchased Water, Power and Chemicals related to water treated and pumped above this limit must be deducted.
- f. It is the PSC's practice to require an adjustment to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". For wastewater facilities the guidance document is the "O&M Guide for the Support of Rural Water-Wastewater Systems" by the Commission on Rural Water. Therefore, adjustments are included to bring asset lives within and near the midpoint of the recommended ranges. In a few cases adjustments may deviate from this to recognize the specific work performed instead of a broad category. See Table A.
- g. As of the beginning of 2018, the District does not have any long term debt on its water system. The operating ratio method is historically accepted by the PSC in such cases to determine the revenue requirement and is used here.
- h. The annual debt service payments for the District's KIA Loan and KACo Lease are shown in Table B. The 5 year average of these payments is included in the revenue requirement calculation. These debts are related to the sewer system only.
- i. The amount shown in Table B for coverage on long term debt is that which is commonly required by loan agreements. This is included in the Revenue Requirement as Additional Working Capital.

## **Attachment 4b**



**Table A**  
**DEPRECIATION EXPENSE ADJUSTMENTS**

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost</u>	<u>Current Report Life</u>	<u>Depr. Exp.</u>	<u>Life</u>	<u>Depr. Exp.</u>	<u>Difference</u>
<b><u>Water Assets</u></b>							
Water Treatment Plant	various	675,467	50	\$ 13,509	37.5	\$ 18,012	\$ 4,503
Tanks	various	159,490	50	3,180	45.0	\$ 3,544	364
Tank Telemetry Equipment	02/07/07	63,800	10	6,380	10.0	6,380	0
Mains	various	525,310	varies	10,690	62.5	8,405	(2,285)
Services	various	69,393	varies	1,637	40.0	1,735	98
Meters	various	74,930	varies	1,729	40.0	1,873	144
Meter Installations	various	14,405	varies	289	45.0	320	31
Hydrants	various	27,940	varies	599	50.0	559	(40)
General Plant	various	51,861	varies	1,826	varies	1,826	-
Electric Pumping Equipment	various	18,015	varies	1,146	20.0	901	(246)
Water Treatment Equipment	various	24,146	varies	513	27.5	878	365
Other Misc. Equipment	various	30,012	varies	2,895	17.5	1,715	(1,180)
Office Furniture (computer)	12/31/14	2,079	5	416	10.0	208	(208)
Tools & Shop Equipment	various	1,860	10	186	17.5	106	(80)
<b>Totals for Water System</b>				\$ 44,995		\$ 46,463	\$ 1,468
<b><u>Sewer Assets</u></b>							
Buildings	12/01/96	\$ 38,604	40	\$ 965	37.5	\$ 1,029	\$ 64
Plant & Lagoons	various	#####	varies	31,413	varies	31,413	-
Lines	various	#####	varies	60,677	varies	60,677	-
Lift Station Repairs	2007	40,426	40	1,011	7.0	5,775	4,765
Engineer Cost	various	285,709	40	7,143	varies	7,143	-
Utility Assets	various	140,580	varies	10,229	varies	10,229	-
Pumps & Blowers	2016	15,369	varies	8,810	7	2,196	(6,614)
General & Office Equipment	various	78,475	varies	1,551	varies	1,551	-
Myers Pump	2016	3,792	1.67	2,275	7	542	
Backhoe Overhaul	2016	6,101	1.67	3,661	5	1,220	
<b>Totals for Sewer System</b>				\$ 127,734		\$ 121,775	\$ (1,785)

## **Attachment 4c**

<p style="text-align: center;"><b>Table B</b>  <b><u>DEBT SERVICE SCHDULE</u></b>  <b>Ledbetter Water District</b>  CY 2018 - 2022</p>							
	<u>KIA Loan</u>				<u>KACo Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	116,304	-	2,035	118,339	30,000	56,717	86,717
2019	116,304	-	1,803	118,107	35,000	54,745	89,745
2020	116,304	-	1,570	117,874	35,000	53,003	88,003
2021	116,304	-	1,337	117,641	35,000	50,986	85,986
2022	116,304	-	1,105	117,409	40,000	48,831	88,831
<b>5 Yr. Averages</b>				<b>\$ 117,874</b>			<b>\$ 87,557</b>
<b>Sum of Averages for All Debt</b>						<b>\$</b>	<b>205,731</b>
<b>Coverage on Long Term Debt</b>						<b>\$</b>	<b>41,146</b>

## **Attachment 5a**

## BILLING ANALYSIS WITH CURRENT RATES

### Water Division - Ledbetter Water District

#### SUMMARY

Meter Size	Gallons Sold	Revenue
5/8 inch	48,367,126	\$ 371,364
1 inch	471,630	3,753
1-1/2 inch	255,300	1,608
2 inch	12,413,040	50,234
Totals	61,507,096	\$ 426,960

#### 5/8 x 3/4 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
First	25,000	14,792	46,306,336	46,306,336	-	46,306,336
All Over	25,000	56	2,060,790	1,400,000	660,790	2,060,790
		14,848	48,367,126	47,706,336	660,790	48,367,126

#### REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
Cust. Charge		14,848		\$ 6.59	\$ 97,848.32
First	25,000	14,792	47,706,336	5.68	270,971.99
All Over	25,000	56	660,790	3.85	2,544.04
TOTAL		14,848	48,367,126		\$ 371,364.35

#### 1 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
First	25,000	163	471,630	471,630	-	471,630
All Over	25,000	-	-	-	-	-
		163	471,630	471,630	-	471,630

#### REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
Cust. Charge		163		\$ 6.59	\$ 1,074.17
First	25,000	163	471,630	5.68	2,678.86
All Over	25,000	-	-	3.85	-
TOTAL		163	471,630		\$ 3,753.03

**1-1/2 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
First	25,000	24	255,300	255,300	-	255,300
All Over	25,000	-	-	-	-	-
		24	255,300	255,300	-	255,300

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
Cust. Charge		24		\$ 6.59	\$ 158.16
First	25,000	24	255,300	5.68	1,450.10
All Over	25,000	-	-	3.85	-
TOTAL		24	255,300		\$ 1,608.26

**2 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
First	25,000	52	232,944	232,944	-	232,944
All Over	25,000	32	12,180,096	800,000	11,380,096	12,180,096
		84	12,413,040	1,032,944	11,380,096	12,413,040

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
Cust. Charge		84		\$ 6.59	\$ 553.56
First	25,000	52	1,032,944	5.68	5,867.12
All Over	25,000	32	11,380,096	3.85	43,813.37
TOTAL		84	12,413,040		\$ 50,234.05



## **Attachment 5b**

# **BILLING ANALYSIS WITH CURRENT RATES** **Sewer Division - Ledbetter Water District**

## **ALL CUSTOMERS**

	USAGE	BILLS	GALLONS	FIRST 2,000	ALL OVER 2,000	TOTAL
FIRST	2,000	3,336	3,540,266	3,540,266		3,540,266
ALL OVER	2,000	6,359	26,776,225	12,718,000	14,058,225	26,776,225
		9,695	30,316,491	16,258,266	14,058,225	30,316,491

## **REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	9,695	16,258,266	\$ 25.21	\$ 244,410.95
ALL OVER	2,000		14,058,225	12.87	180,929.36
	TOTAL	9,695	30,316,491		\$ 425,340.31

## **Attachment 6a**

## BILLING ANALYSIS WITH PROPOSED RATES

### Water Division - Ledbetter Water District

#### SUMMARY

Meter Size	Gallons Sold	Revenue
5/8 inch	48,367,126	\$ 470,799
1 inch	471,630	5,324
1-1/2 inch	255,300	2,208
2 inch	12,413,040	65,274
Totals	61,507,096	\$ 543,605

#### 5/8 x 3/4 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
First	25,000	14,792	46,306,336	46,306,336	-	46,306,336
All Over	25,000	56	2,060,790	1,400,000	660,790	2,060,790
		14,848	48,367,126	47,706,336	660,790	48,367,126

#### REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
Cust. Charge		14,848		\$ 8.26	\$ 122,644.48
First	25,000	14,792	47,706,336	7.23	344,916.81
All Over	25,000	56	660,790	4.90	3,237.87
TOTAL		14,848	48,367,126		\$ 470,799.16

#### 1 INCH METERS

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
First	25,000	163	471,630	471,630	-	471,630
All Over	25,000	-	-	-	-	-
		163	471,630	471,630	-	471,630

#### REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
Cust. Charge		163		\$ 11.74	\$ 1,913.62
First	25,000	163	471,630	7.23	3,409.88
All Over	25,000	-	-	4.90	-
TOTAL		163	471,630		\$ 5,323.50

**1-1/2 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
First	25,000	24	255,300	255,300	-	255,300
All Over	25,000	-	-	-	-	-
		24	255,300	255,300	-	255,300

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
Cust. Charge		24		\$ 15.10	\$ 362.40
First	25,000	24	255,300	7.23	1,845.82
All Over	25,000	-	-	4.90	-
TOTAL		24	255,300		\$ 2,208.22

**2 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
First	25,000	52	232,944	232,944	-	232,944
All Over	25,000	32	12,180,096	800,000	11,380,096	12,180,096
		84	12,413,040	1,032,944	11,380,096	12,413,040

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
Cust. Charge		84		\$ 24.33	\$ 2,043.72
First	25,000	52	1,032,944	7.23	7,468.19
All Over	25,000	32	11,380,096	4.90	55,762.47
TOTAL		84	12,413,040		\$ 65,274.38

## **Attachment 6b**



# **BILLING ANALYSIS WITH PROPOSED RATES** **Sewer Division - Ledbetter Water District**

## **ALL CUSTOMERS**

	USAGE	BILLS	GALLONS	FIRST 2,000	ALL OVER 2,000	TOTAL
FIRST	2,000	3,336	3,540,266	3,540,266		3,540,266
ALL OVER	2,000	6,359	26,776,225	12,718,000	14,058,225	26,776,225
		9,695	30,316,491	16,258,266	14,058,225	30,316,491

## **REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	9,695	16,258,266	\$ 42.10	\$ 408,159.50
ALL OVER	2,000		14,058,225	21.49	302,111.26
	TOTAL	9,695	30,316,491		\$ 710,270.76

## **Attachment 7a**

## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	id	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 169-0 LAND</b>												
1		LAND	7/01/71	2,700.00	0.00	0.00	0.00	0.00	0.00	2,700.00	Land	0.00
2		LAND IMPROVEMENT	11/13/92	780.00	0.00	0.00	0.00	0.00	0.00	780.00	Land	0.00
		<b>169-0 LAND</b>		<b>3,480.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,480.00</b>		
<b>Group: 171-0 WATER TREATMENT STR</b>												
240		WATER TREATMENT PLANT	7/01/97	664,672.20	0.00	0.00	474,027.21	13,293.44	487,320.65	177,351.55	S/L	50.00
242		SEPTIC SYSTEM	2/01/89	1,670.79	0.00	0.00	885.61	33.42	919.03	751.76	S/L	50.00
246		LADDERGUARD	1/01/92	275.00	0.00	0.00	275.00	0.00	275.00	0.00	S/L	10.00
250		WATER TREATMENT STRUCTL	1/01/95	9,123.61	0.00	0.00	3,740.82	182.47	3,923.29	5,200.32	S/L	50.00
		<b>171-0 WATER TREATMENT STR</b>		<b>675,741.60</b>	<b>0.00c</b>	<b>0.00</b>	<b>478,928.64</b>	<b>13,509.33</b>	<b>492,437.97</b>	<b>183,303.63</b>		
<b>Group: 171-1 TANKS</b>												
40		STANDPIPES	7/01/79	58,687.12	0.00	0.00	41,672.03	1,173.74	42,845.77	15,841.35	S/L	50.00
41		STANDPIPES	7/01/86	2,991.57	0.00	0.00	1,765.00	59.83	1,824.83	1,166.74	S/L	50.00
42		SAFETY CLIMB	1/01/91	1,150.00	0.00	0.00	1,150.00	0.00	1,150.00	0.00	S/L	10.00
44		PANT TANKS	1/01/93	36,150.00	0.00	0.00	16,267.50	723.00	16,990.50	19,159.50	S/L	50.00
45		GATE ON TANKS	1/01/93	1,700.00	0.00	0.00	731.00	34.00	765.00	935.00	S/L	50.00
46		TANKS	6/01/04	5,721.70	0.00	0.00	2,345.80	114.43	2,460.23	3,261.47	S/L	50.00
48		PAINTING TANK	7/01/95	51,190.00	0.00	0.00	19,964.10	1,023.80	20,987.90	30,202.10	S/L	50.00
265		TANK TELEMETRY EQUIP	2/07/07	63,800.21	0.00	0.00	56,888.51	6,380.02	63,268.53	531.68	S/L	10.00
266		TANK SAFETY HANDRAIL	2/02/07	2,300.00	0.00	0.00	410.17	46.00	456.17	1,843.83	S/L	50.00
300		Tank Lid	8/22/16	750.00	0.00c	0.00	0.00	5.00	5.00	745.00	S/L	50.00
		<b>171-1 TANKS</b>		<b>224,440.60</b>	<b>0.00c</b>	<b>0.00</b>	<b>141,194.11</b>	<b>9,559.82</b>	<b>150,753.93</b>	<b>73,686.67</b>		
<b>Group: 171-2 MAINS</b>												
49		MAINS	7/01/73	2,187.46	0.00	0.00	1,852.07	43.75	1,895.82	291.64	S/L	50.00
50		MAINS	7/01/74	1,928.18	0.00	0.00	1,619.54	38.56	1,658.10	270.08	S/L	50.00
51		MAINS	7/01/75	6,020.11	0.00	0.00	4,936.41	120.40	5,056.81	963.30	S/L	50.00
52		MAINS	7/01/76	5,131.96	0.00	0.00	4,105.60	102.64	4,208.24	923.72	S/L	50.00
53		MAINS	7/01/77	8,301.91	0.00	0.00	6,309.51	166.04	6,475.55	1,826.36	S/L	50.00
54		MAINS	7/01/78	3,254.71	0.00	0.00	2,473.47	65.09	2,538.56	716.15	S/L	50.00
55		MAINS	7/01/79	11,902.94	0.00	0.00	8,689.18	238.06	8,927.24	2,975.70	S/L	50.00
56		MAINS	7/01/80	167,902.75	0.00	0.00	119,466.61	3,358.06	122,824.67	45,078.08	S/L	50.00
57		MAINS	7/01/81	19,880.43	0.00	0.00	13,717.52	397.61	14,115.13	5,765.30	S/L	50.00
58		MAINS	7/01/82	11,380.65	0.00	0.00	7,624.96	227.61	7,852.57	3,528.08	S/L	50.00
59		MAINS	7/01/83	10,680.73	0.00	0.00	7,049.15	213.61	7,262.76	3,417.97	S/L	50.00
60		MAINS	7/01/84	909.30	0.00	0.00	572.97	18.19	591.16	318.14	S/L	50.00
61		MAINS	7/01/85	352.36	0.00	0.00	215.01	7.05	222.06	130.30	S/L	50.00
62		MAINS	7/01/86	3,361.86	0.00	0.00	1,983.57	67.24	2,050.81	1,311.05	S/L	50.00
63		MAINS	11/15/87	20,200.63	0.00	0.00	11,379.63	404.01	11,783.64	8,416.99	S/L	50.00
64		BARRELL	4/11/90	585.86	0.00	0.00	585.86	0.00	585.86	0.00	S/L	10.00
65		PVC LINES	11/01/90	2,244.95	0.00	0.00	1,144.95	44.90	1,189.85	1,055.10	S/L	50.00
66		MAINS	7/01/89	34,123.42	0.00	0.00	18,085.44	682.47	18,767.91	15,355.51	S/L	50.00

## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 171-2 MAINS (continued)</b>												
67		HYDRANTS	5/01/89	156.61	0.00	0.00	82.96	3.13	86.09	70.52	S/L	50.00
68		MAINS	7/01/89	544.20	0.00	0.00	288.34	10.88	299.22	244.98	S/L	50.00
69		MAINS	6/01/90	1,004.32	0.00	0.00	512.27	20.09	532.36	471.96	S/L	50.00
70		PVC LINES	9/26/90	2,029.48	0.00	0.00	1,035.04	40.59	1,075.63	953.85	S/L	50.00
71		MAINS	1/01/91	19,097.86	0.00	0.00	13,368.45	545.65	13,914.10	5,183.76	S/L	35.00
73		PVC LINES	1/01/92	3,682.18	0.00	0.00	2,472.41	105.21	2,577.62	1,104.56	S/L	35.00
74		MAINS	1/01/93	7,981.96	0.00	0.00	3,591.90	159.64	3,751.54	4,230.42	S/L	50.00
75		MAINS	1/01/94	17,669.69	0.00	0.00	7,597.91	353.39	7,951.30	9,718.39	S/L	50.00
76		MAINS	1/01/94	10,062.04	0.00	0.00	4,125.42	201.24	4,326.66	5,735.38	S/L	50.00
77		MAINS	1/01/96	9,931.92	0.00	0.00	3,873.47	198.64	4,072.11	5,859.81	S/L	50.00
78		PIPE	1/01/97	4,458.27	0.00	0.00	1,649.62	89.17	1,738.79	2,719.48	S/L	50.00
79		MAINS	1/01/98	1,358.00	0.00	0.00	475.30	27.16	502.46	855.54	S/L	50.00
80		MAINS	1/01/99	1,015.06	0.00	0.00	334.96	20.30	355.26	659.80	S/L	50.00
81		MAINS	1/01/00	1,791.60	0.00	0.00	555.38	35.83	591.21	1,200.39	S/L	50.00
82		DISTRIBUTION EQUIPMENT	5/30/02	2,244.14	0.00	0.00	605.89	44.88	650.77	1,593.37	S/L	50.00
83		DISTRIBUTION EQUIPMENT	7/08/02	904.76	0.00	0.00	244.34	18.10	262.44	642.32	S/L	50.00
84		MAIN EXT-TERRIE SMITH	1/14/03	2,786.48	0.00	0.00	724.49	55.73	780.22	2,006.26	S/L	50.00
85		VALVES	11/1/03	2,207.03	0.00	0.00	573.82	44.14	617.96	1,589.07	S/L	50.00
262		WATERLINE EXTENSION	12/31/05	108,033.70	0.00	0.00	21,606.70	2,160.67	23,767.37	84,266.33	S/L	50.00
263		CONTRA RD EXTENSION	12/29/06	18,000.00	0.00	0.00	3,240.00	360.00	3,600.00	14,400.00	S/L	50.00
<b>171-2 MAINS</b>				<b>525,309.51</b>	<b>0.00c</b>	<b>0.00</b>	<b>278,770.12</b>	<b>10,689.73</b>	<b>289,459.85</b>	<b>235,849.66</b>		
<b>Group: 171-3 SERVICES</b>												
86		SERVICES	7/01/84	3,727.78	0.00	0.00	2,364.72	74.56	2,439.28	1,288.50	S/L	50.00
87		SERVICES	7/01/85	649.03	0.00	0.00	395.89	12.98	408.87	240.16	S/L	50.00
88		SERVICES	7/01/86	4,995.29	0.00	0.00	3,482.45	99.91	3,582.36	1,412.93	S/L	50.00
89		SERVICES	7/01/87	6,465.59	0.00	0.00	4,322.68	129.31	4,451.99	2,013.60	S/L	50.00
90		SERVICES	7/01/88	3,113.57	0.00	0.00	1,992.68	62.27	2,054.95	1,058.62	S/L	50.00
91		TAP ON	10/02/90	662.00	0.00	0.00	337.62	13.24	350.86	311.14	S/L	50.00
92		SERVICES MAIN	7/01/89	20,483.00	0.00	0.00	15,508.58	585.23	16,093.81	4,389.19	S/L	35.00
93		SERVICES MAIN	7/01/89	1,070.00	0.00	0.00	810.12	30.57	840.69	229.31	S/L	35.00
94		TAP ON	6/01/90	2,840.50	0.00	0.00	1,448.66	56.81	1,505.47	1,335.03	S/L	50.00
95		TAP ON	1/01/91	2,910.60	0.00	0.00	2,037.42	83.16	2,120.58	790.02	S/L	35.00
96		SERVICES	1/01/91	4,598.25	0.00	0.00	3,218.80	131.38	3,350.18	1,248.07	S/L	35.00
97		TAPS	1/01/92	5,338.93	0.00	0.00	2,509.32	106.78	2,616.10	2,722.83	S/L	50.00
98		SERVICES	7/01/92	9,310.74	0.00	0.00	4,189.75	186.21	4,375.96	4,934.78	S/L	50.00
99		TAP ON	7/01/93	1,577.50	0.00	0.00	678.33	31.55	709.88	867.62	S/L	50.00
100		INSTALL SEWER LINE	7/01/95	1,650.00	0.00	0.00	643.50	33.00	676.50	973.50	S/L	50.00
<b>171-3 SERVICES</b>				<b>69,392.78</b>	<b>0.00c</b>	<b>0.00</b>	<b>43,940.52</b>	<b>1,636.96</b>	<b>45,577.48</b>	<b>23,815.30</b>		
<b>Group: 171-4 METERS</b>												
127		METER BOXES	7/01/89	208.00	0.00	0.00	157.42	5.94	163.36	44.64	S/L	35.00
128		METER ASSEMBLY	11/10/89	225.00	0.00	0.00	170.38	6.43	176.81	48.19	S/L	35.00
129		METER INSTALLATION	7/01/89	565.00	0.00	0.00	427.72	16.14	443.86	121.14	S/L	35.00
130		METERS	7/01/89	3,017.16	0.00	0.00	1,599.03	60.34	1,659.37	1,357.79	S/L	50.00
131		METERS	1/01/91	12,776.94	0.00	0.00	8,943.98	365.06	9,309.04	3,467.90	S/L	35.00

## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 171-4 METERS (continued)												
132		METERS	1/01/92	7,708.90	0.00	0.00	5,175.90	220.25	5,396.15	2,312.75	S/L	35.00
133		METER BOXES	10/21/92	335.00	0.00	0.00	224.91	9.57	234.48	100.52	S/L	35.00
134		METER PIT DOOR	11/13/92	865.00	0.00	0.00	580.72	24.71	605.43	259.57	S/L	35.00
135		METERS	7/01/92	1,459.50	0.00	0.00	656.78	29.19	685.97	773.53	S/L	50.00
136		METERS	7/01/93	6,813.78	0.00	0.00	2,929.99	136.28	3,066.27	3,747.51	S/L	50.00
137		METERS	7/01/94	5,103.46	0.00	0.00	2,092.43	102.07	2,194.50	2,908.96	S/L	50.00
138		METERS	7/01/96	3,192.87	0.00	0.00	1,181.40	63.86	1,245.26	1,947.61	S/L	50.00
139		METERS	7/01/97	1,983.66	0.00	0.00	694.24	39.67	733.91	1,249.75	S/L	50.00
140		METERS	1/01/99	2,159.50	0.00	0.00	745.77	43.19	788.96	1,370.54	S/L	50.00
141		METERS	1/01/00	5,473.21	0.00	0.00	1,663.52	109.46	1,772.98	3,700.23	S/L	50.00
142		METERS	1/01/01	2,713.20	0.00	0.00	786.79	54.26	841.05	1,872.15	S/L	50.00
143		METERS	10/09/02	2,322.00	0.00	0.00	626.94	46.44	673.38	1,648.62	S/L	50.00
144		METERS	7/14/03	1,289.85	0.00	0.00	479.06	36.85	515.91	773.94	S/L	35.00
257		(12) METERS	3/15/05	954.10	0.00	0.00	295.32	27.26	322.58	631.52	S/L	35.00
259		WATER METERS	4/15/05	1,049.74	0.00	0.00	322.39	29.99	352.38	697.36	S/L	35.00
260		METERS	5/12/05	890.08	0.00	0.00	271.25	25.43	296.68	593.40	S/L	35.00
268		6 RADIO WATER METERS	7/07/08	1,050.00	0.00	0.00	199.50	21.00	220.50	829.50	S/L	50.00
269		6 RADIO WATER METERS	9/11/08	1,146.60	0.00	0.00	198.73	22.93	221.66	924.94	S/L	50.00
270		7 WATER METERS RADIO	10/30/08	1,300.00	0.00	0.00	203.67	26.00	229.67	1,070.33	S/L	50.00
272		3 RADIO METERS	1/23/09	525.00	0.00	0.00	72.63	10.50	83.13	441.87	S/L	50.00
273		24 METERS	6/19/09	956.40	0.00	0.00	124.34	19.13	143.47	812.93	S/L	50.00
274		6 RADIO METERS	11/30/09	1,330.93	0.00	0.00	161.94	26.62	188.56	1,142.37	S/L	50.00
276		22 Radio Read Meters	3/19/10	3,922.75	0.00	0.00	451.14	78.46	529.60	3,393.15	S/L	50.00
288		12 Radio Read Meters	3/23/11	2,100.00	0.00	0.00	199.50	42.00	241.50	1,858.50	S/L	50.00
289		2" Water Meter	9/13/11	1,492.00	0.00	0.00	129.31	29.84	159.15	1,332.85	S/L	50.00
171-4 METERS				74,929.63	0.00c	0.00	31,766.70	1,728.87	33,495.57	41,434.06		
Group: 171-5 METER INSTALLATIONS												
117		METER INSTALLATION	7/01/80	3,128.72	0.00	0.00	2,226.36	62.57	2,288.93	839.79	S/L	50.00
118		METER INSTALLATION	7/01/84	1,565.17	0.00	0.00	985.97	31.30	1,017.27	547.90	S/L	50.00
119		METER INSTALLATION	7/01/85	506.16	0.00	0.00	308.68	10.12	318.80	187.36	S/L	50.00
120		METER INSTALLATION	7/01/86	2,754.50	0.00	0.00	1,920.28	55.09	1,975.37	779.13	S/L	50.00
121		METER INSTALLATION	7/01/87	1,675.46	0.00	0.00	1,120.18	33.51	1,153.69	521.77	S/L	50.00
122		METER INSTALLATION	7/01/88	3,810.13	0.00	0.00	2,438.44	76.20	2,514.64	1,295.49	S/L	50.00
124		METER INSTALLATION	3/07/90	90.00	0.00	0.00	65.55	2.57	68.12	21.88	S/L	35.00
278		Hatch, Meter Vault, Aluminum	7/08/10	875.00	0.00	0.00	96.25	17.50	113.75	761.25	S/L	50.00
171-5 METER INSTALLATIONS				14,405.14	0.00c	0.00	9,161.71	288.86	9,450.57	4,954.57		
Group: 171-6 HYDRANTS												
145		HYDRANTS	7/01/80	4,176.30	0.00	0.00	2,971.98	83.53	3,055.51	1,120.79	S/L	50.00
146		HYDRANTS	7/01/84	303.00	0.00	0.00	190.89	6.06	196.95	106.05	S/L	50.00
147		HYDRANTS	7/01/86	1,166.57	0.00	0.00	688.25	23.33	711.58	454.99	S/L	50.00
148		HYDRANTS	9/30/87	1,442.26	0.00	0.00	814.99	28.85	843.84	598.42	S/L	50.00
149		HYDRANTS	7/01/88	309.75	0.00	0.00	170.48	6.20	176.68	133.07	S/L	50.00
150		HYDRANTS	12/07/90	925.00	0.00	0.00	471.75	18.50	490.25	434.75	S/L	50.00
151		HYDRANTS	10/15/90	450.00	0.00	0.00	229.50	9.00	238.50	211.50	S/L	50.00

## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 171-6 HYDRANTS (continued)												
152		HYDRANTS	9/08/89	200.00	0.00	0.00	106.00	4.00	110.00	90.00	S/L	50.00
153		HYDRANTS	6/13/89	341.19	0.00	0.00	180.75	6.82	187.57	153.62	S/L	50.00
154		HYDRANTS	6/13/89	330.00	0.00	0.00	174.90	6.60	181.50	148.50	S/L	50.00
155		HYDRANTS	7/01/89	1,948.66	0.00	0.00	1,032.73	38.97	1,071.70	876.96	S/L	50.00
156		HYDRANTS	1/01/91	2,580.00	0.00	0.00	1,805.92	73.71	1,879.63	700.37	S/L	35.00
157		HYDRANTS	1/01/92	2,135.00	0.00	0.00	1,433.50	61.00	1,494.50	640.50	S/L	35.00
158		HYDRANTS	7/01/92	2,552.61	0.00	0.00	1,148.64	51.05	1,199.69	1,352.92	S/L	50.00
159		HYDRANTS	7/01/93	1,629.95	0.00	0.00	700.90	32.60	733.50	896.45	S/L	50.00
160		HYDRANTS	7/01/96	363.50	0.00	0.00	134.50	7.27	141.77	221.73	S/L	50.00
161		HYDRANTS	7/01/97	1,919.00	0.00	0.00	671.65	38.38	710.03	1,208.97	S/L	50.00
162		HYDRANTS	1/01/99	2,741.24	0.00	0.00	904.56	54.82	959.38	1,781.86	S/L	50.00
163		HYDRANTS	1/01/00	1,110.00	0.00	0.00	344.10	22.20	366.30	743.70	S/L	50.00
164		HYDRANTS	1/01/01	1,315.73	0.00	0.00	381.51	26.31	407.82	907.91	S/L	50.00
171-6 HYDRANTS				27,939.76	0.00c	0.00	14,557.50	599.20	15,156.70	12,783.06		
Group: 172-0 GENERAL PLANT												
4		ASPHALT	1/01/93	4,000.00	0.00	0.00	1,800.00	80.00	1,880.00	2,120.00	S/L	50.00
239		MISCELLANEOUS	1/01/93	1,356.00	0.00	0.00	1,356.00	0.00	1,356.00	0.00	S/L	10.00
241		OFFICE BUILDING	1/01/74	7,131.87	0.00	0.00	6,113.47	142.64	6,256.11	875.76	S/L	50.00
243		FENCE	2/07/90	1,978.10	0.00	0.00	1,441.25	56.52	1,497.77	480.33	S/L	35.00
244		12 VALVES	4/12/91	1,116.00	0.00	0.00	1,116.00	0.00	1,116.00	0.00	S/L	10.00
247		FLAG & POLE	7/27/92	150.03	0.00	0.00	150.03	0.00	150.03	0.00	S/L	10.00
249		GUTTERS	1/01/95	253.75	0.00	0.00	253.75	0.00	253.75	0.00	S/L	10.00
251		NEW ROOF	7/01/94	2,619.43	0.00	0.00	1,073.79	52.39	1,126.18	1,493.25	S/L	50.00
252		DOOR	7/01/95	484.94	0.00	0.00	189.14	9.70	198.84	286.10	S/L	50.00
253		OFFICE REMODELING	1/01/99	13,086.17	0.00	0.00	4,318.40	261.72	4,580.12	8,506.05	S/L	50.00
254		FENCE	7/24/02	4,086.00	0.00	0.00	1,576.00	116.74	1,692.74	2,393.26	S/L	35.00
255		MIDDLE BLDG REMODELED	4/15/03	1,903.29	0.00	0.00	1,649.56	126.89	1,776.45	126.84	S/L	15.00
256		MIDDLE BLDG REMODELED	8/15/04	9,258.24	0.00	0.00	7,098.03	617.22	7,715.25	1,542.99	S/L	15.00
261		BUILDING ADDITION	5/18/05	1,580.00	0.00	0.00	477.73	45.14	522.87	1,057.13	S/L	35.00
271		FENCE	10/09/08	730.79	0.00	0.00	353.22	48.72	401.94	328.85	S/L	15.00
296		AC for Water Plant	7/30/13	559.00	0.00	0.00	270.18	111.80	381.98	177.02	S/L	5.00
297		Air Compressor	6/24/14	1,567.00	0.00	0.00	235.05	156.70	391.75	1,175.25	S/L	10.00
172-0 GENERAL PLANT				51,860.61	0.00c	0.00	29,471.60	1,826.18	31,297.78	20,562.83		
Group: 173-0 ELECTRIC PUMP EQ												
5	d	MOTOR	7/12/90	110.00	0.00	0.00	110.00	0.00	110.00	0.00	S/L	10.00
6		PUMP	7/16/90	1,759.49	0.00	0.00	1,759.49	0.00	1,759.49	0.00	S/L	10.00
7	d	INSTALLATION PUMP	8/08/90	260.21	0.00	0.00	260.21	0.00	260.21	0.00	S/L	10.00
8	d	PUMP	4/11/90	645.80	0.00	0.00	645.80	0.00	645.80	0.00	S/L	10.00
9	d	PUMP	6/13/89	1,430.00	0.00	0.00	1,430.00	0.00	1,430.00	0.00	S/L	10.00
10	d	PUMP	10/09/89	389.00	0.00	0.00	389.00	0.00	389.00	0.00	S/L	10.00
11	d	MOTOR	5/16/90	256.46	0.00	0.00	256.46	0.00	256.46	0.00	S/L	10.00
12	d	230 V 3HP PUMP	2/18/91	1,615.00	0.00	0.00	1,615.00	0.00	1,615.00	0.00	S/L	10.00
13		15 HP MOTOR	3/01/91	810.00	0.00	0.00	810.00	0.00	810.00	0.00	S/L	10.00
14	d	THERMOSTAT	5/21/92	196.00	0.00	0.00	196.00	0.00	196.00	0.00	S/L	10.00



## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 173-0 ELECTRIC PUMP EQ (continued)</b>												
15	d	PUMP	3/20/92	354.40	0.00	0.00	354.40	0.00	354.40	0.00	S/L	10.00
16	d	PUMP FEEDER	7/07/92	555.98	0.00	0.00	555.98	0.00	555.98	0.00	S/L	10.00
17	d	BACKWASH	9/23/92	142.50	0.00	0.00	142.50	0.00	142.50	0.00	S/L	10.00
18	d	TIMER	9/23/92	243.00	0.00	0.00	243.00	0.00	243.00	0.00	S/L	10.00
19	d	PUMP EQUIPMENT	1/01/93	3,021.00	0.00	0.00	3,021.00	0.00	3,021.00	0.00	S/L	10.00
20		BOOSTER PUMP	1/01/93	1,930.50	0.00	0.00	1,930.50	0.00	1,930.50	0.00	S/L	10.00
21		PUMPS	1/01/94	7,628.26	0.00	0.00	7,628.26	0.00	7,628.26	0.00	S/L	10.00
22		PUMP	1/01/97	2,317.25	0.00	0.00	2,317.25	0.00	2,317.25	0.00	S/L	10.00
23		PUMP	1/01/97	3,757.03	0.00	0.00	3,757.03	0.00	3,757.03	0.00	S/L	10.00
24		PUMPS W/ SAFETY SWITCH IN:	1/01/99	2,806.63	0.00	0.00	2,806.63	0.00	2,806.63	0.00	S/L	10.00
25		PUMP	1/01/00	13,686.09	0.00	0.00	13,686.09	0.00	13,686.09	0.00	S/L	10.00
26		PUMP	1/01/01	1,689.80	0.00	0.00	1,689.80	0.00	1,689.80	0.00	S/L	10.00
27		PUMP & TANK	1/01/01	1,047.09	0.00	0.00	1,047.09	0.00	1,047.09	0.00	S/L	10.00
28		SAFETY EQUIPMENT	4/25/02	2,960.00	0.00	0.00	2,960.00	0.00	2,960.00	0.00	S/L	10.00
290		Generator Installation	3/29/12	13,103.38	0.00	0.00	2,456.89	655.17	3,112.06	9,991.32	S/L	20.00
298		Well Pump	6/19/14	4,912.00	0.00	0.00	736.80	491.20	1,228.00	3,684.00	S/L	10.00
		<b>173-0 ELECTRIC PUMP EQ</b>		<b>67,626.87</b>	<b>0.00c</b>	<b>0.00</b>	<b>52,805.18</b>	<b>1,146.37</b>	<b>53,951.55</b>	<b>13,675.32</b>		
		*Less: Dispositions and Transfers		<b>9,219.35</b>	<b>0.00</b>	<b>0.00</b>	<b>9,219.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		
		<b>Net 173-0 ELECTRIC PUMP EQ</b>		<b>58,407.52</b>	<b>0.00c</b>	<b>0.00</b>	<b>43,585.83</b>	<b>1,146.37</b>	<b>44,732.20</b>	<b>13,675.32</b>		
<b>Group: 174-0 WATER TREATMENT EQ</b>												
29		WATER TREATMENT EQUIP	7/01/86	2,386.27	0.00	0.00	1,408.01	47.73	1,455.74	930.53	S/L	50.00
31		VALVES	7/19/90	464.35	0.00	0.00	464.35	0.00	464.35	0.00	S/L	10.00
35		EQUIPMENT	1/01/93	21,377.63	0.00	0.00	10,798.93	427.55	11,226.48	10,151.15	S/L	50.00
37		TREATMENT EQUIPMENT	1/01/94	4,790.03	0.00	0.00	4,790.03	0.00	4,790.03	0.00	S/L	10.00
38		WATER TREATMENT EQUIPME	1/01/96	3,973.33	0.00	0.00	3,973.33	0.00	3,973.33	0.00	S/L	10.00
39		FAN	1/01/99	319.25	0.00	0.00	319.26	0.00	319.26	-0.01	S/L	5.00
258		CHLORINATOR (50 ppd)	4/28/05	1,857.97	0.00	0.00	1,857.97	0.00	1,857.97	0.00	S/L	10.00
283		DC Service Equipment	12/31/10	381.70	0.00	0.00	190.85	38.17	229.02	152.68	S/L	10.00
		<b>174-0 WATER TREATMENT EQ</b>		<b>35,550.53</b>	<b>0.00c</b>	<b>0.00</b>	<b>23,802.73</b>	<b>513.45</b>	<b>24,316.18</b>	<b>11,234.35</b>		
<b>Group: 175-0 OTHER MISC EQ</b>												
166		TRENCHER	7/01/01	13,750.00	0.00	0.00	13,750.00	0.00	13,750.00	0.00	S/L	10.00
167		SAFETY EQUIPMENT	7/01/03	2,171.39	0.00	0.00	2,171.39	0.00	2,171.39	0.00	S/L	10.00
264		RUGGED HANDHELD	7/05/06	16,987.00	0.00	0.00	16,137.65	849.35	16,987.00	0.00	S/L	10.00
267		Boring Tools for Ditch Witch	6/10/08	1,949.51	0.00	0.00	1,478.37	194.95	1,673.32	276.19	S/L	10.00
275		50% New Radios	8/19/10	525.00	0.00	0.00	525.00	0.00	525.00	0.00	S/L	5.00
277		ECU-3 Electric Valve Assy	4/14/10	1,148.00	0.00	0.00	660.10	114.80	774.90	373.10	S/L	10.00
285		Chlorine Scale	9/15/10	688.59	0.00	0.00	688.59	0.00	688.59	0.00	S/L	5.00
286	d	GOLF CART	5/07/10	800.00	0.00	0.00	800.00	0.00	800.00	0.00	S/L	5.00
291		Hoist for pulling pumps	2/18/13	2,500.00	0.00	0.00	708.33	250.00	958.33	1,541.67	S/L	10.00
292		Radios & skins	3/08/13	1,641.90	0.00	0.00	930.41	328.38	1,258.79	383.11	S/L	5.00
293		1/2 Dixie Chopper Mower	8/08/13	4,349.99	0.00	0.00	2,102.50	870.00	2,972.50	1,377.49	S/L	5.00
294		Weedeaters	6/05/13	554.27	0.00	0.00	286.36	110.85	397.21	157.06	S/L	5.00
295		Radio #3	7/15/13	881.00	0.00	0.00	440.50	176.20	616.70	264.30	S/L	5.00

## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 175-0 OTHER MISC EQ (continued)</b>												
		175-0 OTHER MISC EQ		47,946.65	0.00c	0.00	40,679.20	2,894.53	43,573.73	4,372.92		
		*Less: Dispositions and Transfers		800.00	0.00	0.00	800.00	0.00	800.00	0.00		
		Net 175-0 OTHER MISC EQ		47,146.65	0.00c	0.00	39,879.20	2,894.53	42,773.73	4,372.92		
<b>Group: 176-1 OFFICE FURNITURE</b>												
168		MISC OFFICE FURNITURE	1/01/81	9,499.38	0.00	0.00	9,499.38	0.00	9,499.38	0.00	S/L	10.00
176		OFFICE LIGHTS	4/11/89	249.91	0.00	0.00	249.91	0.00	249.91	0.00	S/L	10.00
177		FILING CABINET	12/01/90	175.00	0.00	0.00	175.00	0.00	175.00	0.00	S/L	7.00
181	d	DESK	9/17/92	750.00	0.00	0.00	750.00	0.00	750.00	0.00	S/L	10.00
182	d	CHAIRS	10/12/92	62.00	0.00	0.00	62.00	0.00	62.00	0.00	S/L	10.00
183		FILING CABINET	10/21/92	398.76	0.00	0.00	398.76	0.00	398.76	0.00	S/L	10.00
189		OFFICE FURN & EQUIP	7/01/94	907.93	0.00	0.00	907.93	0.00	907.93	0.00	S/L	10.00
191	d	MICROWAVE	7/01/94	89.00	0.00	0.00	89.00	0.00	89.00	0.00	S/L	5.00
193	d	SOFTWARE INSTALLATION	7/01/94	6,000.00	0.00	0.00	6,000.00	0.00	6,000.00	0.00	S/L	5.00
194	d	SOFTWARE DOWNPAYMETN	7/01/94	6,042.00	0.00	0.00	6,042.00	0.00	6,042.00	0.00	S/L	5.00
197		OFFICE FURNITURE	1/01/99	497.69	0.00	0.00	497.69	0.00	497.69	0.00	S/L	5.00
198		COMPUTER	1/01/01	990.00	0.00	0.00	990.00	0.00	990.00	0.00	S/L	5.00
199		HAND COMPUTER	1/01/01	2,285.00	0.00	0.00	2,285.00	0.00	2,285.00	0.00	S/L	5.00
201		OFFICE FURNITURE	9/07/04	2,634.00	0.00	0.00	2,634.00	0.00	2,634.00	0.00	S/L	5.00
282		1/2 Computer & Setup costs	10/06/10	1,137.50	0.00	0.00	1,137.50	0.00	1,137.50	0.00	S/L	5.00
284		Computer - Billy	5/15/10	1,365.26	0.00	0.00	1,365.26	0.00	1,365.26	0.00	S/L	5.00
299		Computer	12/31/14	2,079.00	0.00	0.00	415.80	415.80	831.60	1,247.40	S/L	5.00
		176-1 OFFICE FURNITURE		35,162.43	0.00c	0.00	33,499.23	415.80	33,915.03	1,247.40		
		*Less: Dispositions and Transfers		12,943.00	0.00	0.00	12,943.00	0.00	12,943.00	0.00		
		Net 176-1 OFFICE FURNITURE		22,219.43	0.00c	0.00	20,556.23	415.80	20,972.03	1,247.40		
<b>Group: 177-0 VEHICLES &amp; TRANS EQ</b>												
202		VEHICLE MAJOR REPAIR	1/01/02	1,344.00	0.00	0.00	1,344.00	0.00	1,344.00	0.00	S/L	5.00
203		SERVICE TRUCK	1/01/94	15,381.00	0.00	0.00	15,381.00	0.00	15,381.00	0.00	S/L	5.00
204		UTILITY TRAILER	7/01/94	794.50	0.00	0.00	794.50	0.00	794.50	0.00	S/L	10.00
206		TRUCK SIGNS	6/04/92	370.00	0.00	0.00	370.00	0.00	370.00	0.00	S/L	5.00
207		2003 CHEVY 1500 PU	3/04/03	15,225.00	0.00	0.00	15,225.00	0.00	15,225.00	0.00	S/L	5.00
		177-0 VEHICLES & TRANS EQ		33,114.50	0.00c	0.00	33,114.50	0.00	33,114.50	0.00		
<b>Group: 178-0 TOOLS &amp; SHOP EQ</b>												
210	d	DRILL	4/11/90	89.95	0.00	0.00	89.95	0.00	89.95	0.00	S/L	7.00
213		LADDER	9/21/92	187.00	0.00	0.00	187.00	0.00	187.00	0.00	S/L	10.00
215		TRAILER	7/09/92	470.00	0.00	0.00	470.00	0.00	470.00	0.00	S/L	7.00
217		ROTO WITCH	1/01/93	2,473.83	0.00	0.00	2,473.83	0.00	2,473.83	0.00	S/L	10.00
218	d	DRILL	1/01/95	181.77	0.00	0.00	181.77	0.00	181.77	0.00	S/L	10.00
222	d	VACUUM	7/01/95	139.99	0.00	0.00	139.99	0.00	139.99	0.00	S/L	5.00
228	d	BUFFER	1/01/99	650.00	0.00	0.00	650.00	0.00	650.00	0.00	S/L	5.00
230		TOOL BOX	1/01/99	89.99	0.00	0.00	89.99	0.00	89.99	0.00	S/L	5.00



## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 178-0 TOOLS &amp; SHOP EQ (continued)</b>												
231		DRILL	1/01/01	251.46	0.00	0.00	251.46	0.00	251.46	0.00	S/L	10.00
232		FLOURIDE TEST KIT	1/01/01	799.00	0.00	0.00	799.00	0.00	799.00	0.00	S/L	5.00
233	d	WEEDEATER	1/01/01	199.99	0.00	0.00	199.99	0.00	199.99	0.00	S/L	5.00
234		MISC EQUIPMENT	1/01/01	870.00	0.00	0.00	870.00	0.00	870.00	0.00	S/L	5.00
236	d	TRACTOR-LAWN MOWER	2/27/02	3,489.50	0.00	0.00	3,489.50	0.00	3,489.50	0.00	S/L	5.00
279		Hydraulic Cylinder Seal	8/19/10	688.59	0.00	0.00	367.25	68.86	436.11	252.48	S/L	10.00
280		Cable Grip & Pipe Replacer	12/08/10	662.91	0.00	0.00	336.97	66.29	403.26	259.65	S/L	10.00
281		Repair Clamp	12/16/10	508.88	0.00	0.00	254.45	50.89	305.34	203.54	S/L	10.00
287		USED GENERATOR	3/04/11	15,500.00	0.00	0.00	0.00	0.00	0.00	15,500.00	Memo	10.00
		<b>178-0 TOOLS &amp; SHOP EQ</b>		<b>27,252.86</b>	<b>0.00c</b>	<b>0.00</b>	<b>10,851.15</b>	<b>186.04</b>	<b>11,037.19</b>	<b>16,215.67</b>		
		<b>*Less: Dispositions and Transfers</b>		<b>4,751.20</b>	<b>0.00</b>	<b>0.00</b>	<b>4,751.20</b>	<b>0.00</b>	<b>4,751.20</b>	<b>0.00</b>		
		<b>Net 178-0 TOOLS &amp; SHOP EQ</b>		<b>22,501.66</b>	<b>0.00c</b>	<b>0.00</b>	<b>6,099.95</b>	<b>186.04</b>	<b>6,285.99</b>	<b>16,215.67</b>		
		<b>Grand Total</b>		<b>1,914,153.47</b>	<b>0.00c</b>	<b>0.00</b>	<b>1,222,542.89</b>	<b>44,995.14</b>	<b>1,267,538.03</b>	<b>646,615.44</b>		
		<b>Less: Dispositions and Transfers</b>		<b>27,713.55</b>	<b>0.00</b>	<b>0.00</b>	<b>27,713.55</b>	<b>0.00</b>	<b>27,713.55</b>	<b>0.00</b>		
		<b>Net Grand Total</b>		<b>1,886,439.92</b>	<b>0.00c</b>	<b>0.00</b>	<b>1,194,829.34</b>	<b>44,995.14</b>	<b>1,239,824.48</b>	<b>646,615.44</b>		

AGREES

N/C

MATCHES

AFTER DELETIONS &amp; ADDITIONS

## **Attachment 7b**

## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group:</b>												
81		Radio-read meters	1/01/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
		No Group		0.00	0.00c	0.00	0.00	0.00	0.00	0.00		
<b>Group: 150-0 LAND</b>												
1		Land - Hodge Landing Road	12/21/94	97,860.00	0.00	0.00	0.00	0.00	0.00	97,860.00	Land	0.00
		150-0 LAND		97,860.00	0.00c	0.00	0.00	0.00	0.00	97,860.00		
<b>Group: 151-0 BUILDINGS (UA)</b>												
2		Office Bldg & Garage	12/01/96	38,604.30	0.00	0.00	18,656.21	965.11	19,621.32	18,982.98	S/L	40.00
		151-0 BUILDINGS (UA)		38,604.30	0.00c	0.00	18,656.21	965.11	19,621.32	18,982.98		
<b>Group: 152-0 PLANT &amp; LAGOONS(UA)</b>												
3		Plant & lagoons - Hodge Ldg	12/01/96	1,084,630.55	0.00	0.00	525,194.36	27,115.76	552,310.12	532,320.43	S/L	40.00
4		API Check #1191	2/06/97	29,543.82	0.00	0.00	13,786.60	738.60	14,525.20	15,018.62	S/L	40.00
43		New UV System	7/02/03	26,802.10	0.00	0.00	16,751.21	1,340.11	18,091.32	8,710.78	S/L	20.00
44		3 Gast Blowers, Compressor	7/22/03	1,950.00	0.00	0.00	1,950.00	0.00	1,950.00	0.00	S/L	10.00
45		3 Gate Valves	9/26/03	1,385.00	0.00	0.00	1,385.00	0.00	1,385.00	0.00	S/L	10.00
72		Auto Sampler	11/07/12	11,603.10	0.00	0.00	1,837.17	580.16	2,417.33	9,185.77	S/L	20.00
76		High pressure pump	2/04/13	3,315.00	0.00	0.00	483.44	165.75	649.19	2,665.81	S/L	20.00
77		Electrical work	2/01/13	19,868.00	0.00	0.00	2,897.42	993.40	3,890.82	15,977.18	S/L	20.00
78		Tank	2/01/13	1,611.25	0.00	0.00	313.31	107.42	420.73	1,190.52	S/L	15.00
79		Control Panel	2/25/14	3,675.00	0.00	0.00	336.88	183.75	520.63	3,154.37	S/L	20.00
80		Cutters & Grinders	10/06/14	3,754.75	0.00	0.00	234.67	187.74	422.41	3,332.34	S/L	20.00
		152-0 PLANT & LAGOONS(UA)		1,188,138.57	0.00c	0.00	565,170.06	31,412.69	596,582.75	591,555.82		
<b>Group: 153-0 LINES (UA)</b>												
5		Sewer Distribution Lines	12/01/96	2,329,254.49	0.00	0.00	1,125,805.96	58,231.36	1,184,037.32	1,145,217.17	S/L	40.00
6		Sewer Line Changes	8/15/97	50,000.00	0.00	0.00	20,834.00	1,250.00	22,084.00	27,916.00	S/L	40.00
7		1997 Line Additions	6/30/97	39,281.44	0.00	0.00	16,694.44	982.04	17,676.48	21,604.96	S/L	40.00
21		Tap Ons	10/01/98	642.00	0.00	0.00	230.55	16.05	296.60	345.40	S/L	40.00
22		Sewer Lines	7/07/98	1,314.00	0.00	0.00	575.35	32.85	608.20	705.80	S/L	40.00
23		API - Lines	2/01/98	1,756.23	0.00	0.00	768.01	43.91	811.92	944.31	S/L	40.00
34		Sewer Lines	6/30/99	2,171.70	0.00	0.00	896.19	54.29	950.48	1,221.22	S/L	40.00
60		Lift Station Repairs	1/30/07	32,780.00	0.00	0.00	7,307.21	819.50	8,126.71	24,653.29	S/L	40.00
61		LIFT STATION REPAIRS	11/29/07	7,646.25	0.00	0.00	1,545.21	191.16	1,736.37	5,909.88	S/L	40.00
65		Air Release Valve - Sewage	5/13/08	667.00	0.00	0.00	511.37	66.70	578.07	88.93	S/L	10.00
		153-0 LINES (UA)		2,465,513.11	0.00c	0.00	1,175,218.29	61,687.86	1,236,906.15	1,228,606.96		

## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 154-0 ENGINEER COST (UA)</b>												
8		Sewer Engineering Costs	12/01/96	283,287.05	0.00	0.00	136,920.98	7,082.18	144,003.16	139,283.89	S/L	40.00
62		Lift Station Relocation	12/11/07	2,422.00	0.00	0.00	489.45	60.55	550.00	1,872.00	S/L	40.00
		<b>154-0 ENGINEER COST (UA)</b>		<b>285,709.05</b>	<b>0.00c</b>	<b>0.00</b>	<b>137,410.43</b>	<b>7,142.73</b>	<b>144,553.16</b>	<b>141,155.89</b>		
<b>Group: 155-0 UTILITY ASSETS</b>												
9		Other Cost Inc. Interest	12/01/96	31,402.91	0.00	0.00	15,175.77	785.07	15,960.84	15,442.07	S/L	40.00
63		Telemetry Monitoring System	9/29/08	25,766.71	0.00	0.00	18,680.86	2,576.67	21,257.53	4,509.18	S/L	10.00
73		Camera	2/06/13	11,499.00	0.00	0.00	3,353.88	1,149.90	4,503.78	6,995.22	S/L	10.00
74		Trailer	2/08/13	3,382.00	0.00	0.00	986.42	338.20	1,324.62	2,057.38	S/L	10.00
75		1/2 Dixie Chopper Mower	4/08/13	4,350.00	0.00	0.00	2,392.50	870.00	3,262.50	1,087.50	S/L	5.00
82		Radio-read Meters	12/31/13	36,362.50	0.00	0.00	3,636.26	1,818.13	5,454.39	30,908.11	S/L	20.00
83		Radio-read Laptop	12/31/13	3,838.24	0.00	0.00	1,535.30	767.65	2,302.95	1,535.29	S/L	5.00
84		Radio-read Handheld System	12/31/13	10,641.22	0.00	0.00	1,418.82	709.41	2,128.23	8,512.99	S/L	15.00
86		Locator	9/16/15	3,580.71	0.00	0.00	59.68	238.71	298.39	3,282.32	S/L	15.00
87		Lift Station Pump	6/15/15	1,550.00	0.00	0.00	90.42	155.00	245.42	1,304.58	S/L	10.00
88		Blower	12/16/15	5,488.50	0.00	0.00	0.00	548.85	548.85	4,939.65	S/L	10.00
89		Blower	11/01/15	2,718.24	0.00	0.00	45.30	271.82	317.12	2,401.12	S/L	10.00
92		1 Myers Pump-Station #9 Pump #1	2/01/16	4,056.00	0.00c	2,028.00	0.00	2,433.60	2,433.60	1,622.40	200DB	5.0
93		1 Rebuilt Blower-Station #2 Pump #1	2/12/16	5,525.00	0.00c	2,762.50	0.00	3,038.75	3,038.75	2,486.25	200DB	10.0
94		1 Myers Rebuilt Pump-Station #1 &	9/02/16	4,120.00	0.00c	2,060.00	0.00	2,472.00	2,472.00	1,648.00	200DB	5.0
95		Bases	7/31/16	1,668.00	0.00c	834.00	0.00	865.28	865.28	802.72	150DB	20.0
		<b>155-0 UTILITY ASSETS</b>		<b>155,949.03</b>	<b>0.00c</b>	<b>7,684.50</b>	<b>47,375.21</b>	<b>19,039.04</b>	<b>66,414.25</b>	<b>89,534.78</b>		
<b>Group: 156-0 GENERAL &amp; OFFICE EQ</b>												
15		Full Body Harness	11/13/98	67.32	0.00	0.00	67.32	0.00	67.32	0.00	S/L	7.00
19		8" Blower w/Gas Engine & Hose	11/13/98	854.99	0.00	0.00	854.99	0.00	854.99	0.00	S/L	7.00
20		7' Tripod & 60' Galv. Winch	11/13/98	2,123.72	0.00	0.00	2,123.72	0.00	2,123.72	0.00	S/L	7.00
25		Liftmore Electric Crane	9/15/99	2,539.00	0.00	0.00	2,539.00	0.00	2,539.00	0.00	S/L	7.00
27		Backhoe	5/18/99	29,024.00	0.00	0.00	29,024.00	0.00	29,024.00	0.00	S/L	10.00
29		Television & VCR	8/03/99	209.92	0.00	0.00	209.92	0.00	209.92	0.00	S/L	5.00
31		Carport Sun Screen	8/27/99	935.00	0.00	0.00	935.00	0.00	935.00	0.00	S/L	7.00
33		Trailer	10/26/99	850.00	0.00	0.00	850.00	0.00	850.00	0.00	S/L	7.00
35		FE Myers Pump	12/08/00	4,115.00	0.00	0.00	4,115.00	0.00	4,115.00	0.00	S/L	7.00
36		Blower Motor	6/27/00	500.00	0.00	0.00	500.00	0.00	500.00	0.00	S/L	7.00
39		Generator	12/19/01	1,200.00	0.00	0.00	1,200.00	0.00	1,200.00	0.00	S/L	7.00
40		Metal Detector	1/29/01	249.95	0.00	0.00	249.95	0.00	249.95	0.00	S/L	7.00
42 d		1/2 of Tractor	2/25/02	3,489.50	0.00	0.00	3,489.50	0.00	3,489.50	0.00	S/L	5.00
46		Pump	5/04/04	948.33	0.00	0.00	948.33	0.00	948.33	0.00	S/L	7.00
47 d		Lift Motor	6/18/04	617.24	0.00	0.00	617.24	0.00	617.24	0.00	S/L	7.00
48 d		GOAT THROAT HAND-PRESSUR	1/25/05	346.53	0.00	0.00	346.53	0.00	346.53	0.00	S/L	7.00
55		10 Ton hitch trailer	6/22/05	6,640.00	0.00	0.00	6,640.00	0.00	6,640.00	0.00	S/L	5.00
56		Blower	6/30/06	2,257.42	0.00	0.00	2,257.42	0.00	2,257.42	0.00	S/L	7.00
57		TRAILER 6.5 X 10	5/08/06	460.00	0.00	0.00	460.00	0.00	460.00	0.00	S/L	7.00
58		Chainsaw	10/29/07	239.96	0.00	0.00	239.96	0.00	239.96	0.00	S/L	7.00
59		Used Trailer	11/20/07	2,000.00	0.00	0.00	2,000.00	0.00	2,000.00	0.00	S/L	7.00
64		BACKHOE BUCKET	8/11/08	1,044.69	0.00	0.00	774.82	104.47	879.29	165.40	S/L	10.00

## Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 156-0 GENERAL &amp; OFFICE EQ (continued)</b>												
66	d	SAMSUNG SCX 5635 COPIER	8/10/09	699.00	0.00	0.00	699.00	0.00	699.00	0.00	S/L	5.00
67		OFFICE COMPUTER 50%	10/06/10	1,137.50	0.00	0.00	1,137.50	0.00	1,137.50	0.00	S/L	5.00
68		RADIOS - 50%	8/19/10	525.00	0.00	0.00	525.00	0.00	525.00	0.00	S/L	5.00
69		LIQUID-SMOKER	5/04/11	1,695.00	0.00	0.00	791.00	169.50	960.50	734.50	S/L	10.00
70		2 BLOWERS	3/15/11	9,451.76	0.00	0.00	4,568.37	945.18	5,513.55	3,938.21	S/L	10.00
90		Snow Blade	3/02/16	1,804.50	0.00c	0.00	0.00	214.82	214.82	1,589.68	S/L	7.00
91		Pump	8/22/16	2,450.00	0.00c	0.00	0.00	116.67	116.67	2,333.33	S/L	7.00
96		1 Myers Pump	7/31/16	3,792.00	0.00c	1,896.00	0.00	2,275.20	2,275.20	1,516.80	200DB	5.0
97		Backhoe Overhaul	9/30/16	6,101.15	0.00c	3,050.58	0.00	3,660.69	3,660.69	2,440.46	200DB	5.0
156-0 GENERAL & OFFICE EQ				88,368.48	0.00c	4,946.58	68,163.57	7,486.53	75,650.10	12,718.38		
*Less: Dispositions and Transfers				5,152.27	0.00	0.00	5,152.27	0.00	5,152.27	0.00		
Net 156-0 GENERAL & OFFICE EQ				83,216.21	0.00c	4,946.58	63,011.30	7,486.53	70,497.83	12,718.38		
<b>Group: 157-0 VEHICLES</b>												
54		2005 Chevy pickup	5/11/05	20,499.00	0.00	0.00	20,499.00	0.00	20,499.00	0.00	S/L	5.00
157-0 VEHICLES				20,499.00	0.00c	0.00	20,499.00	0.00	20,499.00	0.00		
Grand Total				4,340,641.54	0.00c	12,631.08	2,032,492.77	127,733.96	2,160,226.73	2,180,414.81		
Less: Dispositions and Transfers				5,152.27	0.00	0.00	5,152.27	0.00	5,152.27	0.00		
Net Grand Total				4,335,489.27	0.00c	12,631.08	2,027,340.50	127,733.96	2,155,074.46	2,180,414.81		

AGREES

112,988.44 PRIOR TO ADJ

14,745.52 INCREASE

CONST IN PROGRESS

11,640.00

4,747,129.27

AFTER DELETIONS &amp; ADDITIONS

## **Attachment 8a**

4

ASSISTANCE AGREEMENT  
BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY  
AND  
LEDBETTER WATER AND SEWER DISTRICT

---

TRANSCRIPT OF PROCEEDINGS

---

RECEIVED  
2008 JUN 18 P 1:45  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

Peck, Shaffer & Williams LLP  
Covington, Kentucky

## INDEX TO TRANSCRIPT OF PROCEEDINGS

In re: Assistance Agreement between Kentucky Infrastructure Authority (the "Authority") and Ledbetter Water and Sewer District (the "Governmental Agency"), dated as of September 1, 2006

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



DISTRIBUTION LIST

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Ledbetter Water and Sewer District  
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PO Box 123  
Maysville, Kentucky 42058

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Kentucky Infrastructure Authority  
1024 Capital Center Drive  
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P.O. BOX 97  
SMITHLAND, KENTUCKY 42081

PHONE: 270-928-2880

1-800-599-2880

FAX NO.: 270-928-4612

September 18, 2006

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Ledbetter Water and Sewer District, dated as of September 1, 2006.

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 Ledbetter Water and Sewer District (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

- 1) The Governmental Agency is a duly organized and existing political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.
- 2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.
- 3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

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

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

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefore, (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 Agree by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

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

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the acquisition and construction of the Project.

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

Very truly yours,

  
Billy N Riley ✓

BNR/jm

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and Ledbetter Water and Sewer District (the "Governmental Agency"), dated as of September 1, 2006

### GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY

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

1. No event of default exists, or with the passage of time will exist, under the Assistance Agreement and the representations and warranties set forth in the Assistance Agreement are true and correct as of the date hereof.

2. The Governmental Agency has examined and is familiar with proceedings of the governing body of the Governmental Agency approving the Assistance Agreement and authorizing its negotiation, execution and delivery and such proceedings were duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such proceedings are in full force and effect and have not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

3. The Governmental Agency is a duly organized and validly political subdivision of the Commonwealth of Kentucky with full power to own its properties, conduct its affairs, enter into the Assistance Agreement and consummate the transactions contemplated thereby.

4. The negotiation, execution and delivery of the Assistance Agreement by the Governmental Agency and the consummation of the transactions contemplated thereby by the Governmental Agency have been duly authorized by all requisite action of the governing body of the Governmental Agency.

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

6. There is no controversy or litigation of any nature pending, or to the knowledge of the Governmental Agency after diligent inquiry, threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under the Assistance Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of the Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of the Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of the Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers

of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with the Assistance Agreement.

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

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

9. The Governmental Agency has all licenses, permits and other governmental approvals required to own, occupy, operate and maintain the Project and to enter into the Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Governmental Agency Project, and has full right, power and authority to perform the acts and things as provided for in the Assistance Agreement.

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

WITNESS our signatures, this 20<sup>th</sup> day of September, 2006.

**GOVERNMENTAL AGENCY:  
LEDBETTER WATER AND SEWER  
DISTRICT**

By: Phillip Dae  
Name: Phillip Dae  
Title: Chairman

**ATTEST:**

By: Kevin Bailey  
Name: Kevin Bailey  
Title: Secretary

**KENTUCKY INFRASTRUCTURE AUTHORITY**

**ASSISTANCE AGREEMENT**

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A**

**PROJECT NUMBER:** A06-01

**BORROWER:** Ledbetter Water and Sewer District

**BORROWER'S ADDRESS** 1483 US 60 West  
PO Box 123  
Ledbetter, Kentucky 42058

**DATE OF ASSISTANCE AGREEMENT:** September 1, 2006

**CFDA NO.:** 66.458

# ASSISTANCE AGREEMENT

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## ASSISTANCE AGREEMENT

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

### WITNESSETH

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

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

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

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

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to levy, collect, and enforce and remit adequate Service Charges, as hereinafter

defined, for the services provided by the Governmental Agency's System, as hereinafter defined, and to apply the necessary portion of said Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

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

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

## ARTICLE I

### DEFINITIONS

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

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

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

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

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

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

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

"*Cabinet*" means the Environmental and Public Protection Cabinet of the Commonwealth.

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

"*Commonwealth*" shall mean the Commonwealth of Kentucky.

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

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

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

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

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

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

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

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

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

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

"*Program*" shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"*Project*" shall mean, when used generally, a Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

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

"*Schedule of Service Charges*" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

"*Service Charges*" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, in respect of the Project which Service Charges arises by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charge shall be no less than those set forth in the Schedule of Service Charges.

"*System*" shall mean the Treatment Works system owned and operated by the Governmental Agency of which the Project shall become a part and from the earnings of which (represented by the Service Charges) the Governmental Agency shall repay the Authority the Loan hereunder.

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

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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



(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

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

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

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

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

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

(J) The Governmental Agency is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project.



## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

Section 3.4. Subordination of Loan. The Authority hereby agrees that, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the source of payment for the Loan shall be inferior and subordinate to the security

interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (D) hereof.

**ARTICLE IV**  
**CONDITIONS PRECEDENT TO DISBURSEMENT;**  
**REQUISITION FOR FUNDS**

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

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

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

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of acquisition 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.

(E) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers for the Governmental Agency and approved by state and federal agencies.

(F) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the Authority and the U.S. Government, respectively, in the financing of the Project.

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

(H) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of acquisition of the Project. The Governmental Agency shall permit the Authority and the Cabinet, acting by and through their duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the

Authority and the Cabinet such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state assistance.

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

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

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

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted Governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

(C) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(D) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(E) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Governmental Agency's records in Section 4.2(B).

(F) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

(G) That no more than ninety percent (90%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the draft operations and maintenance manual.

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

(I) That, as required by 40 CFR 35.2218, all engineering services regarding construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and

(3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one project performance report).

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

(K) That one year after operation is initiated, it shall certify to the Cabinet and the Authority that the Project is capable of meeting the Project performance standards.

(L) That it shall provide that qualified inspectors are present at the construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

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

(N) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(O) That all measures required to minimize water pollution to affected waters shall be employed in the construction of the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

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

Section 4.3. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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



## ARTICLE V

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

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

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

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make required deposits to the Maintenance and Replacement Reserve.

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

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

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

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

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

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

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

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

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

Section 5.8. Mandatory Sewer Connection. The Governmental Agency hereby irrevocably covenants and agrees with the Authority that it will, to the maximum extent permitted by Kentucky law, and by means of ordinance, or other appropriate legislative order or action, mandatorily require the connection to and use of, the sanitary sewers constituting the Project by all persons owning, renting or occupying premises generating pollutants where such sanitary sewers are reasonably available to such premises, and to exhaust, at the expense of the Governmental Agency, all remedies for the collection of Service Charges, including, either



directly or indirectly, pursuant to authority granted by Sections 96.930 to 96.943, inclusive, of the Kentucky Revised Statutes, and the Act, causing termination of water services to any premises where the bill for sewer services is delinquent and foreclosure and decretal sale in respect of improvement benefit assessments which are delinquent.

## ARTICLE VI

### OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

#### Section 6.1. Further Assurance

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

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the 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 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 acquisition has been completed and all labor, services, materials, supplies, machinery and equipment used in such acquisition has 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 its satisfaction.

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

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

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

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Audit Requirements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$300,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with OMB Circular A-133.

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

Section 6.10. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

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

Section 6.12. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by

Sections 603 and 606 of the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR, Part 6, the National Environmental Policy Act
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7,8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) 40 CFR, Part 35, Subpart K
- (h) Executive Order 11246, as amended, 11625 and 12138
- (i) Title VI of the Civil Rights Act of 1964, as amended
- (j) Age Discrimination Act
- (k) Rehabilitation Act of 1973
- (l) Contract work Hours and Safety Standards Act
- (m) 40 CFR, Part 25, Public Participation Requirements

(2) State:

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

Section 6.13. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the

Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.13 by an action in mandamus, for specific performance, or similar remedy to compel performance.

## ARTICLE VII

### MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

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

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

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

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

Section 7.7. Covenant to Insure – Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such



amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

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

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

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

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

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

Section 7.11. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.



## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

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

(A) Failure by the Governmental Agency to pay any payments at the times specified herein and the continuation of such failure for five days after the due date set forth in any written notification or invoice delivered by the Authority to the Governmental Agency specifying the due date of such payment .

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

(D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

(D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.13 hereof shall be those remedies specifically set forth in Section 6.13 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

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

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

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

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

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

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

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

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

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

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

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.


Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

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

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


ATTEST:

  
Title: Secretary

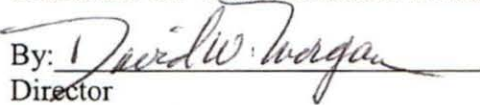
ATTEST:

  
Title: Secretary


APPROVED:

  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

ENVIRONMENTAL AND PUBLIC PROTECTION  
CABINET OF THE COMMONWEALTH OF KENTUCKY

By:   
Director  
Division of Water

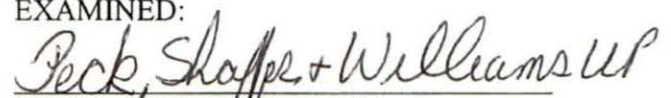
KENTUCKY INFRASTRUCTURE  
AUTHORITY

By:   
Title: Executive Director

GOVERNMENTAL AGENCY:  
LEDBETTER WATER AND SEWER  
DISTRICT

By:   
Title: Chairman

EXAMINED:

  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

  
APPROVED

FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A**  
**LEDBETTER WATER AND SEWER DISTRICT**  
**PROJECT SPECIFICS**  
**A06-01**

**GOVERNMENTAL AGENCY:**

Name: Ledbetter Water and Sewer District  
1483 U.S. 60 West, PO Box 123  
Ledbetter, Kentucky 42058

**Contact**

Person: Mr. Phillip Dae, Chariman  
(270) 898-3236

**SYSTEM:** Wastewater

**PROJECT:** Refinance the acquisition of the Ledbetter Sanitation District.

**PROJECT BUDGET:**

	<b>KIA Fund A Loan</b>	<b>KACoLT Loan</b>	<b>Total</b>
Refinance KACoLT Loan	2,300,000	1,000,000	3,300,000
Refinance Fund A94-03	26,078		26,078
<b>Total</b>	<b>2,326,078</b>	<b>1,000,000</b>	<b>3,326,078</b>

**FUNDING SOURCES:**

	<b>Amount</b>
KIA Fund A Loan	2,326,078
KACoLT Loan	1,000,000
<b>TOTAL</b>	<b>\$3,326,078</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 2,326,078
Interest Rate	0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 116,304
Administrative Fee (0.0%)	0
<b>Total Estimated Annual Debt Service</b>	<b>\$ 116,304</b>

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

Interest payments will commence within six months from first draw of funds (estimated 12/01/06).

Full principal and interest payments will commence within one year of initiation of operation (estimated 6/01/07).

**REPLACEMENT RESERVE ACCOUNT:** The annual replacement reserve amount is \$22,000 for the FundA loan. This amount should be added to the replacement account each December 1 until the balance reaches \$220,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.2%

**DEFAULT RATE:** 8.0%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

None

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>\$ 1,000,000</u>
Death or Personal Injury (per occurrence)	<u>\$ 1,000,000</u>
Property Damage on System	<u>\$ 2,289,239</u>



EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO  
ASSISTANCE AGREEMENT DATED SEPTEMBER 1, 2006  
LOAN NO. A06-01

Request No. \_\_\_\_\_

Dated: \_\_\_\_\_

Original sent to: Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

Copy sent to: Ms. Kelli Rice  
Resource Planning and Program Support Branch  
Division of Water  
Environmental and Public Protection Cabinet  
14 Reilly Road  
Frankfort, Kentucky 40601

FROM: Ledbetter Water and Sewer District (the "Governmental Agency")

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of 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>Contrator</u>	<u>Expenses this Request</u>	<u>Expenses to Date</u>
------------------	------------------------------	-------------------------

Total

ALLOCATION OF FUNDING FOR EXPENSES

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

Total

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>
-----------------------	---	---

Total

Respectfully submitted,

LEDBETTER WATER AND SEWER DISTRICT  
Governmental Agency

By: \_\_\_\_\_

Title \_\_\_\_\_



EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached

## NOTICE

Ledbetter Water District has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is March 31, 2004. The purpose of the proposed rate increase is to recover added cost due to an increase in the rate that the water district pays for purchased water.

5/8 inch meter		<u>WATER</u>	
	CURRENT RATES		PROPOSED RATES
Customer Charge	\$5.42	Customer Charge	\$5.42
FIRST 25,000 GALLONS	4.42 per 1,000 gallons		4.64 per 1,000 gallons
OVER 25,000 GALLONS	2.98 per 1,000 gallons		3.20 per 1,000 gallons

*Current Rates*

### COMPARISON OF 5/8" METER SIZE RATES AT DIFFERENT USAGE LEVELS

<u>MONTHLY USAGE</u>	<u>MONTHLY BILL AT CURRENT RATE</u>	<u>MONTHLY BILL AT PROPOSED RATE</u>	<u>PERCENT INCREASE OVER CURRENT</u>
0	\$5.42	\$5.42	0%
1000	9.84	10.06	2.2%
2,000	14.26	14.70	3.1%
5,000	27.52	28.62	4.0%
10,000	49.62	51.82	4.4%
20,000	93.82	98.22	4.7%
30,000	130.82	137.42	5.0%
50,000	190.42	201.42	5.8%
75,000	264.92	281.42	6.2%
100,000	339.42	361.42	6.5%
150,000	488.42	521.42	6.8%
200,000	637.42	681.42	6.9%
1,000,000	3,041.42	3,241.42	6.6%
2,000,000	6,021.42	6,441.42	6.9%

Note: Average customer (5,000 gallons) bill will increase from \$27.52 to \$28.62 or 4.0%.

The rates contained in this notice are the rates proposed by the Ledbetter Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 1483 U. S. 60 West, Ledbetter, Kentucky. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

FOR Ledbetter & Western Livingston County  
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 2

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

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

Ledbetter Sanitation District  
(Name of Utility)

RATES AND CHARGES

A. MONTHLY RATES

SEWER

First 2,000 Gallons

\$15.16 Minimum Monthly Bill

Over 2,000 Gallons

7.74 Per 1,000 Gallons

B. DEPOSITS

All Customers

\$75.00

C. SPECIAL NON-RECURRING CHARGES

Disconnection Charge

\$75.00

Reconnection Charge

\$50.00

Late Payment Penalty

10%

Returned Check Charge

\$25.00

Service / Transfer Fee

\$25.00

Field Collection Charge

\$25.00

Service Call / Investigation Charge

\$25.00

Service Line Inspection Charge

\$25.00

Call Health Dept if plugged

D. TAP - ON CHARGE

\$1000.00

DATE OF ISSUE 4-1-2005  
Month / Date / Year

DATE EFFECTIVE December 21, 2004  
Month / Date / Year

ISSUED BY Billy Downe  
(Signature of Officer)

TITLE District Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2004-00406 DATED December 21, 2004

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
12/21/2004  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

EXHIBIT D

RESOLUTION NO. 2006-9-18

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN LEDBETTER WATER AND SEWER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$2,326,078 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the Board of Commissioners ("Governing Authority") of Ledbetter Water and Sewer District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's water and sewer system (the "Project") and

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

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

NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of Ledbetter Water and Sewer District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of September 1, 2006 substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on 9/18, 2006.

Phillip Dae  
Chairman

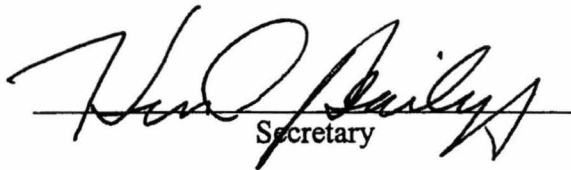
Attest:

[Signature]  
Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Ledbetter Water and Sewer District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on 9/18, 2006; 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 20<sup>th</sup> day of September, 2006.

  
Secretary

34634.1

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN  
LEDBETTER WATER AND SEWER 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: \_\_\_\_\_

LEDBETTER WATER AND SEWER DISTRICT  
Governmental Agency

By: \_\_\_\_\_

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

ATTEST:

\_\_\_\_\_

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

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

None

34631.3

RESOLUTION NO. 2006-9-18

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN LEDBETTER WATER AND SEWER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$2,326,078 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the Board of Commissioners ("Governing Authority") of Ledbetter Water and Sewer District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's water and sewer system (the "Project") and

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

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

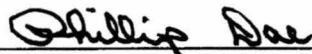
NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of Ledbetter Water and Sewer District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of September 1, 2006 substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on 9-18, 2006.



Chairman

Attest:

  
Title: Secretary



CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Ledbetter Water and Sewer District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on 9/18, 2006; 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 20th day of September, 2006.

  
Secretary

34634.1

## **Minutes**

**THE FIVE HUNDREDTH FIFTH-FIRST MEETING OF THE LEDBETTER WATER DISTRICT WAS HELD AT THE DISTRICT OFFICE IN LEDBETTER, KENTUCKY SEPTEMBER 18, 2006 AT 5:30 P.M.**

**MEETING WAS HELD PURSUANT TO NOTICE OF WAIVER AND CONSENT SIGNED BY SAID DISTRICT PHILLIP DAE, CHAIRMAN; TERRY TEITLOFF, VICE -CHAIRMAN; KEVIN BAILEY, SECRETARY-TREASURER; ARNIE PUCKETT, COMMISSIONER; BILL GILLAHAN, COMMISSIONER.**

**Those present: Phillip Dae, Kevin Bailey, Terry Teitloff, Bill Gillahan, Paula Malone, Keith Guill, Alan Fox, Billy Downs, Janet Money maker, guest, Donna Burgger, Helping Hands, Mr. Imm, customer. Arnie Puckett, Bd Member absent because of flu.**

Meeting was called to order at 5:39 p.m. by Phillip Dae, Chairman.

Phillip welcomed guest and ask Ms. Donna Brugger from Helping Hands if she wanted to address the Board. She stated, she would like to ask the Board to continue to allow customers to have donation amounts put on their water bills as they did the last year. She gave brief summary of new procedures at Helping Hands to prevent mishandling of funds and etc. Board told her they thought it was a good service to community and they would decide and let her know.

Raymond Imms, customer was given floor to give Board information on his water and sewer bill. Mr. Imm stated he had been watering his new shrubs and flowers that had just been planted at his new home in Drake Creek Golf Course. He stated his last three (3) bills had been more than his average bill especially his sewer bill, and he ask Board if there was anyway he could get some relief on his sewer bill since none of the watering went into the sewer system. After discussion of sewer bill, motion was made by Bill Gillahan to give him relief on his bills because he is new to the community, and the contractor didn't tell him he might need an irrigation meter. Second by Terry Teitloff. Vote taken. All voted aye. Motion carried.

Updates: Sewer Grant-Billy gave report that progress had been made in odor control- slowly spending some of money drawing off of grant.

Water projects-Holland Rd.would like to include this in grant if enough money in grant. It would be a 4" line running approximately 9/10 of mile. Engineering estimate was given by Florence & Hutchinson for \$11,500. Board suggested taking bids on running these lines by the foot.

Sewer Merger-We received papers from KIA on resolution for the loan. Board reviewed the papers and resolution, as well, the County Judge had gone over the papers and faxed a letter stating everything appeared to be ok. Board decided to allow Chris Sutton, with PADD office to review the papers, and if he thought they were ok to give go on with the signing of the papers.

**Minutes**  
**September 18, 2006**  
**Page 2**

Motion by Terry Teitloff after Chris Sutton reviews the papers and thinks they are ok, then Phillip has the authority to sign papers. Second by Kevin Bailey. All voted aye. Motion carried. Phillip then read resolution to Board on the sewer merger loan. Motion was made by Bill Gillahan to accept as read. Second by Kevin Bailey. All voted aye. Motion carried.

National Maint-Billy and Kevin met with Sandy McDonald and Sidney Jones, reps with National Maint. and gave them information on what it would take for them to be able to give us their sewer products. They gave us sample results of their materials, and Billy met with Sidney Jones and Gary Russ with Russ & Associates on putting together a pretreatment program for us to process their sewer. Gary told them what they needed to test for and when we get the sample results back then Gary will be able to give cost and began to setup the pretreatment program. National Maint will have to pay for the cost of this and will have to sign a contract where this can not be dropped as they did in the past.

Employee Health Ins.-Board wants Billy to check with state on program we signed with them and see if we can get out of the contract. Billy stated at the time we signed with them they stated it was an irrevocable contract and the retirement works hand in hand with them. Billy is waiting for a call back with legal counsel on the contract. Ask David Boswell to look at contract.

Water Tanks-Bids was received on water tank inspection. Yates Tank Inspection had the best bid \$1000. per tank. They have a robotic camera that goes down in the tank and video and they give a complete evaluation and a detail report with photos of tank. Motion to have Yates do test by Bill Gillahan. Second by Kevin Bailey. All voted aye. Motion carried.

Phillip ask for a motion on Helping Hands. Motion to continue with Helping Hands by Terry Teitloff. Second by Bill Gillahan. Vote taken. All voted aye. Motion carried.

Christmas Party was discussed and decided on to be at Patti's Rest again this year. Tuesday, December 5, 2006 at 6:30 or 7:00.

**Minutes**  
**September 18, 2006**  
**Page 3**

Minutes and financials were presented to Board with the exception of error in a name to be corrected from Jody Rogers to Jody Hughes, they were accepted as presented. Motion was made by Terry Teitloff. Second by Kevin Bailey. All voted aye. Motion carried.

Agenda completed. Meeting adjourned.  
Time: 7:10 p.m.

**WE THE UNDERSIGNED BEING THE COMMISSIONERS OF LEDBETTER WATER DISTRICT, ORGANIZED AND EXISTING AND BY THE VIRTUES OF THE LAWS OF THE STATE OF KENTUCKY, DO HERE SEVERELY WAIVER ANY AND ALL NOTICE OF THE COMMISSION OF SAID DISTRICT, AND CONSENT, RATIFY, APPROVE AND CONFORM ANY AN ALL BUSINESS TRANSACTED AT SUCH MEETING AND HEREIN SET FORTH.**


\_\_\_\_\_  
Phillip Dae, Chairman

\_\_\_\_\_  
Terry Teitloff, Vice-Chairman

\_\_\_\_\_  
Kevin Bailey, Secretary-Treasurer

\_\_\_\_\_  
Arnie Puckett, Commissioner

\_\_\_\_\_  
Bill Gillahan, Commissioner

  
\_\_\_\_\_  
Janet Moneymaker, Office Manger

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

**Meeting Date/Location:**     **March 2, 2006 – 1:30 p.m.**  
   **Kentucky Infrastructure Authority**  
   **1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Mr. John Farris, Finance and Administration Cabinet  
    (proxy for Secretary R. B. Rudolph, Jr., FAC)  
Ms. LaJuana Wilcher, Secretary, Environmental and Public Protection Cabinet  
Mr. George Burgess, Deputy Commissioner, Department for Existing Business Development, Economic  
Development Cabinet  
    (proxy for Secretary Gene Strong, EDC)  
Ms. Colleen Chaney, Chief of Staff, Governor's Office for Local Development  
    (proxy for Commissioner Steve Robertson, GOLD)  
Mr. Gerald E. Wuetcher, Public Service Commission  
    (proxy for Ms. Beth O'Donnell, Executive Director, PSC)  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Mr. Gregory Heitzman, representing the American Water Works Association  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Lyn Bailey, Mayor, City of Cadiz, representing the Kentucky League of Cities

**Members absent:**

Mr. Larry B. Whitaker, McLean County Judge/Executive, representing the Kentucky Association of  
Counties

**Guests:**

Mr. Tony Harover, Strand Associates  
Ms. Sheryl Chino, Green River Area Development District  
Ms. Donna Marlin, DOW, Drinking Water Branch, EPPC  
Ms. Terri Fugate, Office of Financial Management, FAC  
Ms. Sandy Gruzsky, DOW, EPPC  
Mr. Tim Thomas, EPPC  
Ms. Kelli Rice, DOW, Resource Planning and Program Support  
Mr. Gary Larimore, Kentucky Rural Water Association  
Mr. Kevin E. Bailey, Ledbetter Water District  
Mr. Chris Lasher, Livingston County Judge Executive  
Mr. Phillip Dae, Ledbetter Water & Sewer  
Mr. Len Hale, Hopkinsville Water Environment Authority  
Mr. Ralph Johanson, GRW Engineers  
Ms. Kay Sanborn, KY/TN AWWA  
Ms. Andrea Zimmer, EPA  
Mr. Dan Shoemaker, Tetra Tech  
Mr. David W. Morgan, DOW  
Mr. Mike Bethurem

## **PROCEEDINGS**

Vice Chair Damon Talley chaired the board meeting. Vice Chair Talley called a meeting of the Kentucky Infrastructure Authority (KIA) Board to order and asked all attendees to introduce themselves. Vice Chair Talley noted a quorum was present and that the press had been notified regarding the meeting.

### **I. INFORMATION ITEM**

#### **A. Watershed Based Planning**

Ms. Andrea Zimmer, of the United States Environmental Protection Agency, Region IV, presented to the board an informational item concerning Watershed Based Planning. Over the past 30 years, substantial reductions have been achieved in the discharge of pollutants; however, despite enormous investments of time and money over the past decade limited success in protecting and improving water quality has been achieved. It is apparent that a revised plan is necessary.

Although combined sewer overflow (CSOs) and storm water discharges are allowed under the Clean Water Act certain management strategies are required. Opposite to CSOs and storm water discharges, sanitary sewer overflows (SSOs) are not allowed under the Clean Water Act and must be eliminated.

There are three types of wet weather discharges that have a major impact on water quality in Kentucky. It is important to use permitting and enforcement as management tools to control these discharges. Funding is another critical tool in addressing water quality improvements. The State Revolving Fund can be used to solve water resource challenges by following two strategies. One is to ensure that the State Revolving Fund gives the highest priority to projects that will result in water quality improvement. A second strategy is to use watershed based planning, which is an approach for looking at all of the problems and opportunities in a watershed. This type of planning looks at the connections between programs, and the connections between the uses of the water and connections between potential threats to that water. Projects that are selected based on the results of watershed planning will have the greatest potential to improve water quality.

Ms. LaJuana Wilcher added that watershed planning legislation, House Bill 746, was recently developed and introduced. Ms. Wilcher encouraged any comments or suggestions regarding this legislation be directed to Mr. Tim Thomas.

### **II. BUSINESS (Board Action Required)**

#### **A. 1. APPROVAL OF MINUTES**

**For: KIA Full Board Meeting of February 2, 2006**

***Ms. Linda Bridwell moved to approve the minutes. Mayor Lyn Bailey seconded, and the motion carried.***

**B. NEW PROJECTS/ACTION ITEMS**

**1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING THE APPOINTMENT OF THE CHAIR AND APPOINTMENT OF THE 1<sup>ST</sup> VICE CHAIR OF THE KENTUCKY INFRASTRUCTURE AUTHORITY**

Vice Chair Talley stated that in accordance with KRS 224A and the KIA Board By-laws, election of a new Chair and 1<sup>st</sup> Vice Chair was in order.

*Vice Chair Talley opened the floor for nominations. Ms. Colleen Chaney, GOLD, moved to re-elect Secretary Robble Rudolph as board Chair. Ms. Linda Bridwell seconded, and the motion carried. Ms. Chaney moved to elect Mr. Steve Robertson as 1st Vice Chair for the Authority. Mr. John Farris seconded, and the motion carried.*

**2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND C LOAN (CITY OF STAMPING GROUND, C94-03) TO THE CITY OF GEORGETOWN**

Mr. John Covington, KIA, presented the resolution to the board. The City of Georgetown is in the process of acquiring the water distribution and wastewater collection system of the City of Stamping Ground. The City of Stamping Ground has an outstanding Fund C loan in the amount of \$68,333.33. The loan has an average interest rate of 3.84%, an average annual debt service payment of \$10,142.80, and matures on June 1, 2014. The City of Stamping Ground is adding a total of 260 new water customers, for a combined total of 10,835 (City of Georgetown water customers: 10,575); and is adding a total of 260 new sewer customers, for a combined total of 8,462 (City of Georgetown sewer customers: 8,202). Current rate per 4,000 gallons of water is \$16.48; current rate per 4,000 gallons sewer is \$17.25. The consumers of the City of Stamping Ground are receiving a reduction in rates due to the consolidation.

Based upon the information provided and the cash flow analysis KIA staff recommended the approval of this loan assumption.

Vice Chair Talley disclosed that he served as attorney for the City of Georgetown and therefore would not comment on the project.

*Mr. George Burgess made a motion to adopt the resolution. Mayor Lyn Bailey seconded, and the motion carried.*

**3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS FOR APPROVAL OF A FUND A LOAN (A06-01) FOR THE LEDBETTER WATER DISTRICT IN THE AMOUNT OF \$2,326,078**

Ms. Sandy Williams, KIA, presented the project to the board. Ledbetter Water District is requesting a Fund A loan in the amount of \$2,326,078 to refinance the acquisition of the Ledbetter Sanitation District. The Water District is requesting a 0% interest rate, with a loan term of 20 years, and an estimated annual payment of \$116,304.

In 1994 the Ledbetter Sanitation District was established to provide new collection and treatment services to a previously unsewered area. The initial debt issuance was \$3,624,359. Due to an incorrect estimate of customers, lines were not sized correctly causing structural problems that lead to construction debris in the pump stations. The



engineering firm who designed the system went out of business, the contractor went bankrupt, and all of the board members resigned. All of these problems lead to lower than expected revenue and greater than expected expenses. From the start the Sanitation District experienced both operational and financial difficulties. The Water District assumed all operating and managing responsibilities for the Sanitation District. Due to the outstanding debt there was inadequate sewer system revenue to meet all the sewer obligations.

The Water District requested assistance from KIA and the Public Service Commission (PSC) to help put a plan in place. The plan mapped out by KIA and PSC was approved by the Water District, the Sanitation District, the Livingston County Fiscal Court, PSC and the Attorney General. Based on the debt structure that was in place rates would have to be increased approximately 100%; with the revised plan rates will only have to increase 47%. In addition to the requested Fund A loan the Water District has received a loan in the amount of \$1,000,000 from the Kentucky Association of Counties Leasing Agent. Based upon the provided information KIA staff recommended approval of the loan.

Livingston County Judge Executive Chris Lasher provided additional historical information to the board concerning the Water District's acquisition of the Sanitation District, upon the request of Vice Chair Talley.

***Mayor Bailey made a motion to adopt the resolution. Ms. Linda Bridwell seconded, and the motion carried.***

Ms. Williams noted that it was in the statute to grant a 0% interest rate loan to the Ledbetter Water District.

Ms. LaJuana Wilcher questioned KIA's process of reviewing the estimated number of customers when reviewing potential loans. Ms. Wilcher suggested an independent assessment of the numbers be conducted with future loans in order to avoid future loan repayment problems.

**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS FOR APPROVAL OF A FUND A LOAN INCREASE FOR THE CITY OF HOPKINSVILLE (A04-05) IN THE AMOUNT OF \$1,133,384 FOR A TOTAL LOAN AMOUNT OF \$2,469,924**

Ms. Sandy Williams, KIA, and Mr. Shafiq Amawi, DOW, presented the resolution to the board. Hopkinsville Water Environment Authority is requesting an increase to an existing Fund A loan in the amount of \$1,133,384. The requested loan amount will have a 1% interest rate and a loan term of 20 years. The estimated annual payment will be \$141,505. The loan increase is necessary to serve an additional 138 customers. The system initiated an 8% sewer rate increase and an 18% water rate increase effective July 1, 2005. The Replacement Reserve has been funded at \$758,932 and the balance must be maintained for the life of all 5 KIA loans the system currently has. Based on the information provided both KIA and DOW recommended approval of the loan increase.

***Ms. Linda Bridwell made a motion to adopt the resolution. Mr. Greg Heitzman seconded, and the motion carried.***



**5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING  
ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND  
A LOAN (MOUNTAIN WATER DISTRICT, A95-16) TO THE CITY OF PIKEVILLE**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING  
ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND  
A LOAN (MOUNTAIN WATER DISTRICT, A00-03) TO THE CITY OF PIKEVILLE**

Ms. Sandy Williams, KIA, presented the resolutions to the board. The City of Pikeville has purchased the Mossy Bottom Sewer System and assumed the liabilities of that section of the utility system from the Mountain Water District. Customers of the Sewer System will be transferred to the City of Pikeville. The Mountain Water District has two KIA Fund A loans used to fund the construction of the Mossy Bottom sewer system. Fund A95-16 has a balance of \$314,404, at a rate of 1.3% interest, and an estimated annual debt service payment of \$26,993. Fund A00-03 has a balance of \$924,251, with an interest rate of 1.8%, and an estimated annual debt service payment of \$68,589. Both loans will continue on the remaining amortization schedule. Currently 29% of Mountain Water District customers are from the Mossy Bottom Sewer System area. Based on 29% of the revenue and expenses for the Mountain Water District, verified by looking at the actual cost for the Sewer System, customers in this area can support the debt. KIA staff recommended approval of the loan assumption contingent upon the Asset Purchase Agreement outlining the transfer of assets from the Mountain Water District to the City of Pikeville be approved by the Public Service Commission prior to the execution of the Loan Assumption Agreement.

***Mr. Greg Heltzman made a motion to adopt both resolutions. Ms. Linda Bridwell seconded, and the motion carried.***

**6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING  
ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND  
A LOAN (CITY OF CRESTWOOD, A98-04) TO THE OLDHAM COUNTY SEWER  
DISTRICT**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING  
ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND  
C LOAN (CITY OF CRESTWOOD, C88-42) TO THE OLDHAM COUNTY SEWER  
DISTRICT**

Ms. Sandy Williams, KIA, presented the resolution to the board. The Oldham County Sewer District has purchased the utility system of the City of Crestwood. The City of Crestwood has two KIA loans, a Fund A loan in the amount of \$5,430,248 for the Crestwood sewer system and a Fund C loan in the amount of \$16,667 that Crestwood assumed when the City incorporated the Park Lake sewer system. The Fund A loan will maintain the approved interest rate of 3.8%, with an estimated annual debt service payment of \$477,668. The Fund C loan will also maintain the approved variable interest rate of 3.16% - 4.04%, with an estimated annual debt service payment of \$7,600. The replacement reserve for the Fund A loan will remain in effect, the Fund C loan does not have a replacement reserve. The Oldham County Sewer District requests to assume both the A98-04 and C88-42 debt. KIA staff recommended approval of the loan assumption.

***Mr. Linda Bridwell made a motion to adopt both resolutions. Ms. Colleen Chaney seconded, and the motion carried.***

**7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS FOR APPROVAL OF A FUND B LOAN FOR THE CITY OF ELKTON IN THE AMOUNT OF \$808,000**

Ms. Suzanne Anderson, KIA, presented the resolution to the board. The City of Elkton is requesting a Fund B loan in the amount of \$808,000 to refinance Sewer System Revenue Bonds of 1987. The Sewer System Revenue Bonds have an interest rate of 5% and have a final maturity January 1, 2028. The annual debt obligation is \$61,400. The City qualifies for the below median income rate so the requested Fund B loan will have an interest rate of .5% and a term of 30 years, with an estimated annual debt service payment of \$30,653. The requested loan will save the City approximately \$30,000 annually and will save the City approximately \$412,000 in interest.

The system reported a loss in 2005 and will also report a loss in 2006. A rate study showed that to meet the system's operational expenses including debt service, a 13% rate increase was necessary. To further complicate the circumstances, the system's largest user, Flynn Enterprises, a manufacturer of clothing, closed their plant in Elkton. The close of the plant has resulted in a 31% decrease in revenue for the system. In order to cover the system's expenditures, sewer rates will have to be increased 63%. If the loan for refinancing is approved the rate increase will be 49%. The median household income for Elkton is approximately \$25,000, with nearly 16% of families in this area living below the poverty level, keeping the rates as low as possible is important. Refinancing the debt is the best means of preventing additional hardship to the citizens of this area. KIA staff recommended approval of this loan contingent upon the City establishing and implementing a sewer rate sufficient to cover the debt service and operating expenses.

Mayor Lyn Bailey suggested the interest rate be lowered to 0% due to the low median household income and the loss of 565 jobs in a community of 2,000 due to a plant closing. The board members agreed, the rate was changed to 0% contingent upon the legal ability to do so.

***Ms. Linda Bridwell made a motion to adopt the resolution as amended. Mr. George Burgess seconded, and the motion carried.***

Mr. Greg Heitzman suggested that KIA set guidelines establishing when to allow loans to be approved with 0% interest rate.

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

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

APPLICANT	FUND	AMOUNT
Ledbetter Water District	\$ 2,326,077.97	A
City of Hopkinsville	\$ 1,133,384	A
City of Elkton	\$ 808,000	B

*Mr. John Farris made a motion to adopt the resolution. Ms. Linda Bridwell seconded, and the motion carried.*

**8. ORDER OF THE BOARD OF DIRECTORS AUTHORIZING AND APPROVING THE STATEMENT OF CONSIDERATION REGARDING THE PUBLIC COMMENTS RECEIVED FOR THE PROPOSED CHANGES TO 200 KAR 17:050 AND 200 KAR 17:070**

Ms. Sandy Williams, KIA, noted that the regulations pertaining to the Clean Water and Drinking Water State Revolving Fund, 200 KAR 17:050 and 200 KAR 17:070, were filed with the Legislative Research Commission on December 15, 2005. A public hearing was held January 25, 2006, and the public comment period expired January 31, 2006. The Authority received four sets of written comments. Responses and amendments to the regulations resulting from the written public comments were presented in the board book for the boards review as requested in the previous board meeting.

Mr. Tim Thomas noted that the Environmental and Public Protection Cabinet had reviewed the amendments resulting from the public hearing and approved of the changes made.

Ms. LaJuana Wilcher requested changes be made to the submission requirements pertaining to the project priority list in the Clean Water State Revolving Fund Regulations. To better streamline the process, Ms. Wilcher suggested the request to include a project on the priority list be submitted to the Division of Water and the application for financial assistance be submitted to KIA.

The following amendments were made to Section 4 of the Clean Water State Revolving Fund Regulations, 200 KAR 17:050.

**Section 4. Submission Requirements.**

- (1) Projects proposed to be placed on the project priority list shall be submitted to the authority cabinet.
- (2) After inclusion on the project priority list, a complete application package, including all supporting documentation, shall be required submitted to the authority for consideration for financial assistance from the Clean Water State Revolving Fund.

*Ms. Linda Bridwell made a motion to adopt the Statement of Consideration as amended. Ms. LaJuana Wilcher seconded, and the motion carried.*

**III. INFORMATION ITEMS**

**A. SECURITY ISSUES CONCERNING WRIS**

To be presented at the next KIA board meeting, scheduled for April 13, 2006.

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Thursday, April 13, 2006, 1:30 p.m.  
1024 Capital Center Drive, Suite 340, Frankfort

Ms. Linda Bridwell suggested that KIA staff or herself meet with or make an inquiry with the Engineering Board of Licensure concerning their accountability for problems such as what Ledbetter Water District faced. Ms. Bridwell agreed to make this inquiry.

***There being no further business the Kentucky Infrastructure Authority Board meeting was adjourned at 4:10 p.m.***

Submitted by:

M. Denise Pitts  
M. Denise Pitts, CPA, Secretary  
Kentucky Infrastructure Authority

3/3/06  
Date

RECEIVED



2006 MAR 31 KENTUCKY INFRASTRUCTURE AUTHORITY

**Ernie Fletcher**  
Governor

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

**Jody E. Hughes**  
Executive Director

March 17, 2006

Mr. Phillip Dae, Chairman  
Ledbetter Water District  
1483 U.S. 60 West  
PO Box 123  
Ledbetter, Kentucky 42058

KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER A06-01

Dear Chairman Dae:

The Kentucky Infrastructure Authority (KIA) commends your efforts to improve public service facilities in your community. Your loan application to the KIA for permanent financing for the acquisition of the Ledbetter Sanitation District's assets was approved by KIA on March 2, 2006. The total cost of the project shall not exceed \$3,326,078 of which the KIA loan shall provide up to \$2,326,078. Other anticipated funding for the project is reflected in the attached credit analysis. The credit analysis and the Application for Loan Assistance incorporated herein by reference fully describes the project.

A loan agreement will be executed between KIA and the Ledbetter Water District upon satisfactory performance of the conditions set forth in this letter. A period of six months from the date of this letter (September 17, 2006) will be allowed for you to meet the conditions set forth in this letter. Funds will be available for disbursement only after execution of the loan agreement.

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

1. The KIA project loan shall not exceed \$2,326,078.
2. The loan shall bear interest at the rate of 0.0% per annum commencing with the first draw of funds.

3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. An annual loan servicing fee will not be charged.
7. Loan funds will be disbursed after execution of the loan agreement as project costs are incurred.
8. KIA loan funds must be expended within six months of official date of initiation of operation.

The following is a list of the standard conditions to be satisfied prior to execution of the loan agreement or incorporated in the loan agreement. Any required documentation must be submitted to the agency noted, either KIA or the Division of Water (DOW).

1. Loan Agreement must be executed within six (6) months from bid opening.
2. The city must agree to expend all KIA loan funds within six months of the date of initiation of operation.
3. Documentation of final funding commitments from all parties other than KIA as reflected in the credit analysis shall be provided to KIA prior to preparation of the loan agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday.



Chairman Dae  
March 17, 2006  
Page Three

At this time we know of no further submission required for their review; however, they may request information as needed.

5. The city must complete and return to KIA the attached "Authorization For Electronic Deposit of Vendor Payment" Form.

Any special conditions listed below and/or stated in the credit analysis must be resolved.

Please inform KIA 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,



Sandy Williams  
Financial Analyst

#### Attachments

cc:

Kelli Rice, Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams, L.L.P.  
State Local Debt Officer, DLG

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

3-27-06

Date

**EXECUTIVE SUMMARY**  
**KENTUCKY INFRASTRUCTURE AUTHORITY**  
**FUND A, FEDERALLY ASSISTED WASTEWATER**  
**REVOLVING LOAN FUND**

Reviewer: Sandy Williams  
 Date: March 2, 2006  
 KIA Loan Number: **A 06-01**

WRIS Number N/A

<b>BORROWER:</b>	<b>LEDBETTER WATER DISTRICT</b>			
	Livingston County			
<b>BRIEF DESCRIPTION:</b>	The Ledbetter Water District is requesting \$2,326,077.97 in SRF loan funds to refinance the acquisition of the Ledbetter Sanitation District.			
<b>PROJECT FINANCING:</b>		<b>PROJECT BUDGET</b>		
KIA Fund A Loan	\$	2,326,078	Refinance KACoLT Loan	\$ 3,300,000
KACoLT Loan		1,000,000	Refinance Fund A94-03	26,078
TOTAL	\$	3,326,078	TOTAL	3,326,078
<b>REPAYMENT:</b>				
	Rate	0.00%	Est. Annual Pmt.	\$116,304
	Loan Term	20 years	First Payment Due	12/1/2006
<b>PROFESSIONAL SERVICES:</b>	Engineer	N/A		
	Bond Counsel	Peck, Shafer, & Williams		
<b>PROJECT SCHEDULE:</b>	N/A			
<b>DEBT PER CUSTOMER:</b>	Existing:	\$	4,127.38	
	Proposed:	\$	4,106.27	
<b>OTHER DEBT:</b>	See Attached			
<b>OTHER STATE FUNDED PROJECTS LAST 5 YRS:</b>	See Attached			
<b>RESIDENTIAL RATES:</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	810	\$30.64 (for 4,000 gallons)	
	Proposed	0	30.64 (for 4,000 gallons)	
<b>REGIONAL COORDINATION:</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW:</b>	<b>Cash Available for</b>	<b>Income after Debt</b>		
	<b>Debt Service</b>	<b>Debt Service</b>	<b>Service</b>	<b>Coverage Ratio</b>
Audited 2001	83,173	192,580	-109,407	0.43
Audited 2002	89,137	192,580	-103,443	0.46
Audited 2003	74,358	192,580	-118,222	0.39
Projected 2006	143,876	138,054	5,822	1.04
Projected 2007	159,533	151,304	8,229	1.05
Projected 2008	155,016	151,304	3,712	1.02



**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND "A")  
LEDBETTER WATER DISTRICT  
CREDIT ANALYSIS**

**A06-01**

**I. PROJECT DESCRIPTION**

The Ledbetter Water District is requesting \$2,326,077.97 in SRF loan funds to refinance the acquisition of the Ledbetter Sanitation District. The Ledbetter Water District acquired the Ledbetter Sanitation District under terms approved by the Livingston County Fiscal Court, the Board of the Ledbetter Water District, the Board of the Ledbetter Sanitation District, the Public Service Commission and the Attorney General of the Commonwealth of Kentucky. The acquisition was financed via a loan from the Kentucky Association of Counties Leasing Trust to the Livingston County Fiscal Court for the benefit of the Ledbetter Water District.

The Ledbetter Sanitation District was established in 1994 to provide new collection and treatment services to a previously unsewered area. The new system was financed via an initial debt issuance of \$3,624,359. Unfortunately, the system experienced problems from the start. Operational problems as well as financial problems plagued the system. Repairs had to be made to incorrectly sized lines that were going septic, pump stations were found full of construction debris, the design-engineering firm went out of business and the contractor was in bankruptcy. Additionally, the customer estimates had been overstated. So the system began with lower than expected revenue and greater than expected expenses. To further complicate matters, in March 1998 the members of the Sanitation District's board voted to merge with the Ledbetter Water District and then resigned. No new members were appointed by Livingston County to the Sanitation District board. The merger of the two systems was never accepted or approved, nor any related formal legal taken in this regard by the board of commissioners of the Ledbetter Water District.

However, since that time, the Ledbetter Water District, at the request of the presiding Livingston County Judge Executive, assumed all operating and managing responsibility for the wastewater facilities, including the hiring of employees, maintenance of accounts, collection of bills and execution of payments to vendors, including some debt service payments. Though the Water District has been successful in repairing, operating and maintaining the system, most of the money collected from sewer bills has gone to operating the system. Some loan repayments were made to reduce the initial debt issuance but due to the outstanding circumstances that the Sanitation District

experienced, there was inadequate sewer system revenue to meet all the sewer obligations.

For the past three years, KIA, the Public Service Commission, representatives of the Ledbetter Water District and the Livingston County Fiscal Court have been working together to put a plan in place that will repair a financially strapped system with the least possible additional cost to the customers of the Sanitation District. In 2003, PSC staff prepared cashflow estimates based on current and historical financial information. Based on these estimates and the debt structure in place, initial solutions involved rate increases approaching 100%. However through strong leadership of the Livingston County Judge Executive, Judge Chris Lasher and the Ledbetter Water District Chairman, Mr. Phillip Dae, a solution was reached that allowed the Water District to maintain operational control, gain legal and financial control and keep rate increases to less than 50%. A financing strategy was agreed upon that would allow the Ledbetter Water District to continue to operate the much needed sanitation system and meet debt obligations while protecting customer rates.

## **II. PROJECT BUDGET**

	<b>KIA Fund A Loan</b>	<b>KACoLT Loan</b>	<b>Total</b>
Refinance KACoLT Loan	2,300,000	1,000,000	3,300,000
Refinance Fund A94-03	26,078		26,078
<b>Total</b>	<b>2,326,078</b>	<b>1,000,000</b>	<b>3,326,078</b>

## **III. PROJECT FUNDING**

<b>A. Funding Sources</b>	<b>Amount</b>
KIA Fund A Loan	2,326,078
KACoLT Loan	1,000,000
<b>TOTAL</b>	<b>\$3,326,078</b>
<b>B. KIA Debt Service</b>	
Construction Loan	\$ 2,326,078
Interest Rate	0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 116,304
Administrative Fee (0.0%)	0
<b>Total Estimated Annual Debt Service</b>	<b>\$ 116,304</b>

#### **IV. CONTACTS**

Mr. Phillip Dae  
Chairman  
Ledbetter Water and Sewer District  
1483 U.S. 60 West, PO Box 123  
Ledbetter, Kentucky 42058  
(270) 898-3236

Mr. Jeff Unfried  
Pennyrile ADD  
300 Hammond Drive  
Hopkinsville, Kentucky 42240  
(270) 928-7233

#### **V. DEBT OBLIGATIONS – Sewer System**

None

#### **VI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS – Sewer System**

2003 KIA TDF Grant	Water Line Upgrade	125,000
2005 KIA TIEDF Grant	Various Water and Sewer Projects	194,000

#### **VII. DEMOGRAPHICS/RATE STRUCTURE**

##### **A. DEMOGRAPHICS**

The City of Ledbetter is the south western portion of Livingston County in the far western portion of the state. The City's population is 1,700 with a Median Household Income (MHI) level of \$34,830. The median household income for the Commonwealth is \$33,672.

##### **B. CUSTOMER MIX**

	Total
Residential Customers	780
Commercial Customers	<u>30</u>
	810

##### **C. RATE STRUCTURE**

The monthly charge for wastewater utility service is based on the quantity of water consumed as determined by water meter readings.

<u>Current Sewer Rates</u> (Effective April 1, 2005)		
First 2,000 Gallons	\$ 15.16	Minimum Monthly Bill
Over 2,000 Gallons	7.74	Per 1,000 Gallons

Billing for 4,000 gallons     \$30.64

The PSC reviews and approves all rates charged by Ledbetter Water District.

## **VIII. FINANCIAL ANALYSIS (See Exhibit 1)**

Exhibit 1 represents historical and projected revenues and expenses for the sewer district.

### **HISTORICAL**

Revenue growth for the Sanitation District declined from \$213,481 in 2001 to \$212,023 in 2002, a 1% decline. The downward trend continued in 2003 when revenue dropped another 4% to \$202,989. A \$26,000 reduction in salaries from 2001 to 2002 was the primary reason that total operating expenses declined 7% from 2001 to 2002. However, the trend was reversed in 2003 due to increases in maintenance and repairs and operating supplies causing operating expenses to rise by 5% to \$246,196. In all three years, the District showed a positive cashflow, however, the notes to the financial statements noted that some scheduled principal and interest payments that were due, were not paid. With these amounts subtracted from the cashflow, the system showed negative cashflow for all three years. This is verified on the balance sheet as the current portion of long-term debt continued to increase with no corresponding decrease in total liabilities. Annual operating losses are shown in the deficit retained earnings.

### **PROFORMA**

Projections are based on the following assumptions:

- Revenues for 2006 are based on the 47% rate increase that went into effect April 1, 2005 per PSC case number 2004-00406. Revenues for 2007 and 2008 are projected to increase by 1% each year based on planned subdivision development.
- Expenses are based on 1% increases in 2006 and 2007 with a 5% increase in 2008.
- The replacement reserve for the Fund A loan will be \$22,000 annually each December 1 for the first 10 years until the balance \$220,000 and maintained for the life of the loan.
- Debt service on the Fund A loan will be approximately \$116,304 annually.
- Debt service on the KACoLT loan is estimated at \$35,000 annually.

Projected income for cashflow purposes is based on the PSC approved rates for the system based on debt service amounts provided by KIA and KACoLT. These rates have been reviewed thoroughly by both PSC and KIA and reflect several years efforts by Ledbetter Sanitation District, Ledbetter Water District, the Livingston Count Fiscal Court, the PSC, the Pennyryle ADD, and KIA. Based on the new rate structure the system will have adequate cashflow to repay the KIA and KACoLT loans.

### **B. REPLACEMENT RESERVE**

The annual replacement reserve amount is \$22,000 for the FundA loan. This amount should be added to the replacement account each December 1 until the balance reaches \$220,000 and maintained for the life of the loan.

**IX. REGIONAL COORDINATION**

This project is consistent with regional planning recommendations.

**X. RECOMMENDATIONS**

KIA staff recommends approval of the loan.

**EXHIBIT 1**  
**LEDBETTER WATER DISTRICT**  
**CASHFLOW ANALYSIS - Sewer**

	Audited 2001	% Change	Audited 2002	% Change	Audited 2003	Projected 2006	Projected 2007	Projected 2008
<b>Operating Revenues</b>								
Service Charges	213,481	-1%	212,023	-4%	202,989	298,394	328,233	331,516
Tap on Fees	5,000		8,000		8,000	8,000	8,000	8,000
<b>Total Revenues</b>	218,481	1%	220,023	-4%	210,989	306,394	336,233	339,516
<b>Operating Expenses</b>								
Service and Administrative Costs	136,821	-11%	122,389	15%	140,414	141,818	156,000	163,800
Depreciation	113,342		111,159		105,782	105,782	105,782	105,782
Replacement Reserve						22,000	22,000	22,000
<b>Total Expenses</b>	250,163	-7%	233,548	5%	246,196	269,600	283,782	291,582
<b>Net Operating Income</b>	(31,682)	-57%	(13,525)	160%	(35,207)	36,794	52,451	47,934
<b>Non-Operating Income and Expenses</b>								
Interest Income	713	-27%	519	4%	542	500	500	500
Other Income	800	0%	800	305%	3,241	800	800	800
Loan Servicing Fee	0		(9,816)		0	0	0	0
<b>Total Non-Operating Income &amp; Expenses</b>	1,513	#REF!	(8,497)	-115%	3,783	1,300	1,300	1,300
<b>Add Non-Cash Expenses</b>								
Depreciation and Amortization	113,342	-2%	111,159	-5%	105,782	105,782	105,782	105,782
<b>Cash Available for Debt Service</b>	83,173	7%	89,137	-17%	74,358	143,876	159,533	155,016
<b>Debt Service</b>								
Existing Debt - Principal	36,700		19,235		14,300	0	0	0
Existing Debt - Interest	15,987		22,615		20,036	44,902	0	0
Principal and Interest Scheduled/Not Paid	139,893		150,730		158,244	0	0	0
Fund A KIA Loan (A00-03)						58,152	116,304	116,304
KACoLT Loan						35,000	35,000	35,000
<b>Total Debt Service</b>	192,580		192,580		192,580	138,054	151,304	151,304
<b>Income After Debt Service</b>	(109,407)		(103,443)		(118,222)	5,822	8,229	3,712
<b>Debt Coverage Ratio</b>	0.43		0.46		0.39	1.04	1.05	1.02

**LEDBETTER WATER DISTRICT  
BALANCE SHEET**

	<b>ASSETS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Upon Project Completion</b>
<b>Current Assets</b>					
Cash		64,195	102,005	134,552	134,552
Accounts Receivable		17,913	19,396	18,707	18,707
Other		8,472	9,138	8,780	8,797
<b>Total Current Assets</b>		<b>90,580</b>	<b>130,539</b>	<b>162,039</b>	<b>162,056</b>
<b>Restricted Assets</b>					
Maintenance Account		12,386	12,473	12,551	12,551
<b>Total Restricted Assets</b>		<b>12,386</b>	<b>12,473</b>	<b>12,551</b>	<b>12,551</b>
<b>Property, Plant and Equipment</b>					
Utility Systems		4,110,010	4,113,499	4,092,627	4,116,512
<b>Total Fixed Assets</b>		<b>4,110,010</b>	<b>4,113,499</b>	<b>4,092,627</b>	<b>4,116,512</b>
<b>Less Accumulated Depreciation</b>		<b>(546,824)</b>	<b>(657,983)</b>	<b>(755,370)</b>	<b>(791,370)</b>
<b>Net Fixed Assets</b>		<b>3,563,186</b>	<b>3,455,516</b>	<b>3,337,257</b>	<b>3,325,142</b>
<b>Total Assets</b>		<b>3,666,152</b>	<b>3,598,528</b>	<b>3,511,847</b>	<b>3,499,749</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable		4,062	3,408	5,568	5,568
Customer Deposits		1,800	5,100	6,000	6,000
Accrued Interest Payable		20,262	11,364	29,998	27,000
Current Portion of Long-Term Debt		208,053	354,365	570,164	151,304
<b>Total Current Liabilities</b>		<b>234,177</b>	<b>374,237</b>	<b>611,730</b>	<b>189,872</b>
<b>Long Term Liabilities</b>					
Long Term Debt, Less Current Portion		3,168,660	3,003,113	2,773,014	3,174,774
<b>Total Long Term Liabilities</b>		<b>3,168,660</b>	<b>3,003,113</b>	<b>2,773,014</b>	<b>3,174,774</b>
<b>Total Liabilities</b>		<b>3,402,837</b>	<b>3,377,350</b>	<b>3,384,744</b>	<b>3,364,646</b>
<b>NET ASSETS</b>					
Contributions in Aid of Construction		392,522	395,022	395,022	395,022
Retained Earnings - Restricted		12,386	12,473	12,551	12,551
Retained Earnings (Deficit) - Unrestricted		(141,593)	(186,317)	(280,470)	(272,470)
<b>Total Net Assets</b>		<b>263,315</b>	<b>221,178</b>	<b>127,103</b>	<b>135,103</b>
<b>Total Liabilities and Equity</b>		<b>3,666,152</b>	<b>3,598,528</b>	<b>3,511,847</b>	<b>3,499,749</b>
<b>Balance Sheet Analysis</b>					
Current Ratio		0.39	0.35	0.26	0.85
Debt to Equity		12.92	15.27	26.63	24.90
Working Capital		(143,597)	(243,698)	(449,691)	(27,816)
Percent of Total Assets in Working Capital		-3.92%	-6.77%	-12.80%	-0.79%

**KENTUCKY INFRASTRUCTURE AUTHORITY**

**ASSISTANCE AGREEMENT**

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A**

PROJECT NUMBER:	A05-05
BORROWER:	Ledbetter Water and Sewer District
BORROWER'S ADDRESS	1483 US 60 West PO Box 123 Ledbetter, Kentucky 42058
DATE OF ASSISTANCE AGREEMENT:	September 1, 2006
CFDA NO.:	66.458



# ASSISTANCE AGREEMENT

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## ASSISTANCE AGREEMENT

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

### WITNESSETH

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

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

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

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

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to levy, collect, and enforce and remit adequate Service Charges, as hereinafter

defined, for the services provided by the Governmental Agency's System, as hereinafter defined, and to apply the necessary portion of said Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

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

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

## ARTICLE I

### DEFINITIONS

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

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

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

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

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

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

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

"*Cabinet*" means the Environmental and Public Protection Cabinet of the Commonwealth.

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

"*Commonwealth*" shall mean the Commonwealth of Kentucky.

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

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

"Federal Act" shall mean the Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

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

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

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

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

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

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

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

"Program" shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"Project" shall mean, when used generally, a Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

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

"*Schedule of Service Charges*" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

"*Service Charges*" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, in respect of the Project which Service Charges arises by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charge shall be no less than those set forth in the Schedule of Service Charges.

"*System*" shall mean the Treatment Works system owned and operated by the Governmental Agency of which the Project shall become a part and from the earnings of which (represented by the Service Charges) the Governmental Agency shall repay the Authority the Loan hereunder.

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



## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

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

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

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

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

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

(J) The Governmental Agency is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project.

## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

Section 3.4. Subordination of Loan. The Authority hereby agrees that, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the source of payment for the Loan shall be inferior and subordinate to the security

interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (D) hereof.

## ARTICLE IV

### CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of acquisition 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.

(E) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers for the Governmental Agency and approved by state and federal agencies.

(F) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the Authority and the U.S. Government, respectively, in the financing of the Project.

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

(H) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of acquisition of the Project. The Governmental Agency shall permit the Authority and the Cabinet, acting by and through their duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the

Authority and the Cabinet such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state assistance.

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

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

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

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted Governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

(C) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(D) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(E) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Governmental Agency's records in Section 4.2(B).

(F) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

(G) That no more than ninety percent (90%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the draft operations and maintenance manual.

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



(I) That, as required by 40 CFR 35.2218, all engineering services regarding construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and

(3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one project performance report).

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

(K) That one year after operation is initiated, it shall certify to the Cabinet and the Authority that the Project is capable of meeting the Project performance standards.

(L) That it shall provide that qualified inspectors are present at the construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

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

(N) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(O) That all measures required to minimize water pollution to affected waters shall be employed in the construction of the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

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

Section 4.3. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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



## ARTICLE V

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

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

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

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make required deposits to the Maintenance and Replacement Reserve.

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

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

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

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

(A) That, as aforesaid, it will at all times impose, prescribe, charge and collect the Service Charges set forth in Exhibit C hereto for the services of the Project as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

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

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

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

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

Section 5.8. Mandatory Sewer Connection. The Governmental Agency hereby irrevocably covenants and agrees with the Authority that it will, to the maximum extent permitted by Kentucky law, and by means of ordinance, or other appropriate legislative order or action, mandatorily require the connection to and use of, the sanitary sewers constituting the Project by all persons owning, renting or occupying premises generating pollutants where such sanitary sewers are reasonably available to such premises, and to exhaust, at the expense of the Governmental Agency, all remedies for the collection of Service Charges, including, either

directly or indirectly, pursuant to authority granted by Sections 96.930 to 96.943, inclusive, of the Kentucky Revised Statutes, and the Act, causing termination of water services to any premises where the bill for sewer services is delinquent and foreclosure and decretal sale in respect of improvement benefit assessments which are delinquent.

## ARTICLE VI

### OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

#### Section 6.1. Further Assurance

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

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the 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 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 acquisition has been completed and all labor, services, materials, supplies, machinery and equipment used in such acquisition has 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 its satisfaction.

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

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

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

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Audit Requirements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$300,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with OMB Circular A-133.

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

Section 6.10. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

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

Section 6.12. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by

Sections 603 and 606 of the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR, Part 6, the National Environmental Policy Act
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7,8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) 40 CFR, Part 35, Subpart K
- (h) Executive Order 11246, as amended, 11625 and 12138
- (i) Title VI of the Civil Rights Act of 1964, as amended
- (j) Age Discrimination Act
- (k) Rehabilitation Act of 1973
- (l) Contract work Hours and Safety Standards Act
- (m) 40 CFR, Part 25, Public Participation Requirements

(2) State:

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

Section 6.13. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the



Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.13 by an action in mandamus, for specific performance, or similar remedy to compel performance.

## ARTICLE VII

### MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

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

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

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

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

Section 7.7. Covenant to Insure – Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such



amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

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

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

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

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

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

Section 7.11. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

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

(A) Failure by the Governmental Agency to pay any payments at the times specified herein and the continuation of such failure for five days after the due date set forth in any written notification or invoice delivered by the Authority to the Governmental Agency specifying the due date of such payment .

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

(D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

(D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.13 hereof shall be those remedies specifically set forth in Section 6.13 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

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

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

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

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

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

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

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

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

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

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

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

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

U  
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:

M. James P. [Signature]  
Title: Secretary

ATTEST:

[Signature]  
Title: Secretary

APPROVED:

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

ENVIRONMENTAL AND PUBLIC PROTECTION  
CABINET OF THE COMMONWEALTH OF KENTUCKY

By: [Signature]  
Director  
Division of Water

KENTUCKY INFRASTRUCTURE  
AUTHORITY

By: [Signature]  
Title: Executive Director

GOVERNMENTAL AGENCY:  
LEDBETTER WATER AND SEWER  
DISTRICT

By: [Signature]  
Title: Chairman

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**  
**LEDBETTER WATER AND SEWER DISTRICT**  
**PROJECT SPECIFICS**  
**A06-01**

**GOVERNMENTAL AGENCY:**

Name: Ledbetter Water and Sewer District  
1483 U.S. 60 West, PO Box 123  
Ledbetter, Kentucky 42058

Contact  
Person: Mr. Phillip Dae, Chariman  
(270) 898-3236

**SYSTEM:** Wastewater

**PROJECT:** Refinance the acquisition of the Ledbetter Sanitation District.

**PROJECT BUDGET:**

	<b>KIA Fund A Loan</b>	<b>KACoLT Loan</b>	<b>Total</b>
Refinance KACoLT Loan	2,300,000	1,000,000	3,300,000
Refinance Fund A94-03	26,078		26,078
<b>Total</b>	<b>2,326,078</b>	<b>1,000,000</b>	<b>3,326,078</b>

**FUNDING SOURCES:**

	<b>Amount</b>
KIA Fund A Loan	2,326,078
KACoLT Loan	1,000,000
<b>TOTAL</b>	<b>\$3,326,078</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 2,326,078
Interest Rate	0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 116,304
Administrative Fee (0.0%)	0
<b>Total Estimated Annual Debt Service</b>	<b>\$ 116,304</b>

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

Interest payments will commence within six months from first draw of funds (estimated 12/01/06).

Full principal and interest payments will commence within one year of initiation of operation (estimated 6/01/07).

**REPLACEMENT RESERVE ACCOUNT:** The annual replacement reserve amount is \$22,000 for the FundA loan. This amount should be added to the replacement account each December 1 until the balance reaches \$220,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.2%

**DEFAULT RATE:** 8.0%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

None

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>\$ 1,000,000</u>
Death or Personal Injury (per occurrence)	<u>\$ 1,000,000</u>
Property Damage on System	<u>\$ 2,289,239</u>



EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO  
ASSISTANCE AGREEMENT DATED SEPTEMBER 1, 2006  
LOAN NO. A06-01

Request No. \_\_\_\_\_

Dated: \_\_\_\_\_

Original sent to: Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

Copy sent to: Ms. Kelli Rice  
Resource Planning and Program Support Branch  
Division of Water  
Environmental and Public Protection Cabinet  
14 Reilly Road  
Frankfort, Kentucky 40601

FROM: Ledbetter Water and Sewer District (the "Governmental Agency")

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of 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>Contrator</u>	<u>Expenses this Request</u>	<u>Expenses to Date</u>
------------------	------------------------------	-------------------------

Total

ALLOCATION OF FUNDING FOR EXPENSES

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

Total

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>
-----------------------	---	---

Total

Respectfully submitted,

LEDBETTER WATER AND SEWER DISTRICT  
Governmental Agency

By: \_\_\_\_\_

Title \_\_\_\_\_

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached

## NOTICE

Ledbetter Water District has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is March 31, 2004. The purpose of the proposed rate increase is to recover added cost due to an increase in the rate that the water district pays for purchased water.

5/8 inch meter		CURRENT RATES		PROPOSED RATES	
Customer Charge		\$5.42	Customer Charge	\$5.42	Customer Charge
FIRST 25,000 GALLONS		4.42 per 1,000 gallons		4.64 per 1,000 gallons	
OVER 25,000 GALLONS		2.98 per 1,000 gallons		3.20 per 1,000 gallons	

WATER

*Current Rates*

### COMPARISON OF 5/8" METER SIZE RATES AT DIFFERENT USAGE LEVELS

MONTHLY USAGE	MONTHLY BILL AT CURRENT RATE	MONTHLY BILL AT PROPOSED RATE	PERCENT INCREASE OVER CURRENT
0	\$5.42	\$5.42	0%
1000	9.84	10.06	2.2%
2,000	14.26	14.70	3.1%
5,000	27.52	28.62	4.0%
10,000	49.62	51.82	4.4%
20,000	93.82	98.22	4.7%
30,000	130.82	137.42	5.0%
50,000	190.42	201.42	5.8%
75,000	264.92	281.42	6.2%
100,000	339.42	361.42	6.5%
150,000	488.42	521.42	6.8%
200,000	637.42	681.42	6.9%
1,000,000	3,041.42	3,241.42	6.6%
2,000,000	6,021.42	6,441.42	6.9%

Note: Average customer (5,000 gallons) bill will increase from \$27.52 to \$28.62 or 4.0%.

The rates contained in this notice are the rates proposed by the Ledbetter Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 1483 U. S. 60 West, Ledbetter, Kentucky. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

FOR Ledbetter & Western Livingston County  
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 2

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

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

Ledbetter Sanitation District  
(Name of Utility)

RATES AND CHARGES

A. MONTHLY RATES

SEWER

First 2,000 Gallons

\$15.16 Minimum Monthly Bill

Over 2,000 Gallons

7.74 Per 1,000 Gallons

B. DEPOSITS

All Customers

\$75.00

C. SPECIAL NON-RECURRING CHARGES

Disconnection Charge

\$75.00

Reconnection Charge

\$50.00

Late Payment Penalty

10%

Returned Check Charge

\$25.00

Service / Transfer Fee

\$25.00

Field Collection Charge

\$25.00

Service Call / Investigation Charge

\$25.00

Service Line Inspection Charge

\$25.00

call  
Health  
Dept if  
plugged

D. TAP - ON CHARGE

\$1000.00

DATE OF ISSUE 4-1-2005  
Month / Date / Year

DATE EFFECTIVE December 21, 2004  
Month / Date / Year

ISSUED BY Billy Dowe  
(Signature of Officer)

TITLE District Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2004-00406 DATED December 21, 2004

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
12/21/2004  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

EXHIBIT D

RESOLUTION NO. 2006-9-18

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN LEDBETTER WATER AND SEWER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$2,326,078 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the Board of Commissioners ("Governing Authority") of Ledbetter Water and Sewer District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's water and sewer system (the "Project") and

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

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

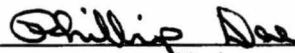
NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of Ledbetter Water and Sewer District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of September 1, 2006 substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on 9/18, 2006.

  
Chairman

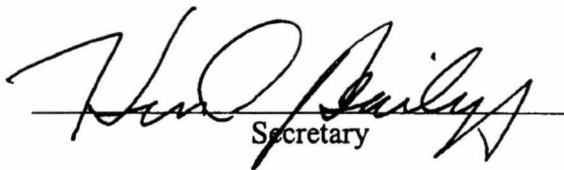
Attest:

  
Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Ledbetter Water and Sewer District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on 9/18, 2006; 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 20<sup>th</sup> day of September, 2006.

  
Secretary

34634.1

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN  
LEDBETTER WATER AND SEWER 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: \_\_\_\_\_

LEDBETTER WATER AND SEWER DISTRICT  
Governmental Agency

By: \_\_\_\_\_

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

ATTEST:

\_\_\_\_\_

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



EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

None

34631.3

RESOLUTION NO. 2006-9-18

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN LEDBETTER WATER AND SEWER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$2,326,078 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the Board of Commissioners ("Governing Authority") of Ledbetter Water and Sewer District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's water and sewer system (the "Project") and

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

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

NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of Ledbetter Water and Sewer District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of September 1, 2006 substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.


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

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

ADOPTED on 9/18, 2006.

  
Chairman

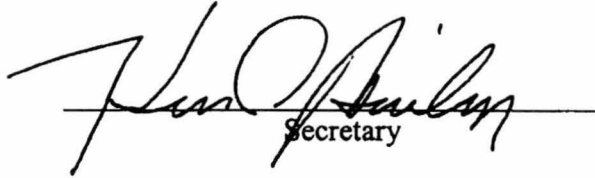
Attest:

  
Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Ledbetter Water and Sewer District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on 9/18, 2006; 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 20th day of September, 2006.

  
Secretary

34634.1

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and Ledbetter Water and Sewer District (the "Governmental Agency"), dated as of September 1, 2006

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

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

1. No event of default exists, or with the passage of time will exist, under the Assistance Agreement and the representations and warranties set forth in the Assistance Agreement are true and correct as of the date hereof.

2. The Governmental Agency has examined and is familiar with proceedings of the governing body of the Governmental Agency approving the Assistance Agreement and authorizing its negotiation, execution and delivery and such proceedings were duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such proceedings are in full force and effect and have not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

3. The Governmental Agency is a duly organized and validly political subdivision of the Commonwealth of Kentucky with full power to own its properties, conduct its affairs, enter into the Assistance Agreement and consummate the transactions contemplated thereby.

4. The negotiation, execution and delivery of the Assistance Agreement by the Governmental Agency and the consummation of the transactions contemplated thereby by the Governmental Agency have been duly authorized by all requisite action of the governing body of the Governmental Agency.

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

6. There is no controversy or litigation of any nature pending, or to the knowledge of the Governmental Agency after diligent inquiry, threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under the Assistance Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of the Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of the Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of the Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers

of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with the Assistance Agreement.

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

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

9. The Governmental Agency has all licenses, permits and other governmental approvals required to own, occupy, operate and maintain the Project and to enter into the Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Governmental Agency Project, and has full right, power and authority to perform the acts and things as provided for in the Assistance Agreement.

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

WITNESS our signatures, this 20<sup>th</sup> day of September, 2006.

**GOVERNMENTAL AGENCY:  
LEDBETTER WATER AND SEWER  
DISTRICT**

By: Phillip Dae  
Name: Phillip Dae  
Title: Chairman

**ATTEST:**

By: Kevin Bailey  
Name: Kevin Bailey  
Title: Secretary

**BILLY N RILEY**  
Livingston County Attorney  
COURTHOUSE  
P.O.BOX 97  
SMITHLAND, KENTUCKY 42081

PHONE: 270-928-2880

1-800-599-2880

FAX NO.: 270-928-4612

September 18, 2006

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Ledbetter Water and Sewer District, dated as of September 1, 2006.

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 Ledbetter Water and Sewer District (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

- 1) The Governmental Agency is a duly organized and existing political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.
- 2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.
- 3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

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

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

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefore, (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 Agree by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

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

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the acquisition and construction of the Project.

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

Very truly yours,

  
Billy N Riley

BNR/jm

## **Minutes**

**THE FIVE HUNDREDTH FIFTH-FIRST MEETING OF THE LEDBETTER WATER DISTRICT WAS HELD AT THE DISTRICT OFFICE IN LEDBETTER, KENTUCKY SEPTEMBER 18, 2006 AT 5:30 P.M.**

**MEETING WAS HELD PURSUANT TO NOTICE OF WAIVER AND CONSENT SIGNED BY SAID DISTRICT PHILLIP DAE, CHAIRMAN; TERRY TEITLOFF, VICE -CHAIRMAN; KEVIN BAILEY, SECRETARY-TREASURER; ARNIE PUCKETT, COMMISSIONER; BILL GILLAHAN, COMMISSIONER.**

**Those present: Phillip Dae, Kevin Bailey, Terry Teitloff, Bill Gillahan, Paula Malone, Keith Guill, Alan Fox, Billy Downs, Janet Moneymaker, guest, Donna Brugger, Helping Hands, Mr. Imm, customer. Arnie Puckett, Bd Member absent because of flu.**

Meeting was called to order at 5:39 p.m. by Phillip Dae, Chairman.

Phillip welcomed guest and ask Ms. Donna Brugger from Helping Hands if she wanted to address the Board. She stated, she would like to ask the Board to continue to allow customers to have donation amounts put on their water bills as they did the last year. She gave brief summary of new procedures at Helping Hands to prevent mishandling of funds and etc. Board told her they thought it was a good service to community and they would decide and let her know.

Raymond Imms, customer was given floor to give Board information on his water and sewer bill. Mr. Imm stated he had been watering his new shrubs and flowers that had just been planted at his new home in Drake Creek Golf Course. He stated his last three (3) bills had been more than his average bill especially his sewer bill, and he ask Board if there was anyway he could get some relief on his sewer bill since none of the watering went into the sewer system. After discussion of sewer bill, motion was made by Bill Gillahan to give him relief on his bills because he is new to the community, and the contractor didn't tell him he might need an irrigation meter. Second by Terry Teitloff. Vote taken. All voted aye. Motion carried.

Updates: Sewer Grant-Billy gave report that progress had been made in odor control- slowly spending some of money drawing off of grant.

Water projects-Holland Rd.would like to include this in grant if enough money in grant. It would be a 4" line running approximately 9/10 of mile. Engineering estimate was given by Florence & Hutchinson for \$11,500. Board suggested taking bids on running these lines by the foot.

Sewer Merger-We received papers from KIA on resolution for the loan. Board reviewed the papers and resolution, as well, the County Judge had gone over the papers and faxed a letter stating everything appeared to be ok. Board decided to allow Chris Sutton, with PADD office to review the papers, and if he thought they were ok to give go on with the signing of the papers.



**Minutes**  
**September 18, 2006**  
**Page 2**

Motion by Terry Teitloff after Chris Sutton reviews the papers and thinks they are ok, then Phillip has the authority to sign papers. Second by Kevin Bailey. All voted aye. Motion carried. Phillip then read resolution to Board on the sewer merger loan. Motion was made by Bill Gillahan to accept as read. Second by Kevin Bailey. All voted aye. Motion carried.

National Maint-Billy and Kevin met with Sandy McDonald and Sidney Jones, reps with National Maint. and gave them information on what it would take for them to be able to give us their sewer products. They gave us sample results of their materials, and Billy met with Sidney Jones and Gary Russ with Russ & Associates on putting together a pretreatment program for us to process their sewer. Gary told them what they needed to test for and when we get the sample results back then Gary will be able to give cost and began to setup the pretreatment program. National Maint will have to pay for the cost of this and will have to sign a contract where this can not be dropped as they did in the past.

Employee Health Ins.-Board wants Billy to check with state on program we signed with them and see if we can get out of the contract. Billy stated at the time we signed with them they stated it was an irrevocable contract and the retirement works hand in hand with them. Billy is waiting for a call back with legal counsel on the contract. Ask David Boswell to look at contract.

Water Tanks-Bids was received on water tank inspection. Yates Tank Inspection had the best bid \$1000. per tank. They have a robotic camera that goes down in the tank and video and they give a complete evaluation and a detail report with photos of tank. Motion to have Yates do test by Bill Gillahan. Second by Kevin Bailey. All voted aye. Motion carried.

Phillip ask for a motion on Helping Hands. Motion to continue with Helping Hands by Terry Teitloff. Second by Bill Gillahan. Vote taken. All voted aye. Motion carried.

Christmas Party was discussed and decided on to be at Patti's Rest again this year. Tuesday, December 5, 2006 at 6:30 or 7:00.

**Minutes**  
**September 18, 2006**  
**Page 3**

Minutes and financials were presented to Board with the exception of error in a name to be corrected from Jody Rogers to Jody Hughes, they were accepted as presented. Motion was made by Terry Teitloff. Second by Kevin Bailey. All voted aye. Motion carried.

Agenda completed. Meeting adjourned.  
Time: 7:10 p.m.

**WE THE UNDERSIGNED BEING THE COMMISSIONERS OF LEDBETTER WATER DISTRICT, ORGANIZED AND EXISTING AND BY THE VIRTUES OF THE LAWS OF THE STATE OF KENTUCKY, DO HERE SEVERELY WAIVER ANY AND ALL NOTICE OF THE COMMISSION OF SAID DISTRICT, AND CONSENT, RATIFY, APPROVE AND CONFORM ANY AN ALL BUSINESS TRANSACTED AT SUCH MEETING AND HEREIN SET FORTH.**


\_\_\_\_\_  
**Phillip Dae, Chairman**

\_\_\_\_\_  
**Terry Teitloff, Vice-Chairman**

\_\_\_\_\_  
**Kevin Bailey, Secretary-Treasurer**

\_\_\_\_\_  
**Arnie Puckett, Commissioner**

\_\_\_\_\_  
**Bill Gillahan, Commissioner**

  
\_\_\_\_\_  
**Janet Moneymaker, Office Manger**



## KENTUCKY INFRASTRUCTURE AUTHORITY

**Ernie Fletcher**  
Governor

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

**Jody E. Hughes**  
Executive Director

February 8, 2007

Secretary John Farris  
Finance and Administration Cabinet  
702 Capitol Ave, Room 383  
Frankfort, KY 40601

RE: Kentucky Infrastructure Authority (KIA) Fund A Loan Assistance Agreement  
Ledbetter Water and Sewer District (A06-01)

Dear Secretary Farris:

Enclosed please find for your review and signature the Assistance Agreement for the above referenced project. This loan was approved by the KIA Board and has been reviewed and approved by the Capital Projects and Bond Oversight Committee.


Dirk Bedarff, attorney with KIA legal council Peck, Shaffer & Williams LLP, has examined the agreement and its supporting documentation for completeness and correctness and shows his concurrence via signature.

KIA staff has reviewed the documentation for financial compliance with the State Revolving Fund Loan program. KIA shows its concurrence via the signature of the Executive Director.

Division of Water staff has reviewed the documentation for technical compliance with the State Revolving Fund Loan program. The Environmental and Public Protection Cabinet shows its concurrence via the signature of the Director of the Division of Water.

Please return all documents to KIA upon execution. If you should have questions or comments, please call or email me at [sandy.williams@ky.gov](mailto:sandy.williams@ky.gov).

Sincerely,

  
Sandy Williams  
Financial Analyst

Enclosure



A06-01  
AA



## KENTUCKY INFRASTRUCTURE AUTHORITY

**Ernie Fletcher**  
Governor

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

**Jody E. Hughes**  
Executive Director

February 19, 2007

Mr. Dirk Bedarff  
Peck, Shaffer & Williams LLP  
118 West Fifth Street  
Covington, Kentucky 41011

RE: Ledbetter Water and Sewer District  
A06-01

Dear Dirk:

Enclosed please find the fully executed Assistance Agreement for the above referenced project. At your convenience, please prepare the transcripts for distribution. Should questions arise, I can be reached by phone at 502-573-0260 or by e-mail at [sandy.williams@ky.gov](mailto:sandy.williams@ky.gov).

Sincerely,

A handwritten signature in cursive script that reads "Sandy".

Sandy Williams

Attachment

~~A05-05~~ A06-01  
AA



## KENTUCKY INFRASTRUCTURE AUTHORITY

**Ernie Fletcher**  
Governor

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

**Jody E. Hughes**  
Executive Director

February 8, 2007

Secretary John Farris  
Finance and Administration Cabinet  
702 Capitol Ave, Room 383  
Frankfort, KY 40601

RE: Kentucky Infrastructure Authority (KIA) Fund A Loan Assistance Agreement  
Ledbetter Water and Sewer District (~~A05-05~~)

A06-01

Dear Secretary Farris:

Enclosed please find for your review and signature the Assistance Agreement for the above referenced project. This loan was approved by the KIA Board and has been reviewed and approved by the Capital Projects and Bond Oversight Committee.

Dirk Bedarff, attorney with KIA legal council Peck, Shaffer & Williams LLP, has examined the agreement and its supporting documentation for completeness and correctness and shows his concurrence via signature.

KIA staff has reviewed the documentation for financial compliance with the State Revolving Fund Loan program. KIA shows its concurrence via the signature of the Executive Director.

Division of Water staff has reviewed the documentation for technical compliance with the State Revolving Fund Loan program. The Environmental and Public Protection Cabinet shows its concurrence via the signature of the Director of the Division of Water.

Please return all documents to KIA upon execution. If you should have questions or comments, please call or email me at [sandy.williams@ky.gov](mailto:sandy.williams@ky.gov).

Sincerely,

A handwritten signature in cursive script that reads "Sandy Williams".

Sandy Williams  
Financial Analyst

Enclosure



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:

M. James P. [Signature]  
Title: Secretary

ATTEST:

[Signature]  
Title: Secretary

APPROVED:

\_\_\_\_\_  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

ENVIRONMENTAL AND PUBLIC PROTECTION  
CABINET OF THE COMMONWEALTH OF KENTUCKY

By: [Signature]  
Director  
Division of Water

KENTUCKY INFRASTRUCTURE  
AUTHORITY

By: [Signature]  
Title: Executive Director

GOVERNMENTAL AGENCY:  
LEDBETTER WATER AND SEWER  
DISTRICT

By: [Signature]  
Title: Chairman

EXAMINED:

Beck, Shapp + Williams LLP  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

\_\_\_\_\_  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

ACC-01  
AA



## KENTUCKY INFRASTRUCTURE AUTHORITY

**Ernie Fletcher**  
Governor

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

**Jody E. Hughes**  
Executive Director

December 20, 2006

Ms. Jennifer Peters  
Resource Planning and Program Support Branch  
Division of Water  
Department for Environmental Protection  
Environmental and Public Protection Cabinet  
14 Reilly Road  
Frankfort, KY 40601

RE: Ledbetter Water and Sewer District  
A06-01

Dear Jennifer:

Enclosed please find the Assistance Agreement for the above referenced project. Please have the appropriate party sign the agreement on behalf of the Division of Water and return all documents to KIA.

Sincerely,

A handwritten signature in cursive script that reads "Sandy".

Sandy Williams  
Financial Analyst

Enclosure

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:

W. Dennis Pate  
Title: Secretary

ATTEST:

W. Dennis Pate  
Title: Secretary

APPROVED:

\_\_\_\_\_  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

ENVIRONMENTAL AND PUBLIC PROTECTION  
CABINET OF THE COMMONWEALTH OF KENTUCKY

By: \_\_\_\_\_  
Director  
Division of Water

KENTUCKY INFRASTRUCTURE  
AUTHORITY

By: Greg E. Kyles  
Title: Executive Director

GOVERNMENTAL AGENCY:  
LEDBETTER WATER AND SEWER  
DISTRICT

By: Phillip Nae  
Title: Chairman

EXAMINED:

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

APPROVED AS TO FORM AND LEGALITY

\_\_\_\_\_  
APPROVED  
FINANCE AND ADMINISTRATION CABINET



A06-01



## KENTUCKY INFRASTRUCTURE AUTHORITY

**Ernie Fletcher**  
Governor

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

**Jody E. Hughes**  
Executive Director

August 16, 2006

Mr. Dirk Bedarff  
Peck, Shaffer & Williams  
118 West 5th  
Covington, Kentucky 41011

RE: Ledbetter Water and Sewer District  
(A06-01)

Dear Dirk:

Enclosed please find the following information with regard to the above-mentioned project:

Distribution List  
Exhibit A  
Executed copy of commitment letter  
Minutes approving the project

All conditions contained within the commitment letter have been met. Please prepare the Assistance Agreement for execution and forward to Mr. Phillip Dae, Chairman.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Williams".

Sandy Williams  
Financial Analyst

Attachments

**LEDBETTER WATER AND SEWER DISTRICT**  
**Distribution List**  
**A06-01**

Receiving original Assistance Agreement

1. Mr. Phillip Dae  
Chairman, Ledbetter Water District  
1483 U.S. 60 West, PO Box 123  
Ledbetter, Kentucky 42058

Receiving copy of Assistance Agreement

2. Ms. Sandy Williams  
Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601
3. Ms. Kelli Rice  
Resource Planning and Program Support Branch  
Division of Water  
Natural Resources and  
Environmental Protection Cabinet  
14 Reilly Road  
Frankfort, Kentucky 40601

Receiving copy of cover letter only

4. Mr. Jeff Unfried  
Pennyriple Area Development District  
300 Hammond Drive  
Hopkinsville, Kentucky 42240

**EXHIBIT A**  
**LEDBETTER WATER AND SEWER DISTRICT**  
**PROJECT SPECIFICS**  
**A06-01**

**GOVERNMENTAL AGENCY:**

Name: Ledbetter Water and Sewer District  
1483 U.S. 60 West, PO Box 123  
Ledbetter, Kentucky 42058

Contact

Person: Mr. Phillip Dae, Chariman  
(270) 898-3236

**SYSTEM:** Wastewater

**PROJECT:** Refinance the acquisition of the Ledbetter Sanitation District.

**PROJECT BUDGET:**

	<b>KIA Fund A Loan</b>	<b>KACoLT Loan</b>	<b>Total</b>
Refinance KACoLT Loan	2,300,000	1,000,000	3,300,000
Refinance Fund A94-03	26,078		26,078
<b>Total</b>	<b>2,326,078</b>	<b>1,000,000</b>	<b>3,326,078</b>

**FUNDING SOURCES:**

	<b>Amount</b>
KIA Fund A Loan	2,326,078
KACoLT Loan	1,000,000
<b>TOTAL</b>	<b>\$3,326,078</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 2,326,078
Interest Rate	0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 116,304
Administrative Fee (0.0%)	0
<b>Total Estimated Annual Debt Service</b>	<b>\$ 116,304</b>

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

Interest payments will commence within six months from first draw of funds (estimated 12/01/06).

Full principal and interest payments will commence within one year of initiation of operation (estimated 6/01/07).

**REPLACEMENT RESERVE ACCOUNT:** The annual replacement reserve amount is \$22,000 for the FundA loan. This amount should be added to the replacement account each December 1 until the balance reaches \$220,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.2%

**DEFAULT RATE:** 8.0%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

None

**LIABILITY INSURANCE COVERAGE:**

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

RECEIVED


 2006 MAR 31 12:02  
**KENTUCKY INFRASTRUCTURE AUTHORITY**
**Ernie Fletcher**  
 Governor

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

March 17, 2006

 Mr. Phillip Dae, Chairman  
 Ledbetter Water District  
 1483 U.S. 60 West  
 PO Box 123  
 Ledbetter, Kentucky 42058

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND  
 CONDITIONAL COMMITMENT LETTER A06-01**

Dear Chairman Dae:

The Kentucky Infrastructure Authority (KIA) commends your efforts to improve public service facilities in your community. Your loan application to the KIA for permanent financing for the acquisition of the Ledbetter Sanitation District's assets was approved by KIA on March 2, 2006. The total cost of the project shall not exceed \$3,326,078 of which the KIA loan shall provide up to \$2,326,078. Other anticipated funding for the project is reflected in the attached credit analysis. The credit analysis and the Application for Loan Assistance incorporated herein by reference fully describes the project.

A loan agreement will be executed between KIA and the Ledbetter Water District upon satisfactory performance of the conditions set forth in this letter. A period of six months from the date of this letter (September 17, 2006) will be allowed for you to meet the conditions set forth in this letter. Funds will be available for disbursement only after execution of the loan agreement.

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

1. The KIA project loan shall not exceed \$2,326,078.
2. The loan shall bear interest at the rate of 0.0% per annum commencing with the first draw of funds.

3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. An annual loan servicing fee will not be charged.
7. Loan funds will be disbursed after execution of the loan agreement as project costs are incurred.
8. KIA loan funds must be expended within six months of official date of initiation of operation.

The following is a list of the standard conditions to be satisfied prior to execution of the loan agreement or incorporated in the loan agreement. Any required documentation must be submitted to the agency noted, either KIA or the Division of Water (DOW).

1. Loan Agreement must be executed within six (6) months from bid opening.
2. The city must agree to expend all KIA loan funds within six months of the date of initiation of operation.
3. Documentation of final funding commitments from all parties other than KIA as reflected in the credit analysis shall be provided to KIA prior to preparation of the loan agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday.

Chairman Dae  
March 17, 2006  
Page Three

At this time we know of no further submission required for their review; however, they may request information as needed.

5. The city must complete and return to KIA the attached "Authorization For Electronic Deposit of Vendor Payment" Form.

Any special conditions listed below and/or stated in the credit analysis must be resolved.

Please inform KIA 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,



Sandy Williams  
Financial Analyst

Attachments

cc:

Kelli Rice, Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams, L.L.P.  
State Local Debt Officer, DLG

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

3-27-06

Date

**EXECUTIVE SUMMARY****KENTUCKY INFRASTRUCTURE AUTHORITY  
FUND A, FEDERALLY ASSISTED WASTEWATER  
REVOLVING LOAN FUND**

Reviewer: Sandy Williams

Date: March 2, 2006

KIA Loan Number: **A 06-01**

WRIS Number N/A

**LEDBETTER WATER DISTRICT**

Livingston County

**DESCRIPTION** The Ledbetter Water District is requesting \$2,326,077.97 in SRF loan funds to refinance the acquisition of the Ledbetter Sanitation District.

<b>FINANCING</b>				
KIA Fund A Loan	\$	2,326,078	Refinance KACoLT Loan	\$ 3,300,000
KACoLT Loan		1,000,000	Refinance Fund A94-03	26,078
<b>TOTAL</b>	<b>\$</b>	<b>3,326,078</b>	<b>TOTAL</b>	<b>3,326,078</b>

<b>REPAYMENT</b>				
Rate	0.00%	Est. Annual Pmt.	\$116,304	
Loan Term	20 years	First Payment Due	12/1/2006	

<b>PROFESSIONAL SERVICES</b>	Engineer	N/A
	Bond Counsel	Peck, Shafer, & Williams

<b>PROJECT SCHEDULE</b>	N/A
-------------------------	-----

<b>DEBT PER CUSTOMER</b>	Existing:	\$ 4,127.38
	Proposed:	\$ 4,106.27

<b>OTHER DEBT</b>	See Attached
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<b>OTHER STATE FUNDED PROJECTS LAST 5 YRS</b>	See Attached
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<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>
Current		810	\$30.64 (for 4,000 gallons)
Proposed		0	30.64 (for 4,000 gallons)

<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.
------------------------------	--

	Cash Available for		Income after Debt	
	Debt Service	Debt Service	Service	Coverage Ratio
Audited 2001	83,173	192,580	-109,407	0.43
Audited 2002	89,137	192,580	-103,443	0.46
Audited 2003	74,358	192,580	-118,222	0.39
Projected 2006	143,876	138,054	5,822	1.04
Projected 2007	159,533	151,304	8,229	1.05
Projected 2008	155,016	151,304	3,712	1.02



**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND "A")  
LEDBETTER WATER DISTRICT  
CREDIT ANALYSIS**

**A06-01**

**I. PROJECT DESCRIPTION**

The Ledbetter Water District is requesting \$2,326,077.97 in SRF loan funds to refinance the acquisition of the Ledbetter Sanitation District. The Ledbetter Water District acquired the Ledbetter Sanitation District under terms approved by the Livingston County Fiscal Court, the Board of the Ledbetter Water District, the Board of the Ledbetter Sanitation District, the Public Service Commission and the Attorney General of the Commonwealth of Kentucky. The acquisition was financed via a loan from the Kentucky Association of Counties Leasing Trust to the Livingston County Fiscal Court for the benefit of the Ledbetter Water District.

The Ledbetter Sanitation District was established in 1994 to provide new collection and treatment services to a previously unsewered area. The new system was financed via an initial debt issuance of \$3,624,359. Unfortunately, the system experienced problems from the start. Operational problems as well as financial problems plagued the system. Repairs had to be made to incorrectly sized lines that were going septic, pump stations were found full of construction debris, the design-engineering firm went out of business and the contractor was in bankruptcy. Additionally, the customer estimates had been overstated. So the system began with lower than expected revenue and greater than expected expenses. To further complicate matters, in March 1998 the members of the Sanitation District's board voted to merge with the Ledbetter Water District and then resigned. No new members were appointed by Livingston County to the Sanitation District board. The merger of the two systems was never accepted or approved, nor any related formal legal taken in this regard by the board of commissioners of the Ledbetter Water District.

However, since that time, the Ledbetter Water District, at the request of the presiding Livingston County Judge Executive, assumed all operating and managing responsibility for the wastewater facilities, including the hiring of employees, maintenance of accounts, collection of bills and execution of payments to vendors, including some debt service payments. Though the Water District has been successful in repairing, operating and maintaining the system, most of the money collected from sewer bills has gone to operating the system. Some loan repayments were made to reduce the initial debt issuance but due to the outstanding circumstances that the Sanitation District

experienced, there was inadequate sewer system revenue to meet all the sewer obligations.

For the past three years, KIA, the Public Service Commission, representatives of the Ledbetter Water District and the Livingston County Fiscal Court have been working together to put a plan in place that will repair a financially strapped system with the least possible additional cost to the customers of the Sanitation District. In 2003, PSC staff prepared cashflow estimates based on current and historical financial information. Based on these estimates and the debt structure in place, initial solutions involved rate increases approaching 100%. However through strong leadership of the Livingston County Judge Executive, Judge Chris Lasher and the Ledbetter Water District Chairman, Mr. Phillip Dae, a solution was reached that allowed the Water District to maintain operational control, gain legal and financial control and keep rate increases to less than 50%. A financing strategy was agreed upon that would allow the Ledbetter Water District to continue to operate the much needed sanitation system and meet debt obligations while protecting customer rates.

## II. PROJECT BUDGET

	KIA Fund A Loan	KACoLT Loan	Total
Refinance KACoLT Loan	2,300,000	1,000,000	3,300,000
Refinance Fund A94-03	26,078		26,078
<b>Total</b>	<b>2,326,078</b>	<b>1,000,000</b>	<b>3,326,078</b>

## III. PROJECT FUNDING

A. Funding Sources	Amount
KIA Fund A Loan	2,326,078
KACoLT Loan	1,000,000
<b>TOTAL</b>	<b>\$3,326,078</b>

B. KIA Debt Service	
Construction Loan	\$ 2,326,078
Interest Rate	0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 116,304
Administrative Fee (0.0%)	0
<b>Total Estimated Annual Debt Service</b>	<b>\$ 116,304</b>

#### **IV. CONTACTS**

Mr. Phillip Dae  
Chairman  
Ledbetter Water and Sewer District  
1483 U.S. 60 West, PO Box 123  
Ledbetter, Kentucky 42058  
(270) 898-3236

Mr. Jeff Unfried  
Pennyrile ADD  
300 Hammond Drive  
Hopkinsville, Kentucky 42240  
(270) 928-7233

#### **V. DEBT OBLIGATIONS – Sewer System**

None

#### **VI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS – Sewer System**

2003 KIA TDF Grant	Water Line Upgrade	125,000
2005 KIA TIEDF Grant	Various Water and Sewer Projects	194,000

#### **VII. DEMOGRAPHICS/RATE STRUCTURE**

##### **A. DEMOGRAPHICS**

The City of Ledbetter is the south western portion of Livingston County in the far western portion of the state. The City's population is 1,700 with a Median Household Income (MHI) level of \$34,830. The median household income for the Commonwealth is \$33,672.

##### **B. CUSTOMER MIX**

	Total
Residential Customers	780
Commercial Customers	<u>30</u>
	810

##### **C. RATE STRUCTURE**

The monthly charge for wastewater utility service is based on the quantity of water consumed as determined by water meter readings.

<u>Current Sewer Rates</u> (Effective April 1, 2005)		
First 2,000 Gallons	\$ 15.16	Minimum Monthly Bill
Over 2,000 Gallons	7.74	Per 1,000 Gallons

Billing for 4,000 gallons     \$30.64

The PSC reviews and approves all rates charged by Ledbetter Water District.

## **VIII. FINANCIAL ANALYSIS (See Exhibit 1)**

Exhibit 1 represents historical and projected revenues and expenses for the sewer district.

### **HISTORICAL**

Revenue growth for the Sanitation District declined from \$213,481 in 2001 to \$212,023 in 2002, a 1% decline. The downward trend continued in 2003 when revenue dropped another 4% to \$202,989. A \$26,000 reduction in salaries from 2001 to 2002 was the primary reason that total operating expenses declined 7% from 2001 to 2002. However, the trend was reversed in 2003 due to increases in maintenance and repairs and operating supplies causing operating expenses to rise by 5% to \$246,196. In all three years, the District showed a positive cashflow, however, the notes to the financial statements noted that some scheduled principal and interest payments that were due, were not paid. With these amounts subtracted from the cashflow, the system showed negative cashflow for all three years. This is verified on the balance sheet as the current portion of long-term debt continued to increase with no corresponding decrease in total liabilities. Annual operating losses are shown in the deficit retained earnings.

### **PROFORMA**

Projections are based on the following assumptions:

- Revenues for 2006 are based on the 47% rate increase that went into effect April 1, 2005 per PSC case number 2004-00406. Revenues for 2007 and 2008 are projected to increase by 1% each year based on planned subdivision development.
- Expenses are based on 1% increases in 2006 and 2007 with a 5% increase in 2008.
- The replacement reserve for the Fund A loan will be \$22,000 annually each December 1 for the first 10 years until the balance \$220,000 and maintained for the life of the loan.
- Debt service on the Fund A loan will be approximately \$116,304 annually.
- Debt service on the KACoLT loan is estimated at \$35,000 annually.

Projected income for cashflow purposes is based on the PSC approved rates for the system based on debt service amounts provided by KIA and KACoLT. These rates have been reviewed thoroughly by both PSC and KIA and reflect several years efforts by Ledbetter Sanitation District, Ledbetter Water District, the Livingston Count Fiscal Court, the PSC, the Pennyrile ADD, and KIA. Based on the new rate structure the system will have adequate cashflow to repay the KIA and KACoLT loans.

### **B. REPLACEMENT RESERVE**

The annual replacement reserve amount is \$22,000 for the FundA loan. This amount should be added to the replacement account each December 1 until the balance reaches \$220,000 and maintained for the life of the loan.

**IX. REGIONAL COORDINATION**

This project is consistent with regional planning recommendations.

**X. RECOMMENDATIONS**

KIA staff recommends approval of the loan.

**EXHIBIT 1**  
**LEDBETTER WATER DISTRICT**  
**CASHFLOW ANALYSIS - Sewer**

	<b>Audited 2001</b>	<b>% Change</b>	<b>Audited 2002</b>	<b>% Change</b>	<b>Audited 2003</b>	<b>Projected 2006</b>	<b>Projected 2007</b>	<b>Projected 2008</b>
<b>Operating Revenues</b>								
Service Charges	213,481	-1%	212,023	-4%	202,989	298,394	328,233	331,516
Tap on Fees	5,000		8,000		8,000	8,000	8,000	8,000
<b>Total Revenues</b>	<b>218,481</b>	<b>1%</b>	<b>220,023</b>	<b>-4%</b>	<b>210,989</b>	<b>306,394</b>	<b>336,233</b>	<b>339,516</b>
<b>Operating Expenses</b>								
Service and Administrative Costs	136,821	-11%	122,389	15%	140,414	141,818	156,000	163,800
Depreciation	113,342		111,159		105,782	105,782	105,782	105,782
Replacement Reserve						22,000	22,000	22,000
<b>Total Expenses</b>	<b>250,163</b>	<b>-7%</b>	<b>233,548</b>	<b>5%</b>	<b>246,196</b>	<b>269,600</b>	<b>283,782</b>	<b>291,582</b>
<b>Net Operating Income</b>	<b>(31,682)</b>	<b>-57%</b>	<b>(13,525)</b>	<b>160%</b>	<b>(35,207)</b>	<b>36,794</b>	<b>52,451</b>	<b>47,934</b>
<b>Non-Operating Income and Expenses</b>								
Interest Income	713	-27%	519	4%	542	500	500	500
Other Income	800	0%	800	305%	3,241	800	800	800
Loan Servicing Fee	0		(9,816)		0	0	0	0
<b>Total Non-Operating Income &amp; Expenses</b>	<b>1,513</b>	<b>#REF!</b>	<b>(8,497)</b>	<b>-115%</b>	<b>3,783</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>
<b>Add Non-Cash Expenses</b>								
Depreciation and Amortization	113,342	-2%	111,159	-5%	105,782	105,782	105,782	105,782
<b>Cash Available for Debt Service</b>	<b>83,173</b>	<b>7%</b>	<b>89,137</b>	<b>-17%</b>	<b>74,358</b>	<b>143,876</b>	<b>159,533</b>	<b>155,016</b>
<b>Debt Service</b>								
Existing Debt - Principal	36,700		19,235		14,300	0	0	0
Existing Debt - Interest	15,987		22,615		20,036	44,902	0	0
Principal and Interest Scheduled/Not Paid	139,893		150,730		158,244	0	0	0
Fund A KIA Loan (A00-03)						58,152	116,304	116,304
KACoLT Loan						35,000	35,000	35,000
<b>Total Debt Service</b>	<b>192,580</b>		<b>192,580</b>		<b>192,580</b>	<b>138,054</b>	<b>151,304</b>	<b>151,304</b>
<b>Income After Debt Service</b>	<b>(109,407)</b>		<b>(103,443)</b>		<b>(118,222)</b>	<b>5,822</b>	<b>8,229</b>	<b>3,712</b>
<b>Debt Coverage Ratio</b>	<b>0.43</b>		<b>0.46</b>		<b>0.39</b>	<b>1.04</b>	<b>1.05</b>	<b>1.02</b>

**LEDBETTER WATER DISTRICT  
BALANCE SHEET**

	<b>ASSETS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Upon Project Completion</b>
<b>Current Assets</b>					
Cash		64,195	102,005	134,552	134,552
Accounts Receivable		17,913	19,396	18,707	18,707
Other		8,472	9,138	8,780	8,797
<b>Total Current Assets</b>		<b>90,580</b>	<b>130,539</b>	<b>162,039</b>	<b>162,056</b>
<b>Restricted Assets</b>					
Maintenance Account		12,386	12,473	12,551	12,551
<b>Total Restricted Assets</b>		<b>12,386</b>	<b>12,473</b>	<b>12,551</b>	<b>12,551</b>
<b>Property, Plant and Equipment</b>					
Utility Systems		4,110,010	4,113,499	4,092,627	4,116,512
<b>Total Fixed Assets</b>		<b>4,110,010</b>	<b>4,113,499</b>	<b>4,092,627</b>	<b>4,116,512</b>
<b>Less Accumulated Depreciation</b>		<b>(546,824)</b>	<b>(657,983)</b>	<b>(755,370)</b>	<b>(791,370)</b>
<b>Net Fixed Assets</b>		<b>3,563,186</b>	<b>3,455,516</b>	<b>3,337,257</b>	<b>3,325,142</b>
<b>Total Assets</b>		<b>3,666,152</b>	<b>3,598,528</b>	<b>3,511,847</b>	<b>3,499,749</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable		4,062	3,408	5,568	5,568
Customer Deposits		1,800	5,100	6,000	6,000
Accrued Interest Payable		20,262	11,364	29,998	27,000
Current Portion of Long-Term Debt		208,053	354,365	570,164	151,304
<b>Total Current Liabilities</b>		<b>234,177</b>	<b>374,237</b>	<b>611,730</b>	<b>189,872</b>
<b>Long Term Liabilities</b>					
Long Term Debt, Less Current Portion		3,168,660	3,003,113	2,773,014	3,174,774
<b>Total Long Term Liabilities</b>		<b>3,168,660</b>	<b>3,003,113</b>	<b>2,773,014</b>	<b>3,174,774</b>
<b>Total Liabilities</b>		<b>3,402,837</b>	<b>3,377,350</b>	<b>3,384,744</b>	<b>3,364,646</b>
<b>NET ASSETS</b>					
Contributions in Aid of Construction		392,522	395,022	395,022	395,022
Retained Earnings - Restricted		12,386	12,473	12,551	12,551
Retained Earnings (Deficit) - Unrestricted		(141,593)	(186,317)	(280,470)	(272,470)
<b>Total Net Assets</b>		<b>263,315</b>	<b>221,178</b>	<b>127,103</b>	<b>135,103</b>
<b>Total Liabilities and Equity</b>		<b>3,666,152</b>	<b>3,598,528</b>	<b>3,511,847</b>	<b>3,499,749</b>
<b>Balance Sheet Analysis</b>					
Current Ratio		0.39	0.35	0.26	0.85
Debt to Equity		12.92	15.27	26.63	24.90
Working Capital		(143,597)	(243,698)	(449,691)	(27,816)
Percent of Total Assets in Working Capital		-3.92%	-6.77%	-12.80%	-0.79%

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

**Meeting Date/Location:**      **March 2, 2006 – 1:30 p.m.**  
   **Kentucky Infrastructure Authority**  
   **1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Mr. John Farris, Finance and Administration Cabinet  
    (proxy for Secretary R. B. Rudolph, Jr., FAC)  
Ms. LaJuana Wilcher, Secretary, Environmental and Public Protection Cabinet  
Mr. George Burgess, Deputy Commissioner, Department for Existing Business Development, Economic  
Development Cabinet  
    (proxy for Secretary Gene Strong, EDC)  
Ms. Colleen Chaney, Chief of Staff, Governor's Office for Local Development  
    (proxy for Commissioner Steve Robertson, GOLD)  
Mr. Gerald E. Wuetcher, Public Service Commission  
    (proxy for Ms. Beth O'Donnell, Executive Director, PSC)  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Mr. Gregory Heltzman, representing the American Water Works Association  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Lyn Bailey, Mayor, City of Cadiz, representing the Kentucky League of Cities

**Members absent:**

Mr. Larry B. Whitaker, McLean County Judge/Executive, representing the Kentucky Association of  
Counties

**Guests:**

Mr. Tony Harover, Strand Associates  
Ms. Sheryl Chino, Green River Area Development District  
Ms. Donna Marlin, DOW, Drinking Water Branch, EPPC  
Ms. Terri Fugate, Office of Financial Management, FAC  
Ms. Sandy Gruzsky, DOW, EPPC  
Mr. Tim Thomas, EPPC  
Ms. Kelli Rice, DOW, Resource Planning and Program Support  
Mr. Gary Larimore, Kentucky Rural Water Association  
Mr. Kevin E. Bailey, Ledbetter Water District  
Mr. Chris Lasher, Livingston County Judge Executive  
Mr. Phillip Dae, Ledbetter Water & Sewer  
Mr. Len Hale, Hopkinsville Water Environment Authority  
Mr. Ralph Johanson, GRW Engineers  
Ms. Kay Sanborn, KY/TN AWWA  
Ms. Andrea Zimmer, EPA  
Mr. Dan Shoemaker, Tetra Tech  
Mr. David W. Morgan, DOW  
Mr. Mike Bethurem



## **PROCEEDINGS**

Vice Chair Damon Talley chaired the board meeting. Vice Chair Talley called a meeting of the Kentucky Infrastructure Authority (KIA) Board to order and asked all attendees to introduce themselves. Vice Chair Talley noted a quorum was present and that the press had been notified regarding the meeting.

### **I. INFORMATION ITEM**

#### **A. Watershed Based Planning**

Ms. Andrea Zimmer, of the United States Environmental Protection Agency, Region IV, presented to the board an informational item concerning Watershed Based Planning. Over the past 30 years, substantial reductions have been achieved in the discharge of pollutants; however, despite enormous investments of time and money over the past decade limited success in protecting and improving water quality has been achieved. It is apparent that a revised plan is necessary.

Although combined sewer overflow (CSOs) and storm water discharges are allowed under the Clean Water Act certain management strategies are required. Opposite to CSOs and storm water discharges, sanitary sewer overflows (SSOs) are not allowed under the Clean Water Act and must be eliminated.

There are three types of wet weather discharges that have a major impact on water quality in Kentucky. It is important to use permitting and enforcement as management tools to control these discharges. Funding is another critical tool in addressing water quality improvements. The State Revolving Fund can be used to solve water resource challenges by following two strategies. One is to ensure that the State Revolving Fund gives the highest priority to projects that will result in water quality improvement. A second strategy is to use watershed based planning, which is an approach for looking at all of the problems and opportunities in a watershed. This type of planning looks at the connections between programs, and the connections between the uses of the water and connections between potential threats to that water. Projects that are selected based on the results of watershed planning will have the greatest potential to improve water quality.

Ms. LaJuana Wilcher added that watershed planning legislation, House Bill 746, was recently developed and introduced. Ms. Wilcher encouraged any comments or suggestions regarding this legislation be directed to Mr. Tim Thomas.

### **II. BUSINESS (Board Action Required)**

#### **A. 1. APPROVAL OF MINUTES**

**For: KIA Full Board Meeting of February 2, 2006**

***Ms. Linda Bridwell moved to approve the minutes. Mayor Lyn Bailey seconded, and the motion carried.***

**B. NEW PROJECTS/ACTION ITEMS**

**1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING THE APPOINTMENT OF THE CHAIR AND APPOINTMENT OF THE 1<sup>ST</sup> VICE CHAIR OF THE KENTUCKY INFRASTRUCTURE AUTHORITY**

Vice Chair Talley stated that in accordance with KRS 224A and the KIA Board By-laws, election of a new Chair and 1<sup>st</sup> Vice Chair was in order.

*Vice Chair Talley opened the floor for nominations. Ms. Colleen Chaney, GOLD, moved to re-elect Secretary Robble Rudolph as board Chair. Ms. Linda Bridwell seconded, and the motion carried. Ms. Chaney moved to elect Mr. Steve Robertson as 1st Vice Chair for the Authority. Mr. John Farris seconded, and the motion carried.*

**2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND C LOAN (CITY OF STAMPING GROUND, C94-03) TO THE CITY OF GEORGETOWN**

Mr. John Covington, KIA, presented the resolution to the board. The City of Georgetown is in the process of acquiring the water distribution and wastewater collection system of the City of Stamping Ground. The City of Stamping Ground has an outstanding Fund C loan in the amount of \$68,333.33. The loan has an average interest rate of 3.84%, an average annual debt service payment of \$10,142.80, and matures on June 1, 2014. The City of Stamping Ground is adding a total of 260 new water customers, for a combined total of 10,835 (City of Georgetown water customers: 10,575); and is adding a total of 260 new sewer customers, for a combined total of 8,462 (City of Georgetown sewer customers: 8,202). Current rate per 4,000 gallons of water is \$16.48; current rate per 4,000 gallons sewer is \$17.25. The consumers of the City of Stamping Ground are receiving a reduction in rates due to the consolidation.

Based upon the information provided and the cash flow analysis KIA staff recommended the approval of this loan assumption.

Vice Chair Talley disclosed that he served as attorney for the City of Georgetown and therefore would not comment on the project.

*Mr. George Burgess made a motion to adopt the resolution. Mayor Lyn Bailey seconded, and the motion carried.*

**3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS FOR APPROVAL OF A FUND A LOAN (A06-01) FOR THE LEDBETTER WATER DISTRICT IN THE AMOUNT OF \$2,326,078**

Ms. Sandy Williams, KIA, presented the project to the board. Ledbetter Water District is requesting a Fund A loan in the amount of \$2,326,078 to refinance the acquisition of the Ledbetter Sanitation District. The Water District is requesting a 0% interest rate, with a loan term of 20 years, and an estimated annual payment of \$116,304.

In 1994 the Ledbetter Sanitation District was established to provide new collection and treatment services to a previously unsewered area. The initial debt issuance was \$3,624,359. Due to an incorrect estimate of customers, lines were not sized correctly causing structural problems that lead to construction debris in the pump stations. The

engineering firm who designed the system went out of business, the contractor went bankrupt, and all of the board members resigned. All of these problems lead to lower than expected revenue and greater than expected expenses. From the start the Sanitation District experienced both operational and financial difficulties. The Water District assumed all operating and managing responsibilities for the Sanitation District. Due to the outstanding debt there was inadequate sewer system revenue to meet all the sewer obligations.

The Water District requested assistance from KIA and the Public Service Commission (PSC) to help put a plan in place. The plan mapped out by KIA and PSC was approved by the Water District, the Sanitation District, the Livingston County Fiscal Court, PSC and the Attorney General. Based on the debt structure that was in place rates would have to be increased approximately 100%; with the revised plan rates will only have to increase 47%. In addition to the requested Fund A loan the Water District has received a loan in the amount of \$1,000,000 from the Kentucky Association of Counties Leasing Agent. Based upon the provided information KIA staff recommended approval of the loan.

Livingston County Judge Executive Chris Lasher provided additional historical information to the board concerning the Water District's acquisition of the Sanitation District, upon the request of Vice Chair Talley.

***Mayor Bailey made a motion to adopt the resolution. Ms. Linda Bridwell seconded, and the motion carried.***

Ms. Williams noted that it was in the statute to grant a 0% interest rate loan to the Ledbetter Water District.

Ms. LaJuana Wilcher questioned KIA's process of reviewing the estimated number of customers when reviewing potential loans. Ms. Wilcher suggested an independent assessment of the numbers be conducted with future loans in order to avoid future loan repayment problems.

**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS FOR APPROVAL OF A FUND A LOAN INCREASE FOR THE CITY OF HOPKINSVILLE (A04-05) IN THE AMOUNT OF \$1,133,384 FOR A TOTAL LOAN AMOUNT OF \$2,469,924**

Ms. Sandy Williams, KIA, and Mr. Shafiq Amawi, DOW, presented the resolution to the board. Hopkinsville Water Environment Authority is requesting an increase to an existing Fund A loan in the amount of \$1,133,384. The requested loan amount will have a 1% interest rate and a loan term of 20 years. The estimated annual payment will be \$141,505. The loan increase is necessary to serve an additional 138 customers. The system initiated an 8% sewer rate increase and an 18% water rate increase effective July 1, 2005. The Replacement Reserve has been funded at \$758,932 and the balance must be maintained for the life of all 5 KIA loans the system currently has. Based on the information provided both KIA and DOW recommended approval of the loan increase.

***Ms. Linda Bridwell made a motion to adopt the resolution. Mr. Greg Heitzman seconded, and the motion carried.***

**5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING  
ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND  
A LOAN (MOUNTAIN WATER DISTRICT, A95-16) TO THE CITY OF PIKEVILLE**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING  
ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND  
A LOAN (MOUNTAIN WATER DISTRICT, A00-03) TO THE CITY OF PIKEVILLE**

Ms. Sandy Williams, KIA, presented the resolutions to the board. The City of Pikeville has purchased the Mossy Bottom Sewer System and assumed the liabilities of that section of the utility system from the Mountain Water District. Customers of the Sewer System will be transferred to the City of Pikeville. The Mountain Water District has two KIA Fund A loans used to fund the construction of the Mossy Bottom sewer system. Fund A95-16 has a balance of \$314,404, at a rate of 1.3% interest, and an estimated annual debt service payment of \$26,993. Fund A00-03 has a balance of \$924,251, with an interest rate of 1.8%, and an estimated annual debt service payment of \$68,589. Both loans will continue on the remaining amortization schedule. Currently 29% of Mountain Water District customers are from the Mossy Bottom Sewer System area. Based on 29% of the revenue and expenses for the Mountain Water District, verified by looking at the actual cost for the Sewer System, customers in this area can support the debt. KIA staff recommended approval of the loan assumption contingent upon the Asset Purchase Agreement outlining the transfer of assets from the Mountain Water District to the City of Pikeville be approved by the Public Service Commission prior to the execution of the Loan Assumption Agreement.

***Mr. Greg Heltzman made a motion to adopt both resolutions. Ms. Linda Bridwell seconded, and the motion carried.***

**6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING  
ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND  
A LOAN (CITY OF CRESTWOOD, A98-04) TO THE OLDHAM COUNTY SEWER  
DISTRICT**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING  
ISSUANCE OF THE CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FUND  
C LOAN (CITY OF CRESTWOOD, C88-42) TO THE OLDHAM COUNTY SEWER  
DISTRICT**

Ms. Sandy Williams, KIA, presented the resolution to the board. The Oldham County Sewer District has purchased the utility system of the City of Crestwood. The City of Crestwood has two KIA loans, a Fund A loan in the amount of \$5,430,248 for the Crestwood sewer system and a Fund C loan in the amount of \$16,667 that Crestwood assumed when the City incorporated the Park Lake sewer system. The Fund A loan will maintain the approved interest rate of 3.8%, with an estimated annual debt service payment of \$477,668. The Fund C loan will also maintain the approved variable interest rate of 3.16% - 4.04%, with an estimated annual debt service payment of \$7,600. The replacement reserve for the Fund A loan will remain in effect, the Fund C loan does not have a replacement reserve. The Oldham County Sewer District requests to assume both the A98-04 and C88-42 debt. KIA staff recommended approval of the loan assumption.

***Mr. Linda Bridwell made a motion to adopt both resolutions. Ms. Colleen Chaney seconded, and the motion carried.***

**7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS FOR APPROVAL OF A FUND B LOAN FOR THE CITY OF ELKTON IN THE AMOUNT OF \$808,000**

Ms. Suzanne Anderson, KIA, presented the resolution to the board. The City of Elkton is requesting a Fund B loan in the amount of \$808,000 to refinance Sewer System Revenue Bonds of 1987. The Sewer System Revenue Bonds have an interest rate of 5% and have a final maturity January 1, 2028. The annual debt obligation is \$61,400. The City qualifies for the below median income rate so the requested Fund B loan will have an interest rate of .5% and a term of 30 years, with an estimated annual debt service payment of \$30,653. The requested loan will save the City approximately \$30,000 annually and will save the City approximately \$412,000 in interest.

The system reported a loss in 2005 and will also report a loss in 2006. A rate study showed that to meet the system's operational expenses including debt service, a 13% rate increase was necessary. To further complicate the circumstances, the system's largest user, Flynn Enterprises, a manufacturer of clothing, closed their plant in Elkton. The close of the plant has resulted in a 31% decrease in revenue for the system. In order to cover the system's expenditures, sewer rates will have to be increased 63%. If the loan for refinancing is approved the rate increase will be 49%. The median household income for Elkton is approximately \$25,000, with nearly 16% of families in this area living below the poverty level, keeping the rates as low as possible is important. Refinancing the debt is the best means of preventing additional hardship to the citizens of this area. KIA staff recommended approval of this loan contingent upon the City establishing and implementing a sewer rate sufficient to cover the debt service and operating expenses.

Mayor Lyn Bailey suggested the interest rate be lowered to 0% due to the low median household income and the loss of 565 jobs in a community of 2,000 due to a plant closing. The board members agreed, the rate was changed to 0% contingent upon the legal ability to do so.

***Ms. Linda Bridwell made a motion to adopt the resolution as amended. Mr. George Burgess seconded, and the motion carried.***

Mr. Greg Heitzman suggested that KIA set guidelines establishing when to allow loans to be approved with 0% interest rate.

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

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

APPLICANT	FUND	AMOUNT
Ledbetter Water District	\$ 2,326,077.97	A
City of Hopkinsville	\$ 1,133,384	A
City of Elkton	\$ 808,000	B



***Mr. John Farris made a motion to adopt the resolution. Ms. Linda Bridwell seconded, and the motion carried.***

**8. ORDER OF THE BOARD OF DIRECTORS AUTHORIZING AND APPROVING THE STATEMENT OF CONSIDERATION REGARDING THE PUBLIC COMMENTS RECEIVED FOR THE PROPOSED CHANGES TO 200 KAR 17:050 AND 200 KAR 17:070**

Ms. Sandy Williams, KIA, noted that the regulations pertaining to the Clean Water and Drinking Water State Revolving Fund, 200 KAR 17:050 and 200 KAR 17:070, were filed with the Legislative Research Commission on December 15, 2005. A public hearing was held January 25, 2006, and the public comment period expired January 31, 2006. The Authority received four sets of written comments. Responses and amendments to the regulations resulting from the written public comments were presented in the board book for the boards review as requested in the previous board meeting.

Mr. Tim Thomas noted that the Environmental and Public Protection Cabinet had reviewed the amendments resulting from the public hearing and approved of the changes made.

Ms. LaJuana Wilcher requested changes be made to the submission requirements pertaining to the project priority list in the Clean Water State Revolving Fund Regulations. To better streamline the process, Ms. Wilcher suggested the request to include a project on the priority list be submitted to the Division of Water and the application for financial assistance be submitted to KIA.

The following amendments were made to Section 4 of the Clean Water State Revolving Fund Regulations, 200 KAR 17:050.

**Section 4. Submission Requirements.**

- (1) Projects proposed to be placed on the project priority list shall be submitted to the authority cabinet.
- (2) After inclusion on the project priority list, a complete application package, including all supporting documentation, shall be required submitted to the authority for consideration for financial assistance from the Clean Water State Revolving Fund.

***Ms. Linda Bridwell made a motion to adopt the Statement of Consideration as amended. Ms. LaJuana Wilcher seconded, and the motion carried.***

**III. INFORMATION ITEMS**

**A. SECURITY ISSUES CONCERNING WRIS**

To be presented at the next KIA board meeting, scheduled for April 13, 2006.

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Thursday, April 13, 2006, 1:30 p.m.  
1024 Capital Center Drive, Suite 340, Frankfort

Ms. Linda Bridwell suggested that KIA staff or herself meet with or make an inquiry with the Engineering Board of Licensure concerning their accountability for problems such as what Ledbetter Water District faced. Ms. Bridwell agreed to make this inquiry.

***There being no further business the Kentucky Infrastructure Authority Board meeting was adjourned at 4:10 p.m.***

Submitted by:

M. Denise Pitts  
M. Denise Pitts, CPA, Secretary  
Kentucky Infrastructure Authority

3/3/06  
Date

## **Attachment 8b**



TABLE OF CONTENTS RE:  
 KENTUCKY ASSOCIATION OF COUNTIES LEASING TRUST LEASE PROGRAM  
 COUNTY OF LIVINGSTON, KENTUCKY  
 \$1,184,285.03 LEASE AGREEMENT

"Administrator" --	Kentucky Association of Counties
"Credit Facility Provider" --	U.S. Bank, National Association
"Issuer" --	County of Christian, Kentucky
"Lessee" --	County of Livingston, Kentucky
"Trust" --	Kentucky Association of Counties Leasing Trust
"Trustee" --	U.S. Bank, National Association

Terms not otherwise defined in this Table of Contents to Transcript of Proceedings shall have the meanings given them in the Trust Indenture dated as of August 1, 2007 among the Issuer, the Trust and the Trustee (the "Indenture").

**I. BASIC DOCUMENTS**

- 1.01 Lease Agreement
- 1.02 Tax Compliance Agreement

**II. DOCUMENTS OF THE LESSEE**

- 2.01 Resolution of Lessee (without exhibits) authorizing the Lease Agreement
- 2.02 General Closing Certificate of Lessee
- 2.03 No Arbitrage Certificate of Lessee
- 2.04 IRS Form 8038-G of Lessee
- 2.05 Insurance Certificate
- 2.06 Opinion of Counsel to Lessee

**III. MISCELLANEOUS DOCUMENTS**

- 3.01 Acknowledgment of State Local Debt Officer
- 3.02 Final Approval Letter of Credit Facility Provider Regarding the Lease Agreement
- 3.03 Letter of Instructions to Trustee

**REVENUE LEASE**

**LEASE AGREEMENT**

**KENTUCKY ASSOCIATION OF COUNTIES LEASING TRUST**

LESSEE: County of Livingston, Kentucky

LESSEE'S ADDRESS: County of Livingston, Kentucky  
PO Box 70  
Smithland, Kentucky 42081

DATE OF LEASE: November 9, 2007

TERMINATION DATE: February 20, 2037

This Lease Agreement constitutes a Security Agreement and all right, title and interest of the Lessor herein has been assigned to U.S. Bank National Association, as trustee under a Trust Indenture dated as of August 1, 2007 between it, the Issuer, as defined in the Trust Indenture and the Lessor.

## TABLE OF CONTENTS

This Table of Contents is not a part of the Lease Agreement and is for convenience only. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the Lease Agreement.

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## LEASE AGREEMENT

THIS LEASE AGREEMENT, dated the date shown on the cover page hereof (together with any amendments hereto made in accordance herewith, this "Lease"), is entered into by and between the Kentucky Association of Counties Leasing Trust (the "Lessor"), as the lessor hereunder, a trust duly created and existing under the laws of the Commonwealth of Kentucky (the "State"), and the Lessee shown on the cover page hereof (the "Lessee"), as lessee hereunder, a body politic and corporate validly existing under the constitution, statutes and laws of the State.

### WITNESSETH:

WHEREAS, the governing body of the Lessee (the "Governing Body") has the power, pursuant to Section 65.940 et seq. of the Kentucky Revised Statutes to enter into lease agreements with or without the option to purchase in order to provide for the use of property for public purposes;

WHEREAS, the Governing Body has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined herein;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Lessor enter into this Lease for the leasing by the Lessee from the Lessor of the Project and to become a Participant in the Program, as defined in the Indenture;

WHEREAS, the execution, delivery and performance of this Lease, have been authorized, approved and directed by the Governing Body by an ordinance or resolution finally passed and adopted by the Governing Body; and

WHEREAS, the Lessor desires to lease the Project to the Lessee, and the Lessee desires to lease the Project from the Lessor, pursuant to the terms and conditions and for the purposes set forth herein;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. All words and phrases will have the meanings specified below unless the context clearly requires otherwise. Terms not defined herein will have the meanings assigned to them in the Indenture. References to Sections mean Sections of this Lease unless otherwise indicated.

"Act of Bankruptcy" means a filing of a petition of bankruptcy (or the other commencement of bankruptcy or other similar proceedings) by or against the Lessee under the applicable bankruptcy, insolvency, reorganization or other similar laws, as now or hereafter in effect.

"Additional Rentals" means the aggregate of (i) any expenses (including attorneys' fees and expenses) of the Lessor, the Trustee and/or the Credit Facility Provider in defending an action or proceeding in connection with this Lease and/or any Collateral Documents or Exchange Agreement relating to this Lease or in enforcing the provisions of this Lease and/or any Collateral Documents or Exchange Agreement relating to this Lease; (ii) any taxes or any other expenses, including, but not limited to, licenses, permits, state and local sales and use or ownership taxes or property taxes and recording fees and/or other fees which the Lessor is expressly required to pay as a result of or in connection with this Lease and/or any Collateral Documents or Exchange Agreement relating to this Lease; (iii) the Lessee's Proportionate Share of any Administrative Expenses and Fiduciary Fees to the extent the same are not included in and paid as Base Rentals; (iv) all Credit Fees; (v) interest payable to the Credit Facility Provider in excess of the interest component of Lease Rental Payments, as provided in the documents related to the Credit Facility or any Exchange Agreement; (vi) any payments associated with the early termination of an Exchange Agreement; and (vii) for periods during which the principal component of Base Rentals does not correspond to Fixed Rate Bonds or payments under an Exchange Agreement, the Lessee's Proportionate Share of interest on Variable Rate Bonds, as provided in Section 8 hereof.

"Administrative Expenses" means the fees and expenses of the Lessor in administering the Program.

"Available Moneys" means (i) moneys drawn under the Credit Facility, (ii) moneys deposited with the Trustee which have been on deposit with the Trustee for at least 123 days during and prior to which no Act of Bankruptcy with respect to the Lessee has occurred and is continuing, (iii) the proceeds of the sale of refunding

obligations, or any other moneys, if, in the opinion of nationally recognized bankruptcy counsel, the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy, and (iv) the proceeds from investment of moneys qualifying as Available Moneys under (i), (ii) or (iii) above.

"Base Rentals" means the payments payable by the Lessee which constitute the principal component and interest component of Lease Rental Payments hereunder and other amounts set forth in Exhibit B.

"Bonds" means the County of Christian, Kentucky, Kentucky Association of Counties Leasing Trust Lease Program Revenue Bonds, 2007 Series B.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto and applicable to the Bonds or the use of the proceeds thereof.

"Collateral Document" means any letter of credit, mortgage, escrow agreement, guaranty, security agreement, pledge agreement, title insurance policy or other document (other than this Lease) securing a Lease or granting a lien on or a security interest in a Project or executed in connection with this Lease.

"Costs" means, with respect to the Project, all or any part of the cost of construction, installation and acquisition of all land, buildings, structures, machinery and equipment; finance charges; extensions, enlargements, additions, replacements, renovations and improvements; engineering, financial and legal services; plans, specifications, studies, surveys, estimates of cost of revenue, administrative expenses, expenses necessary or incidental to determining the feasibility or practicability of constructing a Project; and such other expenses as the Lessor determines may be necessary or incidental to the construction, installation and acquisition of the Project, the financing of such construction, installation and acquisition, interest during construction, installation or acquisition and the placing of the Project in service.

"Credit Facility" means, initially, the irrevocable, direct pay letter of credit issued by the Credit Facility Provider securing the Variable Rate Bonds, and upon substitution of an Alternate Credit Facility, means such Alternate Credit Facility.

"Credit Facility Provider" means the Credit Facility Provider acting as such under the Indenture, initially, U.S. Bank National Association.

"Credit Fees" means all fees, expenses (including attorneys' fees and expenses) and other amounts which are payable to the Credit Facility Provider relating to the Credit Facility and, with respect to Variable Rate Leases, to the Remarketing Agent for the related Variable Rate Bonds.

"Event of Nonappropriation" means an event described in Section 11.

"Exchange Agreement" means the interest rate exchange agreement between the Trustee and an Exchange Counterparty, relating to this lease.

"Exchange Counterparty" means any party with whom the Trustee shall, from time to time, enter into an Exchange Agreement.

"Exchange Payment" means a payment due from a Lessee to the Credit Facility Provider as reimbursement for a payment to an Exchange Counterparty pursuant to the applicable Exchange Agreement (including, but not limited to, payments in respect of any early termination date, as defined in the applicable Exchange Agreement).

"Fiduciary Fees" means the contractual fees and expenses (including reasonable attorney's fees) of (i) the Trustee and the Paying Agent, (ii) the Registrar, (iii) the Remarketing Agent, (iv) the Program Administrator in connection with enforcing any Lease prior to its assignment to the Credit Facility Provider, and (v) any independent certified public accountants or independent financial consultants employed under the requirements of the Indenture.

"Indenture" means the Trust Indenture dated as of August 1, 2007 relating to the Bonds.

"Late Payment Rate" means the "Default Rate" as defined in the Credit Facility Agreement (which, with respect to the initial Credit Facility, is the rate per annum equal to LIBOR plus 150 basis points).

"Lease" means this Lease Agreement and any amendments or supplements hereto entered into in accordance with the provisions hereof, including the Exhibits attached hereto.

"Lessee Acquisition Account" means the account by that name established for the Lessee by the Trustee under the Indenture.

"Lease Rental Payments" means Base Rentals and Additional Rentals, which constitute the payments payable by the Lessee for and in consideration of the right to use and the option to purchase the Project.

"Lease Term" means the term of this Lease as determined pursuant to Sections 5 and 6 hereof.

"Lessee" means the Lessee identified on the cover page hereto.

"Lessor" means Kentucky Association of Counties Leasing Trust, acting as lessor under this Lease, or any successor thereto acting as lessor under this Lease.

"Optional Prepayment Price" means the amount determined by the Lessor and provided to the Trustee, an Exchange Counterparty, if applicable, and the Credit Facility Provider, which a Lessee may, in its discretion, pay under its Lease in order to prepay in full its Lease Rental Payments, which amount shall be equal to the unpaid principal component of Lease Rental Payments increased by the sum of (a) the amount of any due or past due Lease Rental Payments together with interest on such past due Lease Rental Payments to the date of such prepayment in full; (b) the unpaid accrued interest on the outstanding principal component of the Lease Rental Payments to the next date on which the related Bonds can be redeemed; (c) in the case of Fixed Rate Leases, an amount of cash or noncallable Government Obligations which, together with the interest income thereon (as certified by the Program Administrator, Bond Counsel or other entity satisfactory to the Trustee), will be sufficient to pay Lease Rental Payments, which would have been due on the Lease, if the Lease had not been prepaid, between the date of the prepayment and the date the prepayment will be used to redeem Bonds; (d) any additional Lease Rental Payments to the extent known or determinable at the time the prepayment is made through the date that the prepayment will be used to redeem Bonds; (e) an amount equal to the early termination fee, if any, under a related Exchange Agreement and (f) an amount equal to the premium, if any, payable on any Bonds to be redeemed on account of the payment of such Optional Prepayment Price (which amount must constitute Available Moneys on the date of redemption of said Bonds). The amount required to be paid pursuant to clause (f) above may be deposited with the Trustee prior to payment of other amounts constituting "Optional Prepayment Price." A Lease may not be prepaid if for any reason the Optional Prepayment Price cannot be calculated.

"Program Administrator" means the Lessor or such other entity or unincorporated association as may be appointed in accordance with the Indenture to administer the Program and perform the duties and obligations of Program Administrator under the Indenture.

"Project" means property, the Costs of which are financed or refinanced, or the Costs of which are reimbursed hereunder, as more particularly described in Exhibit A hereto.

"Proportionate Share" means, as of a date of calculation, a fraction, the numerator of which is the unpaid principal components of Base Rentals hereunder, and the denominator of which is the sum of the unpaid principal components of Base Rentals under all Leases.

"State" means the Commonwealth of Kentucky.

"Trustee" means U.S. Bank National Association, a national banking association, as trustee under the Indenture, and any successor trustee at the time serving as such under the Indenture.

"Variable Lease" means a Lease with respect to which the interest component of Lease Rental Payments is computed as it relates to Variable Rate Bonds and there is no Exchange Agreement in force with respect thereto.

"Variable Rate Bonds" means Daily Rate Bonds, Weekly Rate Bonds or Adjustable Rate Bonds.



Section 2. Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants that (a) it is a body politic and corporate of the State; (b) it has full power and authority to enter into and to perform its obligations under, this Lease and all related documents; (c) it has duly authorized this Lease and all related documents; (d) this Lease and all related documents are valid, legal and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms; (e) the execution and delivery of this Lease and all related documents does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessee is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessee; (f) there is no action, suit, proceeding or investigation before or by any court or public body wherein an unfavorable decision would materially and adversely affect the transactions contemplated by this Lease; (g) it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Lease Rental Payments; (h) the Project furthers the Lessee's governmental purposes, serves a public purpose and is in the best interests of the Lessee and at the time of execution and delivery of the Lease, the Lessee intends to annually appropriate the Lease Rental Payments due hereunder; and (i) during the Lease Term, the Project will at all times be used only for the purpose of performing one or more lawful governmental functions of the Lessee.

The Lessee acknowledges that this Lease is being funded with the proceeds of bonds, the interest on which is excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code"). The Lessee covenants and agrees that it will not take or omit to take any actions that would adversely affect the tax-exempt status of the Bonds.

Section 3. Representations, Covenants and Warranties of Lessor. The Lessor represents, covenants and warrants that (a) it is a trust duly created and validly existing under the laws of the State, has all necessary power and authority to perform its obligations under, this Lease, and has duly authorized the execution and delivery of this Lease; (b) the execution and delivery of this Lease does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessor is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessor; (c) there is no litigation or proceeding pending or threatened against the Lessor or any other person affecting the right of the Lessor to execute or deliver this Lease or to comply with its obligations under this Lease.

Section 4. Demising Clause; Title; Security Interest. The Lessor leases the Project to the Lessee, and the Lessee leases the Project from the Lessor, in accordance with the provisions of this Lease, to have and to hold for the Lease Term. The Lessee will take possession of the Project upon delivery thereof.

Legal title to the Project and all fixtures, appurtenances and other permanent accessories thereto and all interests therein will be held by the Lessee, subject to Lessor's rights under this Lease. Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Project and the Lease.

In order to secure all of its obligations hereunder, the Lessee hereby (i) grants to the Lessor a first and prior security interest in any and all right, title and interest of the Lessee in the portions of the Project that constitute personal property and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom, (ii) agrees that this Lease may be filed as a financing statement evidencing such security interest, and (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence such security interest.

The Lessor's interest shall terminate upon (a) the Lessee's exercise of the purchase option granted in Section 25 hereof, or (b) the complete payment and performance by the Lessee of all of its obligations hereunder; provided, however, that title shall immediately and without any action by the Lessee vest in the Lessor and the Lessee shall immediately surrender possession of the Project to the Lessor upon (i) any termination of this Lease without the Lessee exercising its option to purchase pursuant to this Lease or (ii) the occurrence of an Event of Default. In any of such cases, the Lessee agrees to execute such instruments and do such things as the Lessor reasonably requests and as may be required by law in order to effectuate transfer of any and all of the Lessee's right, title and interest in the Project, as is, to the Lessor. It is hereby acknowledged by the Lessor and the Lessee that the Lessee intends to purchase the Project on the terms set forth in this Lease.

Section 5. Duration of Lease Term; Lessee's Annual Right to Terminate; Furnishing of Budgets. The Lease Term will commence and terminate on the dates shown on the cover page hereof unless earlier terminated as provided

in Section 6. If the Lessee determines, for any reason, to exercise its annual right to terminate this Lease, effective on any June 30, the Lessee must give written notice to such effect to the Lessor not later than the preceding May 31; provided that a failure to give such notice will not constitute an Event of Default, nor prevent the Lessee from terminating this Lease, nor result in any liability on the part of the Lessee (except for the payment of all Lease Rental Payments accrued prior to the termination of this Lease). The exercise by the Lessee of its annual option to terminate this Lease will be conclusively determined by the occurrence of an Event of Nonappropriation as provided in Section 11. Unless and until terminated as provided in Section 6, the Lease Term will continue in effect from fiscal year to fiscal year. The Lessee's obligations under this Lease will be subject to the Lessee's annual right to terminate this Lease and will not constitute a mandatory charge or requirement in any future fiscal year. No provision of this Lease will be construed as creating a general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation. As further evidence of renewal, the Lessee shall file a copy of its annual budget with the Program Administrator upon adoption.

Section 6. Termination of Lease Term. The Lease Term will terminate upon the earliest of (a) the June 30 immediately succeeding an Event of Nonappropriation unless the Event of Nonappropriation is cured; (b) the conveyance of the Project to the Lessee pursuant to Section 25; or (c) an Event of Default and termination of this Lease as provided in Section 28.

Termination of the Lease Term will terminate all obligations of the Lessee to pay Lease Rental Payments, except the payment of all Lease Rental Payments accrued to the date of termination of this Lease, and will terminate the Lessee's rights to use, possess or occupy the Project (unless a conveyance of the Project to the Lessee has occurred).

Section 7. Enjoyment. The Lessor hereby covenants that the Lessee will during the Lease Term peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Lessor, except as expressly required or permitted by this Lease. The Lessor will, at the request of the Lessee and at the cost of the Lessee, join and cooperate fully in any legal action regarding the Project and the Lessee may, at its own expense, join in any legal action affecting the Project.

Section 8. Lease Rental Payments. The Lessee shall pay Base Rentals in the amounts and at the times set forth in Exhibit B, as said Exhibit B is in effect on the first day of each fiscal year during the Lease Term. The Lessee agrees and acknowledges that Exhibit B may be amended at any time (i) to reflect an increase in Administrative Fees, Credit Fees or Fiduciary Fees; (ii) to reamortize the principal component of Base Rentals in the event moneys are transferred from the Lessee's Lessee Acquisition Account upon completion of the Project; (iii) to reflect a change in the interest and principal component of Base Rentals if the Lessee exercises its option to convert the interest rate on this Lease to a fixed rate or enters into an Exchange Agreement; (iv) to pay any fees associated with the early termination of an Exchange Agreement; and (v) to reflect a revised estimate of the rate used to compute the interest component of Base Rentals if this Lease is a Variable Lease.

If the Lessor or the Credit Facility Provider determines that an amendment to Exhibit B is appropriate, the Lessor will mail to the Lessee a revised Exhibit B (identified by date or other means), by first class mail, postage prepaid. Said amendment will become effective and will for all purposes become a part of this Lease and will reflect Base Rentals to be paid by the Lessee for subsequent periods (unless Exhibit B is further amended as provided in this Section) upon the earlier of the acknowledgment thereof by the Lessee or automatically on the next payment date set forth in the revised Exhibit B.

The Lessee will pay Additional Rentals within fifteen (15) days after a written request therefor is mailed to the Lessee by or on behalf of the Lessor.

Any Lease Rental Payment that is not paid within 10 days of the date due shall bear interest thereon at the Late Payment Rate. Amounts due pursuant to this paragraph will be deemed to be Additional Rentals due and payable when incurred and without further written demand therefor. Notwithstanding anything herein to the contrary, if this Lease and any Collateral Documents are assigned and become payable exclusively to the Credit Facility Provider, the interest component of Base Rentals will be changed automatically (without any necessity to amend Exhibit B) to be equal to the Late Payment Rate.

The Lessee acknowledges and agrees that if this Lease or any portion hereof constitutes a Variable Lease, (i) interest components of Base Rentals will be calculated at an assumed interest rate set forth on Exhibit B (or, if applicable, one or more amendments to Exhibit B), (ii) after notice from the Lessor, the Lessee will receive a credit



against the Base Rental payable on September 20 of each Fiscal Year in an amount equal to the excess, if any, of the aggregate of the interest components of Base Rentals paid by the Lessee during the preceding Fiscal Year (at such assumed interest rate) over the Lessee's Proportionate Share of all interest paid on Variable Rate Bonds, and (iii) after notice from the Lessor, the Lessee will immediately pay as Additional Rentals, an amount equal to the excess, if any, of the Lessee's Proportionate Share of all interest paid or to be paid on Variable Rate Bonds over the aggregate of the interest components of Base Rentals then required to be paid by the Lessee (at the then assumed interest rate).

Prior to May 1 of each fiscal year during the Lease Term, the Lessor will inform the Lessee of the amount of Additional Rentals that are estimated to be payable during the next ensuing fiscal year.

The Lessee agrees and acknowledges that (a) the Trustee is authorized under the Indenture to draw amounts from the Debt Service Reserve Fund, at the direction of the Credit Facility Provider, if the Lessee fails to make any part of a Lease Rental Payment when due and (b) Exhibit B will be deemed automatically amended if the Trustee draws on such account to cure deficiencies in the payment of Lease Rental Payments, to increase the principal component of Lease Rental Payments due on the next twelve payment dates by one-twelfth of the amount so drawn and to increase the interest component of Lease Rental Payments due on such dates on the unpaid amount so drawn at the rate per annum equal to the Late Payment Rate. Promptly following any such automatic amendment, the Lessor will mail to the Lessee a revised Exhibit B (identified by date or other means), by certified mail, postage prepaid; provided that any failure to mail such revised Exhibit B will not affect the obligation of the Lessee to make the revised Lease Rental Payments. Amounts drawn from the Debt Service Reserve Fund and applied to payment of all or any portion of Lease Rental Payments will satisfy such Lease Rental Payment to the extent so applied.

Each Lease Rental Payment will be applied first to the principal component of Base Rentals then due and payable, then as Additional Rentals then due and payable, then to the components of Base Rentals then due and payable other than the interest component and principal component, and finally to the interest component of Base Rentals then due and payable.

This Lease will be deemed and construed to be a "net lease," and the Lessee will pay absolutely net during the Lease Term, the Lease Rental Payments and all other payments required hereunder, free of any deductions, and without abatement, deduction or set-off (other than credits against Lease Rental Payments expressly provided for in this Lease). To the extent the Credit Facility Provider advances any funds for the payment of any amounts due hereunder or to cure any Event of Default hereunder, the Lessor shall immediately reimburse the Credit Facility Provider therefore with interest accrued on such amount at the Late Payment Rate.

Section 9. Manner of Payment. All Lease Rental Payments will be paid by check made payable and delivered to the Trustee. The obligation of the Lessee to pay the Lease Rental Payments and to perform and observe the covenants and conditions contained herein during the Lease Term will be absolute and unconditional except as otherwise expressly provided in this Lease, and payment of the Lease Rental Payments may not be abated through accident or unforeseen circumstances or payment of this Lease from the Debt Service Reserve Fund or damage to, destruction of, or failure to complete, the Project. Lessee will not assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor (or any of its assigns) will affect the Lessee's obligation to pay all Lease Rental Payment during the Lease Term.

Section 10. Expression of Lessee's Need for the Project; Determination as to Useful Life. The Lessee hereby declares its current need for the Project and further determines and declares its expectations that the Project will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being acquired throughout the Lease Term. The Lessee hereby determines and declares that, to the best of its knowledge, the period during which the Lessee has an option to purchase the Project (i.e. the maximum term of this Lease) does not exceed the useful life of the Project.

Section 11. Nonappropriation by the Lessee. If the Lessee fails, for any reason, to duly enact by June 30 of each fiscal year an appropriation ordinance for the ensuing fiscal year which includes amounts required to pay all Lease Rental Payments to become due during that fiscal year, or on any earlier date on which the Lessor receives notice from the Lessee that this Lease will be terminated, an Event of Nonappropriation will be deemed to have occurred.

If an Event of Nonappropriation occurs, the Lessee will not be obligated to make payment of the Lease Rental Payments or any other payments provided for herein beyond the amounts specifically appropriated by the Lessee for

the fiscal year during which such Event of Nonappropriation occurs; provided that, the Lessee will continue to be liable for Lease Rental Payments allocable to any period during which the Lessee continues to use, occupy or retain possession of the Project.

The Lessee will vacate and/or surrender the Project to the Lessor by the July 1 following an Event of Nonappropriation. The surrender of any movable personal property comprising a portion of the Project will consist of delivering such property to the Lessor at a site within the jurisdiction of the Lessee selected by the Lessor.

Upon the occurrence of an Event of Nonappropriation, all amounts on deposit in the Lessee's Lessee Acquisition Account will be applied as provided in Section 13. After the expiration of the fiscal year during which an Event of Nonappropriation occurs, the Lessor may proceed to repossess and liquidate or release or otherwise dispose of the Project or any portion thereof and may take one or any combination of steps described in Section 28.

Section 12. Agreement to Acquire, Construct and Install the Project and Lease to the Lessee. The Lessee will provide for completion of the acquisition, construction, installation and equipping of the Project by the Lessee as the agent of the Lessor. The Lessee agrees that it will do all things which may be necessary or proper for the construction, acquisition, installation and equipping of the Project, on behalf of the Lessor. So long as this Lease is in full force and effect and no Event of Default or Event of Nonappropriation has occurred, the Lessee will have full power to carry out the acts and agreements provided in this Section, and such power is granted and conferred under this Lease to the Lessee, and is accepted by the Lessee, and will not be terminated or restricted by act of the Lessor or the Trustee, except as provided in this Section. All contracts relating to the Project are hereby assigned to the Lessor.

Section 13. Disbursements from the Lessee's Lessee Acquisition Account. As long as no Event of Nonappropriation or Event of Default has occurred, and the Lessee's right to control acquisition, construction, installation and equipping of the Project has not otherwise been terminated, disbursements from the Lessee's Lessee Acquisition Account may be made to pay or reimburse the Lessee for Costs of the Project. The Lessee must provide to the Lessor for approval, and thereafter to the Trustee, a request for disbursement substantially in the form set forth in Exhibit F hereto.

If an Event of Nonappropriation or an Event of Default occurs prior to the completion of the Project or if the right of the Lessee to control the acquisition, construction, installation and equipping of the Project has been otherwise terminated, amounts on deposit in the Lessee's Lessee Acquisition Account may be utilized by the Lessor to complete the Project.

Section 14. Risk of Loss; Damage; Destruction. Lessee assumes all risk of loss or damage to the Project from any cause whatsoever. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Project will relieve Lessee of the obligation under this Lease. Lessee will promptly repair or replace any portions of Project lost, destroyed, damaged or appropriated which are necessary to maintain the Project in sound operating condition so that at all times during the Lease Term the Project will be able to carry out its intended functions.

The net proceeds of any insurance policies, performance bonds, condemnation awards or net proceeds received as a consequence of default or breach of warranty under a construction contract or other contract relating to the Project will be deposited in the Lessee's Lessee Acquisition Account, if received before the completion of the Project, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee and will be applied in the same manner described in Section 13. The balance remaining after repair, restoration, modification, improvement or replacement of the Project has been completed will be applied to satisfy payment of Lease Rental Payments.

Section 15. Disclaimer of Warranties. THE LESSOR, THE ISSUER, THE TRUSTEE, THE CREDIT FACILITY PROVIDER AND THE OWNERS OF THE BONDS MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY PORTION THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF.

Section 16. Audited Financial Report; Notice. The Lessee will provide the Lessor with a copy of the Lessee's annual audited financial report within thirty (30) days of its receipt by the Lessee. The Lessee will immediately notify

the Lessor, the Credit Facility Provider and the Trustee of any Event of Default or Event of Nonappropriation hereunder.

Section 17. Inspection and Lessee Reports. The Lessor, the Trustee, the Credit Facility Provider and their respective authorized representatives shall at any time during normal business hours have the right to enter the premises where the Project may be located for the purpose of inspecting and examining the Project and its condition, use, and operation and the books and records of the Lessee relating thereto.

Section 18. Maintenance of the Project by the Lessee. The Lessee agrees that, at all times during the Lease Term, the Lessee will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and that the Lessee will from time to time promptly make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 14. The Lessor, the Issuer, the Trustee, the Credit Facility Provider and the owners of the Bonds will not have any responsibility in any of these matters or for the making of any additions, modifications, improvements or replacements to the Project.

Section 19. Modification of the Project; Installation of Equipment and Machinery of the Lessee. Following acquisition of the Project, Lessee will not make any alterations, additions, substitutions or replacements to the Project which would have an adverse effect on either the nature of the Project or the functionality or value of the Project, unless such alterations, additions, substitutions, replacements or improvements may be readily removed without damage to the Project. Any alterations, additions or improvements to the Project which may not be readily removed without damage to the Project, and any substitutions or replacements, shall be and be considered to constitute a part of the Project.

The Lessee may also install machinery, equipment and other tangible property in or on the Project; provided that such machinery, equipment and other tangible property which becomes permanently affixed to the Project will be subject to this Lease if the Lessor reasonably determines that the Project would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 20. Provisions Regarding Casualty, Public Liability and Property Damage Insurance. The Lessee, at its expense, will cause casualty and property damage insurance with a company or self-insurance fund acceptable to the Lessor to be carried and maintained with respect to the Project in an amount equal to the aggregate principal components of Lease Rental Payments payable during the maximum term of this Lease or the replacement cost (excluding foundations) of the Project, if less than such principal components. Any casualty and property damage insurance policy required by this Section will name the Lessor, the Credit Facility Provider and the Trustee as additional named insureds and will be so written or endorsed as to make losses, if any, payable to the Trustee (for application as provided in Section 14).

The Lessee will cause public liability insurance to be carried and maintained with a company or self-insurance fund acceptable to the Lessor with respect to the Project in such amount as is approved by the Lessor. Any public liability insurance policy required by this Section will name the Lessor, the Credit Facility Provider and the Trustee as additional named insureds.

Section 21. No Encumbrance, Mortgage or Pledge of Project. The Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project, unless specifically consented to in writing by the Credit Facility Provider.

Section 22. Letter of Credit. If required by the Credit Facility Provider, the Lessee, prior to or simultaneously with the execution and delivery of this Lease, shall cause a letter of credit, satisfactory in form and substance to the Credit Facility Provider, to be issued by a bank satisfactory to the Credit Facility Provider (an "Approved Bank") in favor of the Trustee as security for the obligations of the Lessee under this Lease.

Section 23. Assignment by Lessor. As security for the payment and performance by the Issuer and the Lessor of all of their obligations under the Indenture and the Credit Facility Agreement, including particularly the payment of the principal of, premium, if any, and interest on the Bonds and the payment of all amounts due or to become due under the Credit Facility Agreement, the Lessor has assigned to the Trustee, under and pursuant to the Indenture, all of the Lessor's right, title and interest in, to and under this Lease and any Collateral Documents, including but not limited to the right to receive the Lease Rental Payments and other amounts due hereunder. The Lessee acknowledges and agrees

that this assignment will entitle the Trustee and the Credit Facility Provider to enforce any obligation of the Lessee hereunder and to exercise any remedy or right of the Lessor hereunder. The Lessee further acknowledges and agrees that, as provided in the Indenture, the function of the "Lessor" under this Lease may be performed by the Program Administrator (which may be a person or entity other than the Lessor) and its agents and representatives.

After the occurrence of an Event of Default or an Event of Nonappropriation (and the honoring by the Credit Facility Provider of a drawing under the Credit Facility relating thereto, as more fully described in the Indenture), this Lease will be assigned by the Lessor and the Trustee to the Credit Facility Provider. The Lessee acknowledges and consents to any such assignment; and the Lessee acknowledges and agrees that upon any such assignment, (a) the Credit Facility Provider will be the "Lessor" under this Lease for all purposes of this Lease, (b) all references in this Lease to the "Lessor" or the "Trustee" will be deemed to be references to the Credit Facility Provider, (c) all obligations of the Lessee under this Lease will be for the sole and exclusive benefit of the Credit Facility Provider and (d) all payments to be made by the Lessee under this Lease will be made to or upon the direction of the Credit Facility Provider.

Section 24. Assignment and Subleasing by the Lessee. This Lease may not be assigned by the Lessee for any reason. The Project may be subleased by the Lessee, as a whole or in part, but only with the prior written consent of the Lessor and the Credit Facility Provider.

Section 25. Purchase Option. The Lessee may, in its discretion, prepay in full its Lease Rental Payments under the Lease by paying to the Lessor the Optional Prepayment Price with respect to the Lease. The Optional Prepayment Price shall be used as provided in the Indenture. Upon payment of the Optional Prepayment Price, the Lessor will transfer and convey the Project to the Lessee pursuant to Section 4 hereof.

Section 26. Release and Indemnification Covenants. To the extent permitted by law, the Lessee will and hereby agrees to indemnify and save the Lessor, the Trustee and the Credit Facility Provider (each, an "Indemnatee") harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, regardless of the cause thereof and the expenses, penalties and fees in connection therewith (including counsel fees and expenses), arising from or as a result of the operation, ordering, ownership, acquisition, construction, use, condition, delivery, rejection, storage, return or management of the Project during the Lease Term, or the entering into of the Lease or any other document or instrument relating thereto (collectively, "Indemnified Claims"), including, but not limited to: (i) any condition of the Project; (ii) any act of negligence of the Lessee or of any of the agents, contractors or employees or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; (iii) any accident in connection therewith resulting in damage to property or injury or death to any person; and (iv) the incurring of any cost or expense in connection with the acquisition of the Project in excess of the moneys available therefor in the Lessee's Lessee Acquisition Account. To the extent permitted by law, the Lessee will indemnify and save each Indemnatee harmless from any such Indemnified Claim, or in connection with any action or proceeding brought thereon and, upon notice from such Indemnatee, will defend or pay the cost of defending such Indemnatee, in any such action or proceeding.

The indemnification arising under this Section will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease for any reason.

Section 27. Events of Default Defined. The following will be "Events of Default" under this Lease and the term "Event of Default" or "Default" will mean, whenever it is used in this Lease, any one or more of the following events:

- (a) Failure by the Lessee to pay any Lease Rental Payments at the time specified herein;
- (b) failure by the Lessee to vacate or surrender the Project by the July 1 following an Event of Nonappropriation as provided in Section 11;
- (c) failure by the Lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than referred to in subsection (a) or (b) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied will have been given to the Lessee by the Lessor unless the Lessor agrees in writing to an extension of such time prior to its expiration.



Section 28. Remedies on Default. Whenever any Event of Default has occurred and is continuing, the Lessor may (or upon direction of the Credit Facility Provider shall) or the Credit Facility Provider may, without any further demand or notice, take one or any combination of the following remedial steps:

(a) Terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project within 60 days from the date of such notice;

(b) sell or re-lease the Project or any portion thereof;

(c) recover from the Lessee:

(i) the Lease Rental Payments which would otherwise have been payable hereunder during any period in which the Lessee continues to use, occupy or retain possession of the Project; and

(ii) Lease Rental Payments which would otherwise have been payable hereunder after the Lessee vacates or surrenders the Project during the remainder of the fiscal year in which such Event of Default occurs; or

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Project under this Lease and any Collateral Documents (including, without limitation, the right to possession of the Project and the right to sell or re-lease or otherwise dispose of the Project in accordance with applicable law), subject, however, to the limitations contained in this Lease with respect to the Lessee's obligations upon the occurrence of an Event of Nonappropriation; and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the Lessee of the applicable covenants and agreements of the Lessee under this Lease (subject, however, to the limitations thereon contained in this Lease) and to recover damages for the breach thereof.

No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

The Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by the Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred.

Section 29. Notices. All notices, certificates, requests or other communications hereunder will be in writing and mailed (postage prepaid, and certified or registered with return receipt requested) or delivered (including delivery by courier service) as follows: if to the Lessor, Kentucky Association of Counties Leasing Trust, 380 King's Daughters Drive, Frankfort, Kentucky 40601, Attention: Administrator, if to Trustee, to U.S. Bank National Association, One Financial Square, Louisville, Kentucky 40202, Attention: Corporate Trust Services, CN-KY-0850, if to the Credit Facility Provider, to U.S. Bank National Association, 100 North Side Square, Shelbyville, Tennessee 37160 Attention: Government Banking Division, CN-TN-1732, if to the Lessee, to the address shown on the cover page hereof. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications will be sent hereunder. All notices, certificates, requests and other communications pursuant to this Lease will be effective when received (if given by mail) or when delivered (if given by delivery).

Section 30. Amendments, Changes and Modifications. Except as provided in Section 8 with respect to Exhibit B, this Lease may not be amended, changed, modified or altered, or any provision hereof waived, without the written consent of the Lessor and the Lessee.

Section 31. Third Party Beneficiary. No person other than a party hereto, the Trustee and the Credit Facility Provider, will have any right, remedy or claim under or by reason of this Lease or otherwise be a third party beneficiary of any rights, remedies, claims or agreements hereunder. The parties hereto acknowledge and agree that

the Credit Facility Provider will be a third party beneficiary of all rights, remedies, claims or agreement hereunder, with the right to enforce the same, with the same effect as though the Credit Facility Provider was a party hereto.

Section 32. Conversion of Interest Rate. If this Lease or any portion hereof constitutes a Variable Lease, the Lessee may elect to have the interest rate under this Lease converted to a fixed rate upon the terms and conditions set forth in the Indenture; provided, however, that the Lessee must have appropriated sufficient funds to pay all Lease Rental Payments due in accordance with the amendment to Exhibit B to be delivered in connection with such conversion (as described in Section 8).

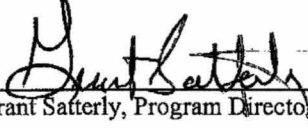
Section 33. Lessee Acknowledgment of the Bonds and Credit Facility. The Lessee acknowledges (i) that this Lease and the financing by the Lessor of the Project is a part of the Program; (ii) that the payment and purchase of the Bonds is supported by the Credit Facility issued by the Credit Facility Provider; and (iii) that the Lease Rental Payments under this Lease, together with lease rental payments under all other leases entered into by Lessors under the Program, are and will be applied to (A) pay the principal and premium, if any, and interest on the Bonds, (B) reimburse the Credit Facility Provider for all amounts paid by it under the Credit Facility to pay the Bonds, (C) pay interest, fees and other amounts due and owing to (including advances made by) the Credit Facility Provider under the Credit Facility Agreement, and (D) pay all other costs and expenses of the Program. The Lessee acknowledges and consents to the assignment by the Issuer, pursuant to the Indenture, and by the Lessor, pursuant to the Indenture and Section 23 hereof, to the Trustee, for the equal and ratable benefit of the Owners of the Bonds, of all right, title and interest of the Issuer and the Lessor, respectively, in, to and under this Lease.

Section 34. Miscellaneous. This Lease will inure to the benefit of and will be binding upon the Lessor and the Lessee and their respective successors and assigns (including, without limitation, security assigns). This Lease may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument. This Lease will be governed by and construed in accordance with the laws of the State. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease. If any provision of this Lease, other than the requirement of the Lessee to pay Lease Rental Payments and the requirement of the Lessor to provide quiet enjoyment of the Project and to convey the Project to the Lessee under the conditions set forth herein, is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the Lessor has executed this Lease in its name; and the Lessee has caused this Lease to be executed in its name and attested by duly authorized officers thereof. All of the above are effective as of the date first above written.

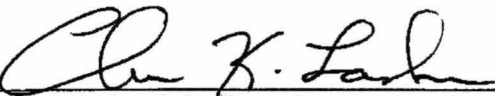
KENTUCKY ASSOCIATION OF COUNTIES  
LEASING TRUST

By: \_\_\_\_\_

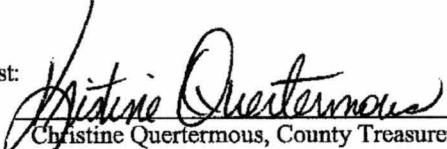
  
Grant Satterly, Program Director

COUNTY OF LIVINGSTON, KENTUCKY

By: \_\_\_\_\_

  
Chris Lasher, Judge/Executive

Attest: \_\_\_\_\_

  
Christine Quattermous, County Treasurer

**EXHIBIT A**

**DESCRIPTION OF PROJECT**

ESTIMATED COST OF THE PROJECT	\$1,184,285.03
ESTIMATED DATE OF COMPLETION OF THE PROJECT:	End of term of lease

**DESCRIPTION**

To finance improvements to the County's sewer system.



**EXHIBIT B**  
**LEASE RENTAL PAYMENTS**

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
11/9/2007	<-Lease Closing Date					
11/20/2007	-	3,494.62	-		3,494.62	
12/20/2007	-	4,918.01	(2,048.86)	Cap Int @3.96%	2,867.15	
1/20/2008	-	4,916.01	(2,048.86)	Cap Int @3.96%	2,867.15	
2/20/2008	-	4,614.76	(2,048.86)	Cap Int @3.96%	2,565.90	
3/20/2008	-	4,916.01	(2,048.86)	Cap Int @3.96%	2,867.15	
4/20/2008	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
5/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
6/20/2008	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	22,999.72
7/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
8/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
9/20/2008	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
10/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
11/20/2008	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
12/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
1/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
2/20/2009	-	4,475.70	(2,048.86)	Cap Int @3.96%	2,426.84	
3/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
4/20/2009	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
5/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
6/20/2009	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	33,502.04
7/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
8/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
9/20/2009	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
10/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
11/20/2009	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
12/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
1/20/2010	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
2/20/2010	-	4,475.70	(2,048.86)	Cap Int @3.96%	2,426.84	
3/20/2010	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
4/20/2010	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
5/20/2010	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
6/20/2010	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	33,502.04
7/20/2010	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
8/20/2010	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
9/20/2010	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	
10/20/2010	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
11/20/2010	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	
12/20/2010	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
1/20/2011	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
2/20/2011	-	4,597.40	(2,048.86)	Cap Int @3.96%	2,548.54	
3/20/2011	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
4/20/2011	-	4,887.09	(2,048.86)	Cap Int @3.96%	2,838.23	
5/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
6/20/2011	-	4,887.09	(2,048.86)	Cap Int @3.96%	2,838.23	34,803.19
7/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
8/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
9/20/2011	-	4,887.09	(2,048.86)	Cap Int @3.96%	2,838.23	
10/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
11/20/2011	-	4,887.09	(2,048.86)	Cap Int @3.96%	2,838.23	
12/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
1/20/2012	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
2/20/2012	-	4,736.46	(2,048.86)	Cap Int @3.96%	2,687.60	
3/20/2012	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
4/20/2012	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	
5/20/2012	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
6/20/2012	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	35,000.00
7/20/2012	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
8/20/2012	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
9/20/2012	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	
10/20/2012	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
11/20/2012	-	4,899.47	-		4,899.47	
12/20/2012	-	5,050.50	-		5,050.50	
1/20/2013	-	5,050.50	-		5,050.50	
2/20/2013	25,000.00	4,597.40	-		29,597.40	
3/20/2013	-	4,944.68	-		4,944.68	
4/20/2013	-	4,796.84	-		4,796.84	
5/20/2013	-	4,944.68	-		4,944.68	
6/20/2013	-	4,796.84	-		4,796.84	75,936.43
7/20/2013	-	4,944.68	-		4,944.68	
8/20/2013	-	4,944.68	-		4,944.68	
9/20/2013	-	4,796.84	-		4,796.84	
10/20/2013	-	4,944.68	-		4,944.68	
11/20/2013	-	4,796.84	-		4,796.84	
12/20/2013	-	4,944.68	-		4,944.68	
1/20/2014	-	4,944.68	-		4,944.68	
2/20/2014	25,000.00	4,501.15	-		29,501.15	
3/20/2014	-	4,838.87	-		4,838.87	
4/20/2014	-	4,694.21	-		4,694.21	

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
5/20/2014	-	4,838.87	-		4,838.87	
6/20/2014	-	4,694.21	-		4,694.21	82,884.39
7/20/2014	-	4,838.87	-		4,838.87	
8/20/2014	-	4,838.87	-		4,838.87	
9/20/2014	-	4,694.21	-		4,694.21	
10/20/2014	-	4,838.87	-		4,838.87	
11/20/2014	-	4,694.21	-		4,694.21	
12/20/2014	-	4,838.87	-		4,838.87	
1/20/2015	-	4,838.87	-		4,838.87	
2/20/2015	25,000.00	4,404.90	-		29,404.90	
3/20/2015	-	4,733.04	-		4,733.04	
4/20/2015	-	4,579.97	-		4,579.97	
5/20/2015	-	4,721.06	-		4,721.06	
6/20/2015	-	4,579.97	-		4,579.97	81,601.71
7/20/2015	-	4,721.06	-		4,721.06	
8/20/2015	-	4,721.06	-		4,721.06	
9/20/2015	-	4,579.97	-		4,579.97	
10/20/2015	-	4,721.06	-		4,721.06	
11/20/2015	-	4,579.97	-		4,579.97	
12/20/2015	-	4,721.06	-		4,721.06	
1/20/2016	-	4,721.06	-		4,721.06	
2/20/2016	30,000.00	4,438.89	-		34,438.89	
3/20/2016	-	4,594.41	-		4,594.41	
4/20/2016	-	4,468.43	-		4,468.43	
5/20/2016	-	4,606.07	-		4,606.07	
6/20/2016	-	4,468.43	-		4,468.43	85,341.47
7/20/2016	-	4,606.07	-		4,606.07	
8/20/2016	-	4,606.07	-		4,606.07	
9/20/2016	-	4,468.43	-		4,468.43	
10/20/2016	-	4,606.07	-		4,606.07	
11/20/2016	-	4,468.43	-		4,468.43	
12/20/2016	-	4,606.07	-		4,606.07	
1/20/2017	-	4,606.07	-		4,606.07	
2/20/2017	30,000.00	4,193.13	-		34,193.13	
3/20/2017	-	4,479.08	-		4,479.08	
4/20/2017	-	4,345.26	-		4,345.26	
5/20/2017	-	4,479.08	-		4,479.08	
6/20/2017	-	4,345.26	-		4,345.26	83,809.02
7/20/2017	-	4,479.08	-		4,479.08	
8/20/2017	-	4,479.08	-		4,479.08	
9/20/2017	-	4,345.26	-		4,345.26	
10/20/2017	-	4,479.08	-		4,479.08	
11/20/2017	-	4,345.26	-		4,345.26	
12/20/2017	-	4,479.08	-		4,479.08	
1/20/2018	-	4,479.08	-		4,479.08	
2/20/2018	30,000.00	4,077.63	-		34,077.63	
3/20/2018	-	4,352.11	-		4,352.11	
4/20/2018	-	4,222.12	-		4,222.12	
5/20/2018	-	4,352.11	-		4,352.11	
6/20/2018	-	4,222.12	-		4,222.12	82,312.01
7/20/2018	-	4,352.11	-		4,352.11	
8/20/2018	-	4,352.11	-		4,352.11	
9/20/2018	-	4,222.12	-		4,222.12	
10/20/2018	-	4,352.11	-		4,352.11	
11/20/2018	-	4,222.12	-		4,222.12	
12/20/2018	-	4,352.11	-		4,352.11	
1/20/2019	-	4,352.11	-		4,352.11	
2/20/2019	35,000.00	3,962.13	-		38,962.13	
3/20/2019	-	4,203.96	-		4,203.96	
4/20/2019	-	4,068.15	-		4,068.15	
5/20/2019	-	4,193.33	-		4,193.33	
6/20/2019	-	4,068.15	-		4,068.15	85,700.51
7/20/2019	-	4,193.33	-		4,193.33	
8/20/2019	-	4,193.33	-		4,193.33	
9/20/2019	-	4,068.15	-		4,068.15	
10/20/2019	-	4,193.33	-		4,193.33	
11/20/2019	-	4,068.15	-		4,068.15	
12/20/2019	-	4,193.33	-		4,193.33	
1/20/2020	-	4,193.33	-		4,193.33	
2/20/2020	35,000.00	3,942.97	-		38,942.97	
3/20/2020	-	4,045.57	-		4,045.57	
4/20/2020	-	3,934.76	-		3,934.76	
5/20/2020	-	4,055.82	-		4,055.82	
6/20/2020	-	3,934.76	-		3,934.76	84,016.83
7/20/2020	-	4,055.82	-		4,055.82	
8/20/2020	-	4,055.82	-		4,055.82	
9/20/2020	-	3,934.76	-		3,934.76	
10/20/2020	-	4,055.82	-		4,055.82	
11/20/2020	-	3,934.76	-		3,934.76	

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
12/20/2020	-	4,055.82	-		4,055.82	
1/20/2021	-	4,055.82	-		4,055.82	
2/20/2021	35,000.00	3,692.63	-		38,692.63	
3/20/2021	-	3,907.68	-		3,907.68	
4/20/2021	-	3,791.08	-		3,791.08	
5/20/2021	-	3,907.68	-		3,907.68	
6/20/2021	-	3,791.08	-		3,791.08	82,236.77
7/20/2021	-	3,907.68	-		3,907.68	
8/20/2021	-	3,907.68	-		3,907.68	
9/20/2021	-	3,791.08	-		3,791.08	
10/20/2021	-	3,907.68	-		3,907.68	
11/20/2021	-	3,791.08	-		3,791.08	
12/20/2021	-	3,907.68	-		3,907.68	
1/20/2022	-	3,907.68	-		3,907.68	
2/20/2022	40,000.00	3,557.88	-		43,557.88	
3/20/2022	-	3,738.37	-		3,738.37	
4/20/2022	-	3,626.87	-		3,626.87	
5/20/2022	-	3,738.37	-		3,738.37	
6/20/2022	-	3,626.87	-		3,626.87	85,408.92
7/20/2022	-	3,738.37	-		3,738.37	
8/20/2022	-	3,738.37	-		3,738.37	
9/20/2022	-	3,626.87	-		3,626.87	
10/20/2022	-	3,738.37	-		3,738.37	
11/20/2022	-	3,626.87	-		3,626.87	
12/20/2022	-	3,738.37	-		3,738.37	
1/20/2023	-	3,738.37	-		3,738.37	
2/20/2023	40,000.00	3,403.87	-		43,403.87	
3/20/2023	-	3,569.07	-		3,569.07	
4/20/2023	-	3,453.95	-		3,453.95	
5/20/2023	-	3,560.06	-		3,560.06	
6/20/2023	-	3,453.95	-		3,453.95	83,386.49
7/20/2023	-	3,560.06	-		3,560.06	
8/20/2023	-	3,560.06	-		3,560.06	
9/20/2023	-	3,453.95	-		3,453.95	
10/20/2023	-	3,560.06	-		3,560.06	
11/20/2023	-	3,453.95	-		3,453.95	
12/20/2023	-	3,560.06	-		3,560.06	
1/20/2024	-	3,560.06	-		3,560.06	
2/20/2024	40,000.00	3,347.84	-		43,347.84	
3/20/2024	-	3,391.18	-		3,391.18	
4/20/2024	-	3,298.46	-		3,298.46	
5/20/2024	-	3,399.76	-		3,399.76	
6/20/2024	-	3,298.46	-		3,298.46	81,443.90
7/20/2024	-	3,399.76	-		3,399.76	
8/20/2024	-	3,399.76	-		3,399.76	
9/20/2024	-	3,298.46	-		3,298.46	
10/20/2024	-	3,399.76	-		3,399.76	
11/20/2024	-	3,298.46	-		3,298.46	
12/20/2024	-	3,399.76	-		3,399.76	
1/20/2025	-	3,399.76	-		3,399.76	
2/20/2025	45,000.00	3,095.87	-		48,095.87	
3/20/2025	-	3,209.28	-		3,209.28	
4/20/2025	-	3,113.73	-		3,113.73	
5/20/2025	-	3,209.28	-		3,209.28	
6/20/2025	-	3,113.73	-		3,113.73	84,337.61
7/20/2025	-	3,209.28	-		3,209.28	
8/20/2025	-	3,209.28	-		3,209.28	
9/20/2025	-	3,113.73	-		3,113.73	
10/20/2025	-	3,209.28	-		3,209.28	
11/20/2025	-	3,113.73	-		3,113.73	
12/20/2025	-	3,209.28	-		3,209.28	
1/20/2026	-	3,209.28	-		3,209.28	
2/20/2026	45,000.00	2,922.60	-		47,922.60	
3/20/2026	-	3,018.82	-		3,018.82	
4/20/2026	-	2,929.00	-		2,929.00	
5/20/2026	-	3,018.82	-		3,018.82	
6/20/2026	-	2,929.00	-		2,929.00	82,092.10
7/20/2026	-	3,018.82	-		3,018.82	
8/20/2026	-	3,018.82	-		3,018.82	
9/20/2026	-	2,929.00	-		2,929.00	
10/20/2026	-	3,018.82	-		3,018.82	
11/20/2026	-	2,929.00	-		2,929.00	
12/20/2026	-	3,018.82	-		3,018.82	
1/20/2027	-	3,018.82	-		3,018.82	
2/20/2027	50,000.00	2,749.36	-		52,749.36	
3/20/2027	-	2,807.19	-		2,807.19	
4/20/2027	-	2,716.90	-		2,716.90	
5/20/2027	-	2,800.12	-		2,800.12	
6/20/2027	-	2,716.90	-		2,716.90	84,742.57

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
7/20/2027	-	2,800.12	-		2,800.12	
8/20/2027	-	2,800.12	-		2,800.12	
9/20/2027	-	2,716.90	-		2,716.90	
10/20/2027	-	2,800.12	-		2,800.12	
11/20/2027	-	2,716.90	-		2,716.90	
12/20/2027	-	2,800.12	-		2,800.12	
1/20/2028	-	2,800.12	-		2,800.12	
2/20/2028	50,000.00	2,633.70	-		52,633.70	
3/20/2028	-	2,589.01	-		2,589.01	
4/20/2028	-	2,518.48	-		2,518.48	
5/20/2028	-	2,595.54	-		2,595.54	
6/20/2028	-	2,518.48	-		2,518.48	82,289.51
7/20/2028	-	2,595.54	-		2,595.54	
8/20/2028	-	2,595.54	-		2,595.54	
9/20/2028	-	2,518.48	-		2,518.48	
10/20/2028	-	2,595.54	-		2,595.54	
11/20/2028	-	2,518.48	-		2,518.48	
12/20/2028	-	2,595.54	-		2,595.54	
1/20/2029	-	2,595.54	-		2,595.54	
2/20/2029	55,000.00	2,364.34	-		57,364.34	
3/20/2029	-	2,362.75	-		2,362.75	
4/20/2029	-	2,292.70	-		2,292.70	
5/20/2029	-	2,362.75	-		2,362.75	
6/20/2029	-	2,292.70	-		2,292.70	84,689.90
7/20/2029	-	2,362.75	-		2,362.75	
8/20/2029	-	2,362.75	-		2,362.75	
9/20/2029	-	2,292.70	-		2,292.70	
10/20/2029	-	2,362.75	-		2,362.75	
11/20/2029	-	2,292.70	-		2,292.70	
12/20/2029	-	2,362.75	-		2,362.75	
1/20/2030	-	2,362.75	-		2,362.75	
2/20/2030	55,000.00	2,152.60	-		57,152.60	
3/20/2030	-	2,129.96	-		2,129.96	
4/20/2030	-	2,066.92	-		2,066.92	
5/20/2030	-	2,129.96	-		2,129.96	
6/20/2030	-	2,066.92	-		2,066.92	81,945.51
7/20/2030	-	2,129.96	-		2,129.96	
8/20/2030	-	2,129.96	-		2,129.96	
9/20/2030	-	2,066.92	-		2,066.92	
10/20/2030	-	2,129.96	-		2,129.96	
11/20/2030	-	2,066.92	-		2,066.92	
12/20/2030	-	2,129.96	-		2,129.96	
1/20/2031	-	2,129.96	-		2,129.96	
2/20/2031	60,000.00	1,940.84	-		61,940.84	
3/20/2031	-	1,876.00	-		1,876.00	
4/20/2031	-	1,816.07	-		1,816.07	
5/20/2031	-	1,871.31	-		1,871.31	
6/20/2031	-	1,816.07	-		1,816.07	84,103.93
7/20/2031	-	1,871.31	-		1,871.31	
8/20/2031	-	1,871.31	-		1,871.31	
9/20/2031	-	1,816.07	-		1,816.07	
10/20/2031	-	1,871.31	-		1,871.31	
11/20/2031	-	1,816.07	-		1,816.07	
12/20/2031	-	1,871.31	-		1,871.31	
1/20/2032	-	1,871.31	-		1,871.31	
2/20/2032	65,000.00	1,760.84	-		66,760.84	
3/20/2032	-	1,595.89	-		1,595.89	
4/20/2032	-	1,553.78	-		1,553.78	
5/20/2032	-	1,600.87	-		1,600.87	
6/20/2032	-	1,553.78	-		1,553.78	86,054.85
7/20/2032	-	1,600.87	-		1,600.87	
8/20/2032	-	1,600.87	-		1,600.87	
9/20/2032	-	1,553.78	-		1,553.78	
10/20/2032	-	1,600.87	-		1,600.87	
11/20/2032	-	1,553.78	-		1,553.78	
12/20/2032	-	1,600.87	-		1,600.87	
1/20/2033	-	1,600.87	-		1,600.87	
2/20/2033	65,000.00	1,459.58	-		66,459.58	
3/20/2033	-	1,325.74	-		1,325.74	
4/20/2033	-	1,286.93	-		1,286.93	
5/20/2033	-	1,325.74	-		1,325.74	
6/20/2033	-	1,286.93	-		1,286.93	82,795.83
7/20/2033	-	1,325.74	-		1,325.74	
8/20/2033	-	1,325.74	-		1,325.74	
9/20/2033	-	1,286.93	-		1,286.93	
10/20/2033	-	1,325.74	-		1,325.74	
11/20/2033	-	1,286.93	-		1,286.93	
12/20/2033	-	1,325.74	-		1,325.74	
1/20/2034	-	1,325.74	-		1,325.74	

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('88 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
2/20/2034	70,000.00	1,209.32	-		71,209.32	
3/20/2034	-	1,029.46	-		1,029.46	
4/20/2034	-	999.58	-		999.58	
5/20/2034	-	1,029.46	-		1,029.46	
6/20/2034	-	999.58	-		999.58	84,469.96
7/20/2034	-	1,029.46	-		1,029.46	
8/20/2034	-	1,029.46	-		1,029.46	
9/20/2034	-	999.58	-		999.58	
10/20/2034	-	1,029.46	-		1,029.46	
11/20/2034	-	999.58	-		999.58	
12/20/2034	-	1,029.46	-		1,029.46	
1/20/2035	-	1,029.46	-		1,029.46	
2/20/2035	75,000.00	939.83	-		75,939.83	
3/20/2035	-	712.00	-		712.00	
4/20/2035	-	690.03	-		690.03	
5/20/2035	-	710.28	-		710.28	
6/20/2035	-	690.03	-		690.03	85,888.63
7/20/2035	-	710.28	-		710.28	
8/20/2035	-	710.28	-		710.28	
9/20/2035	-	690.03	-		690.03	
10/20/2035	-	710.28	-		710.28	
11/20/2035	-	690.03	-		690.03	
12/20/2035	-	710.28	-		710.28	
1/20/2036	-	710.28	-		710.28	
2/20/2036	75,000.00	669.77	-		75,669.77	
3/20/2036	-	393.65	-		393.65	
4/20/2036	-	383.81	-		383.81	
5/20/2036	-	394.56	-		394.56	
6/20/2036	-	383.81	-		383.81	82,157.06
7/20/2036	-	394.56	-		394.56	
8/20/2036	-	394.56	-		394.56	
9/20/2036	-	383.81	-		383.81	
10/20/2036	-	394.56	-		394.56	
11/20/2036	-	383.81	-		383.81	
12/20/2036	-	394.56	-		394.56	
1/20/2037	-	394.56	-		394.56	
2/20/2037	84,285.03	362.31	-		84,647.34	87,387.76
	<u>1,184,285.03</u>	<u>1,183,441.57</u>	<u>(120,882.84)</u>		<u>2,246,843.77</u>	<u>2,246,843.77</u>

\* All-in Yield of 5.032%

\* Interest computed at rate shown, actual rate will vary over term of Lease.

EXHIBIT F

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Association of Counties Leasing Trust, as lessor, and County of Livingston, Kentucky, as lessee dated November 9, 2007.

Requisition Certificate No. \_\_\_\_\_

The Lessee hereby requests a disbursement from its Lessee Acquisition Account in the amount of \$1,184,285.03 and hereby certifies, as follows (except that with respect to a disbursement to pay an interest component of Lease Rental Payments during construction of a Project, only the document described in (a) below will be required):

(a) Attached is a statement of the amount and nature of each item of the Costs of the Project to be paid and the name and address of the payee, with the payee's statement and, if reimbursement to the Lessee of amounts previously paid is requested, evidence of such payment;

(b) each item for which payment or reimbursement is requested is or was necessary in connection with the Costs of the Project and none of such items formed the basis for any previous payment from the Lessee's Lessee Acquisition Account;

(c) each contractor, subcontractor and materialman has filed with the Lessee receipts or waivers of liens for all amounts previously certified for payment, or any amount previously certified for reimbursement to the Lessee, or there is on file with the Lessee a cancelled check endorsed by the contractor, subcontractor or materialman evidencing such payment;

(d) all of the warranties and representations of the Lessee contained in the Lease are true and correct as of the date of such disbursement, as though such warranties and representations were made on such date, no Event of Default or Event of Nonappropriation has occurred under the Lease, the right of the Lessee to control the acquisition, construction and installation of the Project has not otherwise been terminated pursuant to the Lease, and that amounts on deposit in the Lessee's Lessee Acquisition Account will be sufficient to complete the Project in accordance with the approved plans and specifications;

Executed this 9th day of November, 2007.

COUNTY OF LIVINGSTON, KENTUCKY, Lessee

By:   
Authorized Lessee Representative



**Attachment to No-Arbitrage Certificate  
TAX COMPLIANCE AGREEMENT**

**KENTUCKY ASSOCIATION OF COUNTIES LEASING TRUST**

LESSEE: County of Livingston, Kentucky

DATE OF AGREEMENT: November 9, 2007

LEASE AMOUNT: \$1,184,285.03

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This Tax Compliance Agreement relates to a Lease Agreement between the Lessee and the Kentucky Association of Counties Leasing Trust dated the date of this Tax Compliance Agreement.

## TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "Tax Compliance Agreement") is made and entered into as of the date shown on the cover page hereto between the KENTUCKY ASSOCIATION OF COUNTIES LEASING TRUST ("CoLT") and the LESSEE shown on the cover page hereto (the "Lessee"):

### WITNESSETH:

WHEREAS, the Lessee has agreed, in a lease agreement dated the date hereof (the "Lease") to borrow the Lease Amount shown on the cover page hereto pursuant to a Program administered by CoLT and funded with the proceeds of \$70,000,000 Kentucky Association of Counties Leasing Trust Lease Program Revenue Bonds, Variable Rate 2007 Series B (the "Bonds") issued by the County of Christian, Kentucky (the "Issuer") to finance the project identified in the Lease (the "Project"); and

WHEREAS, it is necessary for the parties hereto to enter into this Tax Compliance Agreement to ensure that interest paid on the Bonds and on the Lease shall all be and shall all remain excludible from gross income for Federal income purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and is not and will not become a specific item of tax preference under Section 57(a)(5)(C) of the Code for the federal alternative minimum tax and to comply with the requirements of the Tax Regulatory Agreement (the "Tax Regulatory Agreement") dated as of August 1, 2007 among CoLT, the Issuer and U.S. Bank National Association, as trustee.

NOW, THEREFORE, the parties hereto agree and bind themselves as follows:

### ARTICLE I

#### DEFINITIONS

SECTION 1.01. Definitions. In addition to words and terms defined elsewhere in this Tax Compliance Agreement, the Code and Regulations (each as herein defined), the No-Arbitrage Certificate (as hereinafter defined), the Indenture and the Lease, the following capitalized words and terms used in this Tax Compliance Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Arbitrage Bond" means any obligation of a Governmental Entity that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

"Capital Expenditure" means any expense that is properly depreciable or amortizable or is otherwise treated as a capital expenditure under the Code, and for the purposes of determining eligible Reimbursement Allocations, Costs of Issuance.

"Closing Date" means the date of this Tax Compliance Agreement.

"Cost of Issuance" means any expenditure incurred in connection with the issuance of the Lease or the Lessee's share of such expenditures relating to the Bonds, including such costs as underwriters' spread, rating agency fees, appraisal costs, attorneys' and accounts' fees and printing costs, but excluding Qualified Guarantee Fees or expenditures incurred in connection with the acquisition of the Project.

"Disposition Proceeds" means the amounts, including property, received from the sale, exchange or other disposition of the Project.

"Federally-Guaranteed" means having the payment of either the principal of or interest on any portion of the Lease or any loan made with the Proceeds of any portion of the Lease guaranteed, in whole or in part, directly or indirectly, by the United States, or acquiring any Investment Property that is, directly or indirectly federally-insured, except as otherwise permitted by Section 149(b) of the Code.

"Governmental Entity" means any State and any political subdivision and agency of any State.

"Gross Proceeds" means Sale Proceeds and Replacement Proceeds, determined pursuant to Treas. Regs. §§ 1.148-1(b) and -1(c), all until spent.

"Investment Proceeds" means any amounts actually or constructively earned or received from investing the Proceeds in Investment Property.

"Investment Property" means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (including any Tax-Exempt Bond), annuity contract or other investment-type property.

"No-Arbitrage Certificate" means the "Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended," for the Bonds given by the Issuer, including certifications given with respect thereto by the Financial Advisor, the Underwriter and CoLT, and for the Lease given by the Lessee.

"Non-Governmental Entity" means any person or entity, other than a Governmental Entity.

"Pledged Fund" means any amount pledged, directly or indirectly, to pay principal of or interest on the Lease and which provides reasonable assurance of such amounts being paid even if the Lessee experiences financial difficulties, including amounts subject to a negative pledge.

"Private Loan" means any loan, directly or indirectly, of any of the Proceeds of an obligation of a Governmental Entity to any Non-Governmental Entity.

"Private Use" means the use of any Proceeds of the Lease or any facilities financed with such Proceeds by Private Users.

"Private User" means any Non-Governmental Entity, other than a natural person not engaged in a trade or business.

"Rebate Amount" means the amount determined by CoLT pursuant to the Tax Regulatory Agreement.

"Rebate Payment" means any payment of the Rebate Amount made to the United States Treasury.

"Redemption Date" means the date on which the last of the principal of and interest on the Lease has been paid, whether upon maturity, redemption or acceleration thereof.

"Reimbursement Allocation" means a written allocation of the Proceeds of the Lease intended to reimburse the Lessee for Capital Expenditures for the Project that were paid prior to the Closing Date, provided that any such allocation is made no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the Project was placed in service, but in no event later than three (3) years after the payment date. Any written allocation made within thirty (30) days after the Closing Date shall be treated as if made on the Closing Date.

"Reimbursement Resolution" means a declaration of intent by the Lessee to finance, by issuing debt, Capital Expenditures. For this purpose, the issuance of debt to finance specific facilities shall constitute a Reimbursement Resolution, the date of adoption of which shall be no later than the Closing Date of such debt.

"Replacement Proceeds" means amounts replaced by Proceeds of the Lease, including any sinking fund, Pledged Fund, restricted gifts (not including qualified endowment funds, pursuant to Treas. Reg. § 1.148-6(d)(3)(iii)(C)) or reserve or replacement fund, or other funds that would be available, directly or indirectly, to pay debt service on any of the Lease, within the meaning of Treas. Reg. § 1.148-1(c).

"Research Agreement" means an agreement between the Lessee and a Private User under which the Lessee or the Private User uses any portion of the Project to carry on research.

"Sale Proceeds" means the Lease Amount shown on the cover page hereto.

"Service Contract" means a contract between the Lessee and a Service Provider under which the Service Provider provides services involving any portion or function of a Governmental Facility financed with Governmental Bonds.

"Service Provider" means any Private User that provides management or other services.

"State" means any state and possession of the United States and the District of Columbia.

"Treasury Regulation" and "Treas. Reg." means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department pursuant to the Code or the 1954 Code, as appropriate.

"Yield" means, pursuant to Treas. Regs. §§ 1.148-4 and -5, that discount rate which, when computing the present value of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in the case of the Lease, the Issue Price and in the case of any Investment Property, the fair market value, as provided in Treas. Reg. § 1.148-5(d).

"Yield Reduction Amount" means the amount determined by CoLT pursuant to the Tax Regulatory Agreement.

"Yield Reduction Payment" means any payment of the Yield Reduction Amount made to the United States Treasury.

SECTION 1.02. Interpretative Rules. For all purposes of this Tax Compliance Agreement, except as otherwise expressly provided or unless the context otherwise requires (a) "Tax Compliance Agreement" means this instrument, as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof; (b) all references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed; (c) the words "herein," "hereof," "hereunder" and "herewith" and other words of similar import refer to this Tax Compliance Agreement as a whole and not to any particular Article, Section or other subdivision; (d) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; (e) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (f) the terms defined elsewhere in this Tax Compliance Agreement shall have the meanings therein prescribed for them; (g) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders; (h) the headings used in this Tax Compliance Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

## ARTICLE II

### COVENANTS AND REPRESENTATIONS OF COLT AND THE LESSEE ACKNOWLEDGEMENTS BY, DIRECTIONS TO AND FROM COLT AND THE LESSEE

SECTION 2.01. Authority and Organization. (a) The Lessee represents for the benefit of CoLT that it is a political subdivision of the Commonwealth of Kentucky with the power, among others, to enter into the Lease in furtherance of its corporate purposes, including financing the cost of the Project; and

(b) CoLT represents for the benefit of the Lessee that (i) CoLT is a trust duly organized and validly existing under the laws of the Commonwealth of Kentucky; and (ii) CoLT has full power and authority granted to it by the Commonwealth of Kentucky to establish a program to enter into fixed rate leases with counties, political subdivisions and public agencies of the Commonwealth of Kentucky.

SECTION 2.02. Use of Proceeds. The Lessee represents that:

(a) No Private Use of Proceeds. No Proceeds of the Lease will be used to make Private Loans and no use of the Project will be Private Use without the prior written consent of CoLT. The Lessee expects to use the Project for the entire stated term of the Lease.

(b) Expectations. The Lessee expects to incur, no later than six months after the date of the Lease, a substantial binding commitment to expend at least five percent (5%) of the Sale Proceeds of the Lease and to commence acquisition of the Project within a reasonable period of time after the date of the Lease. The Lessee expects that (i) it will expend at least eighty-five percent (85%) of the Sale Proceeds of the Lease by August 15, 2010, (ii) the acquisition of the Project will proceed with due diligence to completion and (iii) the Sale Proceeds of the Lease will be spent with due diligence. For this purpose, a

Reimbursement Allocation may be treated as an expenditure. The total amount of Sale Proceeds of the Lease, together with Investment Proceeds, will not exceed the amount necessary for the Project being financed with the Lease, including, to the extent permitted, issuance expenses and interest during construction.

(c) Use of the Project. The Lessee will own or lease and operate the Project during the entire term of the Lease and will not change the use or ownership of any part of a Project during the entire term of the Lease without the prior written consent of CoLT.

(d) Reimbursement Allocations. The Lessee will not make any Reimbursement Allocation with the Proceeds of the Lease for Capital Expenditures that were paid prior to sixty (60) days before the date on which the Lessee adopted a Reimbursement Resolution authorizing the issuance of debt to finance the Project, except that expenditures for Costs of Issuance paid before the date of the Lease, certain preliminary Capital Expenditures not in excess of twenty percent (20%) of the Lease Amount, and an amount of Capital Expenditures not in excess of the lesser of five percent (5%) of the Lease or \$100,000 may receive a Reimbursement Allocation even if the expenditure was paid more than sixty (60) days prior to the date of adoption of the Reimbursement Resolution described herein and even if the allocation would not otherwise qualify as a Reimbursement Allocation.

(e) Investment Limitations. (i) The Lessee will invest the Gross Proceeds of the Lease and any Disposition Proceeds of the Lease under the Investment Agreement unless otherwise authorized in writing by CoLT.

(ii) If at any time, either the Lessee determines or is informed that the Yield on the investment of moneys held by itself or any other person must be restricted or limited in order to prevent the Bonds from becoming Arbitrage Bonds, the Lessee shall and shall so instruct any holder of the Sale Proceeds or Investment Proceeds of the Lease to take such action or actions as may be necessary to restrict or limit the yield on such investments as set forth in, and in accordance with, such instruction.

(f) Federal Guarantees. The Gross Proceeds will not be invested in any Investment Property that is Federally-Guaranteed.

SECTION 2.03. Service Contracts. The Lessee represents that it will not enter into any Service Contracts or management contracts with respect to the Project without the prior written consent of CoLT.

SECTION 2.04. Research Agreements. The Lessee represents that it will not enter into any Research Agreements with respect to the Project without the prior written consent of CoLT.

SECTION 2.05. Changes in Use or User of Project. The Lessee represents that (a) no part of the Project will be sold, otherwise disposed of or leased without the prior written consent of CoLT; (b) it will not to permit any use of its Project by any person or entity other than itself without the prior written consent of CoLT; (c) any portion of a Project consisting of personal property may be sold in the ordinary course of an established governmental program if (i) the weighted average maturity of the portion of the Lease financing the personal property was not greater than one hundred twenty percent (120%) of the reasonably expected actual use of such personal property by the Lessee, (ii) the Lessee expected at the date of the Lease that the fair market value of the personal property at the time of disposition would not be greater than twenty-five percent (25%) of its cost and (iii), at the time of disposition, the personal property is no longer suitable for the governmental purpose for which it was acquired.

SECTION 2.06. Investments. The Lessee will invest the Gross Proceeds of the Lease and any Disposition Proceeds of the Lease only under the Investment Agreement unless otherwise authorized in writing by CoLT.

SECTION 2.07. Records. The Lessee represents that proper records and accounts, containing complete and correct entries of all transactions relating to the Lease, the use of the Gross Proceeds of the Lease and the expenditures made in connection with the acquisition of the Project, will be maintained. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.08. Payment of Arbitrage Compliance Amounts. The Lessee represents that all actions necessary to comply with the Yield limitations applicable to investments of the Sale Proceeds and Investment Proceeds of the Lease and the Rebate requirements contained in Section 148(f) of the Code and the Treasury Regulations thereunder will be taken. Immediately upon the request of CoLT, the Lessee will assemble copies of records concerning investments of Gross Proceeds of the Lease, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement. In particular, the Lessee will provide CoLT with information that will enable CoLT to determine if any Rebate Amount is payable. The Lessee will pay any Rebate Payment and any Yield Reduction Payment owed with respect to the Gross Proceeds of the Lease, as determined by CoLT. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.09. Information Reporting Requirements. The Lessee represents that it will timely execute and file any information reports required under Section 149(e) of the Code (Form 8038-G) or as required by CoLT.

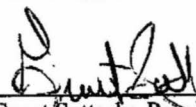
SECTION 2.10. Compliance with Tax Compliance Agreement. (a) The Lessee may, at any time, employ bond counsel, independent certified public accountants, or other qualified experts acceptable to CoLT to perform any of the requirements imposed upon the Lessee by this Tax Compliance Agreement.

(b) CoLT and the Lessee agree, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Regulations, effective retroactively, and the Issuer, CoLT and the Lessee shall take all actions necessary to amend this Tax Compliance Agreement to comply therewith.

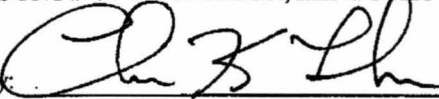
(c) Whenever any action or direction is required of the Lessee hereunder, such action or direction may, or in the absence of any such action or direction shall, be made by CoLT.

IN WITNESS WHEREOF, CoLT and the Lessee have each caused this Tax Compliance Agreement to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth on the cover page hereto.

KENTUCKY ASSOCIATION OF COUNTIES  
LEASING TRUST

By:   
Grant Satterly, Program Director

COUNTY OF LIVINGSTON, KENTUCKY

By:   
Chris Lasher, Judge/Executive



## EXHIBIT C

### FORM OF RESOLUTION

RESOLUTION NO. 2007 R 10-23-02

A RESOLUTION APPROVING A LEASE FOR THE FINANCING OF A PROJECT AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE.

WHEREAS, the governing body of the County of Livingston, Kentucky (the "Lessee") has the power, pursuant to Section 65.940 et seq. of the Kentucky Revised Statutes to enter into lease agreements with or without the option to purchase in order to provide for the use of property for public purposes;

WHEREAS, the governing body of the Lessee (the "Governing Body") has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined in the Lease hereinafter described;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Kentucky Association of Counties Leasing Trust (the "Lessor") enter into a Lease Agreement (the "Lease") for the leasing by the Lessee from the Lessor of the Project;

NOW THEREFORE, BE IT ORDERED AND RESOLVED BY THE FISCAL COURT OF County of Livingston, Kentucky:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") and all Collateral Documents, as defined in the Lease, each in substantially the form presented to this Governing Body. It is hereby found and determined that the Project identified in the Lease is public property to be used for public purposes. It is further determined that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the Closing Memorandum with respect to the Lease, or as may be required by the Lessor prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Judge/Executive and County Treasurer of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

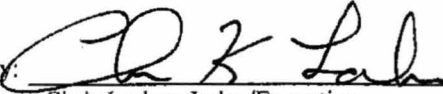
Section 2. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 3. Sunshine Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Governing Body, and that all deliberations of this governing Body and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 4. Conflicts. All resolutions, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and the provisions of this Resolution shall prevail and be given effect.


Section 5. Effective Date. This Resolution shall take effect from and after its passage, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on Oct 23, 2007, signed by the Judge/Executive of the Lessee, attested by the County Treasurer, filed and indexed as provided by law.

By:   
Chris Lasher, Judge/Executive

Attest:

By:

  
Christine Quattermous, County Treasurer



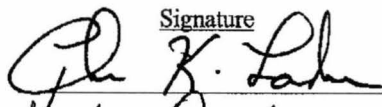
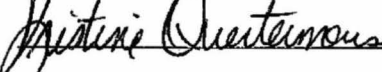
## EXHIBIT E

### CERTIFICATE OF OFFICIALS OF LESSEE

Re: Lease Agreement between Kentucky Association of Counties Leasing Trust, as lessor, and the County of Livingston, Kentucky, as lessee dated November 9, 2007

The undersigned officials of the lessee identified above (the "Lessee") under the Lease Agreement identified above (the "Lease") between the Lessee and the Kentucky Association of Counties Leasing Trust (the "Lessor"), DO HEREBY CERTIFY AS FOLLOWS:

1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the Lessee, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the Lessee.
2. That the Lessee is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to lease property as lessee and to carry on its business as now being conducted.
3. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Governing Body of the Lessee on October 23, 2007 (the "Official Action"), authorizing the appropriate officials of the Lessee to execute the Lease. The Official Action was duly adopted in accordance with all applicable laws.
4. The representations and warranties of the Lessee made in the Lease are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Official Action has not been amended or supplemented and is in full force and effect; and the Lease has been entered into and is in full force and effect.
5. That the below-named persons were on the date or dates of the execution of the Lease and are on the date of this certificate the duly elected or appointed and qualified incumbents of the respective offices of the Lessee set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>Chris Lasher</u>	<u>Judge/Executive</u>	
<u>Christine Quertermous</u>	<u>County Treasurer</u>	

6. The Lease and any Collateral Documents, as defined in the Lease, have been duly authorized, executed and delivered by the Lessee and constitute legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms (including, without limitation, the right of the Lessee to terminate the Lease at the end of each fiscal year of the Lessee by reason of an Event of Nonappropriation, as defined in the Lease).

7. The Lessee is not in default under or in violation of (i) any provisions of applicable law, (ii) the Lease, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it or its properties are or may be bound, or to which it or any of its assets is subject, which default would have a material adverse effect on the condition, financial or otherwise, of the Lessee or on the ability of the Lessee to perform its obligations under the Lease. Neither the execution and delivery of the Lease nor compliance by the Lessee with the terms, conditions and provisions of the Lease will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

8. Since the date of the financial information provided to the Lessor, there have not been any material adverse changes in the business, properties, condition (financial or otherwise) or results of operations of the Lessee, whether or not arising from transactions in the ordinary course of business, and since such date, except in

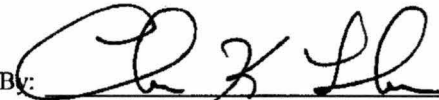
the ordinary course of business, the Lessee has not entered into any transaction or incurred any liability material to the financial position of the Lessee.

9. There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or, to the best of our knowledge, threatened against or affecting the Lessee wherein an unfavorable decision, ruling or finding would materially adversely affect the business, properties, condition (financial or otherwise) or the results of operations of the Lessee or the ability of the Lessee to perform its obligations under the Lease and any Collateral Documents.

10. All authorizations, consents and approvals of, notices to, registrations or filings with, or other actions in respect of or by, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the Lessee of the Lease and any Collateral Documents have been duly obtained, given or taken (and copies thereof have been provided to the Lessor).

11. Any certificate signed by any official of the Lessee and delivered to the Lessor will be deemed to be a representation by the Lessee to the Lessor as to the statements made therein.

WITNESS our hands this 9th day of November, 2007.

By:   
Chris Lasher, Judge/Executive

Attest:

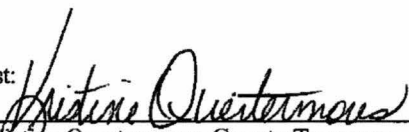
  
Christine Quertermous, County Treasurer



EXHIBIT G

FORM OF NO-ARBITRAGE CERTIFICATE  
CERTIFICATE UNDER SECTIONS 103(b)(2) and 148  
OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

LESSEE: County of Livingston, Kentucky

LEASE AMOUNT: \$1,184,285.03

The Lessee hereby certifies with respect to the Lease from the Kentucky Association of Counties Leasing Trust ("CoLT"), made with proceeds of the \$70,000,000 Kentucky Association of Counties Leasing Trust Lease Program Revenue Bonds, Variable Rate 2007 Series B (the "Bonds") issued by the County of Christian, Kentucky (the "Issuer"), which is entered into for the purpose of acquiring and financing certain improvements (the "Project") and made as of the date hereof (the "Closing Date"), which is the date of delivery of, and payment for, the Lease, that the following facts, estimates and circumstances regarding the amount and use of all of the Proceeds, as defined in Treas. Reg. § 1.148-1(b), issued under the Internal Revenue Code of 1986, as amended (the "Code"), of the Lease are, as of the Closing Date and according to the Lessee's best knowledge, information and belief, reasonably expected to exist or to occur:

A. Proceeds. The Proceeds of the Lease consist, and will consist, of the Sale Proceeds and Investment Proceeds, each as defined in Treas. Reg. § 1.148-1(b), issued under the Code, and equal the Lease Amount.

B. Purpose of Issue. The Proceeds of the Lease, together with certain other funds, will be used to finance the Project, which constitutes a valid governmental purpose (the "Governmental Purpose").

The total amount of Proceeds received by the Lessee will not exceed the amount necessary to finance the Governmental Purpose. The Lease is being entered into at this time in such amount because the Lessee is obligated or will soon be obligated to make certain payments with respect to the Project and because it would be costly and inefficient to issue additional debt in the future to finance additional payments with respect to the remainder of the costs of the Project that are expected to become due.

C. Yield on the Lease. (1) The price at which the Lease was sold to the Issuer, which intends to hold the Lease for investment purposes and not for resale to the general public, is equal to the Lease Amount.

CHECK APPLICABLE STATEMENT

☐ (2) The interest rate on the Lease is variable and the Yield will be determined pursuant to Treas. Reg. § 1.148-4(c), issued under the Code.

OR

☒ (2) The Yield on the Lease, as defined in Treas. Reg. § 1.148-4, issued under the Code, is \_\_\_\_\_ %.

D. Application of Proceeds. All of the Sale Proceeds will be used to pay the cost of the Project, including issuance expenses and interest during construction and amounts allocated to reimburse the Lessee for capital expenditures, as that term is defined in Treas. Reg. § 1.150-2, issued under the Code, for the Project paid by the Lessee prior to the Closing Date, pursuant to the Lessee's Official Expression of Intent (as hereinafter defined). No amount received as Proceeds of the Lease will be used in the manner not set forth in this section.

E. Expenditure of Proceeds for the Project. The acquisition of the Project will commence promptly following the Closing Date, and the Lessee has incurred, or will incur, within six (6) months after the Closing Date, a substantial binding commitment to expend at least five percent (5%) of the Net Sales Proceeds (defined in Treas. Reg. § 1.148-1(b) as Sales Proceeds less an amount that is the lesser of five percent (5%) of the Sales Proceeds or \$100,000) on the Project. The Lessee will expend at least eighty-five percent (85%) of the Net Sales Proceeds by

August 15, 2010. The acquisition of the Project will proceed with due diligence to completion and the Proceeds will be spent on the Project with due diligence no later than August 15, 2010.

F. Investment of Proceeds. (1) The Lessee has agreed in the Tax Compliance Agreement attached hereto that it will not invest any of the Proceeds of the Lease without the express consent of CoLT, and any such investments will be done so that such investment will not cause interest on either the Lease or the Bonds to be includable in the holder's gross income for purposes of federal income taxation or the debt to be treated as "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder.

(2) Not more than fifty percent (50%) of the Proceeds of the Lease will be invested in investments that both do not carry out the Governmental Purpose of the Lease and have a substantially guaranteed yield for at least four (4) years.

(3) No account or fund has been or will be established to pay principal of, premium, if any, or interest on the Lease. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the Lease, and there are no moneys, sources of funds, securities or obligations with respect to which the Issuer has given or will give any reasonable assurance to any holder of the Lease that such funds will be available to pay principal of, premium, if any, or interest on the Lease.

(4) Any unexpended portion of the Proceeds of the Lease, including any amounts in any reasonably required reserve or replacement fund, will be invested in the investment contract described in the Trust Indenture for the Bonds and other than any funds described herein invested during a temporary period permitted under Treas. Regs. §§ 1.148-1 through -11, issued under the Code, if any, or any amounts in any reasonably required reserve or replacement fund, as described in Treas. Reg. § 1.148-2(f), no Proceeds of the Lease, or any moneys that may become Replacement Proceeds, as defined in Treas. Reg. § 1.148-1(c), of the Lease, in excess of the lesser of (i) five percent (5%) of such Proceeds or (ii) \$100,000, have been invested in "higher yielding investments," as defined in the Code and the Treasury Regulations thereunder.

G. General. (1) Neither the Project, nor any part thereof, will be sold or otherwise disposed of by the Lessee prior to the final principal maturity date of the Lease.

(2) The Lessee will allocate Proceeds of the Lease to reimburse itself only for capital expenditures paid not earlier than sixty (60) days prior to the Closing Date or not earlier than sixty (60) days prior to the date it adopted an official expression of intent to reimburse (the "Official Expression of Intent"), within the meaning of Treas. Reg. § 1.150-2, issued under the Code, if earlier, or as otherwise permitted pursuant to Treas. Reg. § 1.150-2.

(3) There are no amounts, other than the Gross Proceeds of the Lease, that are available for the Governmental Purpose. There are no sinking funds or pledged funds and the term of the Lease is not longer than reasonably necessary for the Governmental Purpose.

(4) Any Rebate Payments and any Yield Reduction Payments (each as defined in the Tax Compliance Agreement), owed pursuant to Section 148(f) of the Code, will be remitted to the United States Treasury as directed by CoLT, pursuant to the Tax Regulatory Agreement entered into with respect to the Bonds.

(5) The Lessee has not employed in connection with the Lease a transaction or series of transactions that attempts to circumvent the provisions of Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder, enabling the Lessee to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and/or increasing the burden on the market for tax-exempt obligations through actions such as issuing more obligations, issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary for the Governmental Purpose.

(6) The Issuer has never been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that the Lessee's certification with respect to its obligations may not be relied upon and no notice to that effect has been published in the Internal Revenue Bulletin.

(7) Certain of the facts, estimates and circumstances contained herein are based upon representations made by CoLT in the attached certificate, or in other letters and reports that accompany the sundry closing documents

related to the sale and delivery of the Lease. The Lessee is not aware of any facts, estimates or circumstances that would cause it to question the accuracy of such representations. To the best of the knowledge, information and belief of the undersigned, who is authorized by the Lessee to sign this certificate on behalf of the Lessee, the above expectations of the Lessee as stated herein are reasonable and there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

**CHECK IF APPLICABLE**

☐ (8) During this calendar year, the Lessee, which has general taxing powers, has not issued and does not expect to issue tax-exempt bonds, including any tax-exempt bonds issued by any subordinate entities, but excluding "private activity bonds," as defined in the Section 141 of the Code, and any refunding bonds, as defined in Section 148(f)(4)(D)(iii) of the Code, exceeding \$5,000,000 in aggregate face amount.

☐ (9) Lessee does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the Lessee or any subordinate entity of the Lessee will issue during the calendar year in which the Lease is executed and delivered will exceed \$10,000,000; and, therefore, the Lessee hereby designates the Lease as a "qualified tax-exempt obligation".

This certificate is being executed and delivered pursuant to Treas. Regs. §§ 1.148-1 through -11 issued under the Code, of which the undersigned, with the advice of counsel, is generally familiar. On the basis of the foregoing, it is not expected that the proceeds of the Lease will be used in a manner that would cause the Lease or the Bonds to be "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code or the Treasury Regulations thereunder.

COUNTY OF LIVINGSTON, KENTUCKY

By:   
Chris Lasher, Judge/Executive

Dated: November 9 2007



CERTIFICATE OF KENTUCKY ASSOCIATION OF COUNTIES LEASING TRUST

The undersigned hereby certifies on behalf the Kentucky Association of Counties Leasing Trust ("CoLT") that (1) CoLT has entered into an agreement (the "Tax Regulatory Agreement") in connection with the issuance of \$70,000,000 Kentucky Association of Counties Leasing Trust Lease Program Revenue Bonds, Variable Rate 2007 Series B (the "Bonds") issued by the County of Christian, Kentucky (the "Issuer") on August 15, 2007 with the Issuer and U.S. Bank National Association, as trustee; (2) the Tax Regulatory Agreement requires that CoLT not use and not permit any use of the Proceeds of the Bonds which would cause the interest on the Bonds to become includable in the gross income for federal income tax purposes of any holder of the Bonds; (3) the Tax Regulatory Agreement requires that CoLT impose limitations on each Lessee, as a condition of entering into a Lease, as to the use of the Proceeds of the Lease and the use of the Project financed with such Proceeds, so that the restrictions and limitations of the Tax Regulatory Agreement are not violated; (4) the Tax Regulatory Agreement requires that CoLT require that each Lessee, as a condition of entering into a Lease, pay any rebate amounts owed pursuant to Section 148(f) of the Code; (5) any investment contract that was entered into for the Proceeds of the Bonds complies with the requirements of Treas. Regs. §§ 1-148-1 - -11; and (6) this certificate may be relied upon by the Lessee in executing the foregoing certificate and by Peck, Shaffer & Williams LLP in rendering any opinion with respect to the Lease.

KENTUCKY ASSOCIATION OF COUNTIES LEASING  
TRUST

By: 

Grant Satterly, Program Director

Dated: November 9, 2007





 **PECK SHAFFER**

PECK, SHAFFER & WILLIAMS LLP  
ATTORNEYS AT LAW  
118 WEST FIFTH STREET  
SUITE A  
COVINGTON, KENTUCKY 41011

TEL 859 431 7000  
888 431 7511  
FAX 859 431 0673  
WWW.PECKSHAFFER.COM

January 15, 2008

CERTIFIED MAIL

Internal Revenue Service  
1160 W 1200 S  
Ogden, UT 84201

Re: Lease Agreement Between Kentucky Association of Counties Leasing Trust and FIVCO  
Area Development District - 8038-G  
Lease Agreement Between Kentucky Association of Counties Leasing Trust and Green  
County Public Health Taxing District - 8038-G  
Lease Agreement Between Kentucky Association of Counties Leasing Trust and Carter  
County Emergency Ambulance Service - 8038-G  
Lease Agreement Between Kentucky Association of Counties Leasing Trust and  
Montgomery County Ambulance District - 8038-G  
Lease Agreement Between Kentucky Association of Counties Leasing Trust and County  
of Livingston, Kentucky - 8038-G  
Lease Agreement Between Kentucky Association of Counties Leasing Trust and County  
of Simpson, Kentucky - 8038-G  
Lease Agreement Between Kentucky Association of Counties Leasing Trust and County  
of Jessamine, Kentucky - 8038-G  
Lease Agreement Between Kentucky Association of Counties Leasing Trust and County  
of Rockcastle, Kentucky - 8038-GC

Ladies and Gentlemen:

Enclosed please find IRS Information Return forms (8038, 8038-G, and 8038-GC) for the above  
referenced issues. **PLEASE RETURN A FILE-STAMPED COPY OF THE RETURN TO US IN  
THE SELF- ADDRESSED ENVELOPE AT YOUR EARLIEST CONVENIENCE.**

Thank you for your assistance with this matter.

Very truly yours,

PECK, SHAFFER & WILLIAMS LLP

Per

  
Ian F. Koffler

IFK/mmww

Encls.

Form **8038-G**

(Rev. November 2000)

Department of the Treasury  
Internal Revenue Service**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

<b>Part I Reporting Authority</b>		<b>If Amended Return, check here</b> <input type="checkbox"/>	
1 Issuer's name <u>County of Livingston, Kentucky</u>		2 Issuer's employer identification number <u>61-0610257</u>	
3 Number and street (or P.O. box if mail is not delivered to street address) <u>PO Box 70</u>		Room/suite	4 Report number <u>3</u>
5 City, town, or post office, state, and ZIP code <u>Smithland, KY 42018</u>		6 Date of issue <u>November 9, 2007</u>	
7 Name of issue <u>Lease Agreement Between Kentucky Association of Counties Leasing Trust and the County of Livingston, Kentucky</u>		8 CUSIP number <u>None</u>	
9 Name and title of officer or legal representative whom the IRS may call for more information <u>Chris Lasher, Judge/Executive</u>		10 Telephone number of officer or legal representative <u>270-928-2106</u>	

<b>Part II Type of Issue (check applicable box(es) and enter the issue price)</b> See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15 <u>1,184,285.03</u>
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe ►	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

<b>Part III Description of Obligations.</b> (Complete for the entire issue for which this form is being filed.)				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 <u>2/20/37</u>	\$ <u>1,184,285.03</u>	\$ <u>1,184,285.03</u>	<u>19.84026</u> years	<u>VR %</u>

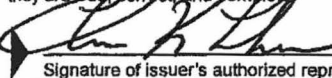
<b>Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)</b>	
22 Proceeds used for accrued interest	22
23 Issue price of entire issue (enter amount from line 21, column (b))	23 <u>1,184,285.03</u>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24
25 Proceeds used for credit enhancement	25
26 Proceeds allocated to reasonably required reserve or replacement fund	26
27 Proceeds used to currently refund prior issues	27
28 Proceeds used to advance refund prior issues	28
29 Total (add lines 24 through 28)	29
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 <u>1,184,285.03</u>

<b>Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)</b>	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called	_____
34 Enter the date(s) the refunded bonds were issued	_____

<b>Part VI Miscellaneous</b>	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a
b Enter the final maturity date of the guaranteed investment contract	_____
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer <u>Christian County, Kentucky</u> and the date of the issue <u>8-1-07</u>	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

**Sign Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

  
Signature of issuer's authorized representative11-9-07

Date

Chris Lasher

Judge/Executive

Type or print name and title

U.S. Postal Service™  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)®

**OFFICIAL USE**

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark  
Here

Sent To	
Street, Apt. No., or PO Box No.	IRS
City, State, ZIP+4	

PS Form 3800, June 2002

See Reverse for Instructions

7005 1160 0002 6771 3226

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

IRS  
1160 W 1200 S  
Ogden, UT 84201

2. Article Number

(Transfer from service label)

7005 1160 0002 6771 3226

PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  
If YES, enter delivery address below:

☐ Yes

☐ No

JAN 22 2008

OGDEN, UT

3. Service type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☒ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Domestic Return Receipt

102595-02-M-1540

## **EVIDENCE OF PROPERTY INSURANCE**

### **INSURER**

KACo All Lines Fund  
380 King's Daughters Drive  
Frankfort, KY 40601  
1-800-264-5253

### **INSURED**

Livingston County Fiscal Court  
Livingston Co. Courthouse  
PO Box 70  
Smithland, KY 42081

<b>Type of Insurance</b>	<b>Policy Number</b>	<b>Policy Eff. Date</b>	<b>Policy Exp. Date</b>	<b>Limits</b>
Property	KALF0031	07/01/2007	07/01/2008	Blanket Limit As Per Statement on File

### **DESCRIPTION:**

Coverage is provided for any and all listed property  
leased/financed through the KACo Leasing Trust

### **Loss Payee:**

KACo Leasing Trust  
380 King's Daughters Drive  
Frankfort, KY 40601

**BILLY N. RILEY**  
LIVINGSTON COUNTY ATTORNEY

COURTHOUSE  
P.O. BOX 97  
SMITHLAND, KY 42081  
270-928-2880  
1-800-599-2880  
FAX 270-928-4612

**MARVIN L. WILSON**  
ASSISTANT COUNTY ATTORNEY

October 16, 2007

U.S. Bank National Association, Trustee  
Corporate Trust Services  
CN-KY 0850  
One Financial Square  
Louisville, KY 40202

Kentucky Association of Counties Leasing Trust  
390 King's Daughters Drive  
Frankfort, KY 40604

**RE: LEASE AGREEMENT BETWEEN KENTUCKY ASSOCIATION OF  
COUNTIES LEASING TRUST, AS LESSOR, AND COUNTY OF LIVINGSTON,  
KENTUCKY, AS LESSEE**

Ladies and Gentlemen:

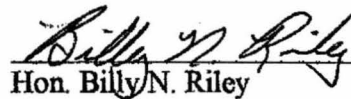
I have acted as counsel to the lessee identified above (the "Lessee") in connection with the authorization, execution, and delivery by the Lessee of the Lease Agreement identified above, (the "Lease"), between the Lessee and Kentucky Association of Counties Leasing Trust (the "Lessor"). I have reviewed (i) the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), (ii) certain proceedings taken by the Governing Body of the Lessee, (iii) an executed copy of the Lease and any Collateral Documents, as defined in the Lease, and (iv) such other information and documents as we have deemed necessary or appropriate in order to render this opinion.

Based on the foregoing, I am of the opinion that:

1. The Lessee is a body politic and corporate, validly organized and existing in good standing under the laws of the Commonwealth and has full power and authority to enter into and to perform its obligations under the Lease.
2. The Lease and any Collateral Documents have been duly authorized, executed and delivered by the Lessee and (assuming the due authorization, execution and delivery thereof by the other parties thereto) constitute legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms (including, without limitation, the right of the Lessee to terminate the Lease at the end of each fiscal year of the Lessee by

3. reason of an Event of Nonappropriation, as defined in the Lease), except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.
4. All consents, approvals or authorizations of any governmental entity and all filings and notices required on the part of the Lessee in connection with the authorization, execution and delivery of the Lease and the consummation of the transactions contemplated thereby have been obtained and are in full force and effect.
5. Neither the execution and delivery of the Lease nor the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Lease conflict with or constitute a violation of any provision of any law or regulation applicable to the Lessee or, to the best of our knowledge after reasonable investigation, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound.
6. To the best of my knowledge, after reasonable investigation, there is no action, suit, proceeding or governmental investigation at law or in equity before or any court, public board or body, pending of which the Lessee has been served with a summons, summons and complaint or other notice of commencement, or threatened to execute and deliver the Lease or to consummate the transactions contemplated by the Lease.

Respectfully submitted,



Hon. Billy N. Riley  
Livingston County Attorney



**OFFICE OF THE GOVERNOR  
GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT**

**Ernie Fletcher**  
Governor

1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
Phone (502) 573-2382  
Fax (502) 573-2939  
Toll Free (800) 346-5606  
[www.gold.ky.gov](http://www.gold.ky.gov)  
November 19, 2007

**Steve Robertson**  
Commissioner

Mr. Ian F. Koffler  
Peck, Shaffer & Williams, L.L.P.  
118 West Fifth Street, Suite A  
Covington, KY 41011

RE: \$1,184,285.03 Lease Agreement between Livingston County (Lessee) and Kentucky Association of Counties Leasing Trust (Lessor), dated November 9, 2007 to refinance the remaining balance of the Ledbetter Sewer Project (SLDO Hearing 05-004, Bond Issue # 12747)

Dear Mr. Koffler:

This will acknowledge receipt of notification of the above referenced lease in conformity with KRS 65.944.

The information received complies with the requirements of this office and the above referenced statute.

If I may be of assistance in this matter, please feel free to contact me.

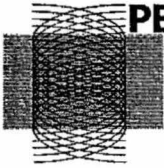
Sincerely,

A handwritten signature in black ink, appearing to read "Daniel L. Waits".

DANIEL L. WAITS  
State Local Debt Officer

/ld





**PECK SHAFFER**

PECK, SHAFFER & WILLIAMS LLP  
ATTORNEYS AT LAW  
118 WEST FIFTH STREET  
SUITE A  
COVINGTON, KENTUCKY 41011

TEL 859 431 7000  
888 431 7511  
FAX 859 431 0673  
WWW.PECKSHAFFER.COM

November 9, 2007

Mr. Daniel L. Waits  
State Local Debt Officer  
Department of Local Government  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601-8204

Re: Lease Agreement dated November 9, 2007 between Kentucky Association of Counties  
Leasing Trust and the County of Livingston, Kentucky

Dear Mr. Waits:

We are acting as special counsel with respect to the above-referenced issue (the "Lease"). In such capacity, this notice is being sent to you in compliance with §65.944 of the Kentucky Revised Statutes. The Lease is being entered into between Kentucky Association of Counties Leasing Trust, as lessor (the "Lessor") and the County of Livingston, Kentucky (the "Lessee"), to finance improvements to the County's sewer system (the "Project").

The Lease is being entered into in compliance with §§65.940 through 65.956 of the Kentucky Revised Statutes.

The Lease is being financed by the Lessor, Kentucky Association of Counties Leasing Trust. A Local Debt Notification Lease Summary form relating to this lease is attached.

Please call if you have any questions, and please acknowledge receipt of this notice by mail. Thank you for your cooperation in this matter.

Very truly yours,

PECK, SHAFFER & WILLIAMS LLP

Per 

Ian F. Koffler

IFK/mmww

## LOCAL DEBT NOTIFICATION

### LEASE SUMMARY FORM

Please complete this form and mail with any corresponding information pertaining to your county entering into a lease agreement. Completion of this form will insure timely entry into the State Local Debt Report. Thank you in advance for your assistance.

Name of Entity Entering Lease: County of Livingston, Kentucky

County: County of Livingston, Kentucky

Type of Lease: Annual Appropriations

Purpose of the Lease: To finance improvements to the County's sewer system.

Is the County Obligated or Unobligated: Obligated

Name of Lessor: Kentucky Association of Counties Leasing Trust

Date the Lease was Issued: November 9, 2007

Principle Amount: \$1,184,285.03

Interest Amount: \$1,183,441.57

Type of Interest – Fixed or Variable: Variable

Interest Rate: Variable

Date of Initial Payment: Initial Interest – 11-20-07 principal – 2-20-13

Date of Maturity: 2-20-2037

Date of Retirement: 2-20-2037

Retirement Method: See attached schedule

Who is Trustee/Paying Agent: The Bank of New York Trust Company, N.A.

Who is Counsel (if applicable): Peck, Shaffer & Williams LLP

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
11/9/2007	<-Lease Closing Date					
11/20/2007	-	3,494.82	-		3,494.82	
12/20/2007	-	4,916.01	(2,048.86)	Cap Int @3.96%	2,867.15	
1/20/2008	-	4,916.01	(2,048.86)	Cap Int @3.96%	2,867.15	
2/20/2008	-	4,614.76	(2,048.86)	Cap Int @3.96%	2,565.90	
3/20/2008	-	4,916.01	(2,048.86)	Cap Int @3.96%	2,867.15	
4/20/2008	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
5/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
6/20/2008	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	22,999.72
7/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
8/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
9/20/2008	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
10/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
11/20/2008	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
12/20/2008	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
1/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
2/20/2009	-	4,475.70	(2,048.86)	Cap Int @3.96%	2,426.84	
3/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
4/20/2009	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
5/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
6/20/2009	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	33,502.04
7/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
8/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
9/20/2009	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
10/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
11/20/2009	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
12/20/2009	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
1/20/2010	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
2/20/2010	-	4,475.70	(2,048.86)	Cap Int @3.96%	2,426.84	
3/20/2010	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
4/20/2010	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	
5/20/2010	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
6/20/2010	-	4,777.77	(2,048.86)	Cap Int @3.96%	2,728.91	33,502.04
7/20/2010	-	4,928.80	(2,048.86)	Cap Int @3.96%	2,879.94	
8/20/2010	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
9/20/2010	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	
10/20/2010	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
11/20/2010	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	
12/20/2010	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
1/20/2011	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
2/20/2011	-	4,597.40	(2,048.86)	Cap Int @3.96%	2,548.54	
3/20/2011	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
4/20/2011	-	4,887.09	(2,048.86)	Cap Int @3.96%	2,838.23	
5/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
6/20/2011	-	4,887.09	(2,048.86)	Cap Int @3.96%	2,838.23	34,803.19
7/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
8/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
9/20/2011	-	4,887.09	(2,048.86)	Cap Int @3.96%	2,838.23	
10/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
11/20/2011	-	4,887.09	(2,048.86)	Cap Int @3.96%	2,838.23	
12/20/2011	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
1/20/2012	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
2/20/2012	-	4,736.46	(2,048.86)	Cap Int @3.96%	2,687.60	
3/20/2012	-	5,037.71	(2,048.86)	Cap Int @3.96%	2,988.85	
4/20/2012	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	
5/20/2012	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
6/20/2012	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	35,000.00
7/20/2012	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
8/20/2012	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
9/20/2012	-	4,899.47	(2,048.86)	Cap Int @3.96%	2,850.61	
10/20/2012	-	5,050.50	(2,048.86)	Cap Int @3.96%	3,001.64	
11/20/2012	-	4,899.47	-		4,899.47	
12/20/2012	-	5,050.50	-		5,050.50	
1/20/2013	-	5,050.50	-		5,050.50	
2/20/2013	25,000.00	4,597.40	-		29,597.40	
3/20/2013	-	4,944.68	-		4,944.68	
4/20/2013	-	4,796.84	-		4,796.84	
5/20/2013	-	4,944.68	-		4,944.68	
6/20/2013	-	4,796.84	-		4,796.84	75,936.43
7/20/2013	-	4,944.68	-		4,944.68	
8/20/2013	-	4,944.68	-		4,944.68	
9/20/2013	-	4,796.84	-		4,796.84	
10/20/2013	-	4,944.68	-		4,944.68	
11/20/2013	-	4,796.84	-		4,796.84	
12/20/2013	-	4,944.68	-		4,944.68	
1/20/2014	-	4,944.68	-		4,944.68	
2/20/2014	25,000.00	4,501.15	-		29,501.15	
3/20/2014	-	4,838.87	-		4,838.87	
4/20/2014	-	4,694.21	-		4,694.21	

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
5/20/2014	-	4,838.87	-		4,838.87	
6/20/2014	-	4,694.21	-		4,694.21	82,884.39
7/20/2014	-	4,838.87	-		4,838.87	
8/20/2014	-	4,838.87	-		4,838.87	
9/20/2014	-	4,694.21	-		4,694.21	
10/20/2014	-	4,838.87	-		4,838.87	
11/20/2014	-	4,694.21	-		4,694.21	
12/20/2014	-	4,838.87	-		4,838.87	
1/20/2015	-	4,838.87	-		4,838.87	
2/20/2015	25,000.00	4,404.90	-		29,404.90	
3/20/2015	-	4,733.04	-		4,733.04	
4/20/2015	-	4,579.97	-		4,579.97	
5/20/2015	-	4,721.06	-		4,721.06	
6/20/2015	-	4,579.97	-		4,579.97	81,601.71
7/20/2015	-	4,721.06	-		4,721.06	
8/20/2015	-	4,721.06	-		4,721.06	
9/20/2015	-	4,579.97	-		4,579.97	
10/20/2015	-	4,721.06	-		4,721.06	
11/20/2015	-	4,579.97	-		4,579.97	
12/20/2015	-	4,721.06	-		4,721.06	
1/20/2016	-	4,721.06	-		4,721.06	
2/20/2016	30,000.00	4,438.89	-		34,438.89	
3/20/2016	-	4,594.41	-		4,594.41	
4/20/2016	-	4,468.43	-		4,468.43	
5/20/2016	-	4,606.07	-		4,606.07	
6/20/2016	-	4,468.43	-		4,468.43	85,341.47
7/20/2016	-	4,606.07	-		4,606.07	
8/20/2016	-	4,606.07	-		4,606.07	
9/20/2016	-	4,468.43	-		4,468.43	
10/20/2016	-	4,606.07	-		4,606.07	
11/20/2016	-	4,468.43	-		4,468.43	
12/20/2016	-	4,606.07	-		4,606.07	
1/20/2017	-	4,606.07	-		4,606.07	
2/20/2017	30,000.00	4,193.13	-		34,193.13	
3/20/2017	-	4,479.08	-		4,479.08	
4/20/2017	-	4,345.26	-		4,345.26	
5/20/2017	-	4,479.08	-		4,479.08	
6/20/2017	-	4,345.26	-		4,345.26	83,809.02
7/20/2017	-	4,479.08	-		4,479.08	
8/20/2017	-	4,479.08	-		4,479.08	
9/20/2017	-	4,345.26	-		4,345.26	
10/20/2017	-	4,479.08	-		4,479.08	
11/20/2017	-	4,345.26	-		4,345.26	
12/20/2017	-	4,479.08	-		4,479.08	
1/20/2018	-	4,479.08	-		4,479.08	
2/20/2018	30,000.00	4,077.63	-		34,077.63	
3/20/2018	-	4,352.11	-		4,352.11	
4/20/2018	-	4,222.12	-		4,222.12	
5/20/2018	-	4,352.11	-		4,352.11	
6/20/2018	-	4,222.12	-		4,222.12	82,312.01
7/20/2018	-	4,352.11	-		4,352.11	
8/20/2018	-	4,352.11	-		4,352.11	
9/20/2018	-	4,222.12	-		4,222.12	
10/20/2018	-	4,352.11	-		4,352.11	
11/20/2018	-	4,222.12	-		4,222.12	
12/20/2018	-	4,352.11	-		4,352.11	
1/20/2019	-	4,352.11	-		4,352.11	
2/20/2019	35,000.00	3,962.13	-		38,962.13	
3/20/2019	-	4,203.96	-		4,203.96	
4/20/2019	-	4,068.15	-		4,068.15	
5/20/2019	-	4,193.33	-		4,193.33	
6/20/2019	-	4,068.15	-		4,068.15	85,700.51
7/20/2019	-	4,193.33	-		4,193.33	
8/20/2019	-	4,193.33	-		4,193.33	
9/20/2019	-	4,068.15	-		4,068.15	
10/20/2019	-	4,193.33	-		4,193.33	
11/20/2019	-	4,068.15	-		4,068.15	
12/20/2019	-	4,193.33	-		4,193.33	
1/20/2020	-	4,193.33	-		4,193.33	
2/20/2020	35,000.00	3,942.97	-		38,942.97	
3/20/2020	-	4,045.57	-		4,045.57	
4/20/2020	-	3,934.76	-		3,934.76	
5/20/2020	-	4,055.82	-		4,055.82	
6/20/2020	-	3,934.76	-		3,934.76	84,016.83
7/20/2020	-	4,055.82	-		4,055.82	
8/20/2020	-	4,055.82	-		4,055.82	
9/20/2020	-	3,934.76	-		3,934.76	
10/20/2020	-	4,055.82	-		4,055.82	
11/20/2020	-	3,934.76	-		3,934.76	

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('88 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
12/20/2020	-	4,055.82	-		4,055.82	
1/20/2021	-	4,055.82	-		4,055.82	
2/20/2021	35,000.00	3,692.63	-		38,692.63	
3/20/2021	-	3,907.68	-		3,907.68	
4/20/2021	-	3,791.08	-		3,791.08	
5/20/2021	-	3,907.68	-		3,907.68	
6/20/2021	-	3,791.08	-		3,791.08	82,238.77
7/20/2021	-	3,907.68	-		3,907.68	
8/20/2021	-	3,907.68	-		3,907.68	
9/20/2021	-	3,791.08	-		3,791.08	
10/20/2021	-	3,907.68	-		3,907.68	
11/20/2021	-	3,791.08	-		3,791.08	
12/20/2021	-	3,907.68	-		3,907.68	
1/20/2022	-	3,907.68	-		3,907.68	
2/20/2022	40,000.00	3,557.88	-		43,557.88	
3/20/2022	-	3,738.37	-		3,738.37	
4/20/2022	-	3,626.87	-		3,626.87	
5/20/2022	-	3,738.37	-		3,738.37	
6/20/2022	-	3,626.87	-		3,626.87	85,408.92
7/20/2022	-	3,738.37	-		3,738.37	
8/20/2022	-	3,738.37	-		3,738.37	
9/20/2022	-	3,626.87	-		3,626.87	
10/20/2022	-	3,738.37	-		3,738.37	
11/20/2022	-	3,626.87	-		3,626.87	
12/20/2022	-	3,738.37	-		3,738.37	
1/20/2023	-	3,738.37	-		3,738.37	
2/20/2023	40,000.00	3,403.87	-		43,403.87	
3/20/2023	-	3,569.07	-		3,569.07	
4/20/2023	-	3,453.95	-		3,453.95	
5/20/2023	-	3,560.06	-		3,560.06	
6/20/2023	-	3,453.95	-		3,453.95	83,386.49
7/20/2023	-	3,560.06	-		3,560.06	
8/20/2023	-	3,560.06	-		3,560.06	
9/20/2023	-	3,453.95	-		3,453.95	
10/20/2023	-	3,560.06	-		3,560.06	
11/20/2023	-	3,453.95	-		3,453.95	
12/20/2023	-	3,560.06	-		3,560.06	
1/20/2024	-	3,560.06	-		3,560.06	
2/20/2024	40,000.00	3,347.84	-		43,347.84	
3/20/2024	-	3,391.18	-		3,391.18	
4/20/2024	-	3,298.46	-		3,298.46	
5/20/2024	-	3,399.76	-		3,399.76	
6/20/2024	-	3,298.46	-		3,298.46	81,443.90
7/20/2024	-	3,399.76	-		3,399.76	
8/20/2024	-	3,399.76	-		3,399.76	
9/20/2024	-	3,298.46	-		3,298.46	
10/20/2024	-	3,399.76	-		3,399.76	
11/20/2024	-	3,298.46	-		3,298.46	
12/20/2024	-	3,399.76	-		3,399.76	
1/20/2025	-	3,399.76	-		3,399.76	
2/20/2025	45,000.00	3,005.87	-		48,005.87	
3/20/2025	-	3,209.28	-		3,209.28	
4/20/2025	-	3,113.73	-		3,113.73	
5/20/2025	-	3,209.28	-		3,209.28	
6/20/2025	-	3,113.73	-		3,113.73	84,337.81
7/20/2025	-	3,209.28	-		3,209.28	
8/20/2025	-	3,209.28	-		3,209.28	
9/20/2025	-	3,113.73	-		3,113.73	
10/20/2025	-	3,209.28	-		3,209.28	
11/20/2025	-	3,113.73	-		3,113.73	
12/20/2025	-	3,209.28	-		3,209.28	
1/20/2026	-	3,209.28	-		3,209.28	
2/20/2026	45,000.00	2,922.60	-		47,922.60	
3/20/2026	-	3,018.82	-		3,018.82	
4/20/2026	-	2,929.00	-		2,929.00	
5/20/2026	-	3,018.82	-		3,018.82	
6/20/2026	-	2,929.00	-		2,929.00	82,092.10
7/20/2026	-	3,018.82	-		3,018.82	
8/20/2026	-	3,018.82	-		3,018.82	
9/20/2026	-	2,929.00	-		2,929.00	
10/20/2026	-	3,018.82	-		3,018.82	
11/20/2026	-	2,929.00	-		2,929.00	
12/20/2026	-	3,018.82	-		3,018.82	
1/20/2027	-	3,018.82	-		3,018.82	
2/20/2027	50,000.00	2,749.36	-		52,749.36	
3/20/2027	-	2,807.19	-		2,807.19	
4/20/2027	-	2,716.90	-		2,716.90	
5/20/2027	-	2,800.12	-		2,800.12	
6/20/2027	-	2,716.90	-		2,716.90	84,742.57

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
7/20/2027	-	2,800.12	-		2,800.12	
8/20/2027	-	2,800.12	-		2,800.12	
9/20/2027	-	2,716.90	-		2,716.90	
10/20/2027	-	2,800.12	-		2,800.12	
11/20/2027	-	2,716.90	-		2,716.90	
12/20/2027	-	2,800.12	-		2,800.12	
1/20/2028	-	2,800.12	-		2,800.12	
2/20/2028	50,000.00	2,633.70	-		52,633.70	
3/20/2028	-	2,589.01	-		2,589.01	
4/20/2028	-	2,518.48	-		2,518.48	
5/20/2028	-	2,595.54	-		2,595.54	
6/20/2028	-	2,518.48	-		2,518.48	82,289.61
7/20/2028	-	2,595.54	-		2,595.54	
8/20/2028	-	2,595.54	-		2,595.54	
9/20/2028	-	2,518.48	-		2,518.48	
10/20/2028	-	2,595.54	-		2,595.54	
11/20/2028	-	2,518.48	-		2,518.48	
12/20/2028	-	2,595.54	-		2,595.54	
1/20/2029	-	2,595.54	-		2,595.54	
2/20/2029	55,000.00	2,364.34	-		57,364.34	
3/20/2029	-	2,362.75	-		2,362.75	
4/20/2029	-	2,292.70	-		2,292.70	
5/20/2029	-	2,362.75	-		2,362.75	
6/20/2029	-	2,292.70	-		2,292.70	84,689.90
7/20/2029	-	2,362.75	-		2,362.75	
8/20/2029	-	2,362.75	-		2,362.75	
9/20/2029	-	2,292.70	-		2,292.70	
10/20/2029	-	2,362.75	-		2,362.75	
11/20/2029	-	2,292.70	-		2,292.70	
12/20/2029	-	2,362.75	-		2,362.75	
1/20/2030	-	2,362.75	-		2,362.75	
2/20/2030	55,000.00	2,152.60	-		57,152.60	
3/20/2030	-	2,129.96	-		2,129.96	
4/20/2030	-	2,066.92	-		2,066.92	
5/20/2030	-	2,129.96	-		2,129.96	
6/20/2030	-	2,066.92	-		2,066.92	81,945.51
7/20/2030	-	2,129.96	-		2,129.96	
8/20/2030	-	2,129.96	-		2,129.96	
9/20/2030	-	2,066.92	-		2,066.92	
10/20/2030	-	2,129.96	-		2,129.96	
11/20/2030	-	2,066.92	-		2,066.92	
12/20/2030	-	2,129.96	-		2,129.96	
1/20/2031	-	2,129.96	-		2,129.96	
2/20/2031	60,000.00	1,940.84	-		61,940.84	
3/20/2031	-	1,876.00	-		1,876.00	
4/20/2031	-	1,816.07	-		1,816.07	
5/20/2031	-	1,871.31	-		1,871.31	
6/20/2031	-	1,816.07	-		1,816.07	84,103.93
7/20/2031	-	1,871.31	-		1,871.31	
8/20/2031	-	1,871.31	-		1,871.31	
9/20/2031	-	1,816.07	-		1,816.07	
10/20/2031	-	1,871.31	-		1,871.31	
11/20/2031	-	1,816.07	-		1,816.07	
12/20/2031	-	1,871.31	-		1,871.31	
1/20/2032	-	1,871.31	-		1,871.31	
2/20/2032	65,000.00	1,760.84	-		66,760.84	
3/20/2032	-	1,596.89	-		1,596.89	
4/20/2032	-	1,553.78	-		1,553.78	
5/20/2032	-	1,600.87	-		1,600.87	
6/20/2032	-	1,553.78	-		1,553.78	86,054.85
7/20/2032	-	1,600.87	-		1,600.87	
8/20/2032	-	1,600.87	-		1,600.87	
9/20/2032	-	1,553.78	-		1,553.78	
10/20/2032	-	1,600.87	-		1,600.87	
11/20/2032	-	1,553.78	-		1,553.78	
12/20/2032	-	1,600.87	-		1,600.87	
1/20/2033	-	1,600.87	-		1,600.87	
2/20/2033	65,000.00	1,459.58	-		66,459.58	
3/20/2033	-	1,325.74	-		1,325.74	
4/20/2033	-	1,286.93	-		1,286.93	
5/20/2033	-	1,325.74	-		1,325.74	
6/20/2033	-	1,286.93	-		1,286.93	82,796.83
7/20/2033	-	1,325.74	-		1,325.74	
8/20/2033	-	1,325.74	-		1,325.74	
9/20/2033	-	1,286.93	-		1,286.93	
10/20/2033	-	1,325.74	-		1,325.74	
11/20/2033	-	1,286.93	-		1,286.93	
12/20/2033	-	1,325.74	-		1,325.74	
1/20/2034	-	1,325.74	-		1,325.74	

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #2 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing)

Date	Base Rental Principal	Total Rental Interest *	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service
2/20/2034	70,000.00	1,209.32	-		71,209.32	
3/20/2034	-	1,029.46	-		1,029.46	
4/20/2034	-	999.58	-		999.58	
5/20/2034	-	1,029.46	-		1,029.46	
6/20/2034	-	999.58	-		999.58	84,469.96
7/20/2034	-	1,029.46	-		1,029.46	
8/20/2034	-	1,029.46	-		1,029.46	
9/20/2034	-	999.58	-		999.58	
10/20/2034	-	1,029.46	-		1,029.46	
11/20/2034	-	999.58	-		999.58	
12/20/2034	-	1,029.46	-		1,029.46	
1/20/2035	-	1,029.46	-		1,029.46	
2/20/2035	75,000.00	939.83	-		75,939.83	
3/20/2035	-	712.00	-		712.00	
4/20/2035	-	690.03	-		690.03	
5/20/2035	-	710.28	-		710.28	
6/20/2035	-	690.03	-		690.03	85,888.63
7/20/2035	-	710.28	-		710.28	
8/20/2035	-	710.28	-		710.28	
9/20/2035	-	690.03	-		690.03	
10/20/2035	-	710.28	-		710.28	
11/20/2035	-	690.03	-		690.03	
12/20/2035	-	710.28	-		710.28	
1/20/2036	-	710.28	-		710.28	
2/20/2036	75,000.00	669.77	-		75,669.77	
3/20/2036	-	393.65	-		393.65	
4/20/2036	-	383.81	-		383.81	
5/20/2036	-	394.56	-		394.56	
6/20/2036	-	383.81	-		383.81	82,157.06
7/20/2036	-	394.56	-		394.56	
8/20/2036	-	394.56	-		394.56	
9/20/2036	-	383.81	-		383.81	
10/20/2036	-	394.56	-		394.56	
11/20/2036	-	383.81	-		383.81	
12/20/2036	-	394.56	-		394.56	
1/20/2037	-	394.56	-		394.56	
2/20/2037	84,285.03	362.31	-		84,647.34	87,387.76
<u>1,184,285.03</u>		<u>1,183,441.57</u>	<u>(120,882.84)</u>		<u>2,246,843.77</u>	<u>2,246,843.77</u>

\* All-In Yield of 5.032%

\* Interest computed at rate shown, actual rate will vary over term of Lease.



November 6, 2007

Mr. Michael Hanks, Trustee  
U.S. Bank Corporate Trust  
Louisville, Kentucky

VIA FAX

Re: KACo "PFP" Livingston County—refinance of a Sewer System

Dear Mr. Hanks,

Please be advised that U.S. Bank has approved the funding for the above referenced transaction, in an amount not to exceed \$1,200,000, per the terms outlined in the copy of the Lease Application we have received from the administrator.

It is agreed, that the transaction will be funded through the KACo pool program supported by US Bank's Letter of Credit.

Enclosed please find a copy of our approval. Deviation from the terms contained within our approval is not allowed.

Please forward copies of the executed contracts, including the approving legal opinion, upon receipt to my attention. Any questions, please contact me at 931-680-0535.

Sincerely,

Tommy L. Risner  
Portfolio Manager, Pooled Financing Programs  
Government Banking Division

Encl

cc: Mr. Grant Satterly, Kentucky Association of Counties  
Mr. Ian Koffler, Peck Shaffer & Williams







## KENTUCKY ASSOCIATION OF COUNTIES LEASING TRUST

380 King's Daughters Drive, Frankfort, Kentucky 40601  
502-223-7667 • 800-264-5226 • Fax 502-875-7262 • [www.kaco.org](http://www.kaco.org)

***"Working For You In Ways You Never Imagined"***

### LETTER OF INSTRUCTIONS

USBank, as Trustee  
Louisville, KY

Re: Lease Agreement dated November 9, 2007 between Kentucky Association of Counties Leasing Trust ("CoLT") and the County of Livingston, Kentucky

Gentleman:

Pursuant to the above referenced Lease Agreement (the "Lease") and the Indenture dated as of August 1, 2007, between CoLT, the County of Christian, Kentucky and you, as Trustee, are hereby requested to fund the County of Livingston, Kentucky in the amount of \$1,184,285.03.

Dated: November 9, 2007

KENTUCKY ASSOCIATION OF  
COUNTIES LEASING TRUST

By: 

Dated: November 9, 2007

KENTUCKY ASSOCIATION OF  
COUNTIES

By: 

#### BOARD OF TRUSTEES

Chair Sue Carole Perry  
Shelby Co. Clerk

Vice-Chair J. Michael Foster  
Christian Co. Attorney

Jim Townsend  
Webster Co. Judge/Executive

Lynn Lane  
Ballard Co. Clerk

Randy Stevens  
Trimble Co. Judge/Executive

## **Attachment 9a**

NOTE

New PY 56097.03

2004

100K Reserve on balance

26077.97 wouldnt returned it  
reason why pymt doesnt match actual  
scheduled pymt below

Sewer

KENTUCKY INFRASTRUCTURE AUTHORITY  
REPAYMENT SCHEDULE  
LOAN #A06-01  
Ledbetter Water and Sewer District  
FINAL

0.00% Rate  
\$58,151.95 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/07 5/30 <sup>OK</sup> 4122	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$2,326.08	\$0.00	\$60,478.03	\$2,326,078.00		
12/01/07	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$2,267.93	\$0.00	\$60,419.88	\$2,267,926.05	\$0.00	\$0.00
06/01/08 5/30 4379	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$2,209.77	\$0.00	\$60,361.72	\$2,209,774.10	\$22,000.00	\$22,000.00
12/01/08 11/25 4532	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$2,151.62	\$0.00	\$60,303.57	\$2,151,622.15	\$0.00	\$22,000.00
06/01/09	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$2,093.47	\$0.00	\$60,245.42	\$2,093,470.20	\$22,000.00	\$44,000.00
12/01/09	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$2,035.32	\$0.00	\$60,187.27	\$2,035,318.25	\$0.00	\$44,000.00
06/01/10	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,977.17	\$0.00	\$60,129.12	\$1,977,166.30	\$22,000.00	\$66,000.00
12/01/10	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,919.01	\$0.00	\$60,070.96	\$1,919,014.35	\$0.00	\$66,000.00
06/01/11	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,860.86	\$0.00	\$60,012.81	\$1,860,862.40	\$22,000.00	\$88,000.00
12/01/11	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,802.71	\$0.00	\$59,954.66	\$1,802,710.45	\$0.00	\$88,000.00
06/01/12	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,744.56	\$0.00	\$59,896.51	\$1,744,558.50	\$22,000.00	\$110,000.00
12/01/12	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,686.41	\$0.00	\$59,838.36	\$1,686,406.55	\$0.00	\$110,000.00
06/01/13	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,628.25	\$0.00	\$59,780.20	\$1,628,254.60	\$22,000.00	\$132,000.00
12/01/13	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,570.10	\$0.00	\$59,722.05	\$1,570,102.65	\$0.00	\$132,000.00
06/01/14	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,511.95	\$0.00	\$59,663.90	\$1,511,950.70	\$22,000.00	\$154,000.00
12/01/14	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,453.80	\$0.00	\$59,605.75	\$1,453,798.75	\$0.00	\$154,000.00
06/01/15	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,395.65	\$0.00	\$59,547.60	\$1,395,646.80	\$22,000.00	\$176,000.00
12/01/15	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,337.49	\$0.00	\$59,489.44	\$1,337,494.85	\$0.00	\$176,000.00
06/01/16	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,279.34	\$0.00	\$59,431.29	\$1,279,342.90	\$22,000.00	\$198,000.00
12/01/16	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,221.19	\$0.00	\$59,373.14	\$1,221,190.95	\$0.00	\$198,000.00
06/01/17	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,163.04	\$0.00	\$59,314.99	\$1,163,039.00	\$22,000.00	\$220,000.00
12/01/17	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,104.89	\$0.00	\$59,256.84	\$1,104,887.05	\$0.00	\$220,000.00
06/01/18	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$1,046.74	\$0.00	\$59,198.69	\$1,046,735.10	\$0.00	\$220,000.00
12/01/18	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$988.58	\$0.00	\$59,140.53	\$988,583.15	\$0.00	\$220,000.00
06/01/19	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$930.43	\$0.00	\$59,082.38	\$930,431.20	\$0.00	\$220,000.00
12/01/19	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$872.28	\$0.00	\$59,024.23	\$872,279.25	\$0.00	\$220,000.00
06/01/20	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$814.13	\$0.00	\$58,966.08	\$814,127.30	\$0.00	\$220,000.00
12/01/20	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$755.98	\$0.00	\$58,907.93	\$755,975.35	\$0.00	\$220,000.00
06/01/21	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$697.82	\$0.00	\$58,849.77	\$697,823.40	\$0.00	\$220,000.00
12/01/21	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$639.67	\$0.00	\$58,791.62	\$639,671.45	\$0.00	\$220,000.00
06/01/22	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$581.52	\$0.00	\$58,733.47	\$581,519.50	\$0.00	\$220,000.00
12/01/22	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$523.37	\$0.00	\$58,675.32	\$523,367.55	\$0.00	\$220,000.00
06/01/23	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$465.22	\$0.00	\$58,617.17	\$465,215.60	\$0.00	\$220,000.00
12/01/23	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$407.06	\$0.00	\$58,559.01	\$407,063.65	\$0.00	\$220,000.00
06/01/24	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$348.91	\$0.00	\$58,500.86	\$348,911.70	\$0.00	\$220,000.00
12/01/24	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$290.76	\$0.00	\$58,442.71	\$290,759.75	\$0.00	\$220,000.00
06/01/25	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$232.61	\$0.00	\$58,384.56	\$232,607.80	\$0.00	\$220,000.00
12/01/25	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$174.46	\$0.00	\$58,326.41	\$174,455.85	\$0.00	\$220,000.00
06/01/26	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$116.30	\$0.00	\$58,268.25	\$116,303.90	\$0.00	\$220,000.00
12/01/26	\$58,151.95	\$0.00	0.0000%	\$58,151.95	\$58.15	\$0.00	\$58,210.10	\$58,151.95	\$0.00	\$220,000.00
Totals	\$2,326,078.00	\$0.00		\$2,326,078.00	\$47,684.60	\$0.00	\$2,373,762.60	\$0.00	\$220,000.00	

## **Attachment 9b**

## Kentucky Association of Counties - 2007-B Pool

## EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #4 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing) REV 4-2017

New  
2017  
Int Rate  
Increase

Date	Base Rental Principal	Total Rental Interest *	Total Interest	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service	Lease Balance
11/9/2007	<-Lease Closing Date							1,184,285.03
11/20/2007	- #	3,494.62	3,494.62	-		3,494.62		1,184,285.03
12/20/2007	- #	4,916.01	4,916.01	(2,048.86)	Cap Int	2,867.15		1,184,285.03
1/20/2008	- #	4,916.01	4,916.01	(2,048.86)	Cap Int	2,867.15		1,184,285.03
2/20/2008	- #	4,614.76	4,614.76	(2,048.86)	Cap Int	2,565.90		1,184,285.03
3/20/2008	- #	4,916.01	4,916.01	(2,048.86)	Cap Int	2,867.15		1,184,285.03
4/20/2008	- #	4,777.77	4,777.77	(2,048.86)	Cap Int	2,728.91		1,184,285.03
5/20/2008	- #	3,671.51	3,671.51	(2,048.86)	Cap Int	1,622.65		1,184,285.03
6/20/2008	- #	3,561.03	3,561.03	(2,048.86)	Cap Int	1,512.17	20,525.69	1,184,285.03
7/20/2008	- #	3,671.51	3,671.51	(2,048.86)	Cap Int	1,622.65		1,184,285.03
8/20/2008	- #	3,671.51	3,671.51	(2,048.86)	Cap Int	1,622.65		1,184,285.03
9/20/2008	- #	3,561.03	3,561.03	(2,048.86)	Cap Int	1,512.17		1,184,285.03
10/20/2008	- #	3,671.51	3,671.51	(2,048.86)	Cap Int	1,622.65		1,184,285.03
11/20/2008	- #	3,561.03	3,561.03	(2,048.86)	Cap Int	1,512.17		1,184,285.03
12/20/2008	- #	3,671.51	3,671.51	(2,048.86)	Cap Int	1,622.65		1,184,285.03
1/20/2009	- #	3,671.51	3,671.51	(2,048.86)	Cap Int	1,622.65		1,184,285.03
2/20/2009	- #	3,340.09	3,340.09	(2,048.86)	Cap Int	1,291.23		1,184,285.03
3/20/2009	- #	3,671.51	3,671.51	(2,048.86)	Cap Int	1,622.65		1,184,285.03
4/20/2009	- #	3,561.03	3,561.03	(2,048.86)	Cap Int	1,512.17		1,184,285.03
5/20/2009	- #	3,671.51	3,671.51	(2,048.86)	Cap Int @1.67%	1,622.65		1,184,285.03
6/20/2009	- #	3,561.03	3,561.03	(2,048.86)	Cap Int @1.67%	1,512.17	18,698.44	1,184,285.03
7/20/2009	- #	3,671.51	3,671.51	(2,048.86)	Cap Int @1.67%	1,622.65		1,184,285.03
8/20/2009	- #	3,671.51	3,671.51	(2,048.86)	Cap Int @1.67%	1,622.65		1,184,285.03
9/20/2009	- #	3,546.41	3,546.41	(2,048.86)	Cap Int @1.67%	1,497.55		1,184,285.03
10/20/2009	- #	3,631.73	3,631.73	(2,048.86)	Cap Int @1.67%	1,582.87		1,184,285.03
11/20/2009	- #	3,546.41	3,546.41	(2,048.86)	Cap Int @1.67%	1,497.55		1,184,285.03
12/20/2009	- #	3,631.73	3,631.73	(2,048.86)	Cap Int @1.67%	1,582.87		1,184,285.03
1/20/2010	- #	3,967.74	3,967.74	(2,048.86)	Cap Int @1.67%	1,918.88		1,184,285.03
2/20/2010	- #	3,679.27	3,679.27	(2,048.86)	Cap Int @1.67%	1,630.41		1,184,285.03
3/20/2010	- #	3,967.74	3,967.74	(2,048.86)	Cap Int @1.67%	1,918.88		1,184,285.03
4/20/2010	- #	3,871.58	3,871.58	(2,048.86)	Cap Int @1.67%	1,822.72		1,184,285.03
5/20/2010	- #	3,967.74	3,967.74	(2,048.86)	Cap Int @1.67%	1,918.88		1,184,285.03
6/20/2010	- #	3,871.58	3,871.58	(2,048.86)	Cap Int @1.67%	1,822.72	20,438.61	1,184,285.03
7/20/2010	- #	3,967.74	3,967.74	(2,048.86)	Cap Int @1.67%	1,918.88		1,184,285.03
8/20/2010	- #	4,089.44	4,089.44	(2,048.86)	Cap Int @1.67%	2,040.58		1,184,285.03
9/20/2010	- #	3,993.28	3,993.28	(2,048.86)	Cap Int @1.67%	1,944.42		1,184,285.03
10/20/2010	- #	4,089.44	4,089.44	(2,048.86)	Cap Int @1.67%	2,040.58		1,184,285.03
11/20/2010	- #	3,993.28	3,993.28	(2,048.86)	Cap Int @1.67%	1,944.42		1,184,285.03
12/20/2010	- #	4,089.44	4,089.44	(2,048.86)	Cap Int @1.67%	2,040.58		1,184,285.03
1/20/2011	- #	4,242.18	4,242.18	(2,048.86)	Cap Int @1.67%	2,193.32		1,184,285.03
2/20/2011	- #	3,938.93	3,938.93	(2,048.86)	Cap Int @1.67%	1,890.07		1,184,285.03
3/20/2011	- #	4,242.18	4,242.18	(2,048.86)	Cap Int @1.67%	2,193.32		1,184,285.03
4/20/2011	- #	4,132.81	4,132.81	(2,048.86)	Cap Int @1.67%	2,083.95		1,184,285.03
5/20/2011	- #	4,233.61	4,233.61	(2,048.86)	Cap Int @1.67%	2,184.75		1,184,285.03
6/20/2011	- #	4,132.81	4,132.81	(2,048.86)	Cap Int @1.67%	2,083.95	24,558.80	1,184,285.03
7/20/2011	- #	4,233.61	4,233.61	(2,048.86)	Cap Int @1.67%	2,184.75		1,184,285.03
8/20/2011	- #	4,233.61	4,233.61	(2,048.86)	Cap Int @1.67%	2,184.75		1,184,285.03
9/20/2011	- #	4,132.81	4,132.81	(2,048.86)	Cap Int @1.67%	2,083.95		1,184,285.03
10/20/2011	- #	4,233.61	4,233.61	(2,048.86)	Cap Int @1.67%	2,184.75		1,184,285.03
11/20/2011	- #	4,132.81	4,132.81	(2,048.86)	Cap Int @1.67%	2,083.95		1,184,285.03
12/20/2011	- #	4,233.61	4,233.61	(2,048.86)	Cap Int @1.67%	2,184.75		1,184,285.03
1/20/2012	- #	4,233.61	4,233.61	(2,048.86)	Cap Int @1.67%	2,184.75		1,184,285.03
2/20/2012	- #	4,032.00	4,032.00	(2,048.86)	Cap Int @1.67%	1,983.14		1,184,285.03
3/20/2012	- #	4,233.61	4,233.61	(2,048.86)	Cap Int @1.67%	2,184.75		1,184,285.03
4/20/2012	- #	4,141.09	4,141.09	(2,048.86)	Cap Int @1.67%	2,092.23		1,184,285.03
5/20/2012	- #	4,242.18	4,242.18	(2,048.86)	Cap Int @1.67%	2,193.32		1,184,285.03
6/20/2012	- #	4,141.09	4,141.09	(783.92)	Cap Int @1.67%	3,357.17	26,902.24	1,184,285.03
7/20/2012	- #	4,242.18	4,242.18	-		4,242.18		1,184,285.03
8/20/2012	- #	4,242.18	4,242.18	(3,547.97)	Close Cap Int Ac	694.21		1,184,285.03
9/20/2012	- #	4,141.09	4,141.09	-		4,141.09		1,184,285.03
10/20/2012	- #	4,242.18	4,242.18	-		4,242.18		1,184,285.03
11/20/2012	- #	4,141.09	4,141.09	-		4,141.09		1,184,285.03
12/20/2012	- #	4,242.18	4,242.18	-		4,242.18		1,184,285.03
1/20/2013	- #	4,242.18	4,242.18	-		4,242.18		1,184,285.03
2/20/2013	25,000.00	3,938.93	3,938.93	-		28,938.93		1,159,285.03
3/20/2013	- #	4,153.43	4,153.43	-		4,153.43		1,159,285.03
4/20/2013	- #	4,054.48	4,054.48	-		4,054.48		1,159,285.03
5/20/2013	- #	4,153.43	4,153.43	-		4,153.43		1,159,285.03
6/20/2013	- #	4,054.48	4,054.48	-		4,054.48	71,299.86	1,159,285.03
7/20/2013	- #	4,153.43	4,153.43	-		4,153.43		1,159,285.03
8/20/2013	- #	4,153.43	4,153.43	-		4,153.43		1,159,285.03
9/20/2013	- #	4,054.48	4,054.48	-		4,054.48		1,159,285.03
10/20/2013	- #	4,153.43	4,153.43	-		4,153.43		1,159,285.03
11/20/2013	- #	4,054.48	4,054.48	-		4,054.48		1,159,285.03
12/20/2013	- #	4,153.43	4,153.43	-		4,153.43		1,159,285.03
1/20/2014	- #	4,153.43	4,153.43	-		4,153.43		1,159,285.03
2/20/2014	25,000.00	3,856.58	3,856.58	-		28,856.58		1,134,285.03
3/20/2014	- #	4,064.68	4,064.68	-		4,064.68		1,134,285.03
4/20/2014	- #	3,967.86	3,967.86	-		3,967.86		1,134,285.03

\* Interest computed at rate shown, actual rate will vary over term of Lease.

## EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #4 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing) REV 4-2017

*New*  
*- 2017 -*

Date	Base Rental Principal	Total Rental Interest *	Total Interest	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service	Lease Balance
5/20/2014	- #	4,064.68	4,064.68	-		4,064.68		1,134,285.03
6/20/2014	- #	3,967.86	3,967.86	-		3,967.86	73,797.77	1,134,285.03
7/20/2014	- #	4,064.68	4,064.68	-		4,064.68		1,134,285.03
8/20/2014	- #	4,064.68	4,064.68	-		4,064.68		1,134,285.03
9/20/2014	- #	3,967.86	3,967.86	-		3,967.86		1,134,285.03
10/20/2014	- #	4,064.68	4,064.68	-		4,064.68		1,134,285.03
11/20/2014	- #	3,967.86	3,967.86	-		3,967.86		1,134,285.03
12/20/2014	- #	4,064.68	4,064.68	-		4,064.68		1,134,285.03
1/20/2015	- #	4,064.68	4,064.68	-		4,064.68		1,134,285.03
2/20/2015	25,000.00 #	3,774.23	3,774.23	-		28,774.23		1,109,285.03
3/20/2015	- #	3,975.91	3,975.91	-		3,975.91		1,109,285.03
4/20/2015	- #	3,873.46	3,873.46	-		3,873.46		1,109,285.03
5/20/2015	- #	3,967.89	3,967.89	-		3,967.89		1,109,285.03
6/20/2015	- #	3,873.46	3,873.46	-		3,873.46	72,724.07	1,109,285.03
7/20/2015	- #	3,967.89	3,967.89	-		3,967.89		1,109,285.03
8/20/2015	- #	3,967.89	3,967.89	-		3,967.89		1,109,285.03
9/20/2015	- #	3,873.46	3,873.46	-		3,873.46		1,109,285.03
10/20/2015	- #	3,967.89	3,967.89	-		3,967.89		1,109,285.03
11/20/2015	- #	3,873.46	3,873.46	-		3,873.46		1,109,285.03
12/20/2015	- #	3,967.89	3,967.89	-		3,967.89		1,109,285.03
1/20/2016	- #	3,967.89	3,967.89	-		3,967.89		1,109,285.03
2/20/2016	30,000.00 #	3,779.04	3,779.04	-		33,779.04		1,079,285.03
3/20/2016	- #	3,861.60	3,861.60	-		3,861.60		1,079,285.03
4/20/2016	- #	3,777.29	3,777.29	-		3,777.29		1,079,285.03
5/20/2016	- #	3,869.41	3,869.41	-		3,869.41		1,079,285.03
6/20/2016	- #	3,777.29	3,777.29	-		3,777.29	76,651.00	1,079,285.03
7/20/2016	- #	3,869.41	3,869.41	-		3,869.41		1,079,285.03
8/20/2016	- #	3,869.41	3,869.41	-		3,869.41		1,079,285.03
9/20/2016	- #	3,777.29	3,777.29	-		3,777.29		1,079,285.03
10/20/2016	- #	3,869.41	3,869.41	-		3,869.41		1,079,285.03
11/20/2016	- #	3,777.29	3,777.29	-		3,777.29		1,079,285.03
12/20/2016	- #	3,869.41	3,869.41	-		3,869.41		1,079,285.03
1/20/2017	- #	3,869.41	3,869.41	-		3,869.41		1,079,285.03
2/20/2017	30,000.00 #	3,593.05	3,593.05	-		33,593.05		1,049,285.03
3/20/2017	- #	3,762.90	3,762.90	-		3,762.90		1,049,285.03
4/20/2017	- #	3,673.34	3,673.34	-		3,673.34		1,049,285.03
5/20/2017	- #	3,762.90	3,762.90	-		3,762.90		1,049,285.03
6/20/2017	- #	3,673.34	3,673.34	-		3,673.34	75,367.16	1,049,285.03
7/20/2017	-	4,917.01	4,917.01	-		4,917.01		1,049,285.03
8/20/2017	-	4,917.01	4,917.01	-		4,917.01		1,049,285.03
9/20/2017	-	4,787.65	4,787.65	-		4,787.65		1,049,285.03
10/20/2017	-	4,917.01	4,917.01	-		4,917.01		1,049,285.03
11/20/2017	-	4,787.65	4,787.65	-		4,787.65		1,049,285.03
12/20/2017	-	4,917.01	4,917.01	-		4,917.01		1,049,285.03
1/20/2018	-	4,917.01	4,917.01	-		4,917.01		1,049,285.03
2/20/2018	30,000.00	4,528.92	4,528.92	-		34,528.92		1,019,285.03
3/20/2018	-	4,777.35	4,777.35	-		4,777.35		1,019,285.03
4/20/2018	-	4,651.69	4,651.69	-		4,651.69		1,019,285.03
5/20/2018	-	4,777.35	4,777.35	-		4,777.35		1,019,285.03
6/20/2018	-	4,651.69	4,651.69	-		4,651.69	87,547.35	1,019,285.03
7/20/2018	-	4,777.35	4,777.35	-		4,777.35		1,019,285.03
8/20/2018	-	4,777.35	4,777.35	-		4,777.35		1,019,285.03
9/20/2018	-	4,651.69	4,651.69	-		4,651.69		1,019,285.03
10/20/2018	-	4,777.35	4,777.35	-		4,777.35		1,019,285.03
11/20/2018	-	4,651.69	4,651.69	-		4,651.69		1,019,285.03
12/20/2018	-	4,777.35	4,777.35	-		4,777.35		1,019,285.03
1/20/2019	-	4,777.35	4,777.35	-		4,777.35		1,019,285.03
2/20/2019	35,000.00	4,400.36	4,400.36	-		39,400.36		984,285.03
3/20/2019	-	4,614.43	4,614.43	-		4,614.43		984,285.03
4/20/2019	-	4,483.13	4,483.13	-		4,483.13		984,285.03
5/20/2019	-	4,604.15	4,604.15	-		4,604.15		984,285.03
6/20/2019	-	4,483.13	4,483.13	-		4,483.13	90,775.33	984,285.03
7/20/2019	-	4,604.15	4,604.15	-		4,604.15		984,285.03
8/20/2019	-	4,604.15	4,604.15	-		4,604.15		984,285.03
9/20/2019	-	4,483.13	4,483.13	-		4,483.13		984,285.03
10/20/2019	-	4,604.15	4,604.15	-		4,604.15		984,285.03
11/20/2019	-	4,483.13	4,483.13	-		4,483.13		984,285.03
12/20/2019	-	4,604.15	4,604.15	-		4,604.15		984,285.03
1/20/2020	-	4,604.15	4,604.15	-		4,604.15		984,285.03
2/20/2020	35,000.00	4,362.11	4,362.11	-		39,362.11		949,285.03
3/20/2020	-	4,441.58	4,441.58	-		4,441.58		949,285.03
4/20/2020	-	4,334.45	4,334.45	-		4,334.45		949,285.03
5/20/2020	-	4,451.49	4,451.49	-		4,451.49		949,285.03
6/20/2020	-	4,334.45	4,334.45	-		4,334.45	88,911.09	949,285.03
7/20/2020	-	4,451.49	4,451.49	-		4,451.49		949,285.03
8/20/2020	-	4,451.49	4,451.49	-		4,451.49		949,285.03
9/20/2020	-	4,334.45	4,334.45	-		4,334.45		949,285.03
10/20/2020	-	4,451.49	4,451.49	-		4,451.49		949,285.03
11/20/2020	-	4,334.45	4,334.45	-		4,334.45		949,285.03

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #4 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing) REV 4-2017

Date	Base Rental Principal	Total Rental Interest *	Total Interest	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service	Lease Balance
12/20/2020	-	4,451.49	4,451.49	-		4,451.49		949,285.03
1/20/2021	-	4,451.49	4,451.49	-		4,451.49		949,285.03
2/20/2021	35,000.00	4,100.38	4,100.38	-		39,100.38		914,285.03
3/20/2021	-	4,288.55	4,288.55	-		4,288.55		914,285.03
4/20/2021	-	4,175.83	4,175.83	-		4,175.83		914,285.03
5/20/2021	-	4,288.55	4,288.55	-		4,288.55		914,285.03
6/20/2021	-	4,175.83	4,175.83	-		4,175.83	86,955.49	914,285.03
7/20/2021	-	4,288.55	4,288.55	-		4,288.55		914,285.03
8/20/2021	-	4,288.55	4,288.55	-		4,288.55		914,285.03
9/20/2021	-	4,175.83	4,175.83	-		4,175.83		914,285.03
10/20/2021	-	4,288.55	4,288.55	-		4,288.55		914,285.03
11/20/2021	-	4,175.83	4,175.83	-		4,175.83		914,285.03
12/20/2021	-	4,288.55	4,288.55	-		4,288.55		914,285.03
1/20/2022	-	4,288.55	4,288.55	-		4,288.55		914,285.03
2/20/2022	40,000.00	3,950.39	3,950.39	-		43,950.39		874,285.03
3/20/2022	-	4,102.35	4,102.35	-		4,102.35		874,285.03
4/20/2022	-	3,994.56	3,994.56	-		3,994.56		874,285.03
5/20/2022	-	4,102.35	4,102.35	-		4,102.35		874,285.03
6/20/2022	-	3,994.56	3,994.56	-		3,994.56	89,938.62	874,285.03
7/20/2022	-	4,102.35	4,102.35	-		4,102.35		874,285.03
8/20/2022	-	4,102.35	4,102.35	-		4,102.35		874,285.03
9/20/2022	-	3,994.56	3,994.56	-		3,994.56		874,285.03
10/20/2022	-	4,102.35	4,102.35	-		4,102.35		874,285.03
11/20/2022	-	3,994.56	3,994.56	-		3,994.56		874,285.03
12/20/2022	-	4,102.35	4,102.35	-		4,102.35		874,285.03
1/20/2023	-	4,102.35	4,102.35	-		4,102.35		874,285.03
2/20/2023	40,000.00	3,778.98	3,778.98	-		43,778.98		834,285.03
3/20/2023	-	3,916.14	3,916.14	-		3,916.14		834,285.03
4/20/2023	-	3,804.85	3,804.85	-		3,804.85		834,285.03
5/20/2023	-	3,907.43	3,907.43	-		3,907.43		834,285.03
6/20/2023	-	3,804.85	3,804.85	-		3,804.85	87,713.12	834,285.03
7/20/2023	-	3,907.43	3,907.43	-		3,907.43		834,285.03
8/20/2023	-	3,907.43	3,907.43	-		3,907.43		834,285.03
9/20/2023	-	3,804.85	3,804.85	-		3,804.85		834,285.03
10/20/2023	-	3,907.43	3,907.43	-		3,907.43		834,285.03
11/20/2023	-	3,804.85	3,804.85	-		3,804.85		834,285.03
12/20/2023	-	3,907.43	3,907.43	-		3,907.43		834,285.03
1/20/2024	-	3,907.43	3,907.43	-		3,907.43		834,285.03
2/20/2024	40,000.00	3,702.27	3,702.27	-		43,702.27		794,285.03
3/20/2024	-	3,721.63	3,721.63	-		3,721.63		794,285.03
4/20/2024	-	3,632.00	3,632.00	-		3,632.00		794,285.03
5/20/2024	-	3,729.92	3,729.92	-		3,729.92		794,285.03
6/20/2024	-	3,632.00	3,632.00	-		3,632.00	85,564.67	794,285.03
7/20/2024	-	3,729.92	3,729.92	-		3,729.92		794,285.03
8/20/2024	-	3,729.92	3,729.92	-		3,729.92		794,285.03
9/20/2024	-	3,632.00	3,632.00	-		3,632.00		794,285.03
10/20/2024	-	3,729.92	3,729.92	-		3,729.92		794,285.03
11/20/2024	-	3,632.00	3,632.00	-		3,632.00		794,285.03
12/20/2024	-	3,729.92	3,729.92	-		3,729.92		794,285.03
1/20/2025	-	3,729.92	3,729.92	-		3,729.92		794,285.03
2/20/2025	45,000.00	3,436.15	3,436.15	-		48,436.15		749,285.03
3/20/2025	-	3,520.44	3,520.44	-		3,520.44		749,285.03
4/20/2025	-	3,428.06	3,428.06	-		3,428.06		749,285.03
5/20/2025	-	3,520.44	3,520.44	-		3,520.44		749,285.03
6/20/2025	-	3,428.06	3,428.06	-		3,428.06	88,246.75	749,285.03
7/20/2025	-	3,520.44	3,520.44	-		3,520.44		749,285.03
8/20/2025	-	3,520.44	3,520.44	-		3,520.44		749,285.03
9/20/2025	-	3,428.06	3,428.06	-		3,428.06		749,285.03
10/20/2025	-	3,520.44	3,520.44	-		3,520.44		749,285.03
11/20/2025	-	3,428.06	3,428.06	-		3,428.06		749,285.03
12/20/2025	-	3,520.44	3,520.44	-		3,520.44		749,285.03
1/20/2026	-	3,520.44	3,520.44	-		3,520.44		749,285.03
2/20/2026	45,000.00	3,243.30	3,243.30	-		48,243.30		704,285.03
3/20/2026	-	3,310.95	3,310.95	-		3,310.95		704,285.03
4/20/2026	-	3,224.12	3,224.12	-		3,224.12		704,285.03
5/20/2026	-	3,310.95	3,310.95	-		3,310.95		704,285.03
6/20/2026	-	3,224.12	3,224.12	-		3,224.12	85,771.76	704,285.03
7/20/2026	-	3,310.95	3,310.95	-		3,310.95		704,285.03
8/20/2026	-	3,310.95	3,310.95	-		3,310.95		704,285.03
9/20/2026	-	3,224.12	3,224.12	-		3,224.12		704,285.03
10/20/2026	-	3,310.95	3,310.95	-		3,310.95		704,285.03
11/20/2026	-	3,224.12	3,224.12	-		3,224.12		704,285.03
12/20/2026	-	3,310.95	3,310.95	-		3,310.95		704,285.03
1/20/2027	-	3,310.95	3,310.95	-		3,310.95		704,285.03
2/20/2027	50,000.00	3,050.46	3,050.46	-		53,050.46		654,285.03
3/20/2027	-	3,078.19	3,078.19	-		3,078.19		654,285.03
4/20/2027	-	2,990.92	2,990.92	-		2,990.92		654,285.03
5/20/2027	-	3,071.36	3,071.36	-		3,071.36		654,285.03
6/20/2027	-	2,990.92	2,990.92	-		2,990.92	88,184.84	654,285.03

\* Interest computed at rate shown, actual rate will vary over term of Lease.



Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #4 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing) REV 4-2017

Date	Base Rental Principal	Total Rental Interest *	Total Interest	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service	Lease Balance
7/20/2027	-	3,071.36	3,071.36	-		3,071.36		654,285.03
8/20/2027	-	3,071.36	3,071.36	-		3,071.36		654,285.03
9/20/2027	-	2,990.92	2,990.92	-		2,990.92		654,285.03
10/20/2027	-	3,071.36	3,071.36	-		3,071.36		654,285.03
11/20/2027	-	2,990.92	2,990.92	-		2,990.92		654,285.03
12/20/2027	-	3,071.36	3,071.36	-		3,071.36		654,285.03
1/20/2028	-	3,071.36	3,071.36	-		3,071.36		654,285.03
2/20/2028	50,000.00	2,910.47	2,910.47	-		52,910.47		604,285.03
3/20/2028	-	2,839.12	2,839.12	-		2,839.12		604,285.03
4/20/2028	-	2,770.93	2,770.93	-		2,770.93		604,285.03
5/20/2028	-	2,845.43	2,845.43	-		2,845.43		604,285.03
6/20/2028	-	2,770.93	2,770.93	-		2,770.93	85,475.52	604,285.03
7/20/2028	-	2,845.43	2,845.43	-		2,845.43		604,285.03
8/20/2028	-	2,845.43	2,845.43	-		2,845.43		604,285.03
9/20/2028	-	2,770.93	2,770.93	-		2,770.93		604,285.03
10/20/2028	-	2,845.43	2,845.43	-		2,845.43		604,285.03
11/20/2028	-	2,770.93	2,770.93	-		2,770.93		604,285.03
12/20/2028	-	2,845.43	2,845.43	-		2,845.43		604,285.03
1/20/2029	-	2,845.43	2,845.43	-		2,845.43		604,285.03
2/20/2029	55,000.00	2,621.93	2,621.93	-		57,621.93		549,285.03
3/20/2029	-	2,589.39	2,589.39	-		2,589.39		549,285.03
4/20/2029	-	2,521.67	2,521.67	-		2,521.67		549,285.03
5/20/2029	-	2,589.39	2,589.39	-		2,589.39		549,285.03
6/20/2029	-	2,521.67	2,521.67	-		2,521.67	87,613.06	549,285.03
7/20/2029	-	2,589.39	2,589.39	-		2,589.39		549,285.03
8/20/2029	-	2,589.39	2,589.39	-		2,589.39		549,285.03
9/20/2029	-	2,521.67	2,521.67	-		2,521.67		549,285.03
10/20/2029	-	2,589.39	2,589.39	-		2,589.39		549,285.03
11/20/2029	-	2,521.67	2,521.67	-		2,521.67		549,285.03
12/20/2029	-	2,589.39	2,589.39	-		2,589.39		549,285.03
1/20/2030	-	2,589.39	2,589.39	-		2,589.39		549,285.03
2/20/2030	55,000.00	2,386.23	2,386.23	-		57,386.23		494,285.03
3/20/2030	-	2,333.35	2,333.35	-		2,333.35		494,285.03
4/20/2030	-	2,272.41	2,272.41	-		2,272.41		494,285.03
5/20/2030	-	2,333.35	2,333.35	-		2,333.35		494,285.03
6/20/2030	-	2,272.41	2,272.41	-		2,272.41	84,568.04	494,285.03
7/20/2030	-	2,333.35	2,333.35	-		2,333.35		494,285.03
8/20/2030	-	2,333.35	2,333.35	-		2,333.35		494,285.03
9/20/2030	-	2,272.41	2,272.41	-		2,272.41		494,285.03
10/20/2030	-	2,333.35	2,333.35	-		2,333.35		494,285.03
11/20/2030	-	2,272.41	2,272.41	-		2,272.41		494,285.03
12/20/2030	-	2,333.35	2,333.35	-		2,333.35		494,285.03
1/20/2031	-	2,333.35	2,333.35	-		2,333.35		494,285.03
2/20/2031	60,000.00	2,150.53	2,150.53	-		62,150.53		434,285.03
3/20/2031	-	2,054.03	2,054.03	-		2,054.03		434,285.03
4/20/2031	-	1,996.10	1,996.10	-		1,996.10		434,285.03
5/20/2031	-	2,049.50	2,049.50	-		2,049.50		434,285.03
6/20/2031	-	1,996.10	1,996.10	-		1,996.10	86,457.83	434,285.03
7/20/2031	-	2,049.50	2,049.50	-		2,049.50		434,285.03
8/20/2031	-	2,049.50	2,049.50	-		2,049.50		434,285.03
9/20/2031	-	1,996.10	1,996.10	-		1,996.10		434,285.03
10/20/2031	-	2,049.50	2,049.50	-		2,049.50		434,285.03
11/20/2031	-	1,996.10	1,996.10	-		1,996.10		434,285.03
12/20/2031	-	2,049.50	2,049.50	-		2,049.50		434,285.03
1/20/2032	-	2,049.50	2,049.50	-		2,049.50		434,285.03
2/20/2032	65,000.00	1,942.71	1,942.71	-		66,942.71		369,285.03
3/20/2032	-	1,747.59	1,747.59	-		1,747.59		369,285.03
4/20/2032	-	1,705.92	1,705.92	-		1,705.92		369,285.03
5/20/2032	-	1,751.45	1,751.45	-		1,751.45		369,285.03
6/20/2032	-	1,705.92	1,705.92	-		1,705.92	88,093.29	369,285.03
7/20/2032	-	1,751.45	1,751.45	-		1,751.45		369,285.03
8/20/2032	-	1,751.45	1,751.45	-		1,751.45		369,285.03
9/20/2032	-	1,705.92	1,705.92	-		1,705.92		369,285.03
10/20/2032	-	1,751.45	1,751.45	-		1,751.45		369,285.03
11/20/2032	-	1,705.92	1,705.92	-		1,705.92		369,285.03
12/20/2032	-	1,751.45	1,751.45	-		1,751.45		369,285.03
1/20/2033	-	1,751.45	1,751.45	-		1,751.45		369,285.03
2/20/2033	65,000.00	1,614.86	1,614.86	-		66,614.86		304,285.03
3/20/2033	-	1,448.85	1,448.85	-		1,448.85		304,285.03
4/20/2033	-	1,411.34	1,411.34	-		1,411.34		304,285.03
5/20/2033	-	1,448.85	1,448.85	-		1,448.85		304,285.03
6/20/2033	-	1,411.34	1,411.34	-		1,411.34	84,504.33	304,285.03
7/20/2033	-	1,448.85	1,448.85	-		1,448.85		304,285.03
8/20/2033	-	1,448.85	1,448.85	-		1,448.85		304,285.03
9/20/2033	-	1,411.34	1,411.34	-		1,411.34		304,285.03
10/20/2033	-	1,448.85	1,448.85	-		1,448.85		304,285.03
11/20/2033	-	1,411.34	1,411.34	-		1,411.34		304,285.03
12/20/2033	-	1,448.85	1,448.85	-		1,448.85		304,285.03
1/20/2034	-	1,448.85	1,448.85	-		1,448.85		304,285.03

\* Interest computed at rate shown, actual rate will vary over term of Lease.

Kentucky Association of Counties - 2007-B Pool

EXHIBIT B - SCHEDULE OF BASE RENTALS

Livingston County #4 - Ledbetter Sewer Project Refinance ('89 Pool)  
Variable Rate Lease (Closing) REV 4-2017

Date	Base Rental Principal	Total Rental Interest *	Total Interest	Adjustments	Adjustment Description	Total Base Rental **	Total FY Debt Service	Lease Balance
2/20/2034	70,000.00	1,336.31	1,336.31	-		71,336.31		234,285.03
3/20/2034	-	1,122.99	1,122.99	-		1,122.99		234,285.03
4/20/2034	-	1,094.10	1,094.10	-		1,094.10		234,285.03
5/20/2034	-	1,122.99	1,122.99	-		1,122.99		234,285.03
6/20/2034	-	1,094.10	1,094.10	-		1,094.10	85,837.42	234,285.03
7/20/2034	-	1,122.99	1,122.99	-		1,122.99		234,285.03
8/20/2034	-	1,122.99	1,122.99	-		1,122.99		234,285.03
9/20/2034	-	1,094.10	1,094.10	-		1,094.10		234,285.03
10/20/2034	-	1,122.99	1,122.99	-		1,122.99		234,285.03
11/20/2034	-	1,094.10	1,094.10	-		1,094.10		234,285.03
12/20/2034	-	1,122.99	1,122.99	-		1,122.99		234,285.03
1/20/2035	-	1,122.99	1,122.99	-		1,122.99		234,285.03
2/20/2035	75,000.00	1,036.33	1,036.33	-		76,036.33		159,285.03
3/20/2035	-	773.84	773.84	-		773.84		159,285.03
4/20/2035	-	752.60	752.60	-		752.60		159,285.03
5/20/2035	-	772.18	772.18	-		772.18		159,285.03
6/20/2035	-	752.60	752.60	-		752.60	86,890.70	159,285.03
7/20/2035	-	772.18	772.18	-		772.18		159,285.03
8/20/2035	-	772.18	772.18	-		772.18		159,285.03
9/20/2035	-	752.60	752.60	-		752.60		159,285.03
10/20/2035	-	772.18	772.18	-		772.18		159,285.03
11/20/2035	-	752.60	752.60	-		752.60		159,285.03
12/20/2035	-	772.18	772.18	-		772.18		159,285.03
1/20/2036	-	772.18	772.18	-		772.18		159,285.03
2/20/2036	75,000.00	733.01	733.01	-		75,733.01		84,285.03
3/20/2036	-	423.82	423.82	-		423.82		84,285.03
4/20/2036	-	414.31	414.31	-		414.31		84,285.03
5/20/2036	-	424.70	424.70	-		424.70		84,285.03
6/20/2036	-	414.31	414.31	-		414.31	82,776.25	84,285.03
7/20/2036	-	424.70	424.70	-		424.70		84,285.03
8/20/2036	-	424.70	424.70	-		424.70		84,285.03
9/20/2036	-	414.31	414.31	-		414.31		84,285.03
10/20/2036	-	424.70	424.70	-		424.70		84,285.03
11/20/2036	-	414.31	414.31	-		414.31		84,285.03
12/20/2036	-	424.70	424.70	-		424.70		84,285.03
1/20/2037	-	424.70	424.70	-		424.70		84,285.03
2/20/2037	84,285.03	393.53	393.53	-		84,678.56	87,630.68	-
	<u>1,184,285.03</u>	<u>1,151,125.17</u>		<u>(114,970.42)</u>		<u>2,220,439.78</u>	<u>2,220,439.78</u>	

# Computed at prior interest rate(s)

\* All-in Yield (discount used to PV all pmts to net proceeds) of 4.752%, with assumed interest rate of 4.500%  
Assumed LOC Rate of 1.10% through 12/31/10, then 1.25%, terminated by Restructuring

\* Interest computed at rate shown, actual rate will vary over term of Lease.

## **Attachment 10**

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between January 1, 2016 and December 31, 2017 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
William Keith Guill	Bush hogging and landscape repair	\$2,245.00
(see attached explanation)		

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Phillip Dae  
(Print Name)

Phillip Dae  
(Signed)

Chairman  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Phillip Dae  
(Name)

this 26<sup>th</sup> day of March, 20 18.

Billy Downe (# 592 429)  
NOTARY PUBLIC  
State-at-Large

My Commission Expires 12/22/2021

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between January 1, 2016 and December 31, 2017 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
William Keith Guill	Bush hogging and landscape repairs	\$2,245.00
(see attached explanation)		

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

James Schade  
(Print Name)

James Schade  
(Signed)

Commissioner  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by James Schade  
(Name)

this 26<sup>th</sup> day of March, 20 18.

Billy Downe (#592429)  
NOTARY PUBLIC  
State-at-Large

My Commission Expires 12/22/2021

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between January 1, 2016, and December 31, 2017 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
William Keith Guill	Bush hogging and landscape repair	\$2,245.00
(see attached explanation)		

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Arnie Puckett  
(Print Name)

Arnie Puckett  
(Signed)

Water District Commissioner  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.



COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Arnie Puckett  
(Name)

this 25<sup>th</sup> day of March, 20 18.

Billy Downs (# 592 429)  
NOTARY PUBLIC  
State-at-Large

My Commission Expires 12/22/2021



**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between January 1, 2016 and December 31, 2017 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
William Keith Guill	Bush hogging and landscape repair	\$2,245.00
(see attached explanation)		

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Terry Teitloff  
(Print Name)

Terry Teitloff  
(Signed)

Water District Commissioner  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Terry Teitloff  
(Name)

this 25<sup>th</sup> day of March, 2018.

Billy Downe (#592429)  
NOTARY PUBLIC  
State-at-Large

My Commission Expires 12/22/2021

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between January 1, 2016 and December 31, 2017 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
William Keith Guill	Bush hogging and landscape repair	\$2,245.00
(see attached explanation)		

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Bill Gillahan  
(Print Name)

Bill Gillahan  
(Signed)

Commissioner  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Livingston

Subscribed and sworn to before me by Bill Gillahan  
(Name)

this 26<sup>th</sup> day of March, 20 18.

Billy Downe (#592429)  
NOTARY PUBLIC  
State-at-Large

My Commission Expires 12/22/2021

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between January 1, 2016 and December 31, 2017 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
William Keith Guill	Bush hogging & landscape repairs	\$2,245.00

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Billy Downs  
(Print Name)

Billy Downs  
(Signed)

Manager/Supintendent  
(Position/Office)


\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF at Large

Subscribed and sworn to before me by Billy Downs  
(Name)

this 26<sup>th</sup> day of March, 2018.

  
Paula Malone #592430  
NOTARY PUBLIC  
State-at-Large  
my commission Expires  
12-22-21

**Ledbetter Water District**

**1483 U. S. 60 West  
P. O. Box 123  
Ledbetter, Kentucky 42058**

**Phone: 270-898-3236**


**Fax: 270-898-3496**

**ledbetterwaterdi@bellsouth.net**

**STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS**

**EXPLANATION**

**William Keith Guill is a plant operator at Ledbetter Water District. He owns a tractor, a bush hog (brush mower) and a box blade. The water district does not have any of those pieces of equipment. The district paid Mr. Guill \$2,245, between January 1, 2016 and December 31, 2017, to bush hog weeds and brush and to do landscape repairs in areas that the district had dug up during the process of making line repairs or doing water and sewer taps. The decision to hire Mr. Guill to perform this work was made by Billy Downs, the water district manager/superintendent. Mr. Guill does a very good job of landscaping, and it has been determined that it is more cost effective to hire this work out than to own and maintain a tractor and attachments.**



*Billy Downs*

**Billy Downs, Manager/Superintendent**

**COMMONWEALTH OF Kentucky  
STATE AT LARGE**

**Subscribed and sworn to before me by Billy Downs this 26<sup>th</sup> day of March, 2018.**

*Luke Malone 592430*  
**NOTARY PUBLIC**

**My commission expires December 22, 2021**



## **Attachment 11**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE LEDBETTER WATER DISTRICT PROPOSING  
ADJUSTMENTS TO ITS WATER AND SEWER RATES AND  
CHARGES AND AUTHORIZING ITS MANAGER TO FILE AN  
APPLICATION WITH THE PSC SEEKING APPROVAL OF  
THE PROPOSED RATE ADJUSTMENTS**

**WHEREAS**, the Ledbetter Water District (“District”) is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

**WHEREAS**, prudent financial management dictates that the District take appropriate action to adjust its water and sewer rates and charges; and

**WHEREAS**, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water and sewer rates and charges;

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF LEDBETTER WATER DISTRICT AS FOLLOWS:**

**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

**Section 2.** The District proposes to adjust its monthly water and sewer rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

**Section 3.** The Manager is hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

**Section 4.** The Chairman, Manager, and all other appropriate District staff are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

**Section 5.** This Resolution shall take effect upon its adoption.

**ADOPTED BY THE COMMISSION OF LEDBETTER WATER  
DISTRICT** at a meeting held on March 20, 2018, signed by the Chairman, and  
attested by the Secretary.

ATTEST:

Phillip Lee  
**CHAIRMAN**

James Schade  
**SECRETARY**

**CERTIFICATION**

I, Secretary of the Ledbetter Water District (the "District"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Commission of the District at a meeting properly held on March 20, 2018, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 20th day of March, 2018.

James Schade  
**SECRETARY**

3/20/2018 Paul Malone, Notary # 592430 - My Commission Expires 12-22-2021  
-3-

## Appendix A

### CURRENT AND PROPOSED WATER RATES Ledbetter Water District

#### Current Water Rates

##### Monthly Rates - All Meter Sizes:

Customer Charge	\$	6.59	Per Month
First 25,000 Gallons		5.68	Per 1,000 Gallons
Over 25,000 Gallons		3.85	Per 1,000 Gallons

#### Proposed Water Rates - Phase 1

##### 5/8 x 3/4 inch Meters

Customer Charge	\$	7.58	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

##### 1 inch Meters

Customer Charge	\$	10.79	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

##### 1-1/2 inch Meters

Customer Charge		13.88	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

##### 2 inch Meters

Customer Charge	\$	22.36	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

##### 4 inch Meters

Customer Charge	\$	107.94	Per Month
First 25,000 Gallons		6.65	Per 1,000 Gallons
Over 25,000 Gallons		4.50	Per 1,000 Gallons

#### Proposed Water Rates - Phase 2

##### 5/8 x 3/4 inch Meters

Customer Charge	\$	8.26	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

##### 1 inch Meters

Customer Charge	\$	11.74	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

##### 1-1/2 inch Meters

Customer Charge		15.10	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

##### 2 inch Meters

Customer Charge	\$	24.33	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

##### 4 inch Meters

Customer Charge	\$	117.45	Per Month
First 25,000 Gallons		7.23	Per 1,000 Gallons
Over 25,000 Gallons		4.90	Per 1,000 Gallons

## **CURRENT AND PROPOSED SEWER RATES**

### **Ledbetter Water District**

#### **Current Sewer Rates**

**Monthly Rates:**

First 2,000 gallons	\$	25.21	Minimum Bill
Over 2,000 gallons		12.87	per 1,000 gallons
Unmetered Customers	\$	63.82	per Month

#### **Proposed Sewer Rates - Phase 1**

**Monthly Rates:**

First 2,000 gallons	\$	35.29	Minimum Bill
Over 2,000 gallons		18.02	Per 1,000 Gallons
Unmetered Customers	\$	89.35	per Month

#### **Proposed Sewer Rates - Phase 2**

**Monthly Rates:**

First 2,000 gallons	\$	42.10	Minimum Bill
Over 2,000 gallons		21.49	Per 1,000 Gallons
Unmetered Customers	\$	106.58	per Month