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PIKEVILLE, KY 41502
PHONE: (606) 631-9162
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September 11, 2017

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

RECEIVED

SEP 19 2017

**PUBLIC SERVICE
COMMISSION**

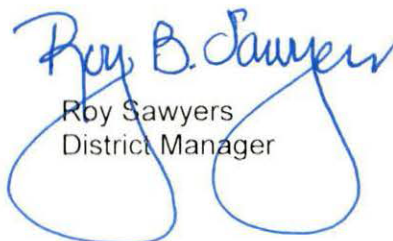
Re: KIA Agreement Submittal
Case No. : 2017-00150

Dear Ms. Mathews:

Please find enclosed the KIA Assistance Agreement for the project referenced in the case number above as required by Item 6 of the Certificate of Public Convenience and Necessity order. It is outside the time limit for submission due to the Mountain Water District only receiving the final transcript of the assistance agreement today, September 11, 2017 via email.

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

Sincerely,



Roy Sawyers
District Manager

Enclosure(s)

cc: file

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SEP 19 2017

**PUBLIC SERVICE
COMMISSION**

ASSISTANCE AGREEMENT

BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY

AND

MOUNTAIN WATER DISTRICT

TRANSCRIPT OF PROCEEDINGS

**DINSMORE & SHOHL LLP
COVINGTON, KENTUCKY**

INDEX TO TRANSCRIPT OF PROCEEDINGS

In re: Assistance Agreement between Kentucky Infrastructure Authority (the "Authority") and Mountain Water District (the "Governmental Agency"), dated as of April 1, 2017

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

DISTRIBUTION LIST

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Energy and Environment Cabinet
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HENRY D. STRATTON
(1925-1989)

May 31, 2017

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Mountain Water District, dated as of April 1, 2017

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Mountain Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

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

STRATTON LAW FIRM, P.S.C.

May 31, 2017

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- 3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.
- 4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.
- 5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.
- 6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.
- 7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

STRATTON LAW FIRM, P.S.C.

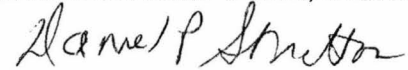
May 31, 2017

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- 8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.
- 9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Sincerely,

STRATTON LAW FIRM, P.S.C.



Daniel P. Stratton, Esq.

Email: dan@strattonlaw.net

DPS/dsm

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and Mountain Water District (the "Governmental Agency"), dated as of April 1, 2017

GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY

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

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

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

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

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

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

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

Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with the Assistance Agreement.

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

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

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

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

WITNESS our signatures, this 31st day of May, 2017.

**GOVERNMENTAL AGENCY:
MOUNTAIN WATER DISTRICT**

By: Michael Blackburn
Name: Michael Blackburn
Title: Chairman

Attest:

By: Ancie Casey
Name: Ancie Casey
Title: Secretary

11230862v1

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM
FUND A

PROJECT NUMBER:	A16-079
BORROWER:	Mountain Water District
BORROWER'S ADDRESS	P.O. Box 3157 Pikeville, Kentucky 41502
DATE OF ASSISTANCE AGREEMENT:	April 1, 2017
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 National City Bank (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

"*Debt Obligations*" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance

Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or

similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

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

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

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

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

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

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

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

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

Section 3.4. Subordination of Loan. The Authority hereby agrees that, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (D) hereof.

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

(G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth as may be charged with responsibility will have reasonable access to the

construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

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

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

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

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

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

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

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

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

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

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

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

(S) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

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

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

(V) The Governmental Agency shall require all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of Chapter 31 of title 40, United States Code.

(W) The Governmental Agency shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014 (the "2014 Appropriations Act") and related Program policy guidelines) which the Governmental Agency understands includes, among other requirements, that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless (i) the Governmental Agency has requested and obtained a waiver from the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Participant in writing that the American Iron and Steel Requirement is not applicable to the Project.

(X) The Governmental Agency shall comply with all record keeping and reporting requirements under the Federal Act, including any reports required by a Federal agency or the Authority such as performance indicators of program deliverables, information on costs and project progress. The Governmental Agency understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Federal Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity of the Bonds and/or other remedial actions.

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

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

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

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

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

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

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

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

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

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

- (1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;
- (2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and
- (3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one project performance report).

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

required deposits to the Maintenance and Replacement Reserve, subject to necessary governmental and regulatory approvals.

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

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

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

(A) That, as aforesaid, it will at all times impose, 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 Engineers for the Governmental Agency.

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

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

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

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

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

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

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

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

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

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

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal

Agreement, can be maintained, (ii) the accounting and auditing procedures required by Sections 603 and 606 of the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

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

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

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

(1) Federal:

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

(2) State:

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

Section 6.13. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and

that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.13 by an action in mandamus, for specific performance, or similar remedy to compel performance.

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

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

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

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

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

Section 7.7. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance

companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

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

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

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

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

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

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending

condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

(A) Failure by the Governmental Agency to pay any payments at the times specified herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

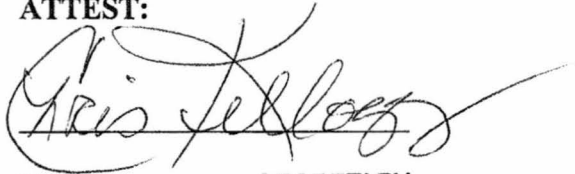
Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

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

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

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

ATTEST:



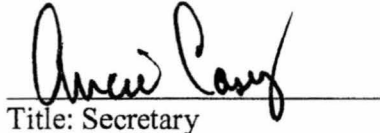
Title: SECRETARY

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: Donna McNeil

Title: EXECUTIVE DIRECTOR

ATTEST:



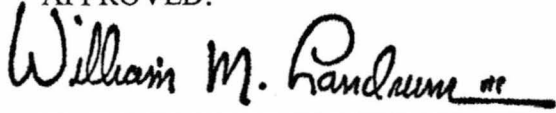
Title: Secretary

GOVERNMENTAL AGENCY:
MOUNTAIN WATER DISTRICT

By: Michael Zell

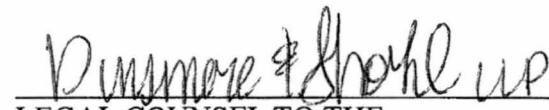
Title: Chairman

APPROVED:



SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

EXAMINED:



LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY



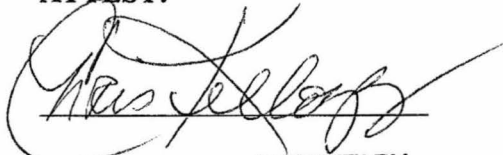
APPROVED

FINANCE AND ADMINISTRATION CABINET

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

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By: Denna McNeil
Title: EXECUTIVE DIRECTOR

ATTEST:


Title: Secretary

**GOVERNMENTAL AGENCY:
MOUNTAIN WATER DISTRICT**

By: Michael Beale
Title: Chairman

APPROVED:

William M. Randness III
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

EXAMINED:

Dinsmore & Shohl LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

Patrick M. [Signature]
APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
MOUNTAIN WATER DISTRICT
PROJECT SPECIFICS
A16-079

GOVERNMENTAL AGENCY:

Name: Mountain Water District
PO Box 3157
Pikeville, KY 41502

Contact
Person: Roy Sawyers
District Administrator

SYSTEM: Wastewater

PROJECT:

This project will upgrade and replace 222 aging and failing out-of-warranty residential grinder units with the newer technological high efficiency grinder units compatible with the force main system.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 1,500
Legal Expenses	3,000
Engineering Fees - Design / Const	12,000
Equipment	283,500
Total	\$ 300,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 300,000	100%
Total	\$ 300,000	100%

KIA DEBT SERVICE:

Amortized Loan Amount	\$ 300,000
Interest Rate	0.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 16,181
Administrative Fee (0.20%)	600
Total Estimated Annual Debt Service	\$ 16,781

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/17).

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

REPLACEMENT RESERVE ACCOUNT: \$ 800 ANNUAL AMOUNT
 \$ 8,000 TOTAL AMOUNT

The annual replacement cost is \$800. This amount should be added to the replacement account each December 1 until the balance reaches \$8,000 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.20%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	<u>Outstanding</u>	<u>Maturity</u>
RD 2005	\$ 668,000	2045
RD 2003	\$ 377,500	2043
RD 2002	\$ 673,000	2035
RD 2005	\$ 1,512,000	2027
RD 2009	\$ 621,000	2047
Ky Rural Water	\$ 5,755,000	2039
KIA (B291-07)	\$ 2,038,399	2023
KIA (B291-01)	\$ 134,422	2023
KIA (F01-07)	\$ 622,119	2024
KIA (A03-06)	\$ 96,950	2023
KIA (A209-32)	\$ 308,094	2031
KIA (A15-077 i/o/a \$3.1M)	\$ -	TBD
Community Trust	\$ 4,818	2015
Community Trust	\$ 4,083	2015
Community Trust	\$ 4,014	2015
Community Trust	\$ 16,979	2014
Community Trust	\$ 18,312	2018
Community Trust	\$ 18,312	2018
Community Trust	\$ 18,312	2018
Community Trust	\$ 12,486	2014
Community Trust	\$ 13,840	2014
Community Trust	\$ 12,946	2015
Total	\$ 12,930,586	

LIABILITY INSURANCE COVERAGE:

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

Gen. Aggregate 3,000,000
\$1,000,000
\$ 61,859,450
(See attached Certificate of Liability)



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/12/2016

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

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

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

COVERAGES

CERTIFICATE NUMBER: 1936096255

REVISION NUMBER:

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

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

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

CERTIFICATE HOLDER**CANCELLATION**

Kentucky Infrastructure Authority
 1024 Capital Drive
 Ste. 340
 Frankfort KY 40601

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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**EXHIBIT B
REQUEST FOR PAYMENT AND PROJECT STATUS REPORT**

Borrower: _____

WX/SX Number: _____

KIA Loan # _____

Draw Number: _____

Date: _____

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

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

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

Funds Requested: _____

Project Budget and Expenses

Line Item	Cost	Expenses This Request	Expenses to Date	Project Budget	Balance
1	Administrative				
2	Legal				
3	Land, Appraisals, Easements				
4	Relocation Expense				
5	Planning				
6	Engineering Fees – Design				
7	Engineering Fees - Construction				
8	Engineering Fees – Inspection				
9	Construction				
10	Equipment				
11	Contingency				
12	Other				
	TOTAL				

If expenses to date exceed project budget a revised budget must be submitted to and approved by the Authority before funds will be released.

Project Funding

Funding Agency	Expenses This Request	Expenses to Date	Project Budget	Balance
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
	TOTAL			

We certify that the expenses in this draw request were incurred pursuant to local procurement polices which conform to KRS 45A.

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:

PROJECT IS:

On schedule _____
Ahead of schedule _____
Behind schedule _____
If ahead or behind, please explain _____

PROJECT EXPENSES THIS DRAW REQUEST

(Include Invoices for Expenses Listed Below)

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

CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST

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

Engineer/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached

Exhibit C

MOUNTAIN
WATER
DISTRICT
SEWER

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Bruce Fortney</i>
EFFECTIVE 1/12/2013 <small>15-000001-00-002-KA18-0-01-REG-12-00-00</small>

P.S.C. KY No. 4

Cancels P.S.C. KY No. 3

MOUNTAIN WATER DISTRICT

OF

Pike County, Kentucky

Rates, Rules and Regulations for Furnishing

Sewer Service

IN

Pike County, Kentucky

Filed with the PUBLIC SERVICE COMMISSION OF
KENTUCKY

ISSUED: NOVEMBER 14, 2012 EFFECTIVE: JANUARY 12, 2014

ISSUED BY: MOUNTAIN WATER DISTRICT
KENTUCKY

BY: /S/ JOHN COLLINS
EXECUTIVE DIRECTOR
VICE CHAIR

TARIFF BRANCH
Brent Fortney

EFFECTIVE
1/12/2013

FILED WITH THE PUBLIC SERVICE COMMISSION

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 4

1st REVISED SHEET NO. 2

CANCELLING P.S.C. KY. NO. 4

ORIGINAL SHEET NO. 2

Mountain Water District
(Name of Utility)

RULES AND REGULATIONS

Phase I Monthly Sewer Rates
For Service Rendered From
October 9, 2015 through October 9, 2016

Sewer Rates

Sewer Customers With Metered Water Service

Any customer with both the DISTRICT'S sewer and water service will be billed at the current sewer rates based on the number of gallons of water consumed per month.

Monthly Rates

First 2,000 Gallons	\$21.91 Minimum Bill
Over 2,000 Gallons	\$ 9.39 Per 1,000 Gallons

Sewer Customers Without Metered Water Service

Flat Rate \$45.39

Connection Fee

Gravity Sewer:

Standard Residential Gravity Sewer Connection	\$750.00*
Other Than Standard Residential Gravity Sewer Connection	AT COST

Pressure Sewer:

Standard Residential Pressure Sewer Connection	\$2,600.00*
Other Than Standard Residential Pressure Sewer Connection	AT COST

All additional size connections – Actual Cost

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

Note: Any customer applying for a sewer connection may pay the connection fee on an installment plan at 0% interest. The installment plan may be for a length of up to 24 months at the customers choosing; however, the sewer connection will not be installed until the installment plan is paid in full.

***Note:** Any extra depth requirements and rock, which cannot be excavated by normal means (backhoe, etc.) and any additional length of service lateral will be charged at cost.

Standard Connections requiring a road bore or creek crossing shall be accessed the additional actual cost.

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

DATE EFFECTIVE October 9, 2015

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

TITLE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

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

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 10/9/2015 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 4

ORIGINAL SHEET NO. 2.1

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

Mountain Water District
(Name of Utility)

RULES AND REGULATIONS

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

Sewer Rates

Sewer Customers With Metered Water Service

Any customer with both the DISTRICT'S sewer and water service will be billed at the current sewer rates based on the number of gallons of water consumed per month.

Monthly Rates

First 2,000 Gallons	\$29.82 Minimum Bill
Over 2,000 Gallons	\$12.78 Per 1,000 Gallons

Sewer Customers Without Metered Water Service

Flat Rate \$61.77

Connection Fee

Gravity Sewer:

Standard Residential Gravity Sewer Connection	\$750.00*
Other Than Standard Residential Gravity Sewer Connection	AT COST

Pressure Sewer:

Standard Residential Pressure Sewer Connection	\$2,600.00*
Other Than Standard Residential Pressure Sewer Connection	AT COST

All additional size connections – Actual Cost

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

Note: Any customer applying for a sewer connection may pay the connection fee on an installment plan at 0% interest. The installment plan may be for a length of up to 24 months at the customers choosing; however, the sewer connection will not be installed until the installment plan is paid in full.

***Note:** Any extra depth requirements and rock, which cannot be excavated by normal means (backhoe, etc.) and any additional length of service lateral will be charged at cost.

Standard Connections requiring a road bore or creek crossing shall be accessed the additional actual cost.

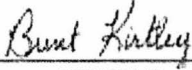
DATE OF ISSUE October 9, 2015
Month / Date / Year

DATE EFFECTIVE October 9, 2015

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

TITLE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2014-00342 DATED October 9, 2015

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

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 4

ORIGINAL SHEET NO. 2.2

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

Mountain Water District
(Name of Utility)

RULES AND REGULATIONS

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

Sewer Rates

Sewer Customers With Metered Water Service

Any customer with both the DISTRICT'S sewer and water service will be billed at the current sewer rates based on the number of gallons of water consumed per month.

Monthly Rates

First 2,000 Gallons	\$37.73 Minimum Bill
Over 2,000 Gallons	\$16.17 Per 1,000 Gallons

Sewer Customers Without Metered Water Service

Flat Rate \$78.15

Connection Fee

Gravity Sewer:

Standard Residential Gravity Sewer Connection	\$750.00*
Other Than Standard Residential Gravity Sewer Connection	AT COST

Pressure Sewer:

Standard Residential Pressure Sewer Connection	\$2,600.00*
Other Than Standard Residential Pressure Sewer Connection	AT COST

All additional size connections – Actual Cost

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

Note: Any customer applying for a sewer connection may pay the connection fee on an installment plan at 0% interest. The installment plan may be for a length of up to 24 months at the customers choosing; however, the sewer connection will not be installed until the installment plan is paid in full.

***Note:** Any extra depth requirements and rock, which cannot be excavated by normal means (backhoe, etc.) and any additional length of service lateral will be charged at cost.

Standard Connections requiring a road bore or creek crossing shall be accessed the additional actual cost.

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

DATE EFFECTIVE October 9, 2015

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

TITLE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

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

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

FOR All Territories Served
Community, Town or City

P.S.C. KY NO. 4

SHEET NO. 3

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

SHEET NO. 3

Mountain Water District
(Name of Utility)

RULES AND REGULATIONS

Monthly Usage Charge for Special Service

Multi-Unit Facility

The monthly charge for customers who have sewer service at a multi-unit facility shall be the amount based on the average gallons of water usage per housing unit at the current sewer rate schedule times the number of housing units in the multiple facility. Should water service not be available at the facility, the monthly charge shall be the amount based on the water system average at the current sewer rate schedule times the number of housing units in the multiple facility.

DATE OF ISSUANCE NOVEMBER 14, 2012
Month "Date" Year

DATE EFFECTIVE JANUARY 12, 2013
Month "Date" Year

ISSUED BY S. JOHN COLLINS
(Signature of Officer)

TITLE VICE CHAIRPERSON

BY AUTHORITY OF MEMBERS OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Ben H. Kelley</i>
EFFECTIVE 1/12/2013
<small>KY-PSC-TAR-007-0005-01-00-0000-0</small>

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 4

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

SHEET NO. 4

Mountain Water District
(Name of Utility)

RULES AND REGULATIONS

Monthly Charge for Special Service

Sewer Customer Without Metered Water Service

For customers who do not receive water service from Mountain Water District, the usage will be based on the DISTRICT'S water system residential customer average usage and then calculated using the current sewer rate schedule to derive the total bill due.

Sewer Customer With Metered Water Service

Any customer with both the DISTRICT'S sewer and water service will be billed at the current sewer rates based on the number of gallons of water consumed.

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

DATE EFFECTIVE JANUARY 12, 2013
Month, Date, Year

ISSUED BY S. JOHN COLLINS
(Signature of Officer)

TITLE VICE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. D.V.L.D.

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

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 5

SHEET NO. 5

Mountain Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. 4

SHEET NO. 5

RULES AND REGULATIONS

Charges for Non-Recurring Services

1. When a check is accepted for payment of a bill and the check is not honored by the financial institution, a return check fee of \$25.00 shall be charged.
2. A charge of \$30.00 shall be made for all service connections made during regular working hours except there shall be no connection charge made for service on the original installation of facilities.
3. A charge of \$30.00 shall be made for a trip to terminate service. When a customer's service has been discontinued for non-payment of bills and the delinquent customer has paid his or her outstanding bill for service and requested reconnection, the DISTRICT shall assess a service connection charge of \$30.00 in addition to a delinquent service charge to re-establish sewer service.
4. Any disconnection or reconnection as a result of non-payment of service that requires the District to take extraordinary means to perform said disconnection/reconnection (i.e. digging up and re-pavement of blacktop) shall be charged to the customer at actual cost.
5. A charge of \$30.00 shall be made for service investigation during regular working hours if interruption of service or service problem is associated with the customer's own plumbing facility and beyond the DISTRICT'S delivery point and is not caused by a failure of DISTRICT facilities. The charge for investigation after working hours will be \$75.00 per trip. Any maintenance and repair of facilities beyond the DISTRICT'S delivery point is the responsibility of the customer.
6. When an investigation of facilities on customer's premises reveals an unauthorized use of the sewer system, an investigation fee of \$75.00 shall be charged. The actual cost of repairing damage and correcting the improper service connection, if any, shall be charged and the customer's bill shall be charged for the amount of service rendered.
7. Any customer requesting the DISTRICT'S line or appurtenance be moved shall be charged for such action at the DISTRICT'S cost.

DATE OF ISSUE May 22, 2013
Month, Date, Year

DATE EFFECTIVE June 22, 2013
Month, Date, Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <u>[Signature]</u>
EFFECTIVE 6/22/2013 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 6

Mountain Water District
(Name of Utility)

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

SHEET NO. 6

RULES AND REGULATIONS

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

REVISIONS

These Rules and Regulations may be revised, amended, supplemented or otherwise changed from time to time subject to approval of the Public Service Commission, and shall have the same force as the present Rules and Regulations.

SERVICE AREA

The DISTRICT furnishes sewage service to all of Pike County, Kentucky with the exception of the City of Pizeville and the City of Elkhorn service areas.

AVAILABILITY

Sewer service is available to any domestic consumer within the DISTRICT area. Those wastewater treatment plants not owned by the DISTRICT but lying within Pike County shall not be the responsibility of the DISTRICT unless agreed upon by both parties.

MAINTENANCE

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

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

DATE EFFECTIVE JANUARY 12, 2013
Month / Date / Year

ISSUED BY S. JOHN COLLINS
(Signature of Officer)

TITLE VICE CHAIRPERSON

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

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Burt Kelley</i>
EFFECTIVE 1/12/2013
<small>OFFICE OF THE ATTORNEY GENERAL</small>

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 5

SHEET NO. 7

Mountain Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. 4

SHEET NO. 7

RULES AND REGULATIONS

The DISTRICT shall be responsible for the maintenance of that portion of the service lateral installed by the DISTRICT and the consumer shall be responsible for the maintenance of that portion thereof installed by the consumer on gravity systems. On pressurized systems, the customer shall be responsible for that portion of sewer lateral beyond the grinder station. The DISTRICT shall be responsible for the maintenance and replacement of all grinder pump equipment used in connection with its pressurized sewer system with the exception of malfunctions caused by abuse on the part of the customer, including, but not limited to, subjecting the system to excessive amounts of grease. For a more comprehensive list of disapproved items, please visit the following webpage:
www.mountainwaterdistrictky.com/links.php

BILLING, COLLECTION, PENALTIES

Bills and notices relating to the conduct of the business of the DISTRICT will be mailed to the customer at the address listed on the user's agreement unless change of address has been filed in writing with the DISTRICT, and the DISTRICT shall not otherwise be responsible for delivery of any bill or notice nor will the customer be excused from the payment of any bill or any performance required in said notice.

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

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

DATE OF ISSUE May 17 2013
Month / Date / Year

DATE EFFECTIVE June 23 2013
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<u>[Signature]</u>
EFFECTIVE 6/22/2013
PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

FOR All Territories Served
Community, Town or City

P.S.C. KY NO. 4

SHEET NO. 3

CANCELLING P.S.C. KY NO. 3

SHEET NO. 3

Mountain Water District
(Name of Utility)

RULES AND REGULATIONS

Deposits

1. The utility requires a cash deposit to secure payment of bills, an equal amount for each class of customers, not to exceed 2/12 of the average annual bill when billed monthly, 3/12 when billed every 2 months, and 4/12 when billed every 3 months.
2. Deposit amount(s) shall be as follows:

Residential Accounts	\$73.00
Commercial Accounts	\$146.00
3. Service will be refused or discontinued if payment of deposit is not made.
4. Deposits may be waived for a customer showing satisfactory credit or payment history with the following criteria being considered: (a) Previous history with the utility. If the customer has no previous history with the utility, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit; (b) Whether the customer has an established income or line of credit; (c) Length of time the customer has resided or been located in the area; (d) Whether the customer owns the property to be served; (e) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.
5. Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposit or the last interest payment date, the payment or credit shall be on a prorated basis.
6. Deposits will be refunded to customers
upon termination of service.
 after 24 months if customer has established a satisfactory payment history or upon termination of service.

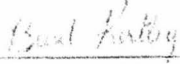
DATE OF ISSUE NOVEMBER 14, 2012
Month / Date / Year

DATE EFFECTIVE JANUARY 12, 2013
Month / Date / Year

ISSUED BY S. JOHN COLLINS
(Signature of Officer)

TITLE VIC, CHAIRPERSON

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

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
FAIRFAX BRANCH

EFFECTIVE 1/12/2013

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 9

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

SHEET NO. 9

Mountain Water District
(Name of Utility)

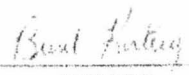
RULES AND REGULATIONS

SUBSTANCES NOT TO BE DISCHARGED INTO SEWERS

No substances shall be placed or discharged into the sanitary sewer system which will create a combustible, gaseous, explosive or flammable condition in such sewer system nor shall any substances or objects be placed or discharged into the sewer system which will not dissolve and which will thus create an obstruction and clogging within the system. No petroleum products shall be placed or discharged into the sewer system.

No swimming pool, storm water or surface drain shall be connected with the sanitary sewer system nor shall any pool, storm or surface water be otherwise introduced into the sewer system.

DATE OF ISSUE NOVEMBER 14, 2013
Month * Date * Year
DATE EFFECTIVE JANUARY 12, 2013
Month * Date * Year
ISSUED BY S. JOHN COLLINS
Signature of Officer
TITLE MICHAEL CAMPBELL
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 1/12/2013
<small>OFFICE OF THE ATTORNEY GENERAL</small>

FOR All Territories Served
Community, Town or City

P.S.C. KY NO. 4

SHEET NO. 10

CANCELLING P.S.C. KY NO. 3

SHEET NO. 10

Mountain Water District
(Name of Utility)

RULES AND REGULATIONS

PROTECTION BY CONSUMER

Consumer shall protect the equipment of the DISTRICT on his/her premises and shall not interfere with DISTRICT property or permit interference except by duly authorized representative of the DISTRICT.

NOTICE OF TROUBLE

Consumer shall give immediate notice to the DISTRICT of any irregularities or unsatisfactory service and of any defects known to consumer.

When a customer or applicant refuses or neglects to provide reasonable access to the premises for the purpose of installation, operation, maintenance or removal of DISTRICT property, the DISTRICT may discontinue or refuse service only after the customer or applicant shall have been given at least fifteen (15) days written notice of such intention.

The DISTRICT shall not be required to furnish service to any applicant when such applicant is indebted to the DISTRICT for service furnished until such applicant shall have paid such indebtedness.

The DISTRICT may refuse or discontinue service to a customer or applicant if the customer or applicant does not comply with state, municipal or other codes, rules and regulations applying to such service.

1. For Nonpayment of Bills

The DISTRICT shall not discontinue service to any customer for nonpayment of bills (including delayed charges) without first having made a reasonable effort to induce the customer to pay same.

The customer shall be given at least five (5) days written notice, but the cut-off shall not be affected before twenty days after the mailing date of the original bill. Such termination notice shall be exclusive of and separate from any bill. The termination notice shall include notification to the customer in writing of the existence of local, state and federal programs providing for the payment of DISTRICT.

DATE OF ISSUE NOVEMBER 11, 2013
Month - Date - Year
DATE EFFECTIVE JANUARY 12, 2014
Month - Date - Year
ISSUED BY S. JOHN COLLINS
(Signature of Officer)
TITLE VICE CHAIRPERSON
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

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

FOR All Territories Served
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 11

Mountain Water District
(Name of Utility)

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

SHEET NO. 11

RULES AND REGULATIONS

bills under certain conditions and of the offices to contact for such possible assistance. If prior to discontinuance of service, there is delivered to the DISTRICT office payment of the amount in arrears, then discontinuance of service shall not be made.

2 For Fraudulent or Illegal Use of Service

When the DISTRICT has discovered evidence that by fraudulent or illegal means a customer has obtained unauthorized service or has diverted the service for unauthorized use or has obtained service without same being properly measured, including having more than one residence or business connected to one sewer service without authorization, the service to the customer may be discontinued without notice. The DISTRICT shall not be required to restore service until the customer has complied with all rules of the DISTRICT and regulations of the COMMISSION and the DISTRICT has been reimbursed for the estimated amount of the service rendered and the cost to the DISTRICT incurred by reason of the fraudulent use.

Leak Adjustment

Any customer who has both sewer and water service with the DISTRICT may request a leak adjustment on their sewer bill at the same time they request a leak adjustment on their water bill. The customer's sewer shall be adjusted to the customer's average bill for the three months prior to the water leak. If the customer's average cannot be determined due to insufficient history, the average shall be considered to be the system's current average monthly usage. Customers may only receive one leak adjustment per twelve (12) month period.

Swimming Pool Adjustment

Any customer who has both sewer and water service with the DISTRICT may request a swimming pool adjustment on their sewer bill once per twelve (12) month period provided the request is made within two (2) months of the service being billed. To receive the adjustment the customer's usage in the month of the requested adjustment must exceed the customer's average usage for the three (3) month period immediately preceding filling the pool by a minimum of 8,000 gallons. If the customer has insufficient history to determine their average usage, the DISTRICT'S system average will be used. If the period of the requested adjustment exceeds the average usage by 8,000 gallons, the customer's usage and bill for the requested period will be adjusted to said average at the DISTRICT'S current sewer rates.

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

DATE EFFECTIVE JANUARY 12, 2013
Month / Date / Year

ISSUED BY S. JOHN COLLINS
(Signature of Officer)

TITLE VICE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

R. CASE NO. _____ DATE _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>David Hartley</i> OFFICER
1/12/2013
<small>REGULATORY DIVISION, 401 WEST MAIN STREET, COLUMBIA, KY 40304</small>

FOR All Territories Served
Community, Town or City

P.S.C. KY NO. 4

SHEET NO. 12

Mountain Water District
(Name of Utility)

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

SHEET NO. 12

RULES AND REGULATIONS

Legal Disclaimers

1. The District shall in no event be held responsible for any claims made against it for reasons of system failure or interruption of service. No persons shall be entitled to damages nor for any portion of a payment refunded for any system failure or interruption of service, which in the opinion of the DISTRICT is deemed necessary.
2. No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, tamper with, or build a structure over any appurtenance or equipment, which is a part of the DISTRICT'S system. Any person violating this provision will be subject to immediate arrest and/or discontinuance of water/sewer service and shall pay the cost of repairing and or replacing the DISTRICT'S facilities and all legal fees.
3. If any loss or damage to the property of the DISTRICT or any accident or other injury to persons or property is caused by or results from the negligence or wrongful action of a customer, members of his/her household, his/her agent or employee, the cost of necessary repairs or replacements shall be paid by the customer of the DISTRICT and any liability otherwise resulting shall be that of the customer.
4. Any person, firm, or organization working around or near the DISTRICT'S distribution mains, appurtenances, or other property may request the DISTRICT to indicate the location of same. However, location by DISTRICT of same does not relieve such person of complete responsibility and liability for any and all damages, liability, and loss to the DISTRICT'S property resulting from any act of such person or his assigns and/or agent.

DATE OF ISSUE NOVEMBER 14, 2012
Month Day Year

DATE EFFECTIVE JANUARY 14, 2013
Month Day Year

ISSUED BY S. JOHN COLLINS
(Signature of Officer)

TITLE VICE CHAIRPERSON

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

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

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE MOUNTAIN WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$300,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

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

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

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

NOW, THEREFORE, IT IS RESOLVED by the Mountain Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of April 1, 2017 substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on _____.

Chairman

Attest:

Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Mountain Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said Agency at a meeting duly held on _____, 20__; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this ____ day of _____, 20__.

Secretary

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Mountain Water District, dated as of April 1, 2017

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Mountain Water District (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

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

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or

similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

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

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

Principal and Interest Payable
on Each _____ and _____

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

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

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: _____

Title: _____

MOUNTAIN WATER DISTRICT
Governmental Agency

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

11230815v1

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE MOUNTAIN WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$300,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

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

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

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

NOW, THEREFORE, IT IS RESOLVED by the Mountain Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of April 1, 2017 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.

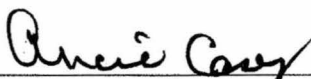
SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on May 31, 2017.



Chairman

Attest:



Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Mountain Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said Agency at a meeting duly held on May 31, 2017; 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 31st day of May, 2017.


Secretary

11230874v1

MOUNTAIN WATER DISTRICT BOARD OF COMMISSIONERS REGULAR MEETING

**May 31, 2017
10:00 AM**

ATTENDEES

Laura Bellamy Pearson, Kaney Branch Resident
Buddy Forbes, Appalachian News Express
Jody Hunt, Summit Engineering
Jonathan Newman, Summit Engineering
Kevin Howard, Summit Engineering
Stephen Caudill, Bell Engineering
Tim Campoy, Environmental Design Consultants
Dan Stratton, Stratton Law Firm
Mike Spears, Spears Management
Roy Sawyers, District Manager
Kevin Lowe, Office/Finance Manager
Tammy Olson, Office/Compliance Manager
Carrie Hatfield, Financial Administrator

CALL TO ORDER AGENDA ITEM I

The Mountain Water District Board of Commissioners' Regular Meeting was held on Wednesday, May 31st, 2017 at 10:00 a.m.

Commissioners present for the meeting were as follows:

Michael Blackburn, Chairman
Eddie Hurley, Vice Chairman
Ancie Casey, Secretary
Kelsey Friend, Treasurer
Johnny Tackett, Commissioner

VISITORS AGENDA ITEM II

Vice Chairman Hurley inquired if there were any visitors who wished to address the Board. The chair recognized Laura Bellamy Pearson. She stated that someone had called her husband and told her that the project at Kaney Branch would be bid today and she came to make sure that happened. Chairman Blackburn stated that we have received the bids, reviewed them and identified the low bidder. He inquired if Mr. Sawyers wanted to give an update. Mr. Sawyers stated that we have the funding in place now through the fiscal court in the amount of \$50,000 and Magistrate Murphy had another \$17,000 that was available, so that gave us \$67,000 for the project. The project was bid and the bids came in a little high and it will be up to the Board to decide whether to award the low bidder today or negotiate and however they want to proceed. When we get into the discussion today we will get into talking about we want to proceed. There were no further visitors.

APPROVAL OF MINUTES AGENDA ITEM III

Chairman Blackburn stated that he also reviewed the water loss and operations committee minutes and had no comments or changes. He requested a motion to approve the minutes of the regular meeting on April 26th, 2017, as well as the Operations Meeting and Water Loss Meeting on April 26th, 2017 as presented. Commissioner Tackett made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.
Resolution 17-05-001

FINANCIAL REPORT – MIKE SPEARS, CPA **AGENDA ITEM IV**

Mr. Spears distributed copies of the March and April financials. He stated that they finally got everything caught up from where they switched programs and are up to date. That is why they have March and April together. They still have one report of cash flow statement to add to this but everything else is set up just like we were before. The first one is the March financials. Cash in bank was \$763,421 as of the end of March. Our accounts receivable is \$1,230,320. Plant in place is \$142,848,635. Accounts payable is \$1,044,983. We started out last year and got up to about \$1.8 to \$2 M range we have brought that down but a bulk of that was to UMG. Equity is \$80,316,783. Revenue for the month was \$871,696. Utility operating expenses for the month were \$573,137. There was a loss for the month of \$135,842. We had some unusual expenses come through that got doubled up like workers comp whose February payment was bumped into March with March's payment and there was a five week payroll in March which added another \$60,000. That is reflected in why this number is significantly larger than usual. Included in the loss is \$271,779 of depreciation. Operating income was negative in the amount of \$101,441 due to those usual expenses and our fleet one cards came in twice that month. Cash increased that month of \$62,518. Current operating balance at the end of March was \$680,099. Our reserve funds are fully funded and the O & M reserve, which is what we have to fund next, we have \$46,590 in that and we are currently transferring \$6,000 per month into that fund. We also transferred our \$55,000 per month into our sinking fund to pay our debts as they come due.

Now for April to catch us up on year to date numbers also. Cash in bank was \$630,710 as of the end of April. Our accounts receivable is \$1,349,871. Plant in place is \$143,070,548. Accounts payable is \$943,208. Equity is \$80,183,399. Revenue for the month was \$863,255 and year to date for four months is \$3,446,747. Utility operating expenses for the month were \$836,533 and year to date is \$3,504,959. There was a loss for the month of \$6,072 and year to date was \$192,318. The reason he brought that out is that \$135,000 of that was for March. Included in the loss is \$271,779 of depreciation and year to date is \$1,117,000. Operating income was positive in the amount of \$26,721. Cash decreased for the month of \$132,711. Current operating balance at the end of April was \$547,043. Our reserve funds are fully funded and the O & M reserve, we have \$46,590 in that and we are currently transferring \$6,000 per month into that fund. He now has all of the reports set up so it should look our old financials rather than the abbreviated version. If the Board wants him to do something different on these he would be more than happy to. He does need to add a cash flow statement. That is the only thing he needs that is not set up yet.

Chairman Blackburn requested a motion to approve the financial reports as presented. Commissioner Tackett made the motion. Commissioner Hurley seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.
Resolution 17-05-002

Ms. Olson distributed the bond payment spreadsheet to the Board of Commissioners. Mr. Spears stated that these are the bond payments from KIA that are due June 1st that need approved for payment. They are paid out of the sinking fund and are covered. We put \$55,000 per month in that account to pay them as they come due. Chairman Blackburn requested a motion to pay the KIA bond payments as presented

due June 1st, 2017. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution 17-05-003

PAYMENT OF BILLS

AGENDA ITEM V

Mrs. Olson distributed handouts for the payment of the bills to the Board members. After several minutes of review, Chairman Blackburn requested a motion to approve the payment of the bills. Commissioner Friend made the motion to approve the bills as presented upon availability of funds as reviewed by the finance committee. Commissioner Friend seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-004

CUSTOMER ADJUSTMENTS

AGENDA ITEM VI

Ms. Olson handed out copies of the customer adjustments for April. After review, Chairman Blackburn requested a motion to approve Customer Adjustments in the amount of six thousand, three hundred and forty-eight dollars and eight cents (\$6,348.08) as presented. Commissioner Casey made the motion to approve the customer adjustments as presented. Commissioner Tackett seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 07-05-005

CONSTRUCTION REPORT

AGENDA ITEM VII

Update by Tim Campoy, Environmental Design Consultants

1. Belfry Pond Sewer Project Easement Acquisition –

Mr. Campoy stated that they are down to one individual easement and they are waiting on a brother and sister to transfer a property and that is supposed to be happening in the next month

or so and once that transfers he is going to sign the easement. The Pike County School Board did not bring up the issue in their May meeting and their next meeting is June 8th. The Board's attorney has told him that they will bring it up at that point to take care of that easement. Norfolk Southern has come around some and are to where we can get an easement from them. He has tried to get a pricing out of them, but they are not going to do it for free and all they sent him was what the Pike County Board paid for their property which was at \$13,000 an acre. We need an acre and a half which would be just short of \$20,000. So what we discussed at the Operations meeting was to offer them a third of that for an easement at \$2 per linear foot for example. He would like the Board, if you are in approval of that, to give him the authority to make that offer to them. This would be in the neighborhood of about \$7,000 for the easement. Chairman Blackburn inquired if he is having to go through Bluefield to deal with the railroad. Mr. Campoy stated that the person he is speaking with is Anne Howell and he isn't sure but he thinks she is in Bluefield but everything is done via email. Ms. Olson inquired if he would clarify how much the offer would be. Mr. Campoy stated that it was \$2.00 per linear foot is the discussed amount in the Operations meeting. Chairman Blackburn stated that he is fine with that and requested a motion to authorize Mr. Campoy to make that offer. Commissioner Tackett made a motion to that effect. Commissioner Hurley seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution 17-05-006

2. Pond at Draffin DOT Relocation Project –

Mr. Campoy stated that the KYTC has bid the job and the low bidder is Bush and Burchett. He just found that out a couple of days ago. The pre-construction conference will be held in about a month, in which case they will be invited, the District will be invited to it as well. So we can try to get that project kicked off. Mr. Sawyers have already provided them contractors that are acceptable for that job and it will be done through Bush and Burchett.

3. Kaney Branch Water Line Extension Project –

Mr. Campoy stated that bids came in on that job and Tom Wright Construction is the apparent low bidder at \$58,800 and H2O Construction came in at \$59,500 both of which are over budget. We had \$53,130 budgeted for construction. We discussed in the Operations meeting and made the suggestion that we go back to the low bidder and do some negotiation and see if we can get that number down. Commissioner Hurley made a motion that we rebid it. Chairman Blackburn stated that we have a motion and need a second on it. Commissioner Tackett inquired what the time frame on it is if we rebid it again as far as delays. Mr. Campoy stated that it would delay it at least another month by the time we get back around to the next board meeting. Commissioner Hurley clarified that the bid was about \$5,000 too high. Mr. Campoy confirmed that as correct. Commissioner Hurley stated that he knows that most times when you rebid it, you will do a lot better. Mr. Sawyers stated that the biggest factor is that the residents are eager to get the water and that would delay it another month by the time you run the ad again and wait until the next board meeting to look at it again. Mr. Campoy said they can get the ad in... Commissioner Hurley clarified that they can just let them two rebid it. Mr. Sawyers stated that you can't do that. Whoever bids it, bids it. We would have to start the process over. Ms. Olson stated that we would have to reject these bids and bid it over again. Chairman Blackburn stated that he thinks we should go to the low bidder and see if we can shave \$2,500 or so off of it and make it work. That is his thought, and keep the project moving. Commissioner Casey stated that he thinks that is a good idea also. Mrs. Pearson stated that is all that is really holding them up from moving in; their plumber coming to do everything and them having the water. Chairman Blackburn stated that he thinks Mr. Sawyers should go back to them and see if he can get them to....they are the low

bidder and it is his understanding that we can negotiate off of their bid. Chairman Blackburn requested a motion to negotiate with the low bidder, Tom Wright Construction, on the Kaney Branch Line Extension Project to bring the construction bid price into budget and to approve the bid award to Tom Wright Construction contingent upon the successful negotiation of the bid price. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 07-05-007

Mr. Spears stated that it is his recommendation also that we get the county to make sure they have gotten that through the Clearinghouse. If not, you are going to be held up three or four weeks waiting on that if they haven't done it like they are supposed to. It needs to be checked on. Chairman Blackburn stated that Mr. Sawyers can reach out to them and make sure that they have done that. Mr. Spears stated that he doesn't know who is doing that at the fiscal court now. It used to be Rhonda James but they have to set up the Clearinghouse and that goes through all of these agencies for their comments, just like we do. Nobody can do it but them. We can't do it for them. Mr. Sawyers stated that originally Lisa Estep said would help them get through this process so hopefully she can help them but he will make a couple of phone calls to see. Chairman Blackburn stated for him to let them know that this is eminent.

Mrs. Pearson inquired if they can explain to her what will happen now. Mr. Sawyers stated that the Board passed a resolution to go ahead and award the low bidder of the project under the terms that we can negotiate and get the price down within budget. Mrs. Pearson inquired if that is not able to happen, what will happen. Mr. Sawyers stated that we will make it work. Chairman Blackburn stated that the worst case is we would rebid it, but we are optimistic that the low bidder will work with us. Mrs. Pearson inquired if he could call Daniel Pearson and let him know the status when he finds out. She gave Mr. Sawyers the phone number and Mr. Sawyers stated that as soon as he is able to negotiate with them, he will give Mr. Pearson a call. She thanked the Board. Chairman Blackburn thanked her and stated that the board appreciates her patience and he knows those folks have waiting a long time for this to happen and hopefully we can get it underway. Mrs. Pearson inquired if the contractor will get with them on where the meters will be set and everything. Mr. Sawyers stated that their job is just to install the line. The District will be setting the meters. They paid their tap fees to the District and we will be setting the taps. Once the contractor gets close to getting the line installed, the District will come out and meet with each resident on where we will set the taps on each property. She thanked the Board and left the meeting.

Update by Stephen Caudill, Bell Engineering

1. Raccoon Creek DOT Line Relocation Project -

Mr. Caudill stated that the plans and specifications are complete. All permits are in hand. KTC is continuing to try to acquire the right of way and once that is done, they can bid the project and move forward. They are still hoping to get it acquired in the near future and get it bid later this year.

2. Marshall's Branch DOT Relocation Project -

Mr. Caudill stated that construction is complete on the water portion for this project. On April 6th they did a final inspection with MWD personnel and KTC.

3. **Deskins Curve Line Relocation**

Mr. Caudill stated that the construction is complete and water tank is in service. The only thing left to do is to do the demolition on the existing tank that was abandoned. He spoke to H2O Construction last week and his understanding is that they have built a ramp up there to facilitate cutting it apart and hauling it off and they hope to have that done in the next few weeks and then the project can be closed.

Update by Jody Hunt, P.E. – on the following projects:

1. **Douglas WWTP Upgrade Project** – Mr. Hunt stated that the concrete floor for the basins is poured and in place. The contractor has been working on pouring the walls on the plant now. The breaks have all come back good on that project. They have received the Ovivo shop drawings for the equipment that goes inside that and those have been transferred to Mr. Sawyers for his review and they have also been reviewing additional shop drawings submitted by H2O Construction.
2. **KPDES Permit Renewal Project** – Mr. Hunt stated they have been receiving renewal approvals lately and have received two (2) back so far. They still need to submit the Phelps one but it doesn't expire until 2018 and is a little more lengthy than the others. The Douglas one is already done so Phelps is the only one remaining.
3. **Belfry/Pond Sewer Project Update** – Mr. Hunt stated DOW is reviewing the plans and they have submitted the addendum to the 201 Plan but have not heard anything back yet on that from the Division of Water. If they receive some notification or feedback fairly quickly on that, they are anticipating scheduling a meeting with the Division of Water and going to meet with Jory Becker and discuss the project to see if they can move this project along. He and Mr. Sawyers have had an extended conversation with Douglas Hoff with RD and he went through some general scenarios on how his funding would work and he confirmed what we had been discussing previously that the rights of way had to be in place first before going any further. Once the rights of way are in place, we submit the plans and specifications for RD review with the right of way certificate and then he will send us a list of what he wants additionally to that. He doesn't like to send out the big list of what you need first, but wants to receive information from us and he would supply information on what was still needed.
4. **FEMA BPS Mitigation Project** – Mr. Hunt stated that they have received the power drop for the Meta BPS and it has gone through start up and the pumps are operating. The contractor still needs to do a start up with Micro Comm, which is the telemetry that was change ordered in to make that pump station remote control. He does have a change order for the Board's approval that is an adjustable change order for the finalization on the project and a pay request. The change order is in the amount of -\$2,768 and is to adjust the quantities on the project. We did some additive change orders and the contractor didn't need that much line appropriated, so they have done a deduct which balances it out from the original contract. He needs approval on that change order to close out that project and move forward on the next one. Chairman Blackburn requested a motion to approve this deduct change order for the FEMA Mitigation project in the amount of -\$2,768. Commissioner Tackett made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution 17-05-008

Mr. Sawyers clarified that we got the easement issue lined out up there and recorded. Mr. Hunt confirmed that as correct. Mr. Hunt stated that also he wanted to mention about the pay request. He has already prepared the final pay request on the project and it releases all retainage to the contractor because he went through the start up on the 18th and Micro Comm is supposed to come in shortly and we want to go ahead and get everything done; however, he has asked Mrs. Hatfield to hold the check until the District receives the final completion letter from Summit and the release of liens documentation from the contractor. They will submit those to the contractor to sign and submit to the District. Just hold that check until you receive those items. Everything else is complete and Micro Comm is supposed to come in shortly and do the telemetry start up.

Mr. Hunt stated that with regard to Phase II of this project is the Phelps BPS Replacement of #1 and #2. That project has been submitted to the DOW for their review and comment and they anticipate receiving that approval fairly soon since we are just swapping out pump stations and adding additional flow to the system. Currently your existing pump stations are operating both pumps simultaneously to provide the flow needed, and they kept the same pressures but increased the flow on the pumps. Ms. Olson inquired if these mitigation projects work like other FEMA projects in that they will have to come in and do a final inspection. Mr. Hunt stated, yes, that Amanda LeMaster will be the contact person that has to do the final inspection on that project. Since the Phelps #1 and #2 project was rolled into the first one, there is a six month window from now in which it has to be done, so she is not in a big hurry in approving that and she said to give her a call in the next month or two, once the pump station is up and running because she has to see the actual generators. You have to simulate a power outage on the pump station and get the generators to start up and boost the pump station. But she will come and see the generators and he has spoken to her about that also and she has done site inspections on this project and has actually toured and went inside the pump stations and was really impressed and pleased with the project.

5. **Upper Pompey Water Line Extension** – Mr. Hunt stated that 99% of the water line is installed. The contractor has the tank and valve vault installed on the project. The contractor is finalizing the booster pump station in Raccoon but has not installed the HVAC unit yet because he is still waiting on the power drop. He doesn't want to have the HVAC unit setting there for an extended period of time without power on it so he is holding on that. It is in his shop ready to install and will be done when the power is dropped. That could be a potential hold up on the project. MWD has called several times about power to the site and the contractor estimates roughly two months, once power is dropped at the site but that is the only hold up. The contractor does have one of the pumps rebuilt on the Ferrells Creek BPS and will be coordinating with the District here soon about the installation of that. Chairman Blackburn inquired how much line they have to run to put the power to the site. Mr. Hunt stated that it is right there. Chairman Blackburn stated that he thinks Mr. Sawyers needs to call them every day. Look how long it took them to get power to Meta. They were almost a year getting that done. Mr. Sawyers stated that he will state that one was a little more difficult, but a year was a really long time for that. Chairman Blackburn stated that he would at least call them every week and make it a Monday morning thing to call. Mr. Sawyers stated that he would do that. Mr. Blackburn inquired if he had a specific person that he contacts. Mr. Sawyers stated that it was Don Washington who has this side of the county. Chairman Blackburn stated that he will give him a number to call after the meeting. Mr. Hunt stated that he has contacted Shawn Sumner also on that. Chairman Blackburn stated that he would give them a regular call to keep it moving. Mr. Sawyers stated that he would call Don every week until we get it in.

Mr. Hunt introduced Jonathan Newman to the Board who will be proceeding with the Board's projects in his stead since he is leaving Summit Engineering. He stated that he appreciated the Board and it has been good working with them. The Board stated that it had been good working with him also and thanked him.

PROJECT DRAWS:

Chairman Blackburn requested a motion to pay the draws as amended contingent upon funding agency approval. Commissioner Tackett made the motion. Commissioner Hurley seconded the motion.

DOUGLAS WWTP UPGRADES PROJECT		
Summit Engineering	Coal Severance Funds	\$ 11,870.69
\$11,870.69	Engineering Services	
H2O Construction	Coal Severance Funds	\$ 151,852.50
\$151,852.50	Contract Construction	
MARSHALLS BRANCH DOT RELOCATION PROJECT		
Bell Engineering	KDOT Funds	\$ 338.72
\$338.72	Engineering Services	
UPPER POMPEY WATER LINE EXTENSION (CONTRACT 1)		
Summit Engineering	AML Funds	\$ 4,447.11
\$4,447.11	Engineering Services	
H2O Construction	AML Funds	\$ 23,879.63
\$23,879.63	Contract Construction	
UPPER POMPEY WATER LINE EXTENSION		
H2O Construction	ARC Funds	\$ 57,390.37
\$57,390.37	Contract Construction	
BELFRY POND SEWER PROJECT		
EDC	Coal Severance Funds	\$ 775.00
\$775.00	Right of Way Acquisition	
KANEY BRANCH WATER LINE EXTENSION		
EDC	Coal Severance Funds	\$ 1,487.64
\$1,487.64	Engineering Services	
AEP – COST SAVINGS PROGRAM		
State Electric	Line of Credit Funds	\$ 5,497.18

\$5,497.18	Materials	
State Electric	Line of Credit Funds	\$ 611.12
\$611.12	Materials	
Service Pump & Supply	Line of Credit Funds	\$ 29,889.36
\$29,889.36	Motors/Pumps	

FEMA MITIGATION BPS PROJECT

H2O Construction	FEMA/Line of Credit Funds	\$ 168,387.20
\$168,387.20	Contract Construction	
Summit Engineering	FEMA/Line of Credit Funds	\$ 3,644.00
\$3,644.00	Engineering Services	

RACCOON CREEK BRIDGE DOT RELOCATION PROJECT

Bell Engineering	DOT Funds	\$ 141.50
\$141.50	Engineering Services	

Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-009

Chairman Blackburn clarified with Tim Campoy that he was ready to go on Kaney Branch and had everything done and ready. Mr. Campoy responded that was correct.

MANAGER'S REPORT

1. **Hurley Phase VII / BCPSA** – Mr. Sawyers stated that we have talked back and forth here with the Board about how we would have to process this if we did the project. He has requested documentation from Buchanan County PSA to provide something to submit to the county in regards to us processing this that they are interested in serving those customers. He is going to read to the Board the email he got back in regards to that. It states "On the Hurley Project that serves the Kentucky customers is really no further along to providing you an answer than before. The Buchanan County PSA would love to serve the customers in Kentucky with potable drinking water and would have no problem doing so since we pass by those customers with our water line. However in light of the attached conversation with Don Blankenship with the Virginia Department of Health and Mr. Humphries, PSA Board Member, feels like the Buchanan County PSA is regulated and monitored enough Virginia and meet all of their criteria, that it would be overkill for us to be regulated even more. The PSC Board has no problem with our construction application and our Chairman has stated that he was going to speak with some people in Kentucky about this, but as of yet he has not. One option we have explored with all of this and to still serve the customers in Kentucky, is to place a master meter where the Kentucky customers begin and another where the Kentucky customers end and have the Mountain Water District billed for the water that registers through those meters. Again, nothing has been decided officially. All the Buchanan County PSA wanted to do was to provide the eight or so customers on the Kentucky

side with water. One other thing that Mr. Blankenship with the Virginia Department of Health was working on a solution for this issue also and I have not heard back from them, so in reality we are no further along than we were last. If anything develops I will let you know.”

2. **Residential Grinder Units Project** – Mr. Sawyers stated that we are still in the hands of the PSC with them approving the Certificate of Convenience and Need on the project and we are waiting on them to give us an answer and have yet to receive anything from them and are still in limbo in regards to that. Mentioned later in the meeting was the approval needed for the Memorandum of Agreement for the Residential Grinder Units Project and approval of the resolution and execution of all documents necessary to complete the required submission. Mr. Sawyers stated that we would add that to this section of the meeting. Chairman Blackburn requested a motion to approve and execute the Memorandum of Agreement, Resolution, and all required documentation to complete the MOA for the Residential Grinder Unit Project. Commissioner Hurley made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-015

3. **Majestic Alternative Sewer Project** – Mr. Sawyers stated that we have received the paperwork to have signed and Ms. Olson has that to be signed today after the meeting and we need a resolution to approve the MOA for that project. Chairman Blackburn requested a motion to approve the MOA for this project and authorization to execute all documents necessary to complete the required paperwork. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-010

4. **Boom Truck** – Mr. Sawyers stated that the boom truck is complete and it looks great. Chairman Blackburn walked down there and looked at it a minute ago before the Operations meeting and he said it looked like a brand new truck. The guys did work really hard on it and it does look great and was a great investment on the Board's part to do so. He passed around some photos of the truck. One of the things that has come up, we have the old cab and chassis and the engine doesn't work in it. He has a few different options, we can try to sell it as surplus or right now, he has had Jamey Keathley check around and call a couple of junk yard to get prices, and the guy that runs the wrecker service that hauled it for us gave us a price too. We have been offered anywhere from \$900.00 to \$1,200 from two different junk yards and \$2,000 by the wrecker service. We can accept the quotes if you want to move to take the \$2,000 or he can try to advertise it as surplus. Chairman Blackburn stated that we should just advertise it and get it out there and let people give you sealed bids on it. That would be his recommendation. Mr. Sawyers stated that in the past we haven't had much luck bidding these trucks as surplus but that is fine, we can bid it and run it in the paper. Chairman Blackburn stated that he thinks we should just to have it ran one time, that way you have a record of it and we are covered and keep a copy in the file. Mr. Sawyers stated that we will bid it as surplus. Mr. Stratton inquired from Ms. Olson what

the statute requires on the bid. Ms. Olson stated that we have to advertise it one time but it has to be a minimum of seven (7) days from advertisement to bid opening. Commissioner Hurley inquired if we can put a minimum on the bid. Ms. Olson stated that we have done that before. The decision was then made to put a minimum reserve of \$2,000 on the advertisement for bid and make sure that those who submitted a quote were notified when the advertisement goes in the newspaper. Chairman Blackburn requested a motion to authorize the advertisement for bid the old boom truck cab and chassis for sale as surplus with a \$2,000 minimum reserve. Commissioner Tackett made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-011

- 5. Preventive Maintenance Vehicle Bid Award** – Mr. Sawyers stated that in last month’s meeting the Board approved the Preventive Maintenance Program and in that program was a vehicle bid. He went ahead and bid the truck and we sent it out to 18 different dealerships and only received one bid. We received a bid from Bruce Walters Fork for a 2017 F150 4WD for \$22,849 and he requested that the Board approve the low bid on that. Chairman Blackburn requested if this was a single cab, standard truck. Mr. Sawyers confirmed that and stated that he thinks that is a good price. We have actually bid some small compact trucks at this rate when he first came in here, that were that high or higher. Chairman Blackburn requested a motion to approve the award of the purchase of the truck to Bruce Walters Ford for \$22,849. Commissioner Hurley made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-012

- 6. Glenn Varney – Possible Line Extension – Pigeon Roost** – Mr. Sawyers stated that if the Board will recall, a gentleman by the name of Glenn Varney came to a Board meeting a couple of months ago asking that the Board look at a line extension for him at Pigeon Roost. If we did it in house just to try to get it to him, you are looking at \$130,000. The reason it costs so much is you have to have a booster pump station because of the water pressure. We could set him a base at the point where we can meet our criteria with Division of Water on pressure and he would have to come to it. He would probably have to lay about 1,400 feet of line and would have to do it himself and install an inline pump. What we did do was contact East Kentucky Water for him to help him out, to see if they would give him a quote to run it from that point on. But to let you know where we are at, the most feasible thing for us to do is to set a base where we can meet allowable pressure with Division of Water and let him come to it. There is no way we can get a hundred thousand dollars to serve one home. He has been contacted and David Taylor has talked to him in regards to that. Commissioner Hurley inquired how far the elevation is where we would set the base to where he is at. Mr. Sawyers stated that he is on a hill that is all he can tell him right now without talking to the person in the field that went up to it.

Mr. Sawyers reviewed the rest of the Manager’s report as listed on their summary report and stated that one thing he does want to point out is that we have had quite a bit of rain over the last couple of months. He would like to complement our personnel who have worked real hard and we have had a couple of key issues, and had a couple of things blow out, especially here on Zebulon. They got out and worked around

the clock throughout the weekends getting it done and he just wanted to let the Board know where we stand on that. Chairman Blackburn requested a motion to approve the Managers Report as presented. Commissioner Tackett made the motion. Commissioner Hurley seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-013

NEW BUSINESS

1. Proposed Rate Adjustment for Septic Tank Customers -

Mr. Sawyers stated that we talked about this last month and Mr. Lowe worked up some numbers and Mr. Stratton has reviewed that with him. Mr. Lowe distributed a hand out with proposed rate numbers for those customers. Mr. Sawyers stated that this will include septic tanks and the aerator systems. Commissioner Casey inquired if there were twenty-some of them. Mr. Lowe stated that there were thirty-seven (37) tanks and five (5) aerators. Chairman Blackburn clarified that we currently bill those customers as normal sewer customers. Mr. Lowe stated that it depends on whether they have water with us or not. If they do we bill them at our normal sewer rates and have some of those paying as high as \$90 for sewer for a septic tank. If they don't have water with us, we are charging them \$33.45 currently. If you look at what it is costing us to cover our cost on the tanks, we would need \$27.57 per month and the aerators would need \$81.42 per month. If you average those out, it would come up to \$34 a month and would be a flat rate across the board for those customers. Mr. Stratton stated that it also takes out the water equation on those. A number of customers will see a substantial drop and a few that will see a slight increase, but Mr. Lowe and him went back and forth on this and prior boards have looked at this issue and you have looked at this issue, and it is a difficult one on how to do it, but in the end we wanted to simplify it and treat them all the same across the board and go on. Chairman Blackburn stated that he thinks it is a good compromise for what we have got and it was pretty unfair for some of them that have tanks in the ground and have never had a problem with it, and they have water and get billed several hundred dollars a year just for the tank. Mr. Stratton stated that as they will recall this is not a PSC regulated tariff pricing, so we will just pass a resolution and give them notice effective as of this meeting or June 1st that the rate would change to the new rate. Chairman Blackburn requested a motion to approve the new rate for septic tank and aerator customers as a flat rate of \$34.00 per month as presented. Commissioner Friend made the motion. Commissioner Casey seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-014

- 2. Stratton Law Firm Engagement Agreement –** Mr. Stratton stated that this is an extension and renewal of our current engagement letter. It covers the exact same items that were covered under the prior term and includes a small increase in price since it hadn't changed in 12 years. We had difficult times and it was right to try to change anything at that time. Chairman Blackburn requested

a motion to approve the Stratton Law Firm Engagement Letter as presented. Commissioner Casey made the motion. Commissioner Hurley seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-016

3. Legal Issues – Executive Session

- Potential Litigation – Contract Dispute -KRS 61.810 (1)(c)

Chairman Blackburn requested a motion to convene into executive session to discuss a contract dispute as listed on the agenda. Commissioner Casey made the motion. Commissioner Friend seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-017

Chairman Blackburn requested a motion to reconvene from executive session into regular session. Commissioner Tackett made the motion. Commissioner Hurley seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-018

Mr. Stratton stated that coming out of executive session, there was no additional action necessary.

COMMISSIONER COMMENTS

There were none.

ADJOURN MEETING

Chairman Blackburn requested a motion to adjourn the meeting. Commissioner Hurley made the motion. Commissioner Tackett seconded the motion. Commissioner voting as follows:

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

Upon Commissioner voting, the motion was carried and passed.

Resolution No. 17-05-019

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: August 4, 2016 – 1:00 p.m.
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Ms. Sandra Dunahoo, Commissioner, Department for Local Government
Mr. Mark Bunning, Finance and Administration Cabinet
(proxy for Secretary William Landrum, FAC)
Mr. John Fischer, Proxy for (Erik Dunnigan, Acting Secretary, EDC)
Ms. Talina Mathews, Public Service Commission
(Executive Director, PSC)
Mr. Paul Lashbrooke, representing the Kentucky Rural Water Association
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Bruce Scott, Energy and Environment Cabinet
(proxy for Secretary Charles Snavelly, EEC)

Members absent:

Mr. C. Ronald Lovan, representing the American Water Works Association

Guests:

Mr. Matt Baker, Cann-Tech
Mr. Jory Becker, Division of Water
Mr. Bill Bunch, City of Pineville
Ms. Bethany Couch, Office of Financial Management
Ms. Kristie Dodge, Buffalo Trace Area Development District
Ms. Annette DuPont-Ewing, Kentucky Municipal Utilities Association
Mr. Greg Heitzman, Bluewater Kentucky
Mr. Robbie Hume, City of Lawrenceburg
Ms. Laura Jefferson, Buffalo Trace Area Development District
Mr. Bryan Kirby, Community and Economic Development Associates
Mr. Patrick Kirby, Community and Economic Development Associates
Mr. Gary Larimore, Kentucky Rural Water Association
Mr. Phil Meadors, Kenvirons
Mr. Josh Nacey, Legislative Research Commission
Mr. David Peyton, City of Hustonville
Mr. Roger Recktenwald, Kentucky Association of Counties
Mr. Monty Rhody, City of Lawrenceburg
Mr. Roy Sawyers, Mountain Water District
Mr. Gary Vetter, City of Morganfield
Ms. Ruth Webb, First Kentucky Securities

PROCEEDINGS

Chairwoman Sandra Dunahoo called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Ms. Dunahoo asked board members and guests to introduce themselves. Mr. Bill Pauley confirmed that a quorum was present. Chairwoman Dunahoo noted that the press had been notified regarding the meeting.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of June 2, 2016

Ms. Linda Bridwell moved to approve the minutes of the June 2, 2016, regular board meeting. Mr. Bruce Scott seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2016 CAPITALIZATION GRANT FOR THE DRINKING WATER REVOLVING FUND

Ms. Linda Bridwell moved to approve the filing of an application for the 2016 Capitalization Grant for the Drinking Water Revolving Fund. Mr. Paul Lashbrooke seconded, and the motion carried unanimously.

2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2016 CAPITALIZATION GRANT FOR THE WASTEWATER REVOLVING FUND

Ms. Linda Bridwell moved to approve the filing of an application for the 2016 Capitalization Grant for the Wastewater Revolving Fund. Mr. Bruce Scott seconded, and the motion carried unanimously.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-051) IN

THE AMOUNT OF \$533,485 TO THE CITY OF PINEVILLE ON BEHALF OF PINEVILLE UTILITY COMMISSION, BELL COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Pineville for the benefit of the Pineville Utility Commission's request for a \$533,485 Fund "A" loan for the Phase I of the Virginia Avenue Utility Replacement project. The City operates a combined sewer system (CSS) that contains two permitted combined sewer overflows (CSO) which discharge to the Cumberland River. In 2007, the City entered into a Consent Judgment with the Commonwealth of Kentucky's Environmental and Public Protection Cabinet to reduce and eliminate these CSO's. Phased construction better matches the City's ability to fund the citywide project which is estimated to cost \$8.2 million.

Phase I includes construction of two sewage lift stations and associated force main along with approximately 4,100 LF of sanitary/storm sewer separation in the Virginia Avenue area. A second phase will complete the sewer separation in this area and later project phases will address all other areas in the community. This project was originally approved by the KIA Board on April 4, 2013.

The utility provides sewer service to the City of Pineville and water service to the City of Pineville, Black Mountain Utility District (Green Hills), Cawood Utility District, and Knox County Utility Commission.

Ms. Linda Bridwell moved to approve the Fund "A" Loan increase, (A11-051) in the amount of \$533,485 to the City of Pineville with the standard conditions Mr. Bruce Scott seconded, and the motion was unanimously approved.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-023) INCREASING THE AMOUNT TO \$3,067,200 TO THE CITY OF MORGANFIELD, UNION COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Morganfield's request for an increase of \$425,000 to an existing \$2,642,200 Fund "A" loan. No additional work is necessary; the bids came in higher than budgeted.

The original project description is below:

The City of Morganfield is requesting a Fund "A" loan in the amount of \$2,642,200 for the Morganfield Combined Sewer Separation Project,

Phase II project. The project will construct storm drainage and sanitary sewers along Main Street and the intersection of Morgan and Morton Street. Two small sewer lines will be rehabilitated at the intersection of Vinson Alley and Unnamed Street. The project will relocate traffic during construction and will require replacing city streets and sidewalks to replace and relocate other utilities. This project is a part of the City's combined sewer separation program mandated by the Division of Water.

The City serves 1,935 customers and treats their own wastewater. Additionally, Morganfield services the City of Waverly which has 149 customers.

Mr. Paul Lashbrooke moved to approve the Fund "A" Loan increase, (A15-023) in the amount of \$425,000 to the City of Morganfield with the standard conditions Mr. John Fischer seconded, and the motion was unanimously approved.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-096) INCREASING THE AMOUNT TO \$1,100,000 TO THE CITY OF HAZARD, PERRY COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Hazard's request for an increase of \$100,000 to an existing \$1,000,000 Fund "A" loan. The original project design had to be adjusted to allow for an alternate route which caused a bid overage. The original project description is below:

The City of Hazard is requesting a Fund "A" loan in the amount of \$1,000,000 for the Sanitary Trunk Rehabilitation Project. The project consists of four elements:

Sewer Trunk Line - Portions of the principal sanitary sewer trunk line that serve the majority of residential, commercial and industrial customers are corroding and have a history of bypasses and overflows during minor rain events. Moderate to heavy rain events lead to disruptive backups into residences and businesses. The City will replace 12,600 linear feet of 30 inch PVC and ductile iron lines in the areas of most concern.

Coalfields Industrial Park Force Main – A 12 mile gravity line and force main serves the Industrial park, which has three odor control stations. The major control station is in very poor condition and will be replaced to eliminate foul odors in a major commercial area of the City.

Lift Stations - The project will replace a failing lift station at the Perry County Park and eliminate the station at the CSX rail yard. The Perry County park station will be replaced with an inverted gravity station.

Treatment Plant – The 18 year old outdated screening system will be renovated to remain in compliance with Division of Water parameters. The City's wastewater system has about 3,600 customers and also treats wastewater for the Perry County Sanitation District #1, which has 563 customers.

Ms. Linda Bridwell moved to approve the Fund "A" Loan increase, (A15-096) in the amount of \$100,000 to the City of Hazard with the standard conditions. Mr. Bruce Scott seconded, and the motion was unanimously approved.

Chairwoman Dunahoo advised that the Board would take Agenda Items 4 and 5 for the Mountain Water District under consideration together.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A16-073) IN THE AMOUNT OF \$1,046,699 TO THE MOUNTAIN WATER DISTRICT, PIKE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the Mountain Water District's request for a Fund "A" loan in the amount of \$1,046,699 for the Forrest Hills Phase III project. This project will extend the existing sewer collection system to serve Forest Hills. The new construction will be the final phase to complete the Forest Hills wastewater project. The new extension will allow the District to continue the reduction of environmental health issues related to the excess numbers of straight pipes or failing septic systems within the project area.

The District serves the area of Pike County and has approximately 17,200 water and 2,400 sewer customers.

5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A16-079) IN THE AMOUNT OF \$300,000 TO THE MOUNTAIN WATER DISTRICT, PIKE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the Mountain Water District's request for a Fund "A" loan in the amount of \$300,000 for the Residential Grinder Unit Upgrade project. This project will upgrade and replace 222 aging and failing out-of-warranty residential grinder units with the newer technological high efficiency grinder units compatible with the force main system.

The District serves the area of Pike County and has approximately 17,200 water and 2,400 sewer customers.

Ms. Talina Mathews abstained from voting. Ms. Linda Bridwell moved to approve the Fund "A" Loan, (A16-073) in the amount of \$1,046,699 and Fund "A" Loan, (A16-079) in the amount of \$300,000 to the Mountain Water District with the standard conditions. Mr. Bruce Scott seconded, and the motion was unanimously approved.

6. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B17-001) OF \$1,300,000 TO THE CITY OF MOUNT OLIVET, ROBERTSON COUNTY, KENTUCKY

Ms. Jami Johnson, KIA, discussed the City of Mount Olivet's request for a Fund "B" loan in the amount of \$1,300,000 for the Phase 2 Wastewater Treatment Plant Upgrade project. Phase 1 includes installing a new influent flow measurement device, installing throttling type valves and magnetic flow meters on the 3 inch EQ pump discharge lines to better control the rate of flow pumped into the treatment plant which will adjust floats in the EQ basin to maximize pumping times at a minimum flow rate and cleaning existing clarifiers and fine tune return sludge rate. Phase 2 includes constructing a third train of a precast package plant on site. This would include a new influent flow meter and fine screening equipment, construction of new influent and effluent automatic samplers, new peracetic acid disinfection system, new effluent flow meter, conversion of existing aeration systems to fine bubble system, new cloth effluent filters, miscellaneous site improvements, cleaning and refurbishing existing package plant.

The City's existing wastewater treatment plant does not have sufficient capacity and is not capable of meeting the existing or any future requirements of the Kentucky Pollutant Discharge Elimination System permit. An agreed order is being negotiated between DOW and the City.

The Board had concerns over the lack of financial documentation. Mr. Bruce Scott moved to table the Fund "B" Loan, (B17-001) in the

amount of \$1,300,000 to the City of Mount Olivet until further documentation becomes available. Ms. Linda Bridwell seconded, and the motion was unanimously approved.

7. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B17-002) OF \$75,639 TO THE CITY OF HUSTONVILLE, LINCOLN COUNTY, KENTUCKY

Ms. Debbie Landrum, KIA, discussed the City of Hustonville's request a Fund "B" loan in the amount of \$75,639 for the Water System Improvements Phase II Project. The project will replace aging and undersized four and six inch water lines with six and eight inch looped water lines. This will provide adequate pressure and volume for existing services, as well as fire protection for more customers in the North Hustonville community service area. This will also include three inch line for tie-ins.

The City serves approximately 1,875 water customers and purchases an average of 138 million gallons of water per year from the City of Danville at an average cost of \$2.47 per thousand gallons.

Mr. John Fischer moved to approve the Fund "B" Loan, (B17-002) in the amount of \$75,639 to the City of Hustonville with the standard conditions. Mr. Mark Bunning seconded and the motion was unanimously approved.

8. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B17-003) OF \$1,985,000 TO THE CITY OF LAWRENCEBURG, ANDERSON COUNTY, KENTUCKY

Ms. Brandi Norton, KIA, discussed the City of Lawrenceburg's request for a \$1,985,000 Fund "B" loan for the Alton Vacuum Sewer System Replacement Phase 4 project. This project phase consists of replacing an existing failed vacuum sewer system with a conventional gravity and a low pressure sewer system. There will be approximately 38,060 linear feet of 1.5 to 8 inch PVC force main, 100 residential gravity sewer reconnects, 48 manholes, 101 residential simplex grinder stations and one lift station.

The Environmental Protection Agency recognized the system as a failed technology and previously awarded the community a grant in the amount

of \$2 million, which was used to construct phase 2 and phase 3 replacement projects. Currently the City is experiencing failures due to the system's age and limitation of system design. The constant vacuum combined with aging pipe has also created a substantial I&I problem.

This final phase of the project will serve 201 households within the project area.

Mr. John Fischer moved to approve the Fund "B" Loan, (B17-003) in the amount of \$1,985,000 to the City of Lawrenceburg with the standard conditions and the following special condition:

(1) The City of Lawrenceburg will generate \$450,000 or 8.4% of additional revenue effective July 1, 2017 through July 1, 2020.

Ms. Linda Bridwell seconded and the motion was unanimously approved.

9. A RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES

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

APPLICANT	FUND	AMOUNT
City of Pineville	A11-051	\$ 533,485
City of Morganfield (Increase)	A15-023	\$ 3,067,200
City of Hazard (Increase)	A15-096	\$ 1,100,000
Mountain Water District	A15-073	\$ 1,046,699
Mountain Water District	A16-079	\$ 300,000
City of Mount Olivet	B17-001	TABLED
City of Hustonville	B17-002	\$ 75,639
City of Lawrenceburg	B17-003	\$ 1,985,000

Ms. Linda Bridwell moved to approve the resolution. Mr. Mark Bunning seconded, and the motion carried unanimously.

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

I. DISCUSSION

Mr. Mark Bunning made the motion to move into Executive Session. Ms. Linda Bridwell seconded and motion unanimously carried. KIA staff and guests left the room.

No action was taken during the Executive Session.

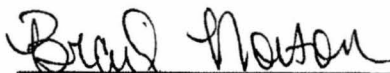
Mr. Mark Bunning made the motion to adjourn the Executive Session. Mr. John Fischer seconded and the motion unanimously carried. Staff and guests returned.

IV. ANNOUNCEMENTS/NOTIFICATIONS

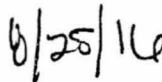
- Next scheduled KIA board meeting:
Tentatively set for Thursday, September 1, 2016
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business, Mr. Mark Bunning moved to adjourn. Mr. John Fischer seconded and the motion carried unanimously. The August 4, 2016, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Brandi Norton, Secretary
Kentucky Infrastructure Authority



Date



KENTUCKY INFRASTRUCTURE AUTHORITY

Matthew G. Bevin
Governor

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August 15, 2016

Mountain Water District
Ancie Casey, Chairperson
P.O. Box 3157
Pikeville, KY 41502

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (A16-079)

Dear Chairperson Casey:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On August 4, 2016, the Authority approved your loan for the Residential Grinder Unit Upgrade project, subject to the conditions stated below. The total cost of the project shall not exceed \$300,000 of which the Authority loan is the sole source of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Mountain Water District upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by August 15, 2017 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$300,000.

2. This loan does not qualify for principal forgiveness.
3. The loan shall bear interest at the rate of 0.75 percent per annum commencing with the first draw of funds.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", requires that all recipients and subrecipients **expending \$750,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements has changed for fiscal or calendar year 2016 audits. Please consult with your independent auditor as soon as possible to understand how the changes

will affect you.

11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

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

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

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

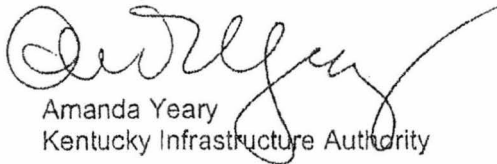
Chairperson Casey
August 5, 2016
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17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.
18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions stated in Attachment A must be resolved.

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

Sincerely,

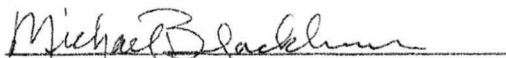


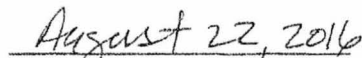
Amanda Yeary
Kentucky Infrastructure Authority

Attachments

cc: Greg Heitzman, BlueWater Kentucky
State and Local Debt Office, 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


Date