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

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

(Name of Utility)

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

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

(Telephone Number)

BASIC INFORMATION

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

(Name)

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

(Address - City, State, Zip)

(Telephone Number)

(Email Address)

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

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

YES NO N/A

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

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2016.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ 304,483 and total revenues from service rates of \$ 1,391,300. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had 2432 customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
- 15.a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

- | | YES | NO | N/A |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| 16. a. Applicant is not required to file state and federal tax returns. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| b. Applicant is required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| c. Applicant's most recent state and federal tax returns are attached to this Application. (Attach a copy of returns.) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. Approximately _____ (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

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

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

Signed William Eggen
 Officer of the Company/Authorized Representative
 Title Chairman U.S. GO WATER DIST.
 Date 8-29-17

COMMONWEALTH OF KENTUCKY
 COUNTY OF SHELBY

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

[Signature]
 Notary Public
 My commission expires: 2/1/19

LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment"
- Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- Attachment Billing Analysis" Attachment
- Depreciation Schedules
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

ATTACHMENTS

Exhibit 1	Customer Notice of Proposed Rate Adjustment
Exhibit 2	Reasons for Application
Exhibit 3	Current and Proposed Rates
Exhibit 4	Schedule (Statement) of Adjusted Operations
Exhibit 5	Revenue Requirements Calculation
Exhibit 6	Billing Analysis (Usage Tables)
Exhibit 7	Depreciation Schedules
Exhibit 8	Outstanding Debt Instruments
Exhibit 9	Statement of Disclosure of Related Party Transactions

US 60 Water District of Shelby and Franklin Counties, Kentucky ("District") will file on or after September 6, 2017 an application with the Kentucky Public Service Commission ("PSC") to increase rates effective November 1, 2017 as follows:

	<u>Existing Rates</u>	<u>Proposed Rates</u>	<u>Increase (\$)</u>	<u>Increase (%)</u>
<u>5/8" x 3/4" Meters:</u>				
First 1,000 gallons	\$14.14 Minimum Bill	\$17.78 Minimum Bill	\$3.64	25.7%
Next 2,000 gallons	\$7.69 per 1,000 gallons	\$9.53 per 1,000 gallons	\$1.84	23.9%
Next 2,000 gallons	\$6.43 per 1,000 gallons	\$7.91 per 1,000 gallons	\$1.48	23.0%
Over 5,000 gallons	\$5.82 per 1,000 gallons	\$7.13 per 1,000 gallons	\$1.31	22.5%
<u>1" Meters:</u>				
First 5,000 gallons	\$42.38 Minimum Bill	\$52.66 Minimum Bill	\$10.28	24.3%
Over 5,000 gallons	\$5.82 per 1,000 gallons	\$7.13 per 1,000 gallons	\$1.31	22.5%
<u>2" Meters:</u>				
First 25,000 gallons	\$158.78 Minimum Bill	\$195.27 Minimum Bill	\$36.49	23.0%
Over 25,000 gallons	\$5.82 per 1,000 gallons	\$7.13 per 1,000 gallons	\$1.31	22.5%
<u>Bulk User Rate:</u>				
First 1,000 gallons	\$3.98 Minimum Bill	\$4.78 Minimum Bill	\$0.80	16.7%
Over 1,000 gallons	\$3.98 per 1,000 gallons	\$4.78 per 1,000 gallons	\$0.80	16.7%
<u>Wholesale Water Rates:</u>				
First 25,000 gallons	\$158.78 Minimum Bill	\$195.27 Minimum Bill	\$36.49	23.0%
Over 25,000 gallons	\$5.82 per 1,000 gallons	\$7.13 per 1,000 gallons	\$1.31	22.5%

The monthly bill for a customer using an average of 5,000 gallons of water each month will increase from \$42.38 to \$52.66. This is an increase of \$10.28 or 24.26%. A person may examine this application at the District office at 4596 Bagdad Road, Bagdad, KY, or at the PSC office located at 211 Sower Blvd, Frankfort, KY, Monday - Friday from 8:00 a.m. - 4:30 p.m., or on the PSC website at <http://psc.ky.gov>. Written comments regarding this application may be submitted to PSC through its website or by mail to Public Service Commission, PO Box 615, Frankfort, KY 40602. The proposed rates are required under the terms of an agreement between the District and USDA Rural Development. KRS 278.023 does not grant the PSC any discretionary authority either to modify or reject any portion of the agreement between RD and the District, or to defer the issuance of all necessary orders to implement the terms of that agreement.

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

Debt service on the new Peytona elevated storage tank, together with a general increase over time of operating expenses began placing increased pressure on operating margins resulting in an operating loss for calendar year 2016. Debt service on the Shelbyville transmission main presently being constructed will significantly increase those losses without a significant rate increase.

CURRENT AND PROPOSED RATES
(List Applicant's Current and Proposed Rates)

<u>Rate Per Unit</u>		1/1/16 - 11/11/16	Current rates (after 11/12/16)	Proposed rates
<u>5/8 X 3/4 Inch Meter:</u>				
First	1,000 gallons (minimum bill)	\$13.89	\$ 14.14	\$17.78
Next	2,000 gallons, per 1,000 gallons	\$ 7.44	\$ 7.69	\$ 9.53
Next	2,000 gallons, per 1,000 gallons	\$ 6.18	\$ 6.43	\$ 7.91
All over	5,000 gallons, per 1,000 gallons	\$ 5.57	\$ 5.82	\$ 7.13
<u>1 Inch Meter:</u>				
First	5,000 gallons (minimum bill)	\$41.13	\$42.38	\$52.66
All over	5,000 gallons, per 1,000 gallons	\$ 5.57	\$ 5.82	\$ 7.13
<u>2 Inch Meter:</u>				
First	25,000 gallons (minimum bill)	\$ 152.53	\$ 158.78	\$ 195.27
All over	25,000 gallons, per 1,000 gallons	\$ 5.57	\$ 5.82	\$ 7.13
<u>Bulk User Rate:</u>				
First	1,000 gallons (minimum bill)	\$ 3.73	\$ 3.98	\$ 4.78
All over	1,000 gallons, per 1,000 gallons	\$ 3.73	\$ 3.98	\$ 4.78
<u>Wholesale Water Rates:</u>				
First	25,000 gallons (minimum bill)	\$ 152.53	\$ 158.78	\$ 195.27
All over	25,000 gallons, per 1,000 gallons	\$ 5.57	\$ 5.82	\$ 7.13
<p>Note: These proposed rates were calculated by multiplying the rates in effect from 1/1/16 - 11/11/16 by the "percent increase" shown on the Revenue Requirement Calculation - Debt Coverage Method worksheet. However, these proposed rates may not be enough, because the "percent increase" was lowered slightly as a result of the inflated Revenue from Sales at Present Sales figure, which was caused because a part of the revenue used to calculate the Revenue from Sales at Present Rates was generated by the higher rate in effect from 11/12/16 - 12/31/16.</p>				

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 16

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales	0.00	0.00		0.00
Metered Water Sales	1,083,920.00	0.00		1,083,920.00
Bulk Loading Stations	0.00	0.00		0.00
Fire Protection Revenue	2,897.00	0.00		2,897.00
Sales for Resale	0.00	0.00		0.00
Total Sales of Water	1,086,817.00	0.00		1,086,817.00
Other Water Revenues				
Forfeited Discounts	31,883.00	0.00		31,883.00
Miscellaneous Service Revenues	4,197.00	0.00		4,197.00
Rents from Water Property	0.00	0.00		0.00
Other Water Revenues	0.00	0.00		0.00
Total Other Water Revenues	36,080.00	0.00		36,080.00
Total Operating Revenues	1,122,897.00	0.00		1,122,897.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	2,400.00	0.00		2,400.00
Salaries and Wages - Officers	13,050.00	0.00		13,050.00
Employee Pensions and Benefits	0.00	0.00		0.00
Purchased Water	456,433.00	17,778.00	1	474,211.00
Purchased Power	29,767.00	0.00		29,767.00
Fuel for Power Production	0.00	0.00		0.00
Chemicals	0.00	0.00		0.00
Materials and Supplies	52,067.00	0.00		52,067.00
Contractual Services	227,811.00	0.00	2	227,811.00
Water Testing	5,520.00	0.00		5,520.00
Rents	61,212.00	0.00		61,212.00
Transportation Expenses	0.00	0.00		0.00
Insurance	13,630.00	3,239.00	3	16,869.00
Regulatory Commission Expenses	0.00	0.00		0.00
Bad Debt Expense	7,652.00	0.00		7,652.00

Miscellaneous Expenses	15,664.00	0.00		15,664.00
	<u>885,206.00</u>	<u>21,017.00</u>		<u>906,223.00</u>
Total Operation and Maintenance Expenses				
Depreciation Expense	262,526.00	57,500.00	4	320,026.00
Amortization Expense	0.00	0.00		0.00
Taxes Other Than Income	0.00	0.00		0.00
Income Tax Expense	0.00	0.00		0.00
	<u>1,147,732.00</u>	<u>78,517.00</u>		<u>1,226,249.00</u>
Total Operating Expenses				
Utility Operating Income	<u><u>-24,835.00</u></u>	<u><u>-78,517.00</u></u>		<u><u>-103,352.00</u></u>

References

1. Purchased Water: Per the filed tariff for the Electric & Water Plant Board of the City of Frankfort, Kentucky, its wholesale rate will increase on November 1, 2017 by 10 cent per thousand gallons. The prior year rate increases are already incorporated in U.S. 60's current rates. Frankfort is the District's sole wholesale water supplier. The District purchased from Frankfort a total of 177,682,000 gallons of water during the 2016 test year. $177,782,000 \times .10 / 1,000 \text{ gallons} = \$17,778.20$ in increased wholesale water costs starting November 1, 2017.

2. Contractual Services: North Shelby Water Company performs all of the District's operation, maintenance, construction, and management activities under the Joint Management Contract. A copy is filed with this Application. Per the Contract the rates are to be reviewed and adjusted every May 1, with any changes to be retroactive. The rates to be effective May 1, 2016 have not yet been established, so they are not reflected in the 2016 base year figures. A pro-forma adjustment will therefore be required to reflect this increase in future expenses once the May 1, 2016 through December 31, 2016 rates are established.

3. Insurance: A copy of the U.S. 60 Water District casualty insurance premium comparison from Arch Insurance Company shows an increase of \$3,239 in the cost of the District's property and liability insurance from the July 1, 2016 through June 30, 2017 rate to the July 1, 2017 through June 30, 2018 rate.

4. Depreciation Expense: The District is currently constructing a 12-inch water main and pump station using funds borrowed from the Kentucky Infrastructure Authority. The projected additional depreciation from this new project is \$57,500 per year.

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$1,226,249.00
Plus: Average Annual Debt Principal and Interest Payments*	190,646.00
Debt Coverage Requirement**	15,700.00
Total Revenue Requirement	1,432,595.00
Less: Other Operating Revenue	-36,080.00
Non-operating Revenue	0.00
Interest Income	-5,215.00
Revenue Required from Rates	1,391,300.00
Less: Revenue from Sales at Present Rates	-1,086,817.00
Required Revenue Increase	<u>\$304,483.00</u>

Required Revenue Increase stated as a Percentage of Revenue at Present Rates 28.02%

* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

DEBT SERVICE REQUIREMENT CALCULATIONS

The District does not have any specific debt service coverage requirement; however, the District is required to set aside the following amounts which are analogous to a debt service coverage requirement:

Depreciation Account deposit required by Rural Development Loans \$550 / month x 12 months = \$ 6,600 annually	\$ 6,600.00
2014 Kentucky Infrastructure Authority loan requires an annual Deposit to an R & M Reserve account of \$ 3,300	\$ 3,300.00
Assistant Agreement for the 2016 Kentucky Infrastructure Authority loan Requires a deposit into a Replacement Reserve account of \$5,800 annually	<u>\$ 5,800.00</u>
 Total to be inserted on 3 rd line of Revenue Requirement Calculator – Debt Service Method	 \$15,700.00

Revenue from Present Proposed Rates Test
 Period from 01-01-16 to 12-31-16

U.S. 60 Water District

USAGE TABLE

Usage by Rate Increment

Class: 5/8" meter

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 1,000	(5) Next 2,000	(6) Next 2,000	(7) Over 5,000	(8)	(9) Total
First 1,000 gallons (min)	4,195	1,514,400	1,514,400					1,514,400
Next 2,000 gallons	8,965	18,837,200	8,865,000	9,872,200				18,837,200
Next 2,000 gallons	7,412	29,329,000	7,412,000	14,842,000	7,093,000			29,329,000
Over 5,000 gallons	7,130	72,235,800	7,130,000	14,260,000	14,260,000	36,585,800		72,235,800
Totals	27,702	121,916,400	25,021,400	38,956,200	21,353,000	36,585,800		121,916,400

REVENUE TABLE

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 1,000 gallons (min.)	27,702	25,021,400	13.89	\$384,781
Next 2,000 gallons		38,956,200	7.44	\$289,834
Next 2,000 gallons		21,353,000	6.18	\$131,962
Over 5,000 gallons		36,585,800	5.57	\$203,783
Totals				\$1,010,360

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from (Present) Proposed Rates Test
 Period from 01-01-16 to 12-31-16

U.S. 60 Water District

USAGE TABLE

Usage by Rate Increment

Class: 1" meter

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 5,000	(5) Over 5,000	(6)	(7)	(8)	(9) Total
First 5,000 gallons	818	1,707,500	1,707,500					1,707,500
Over 5,000 gallons	278	2,952,500	1,390,000	1,562,500				2,952,500
Totals	1,096	4,660,000	3,097,500	1,562,500				4,660,000

REVENUE TABLE

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 5,000 gallons (min.)	1,096	3,097,500	41.13	\$45,078
Over 5,000 gallons		1,562,500	5.57	\$ 8,703
Totals	1,096	4,660,000		\$53,781

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates Test
 Period from 01-01-16 to 12-31-16

U.S. 60 Water District

USAGE TABLE

Usage by Rate Increment

Class: 2" meter

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 25,000	(5) Over 25,000	(6)	(7)	(8)	(9) Total
First 25,000 gallons	138	429,000	429,000					429,000
Over 25,000 gallons	57	8,240,400	1,425,000	6,815,400				8,240,400
Totals	195	8,669,400	1,854,000	6,815,400				8,669,400

REVENUE TABLE

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 25,000 gallons (min.)	195	1,854,000	152.53	\$27,743
Over 25,000 gallons		6,815,400	5.57	\$37,962
Totals	195	8,669,400		\$65,705

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates Test
 Period from 01-01-16 to 12-31-16

U.S. 60 Water District

USAGE TABLE

Usage by Rate Increment

Class: 2" meter

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 25,000	(5) Over 25,000	(6)	(7)	(8)	(9) Total
First 25,000 gallons	138	429,000	429,000					429,000
Over 25,000 gallons	57	8,240,400	1,425,000	6,815,400				8,240,400
Totals	195	8,669,400	1,854,000	6,815,400				8,669,400

REVENUE TABLE

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 25,000 gallons (min.)	195	1,854,000	195.27	\$38,078
Over 25,000 gallons		6,815,400	7.13	\$48,594
Totals	195	8,669,400		\$86,672

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates Test
 Period from 01-01-16 to 12-31-16

U.S. 60 Water District

USAGE TABLE

Usage by Rate Increment

Class: 1" meter

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 5,000	(5) Over 5,000	(6)	(7)	(8)	(9) Total
First 5,000 gallons	818	1,707,500	1,707,500					1,707,500
Over 5,000 gallons	278	2,952,500	1,390,000	1,562,500				2,952,500
Totals	1,096	4,660,000	3,097,500	1,562,500				4,660,000

REVENUE TABLE

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 5,000 gallons (min.)	1,096	3,097,500	52.66	\$57,715
Over 5,000 gallons		1,562,500	7.13	\$11,141
Totals	1,096	4,660,000		\$68,856

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge.
 Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates Test
 Period from 01-01-16 to 12-31-16

U.S. 60 Water District

USAGE TABLE

Usage by Rate Increment

Class: 5/8" meter

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 1,000	(5) Next 2,000	(6) Next 2,000	(7) Over 5,000	(8)	(9) Total
First 1,000 gallons (min)	4,195	1,514,400	1,514,400					1,514,400
Next 2,000 gallons	8,965	18,837,200	8,865,000	9,872,200				18,837,200
Next 2,000 gallons	7,412	29,329,000	7,412,000	14,842,000	7,093,000			29,329,000
Over 5,000 gallons	7,130	72,235,800	7,130,000	14,260,000	14,260,000	36,585,800		72,235,800
Totals	27,702	121,916,400	25,021,400	38,956,200	21,353,000	36,585,800		121,916,400

REVENUE TABLE

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 1,000 gallons (min.)	27,702	25,021,400	17.78	\$492,452
Next 2,000 gallons		38,956,200	9.53	\$371,253
Next 2,000 gallons		21,353,000	7.91	\$170,744
Over 5,000 gallons		36,585,800	7.13	\$275,117
Totals				\$1,309,656

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

U S 60 WATER DISTRICT

DECEMBER 31, 2016

SPLIT OF CAPITAL ASSETS & ACCUMULATED DEPRECIATION - PSC

2016 HISTORICAL COST						TOTAL						
LAND & LAND RIGHTS	DISTRIBUTION SYSTEM		STRUCTURES & IMPROVEMENTS	MACHINERY & EQUIPMENT		CONSTRUCTION IN PROCESS	ALL					
	107	2,153,870.02	105	24,234.00	115	303,949.57	130	0.00				
	109	7,792,148.70			120	3,009.12						
	110	281,926.58										
	111	213,193.95										
	112	183,254.10										
	113	66,249.44										
	117	7,044.82										
TOTAL		0.00	TOTAL	10,697,687.61	TOTAL	24,234.00	TOTAL	306,958.69	TOTAL	0.00	OK	
										11,028,880.30		
										11,028,880.30		
2016 ADDITIONS												
	107											
	109				115					0.00		
	110	6,400.00										
	111	19,440.00										
	112	4,800.00										
TOTAL		0.00	TOTAL	30,640.00	TOTAL	0.00	TOTAL	0.00	TOTAL	0.00	OK	
2016 DISPOSALS												
	107	0.00									30,640.00	
	109	0.00								0.00		
	110	0.00										
	111	32,367.80										
	112	0.00										
TOTAL		0.00	TOTAL	32,367.80	TOTAL	0.00	TOTAL	0.00	TOTAL	0.00	2,367.80 OK	
2016 BEGINNING BALANCE												
		0.00		10,699,415.41		24,234.00		306,958.69	TOTAL	0.00	3	OK
											11,030,608.10	

U S 60 WATER DISTRICT	0.00	0.00	0.00	0.00	0.00
DECEMBER 31, 2016					
SPLIT OF CAPITAL ASSETS & ACCUMULATED DEPRECIATION					
2016 ACCUMULATED DEPRECIATION					TOTAL
	DISTRIBUTION SYSTEM	STRUCTURES & IMPROVEMENTS	MACHINERY & EQUIPMENT	ALL	
	107 186,140.58 ✓	105 23,366.50 ✓	115 178,785.67 ✓		
	109 3,243,292.94 ✓		120 3,009.12 ✓		
	110 204,384.14 ✓				
	111 125,339.56				
	112 130,609.26				
	113 18,195.33 ✓				
	117 7,044.82				
	TOTAL 3,915,006.63	TOTAL 23,366.50	TOTAL 181,794.79		4,120,167.92 ok
2016 ADDITIONS					
	107 42,605.60	105 254.00	115 8,991.13		
	109 187,628.46		120 0.00		
	110 8,039.17				
	111 8,050.96				
	112 5,355.45				
	113 1,601.57				
	117 -				
	TOTAL 253,281.21	TOTAL 254.00	TOTAL 8,991.13		262,526.34 ok
2016 DISPOSALS					
	107 0.00				
	111 32,367.80				
	TOTAL 32,367.80	TOTAL 0.00	TOTAL 0.00		32,367.80
2016 BEGINNING BALANCE					
	3,694,093.22	23,112.50	172,803.66		3,890,009.38 ok
	3,694,093.22	TOTAL 23,112.50	TOTAL 172,803.66		

**US 60 WATER DISTRICT
SUMMARY OF FULLY DEPRECIATED ASSETS - BY PAGE
DECEMBER 31, 2016**

	ASSETS	NEW ASSETS	DISPOSALS	2016 ASSETS	12/31/2015 ACC DEPR	12/31/2016 DEPRECIATION	12/31/2016 DISPOSALS	12/31/2016 ACC DEPR		ASSETS	12/31/2015 FULLY DEPR	12/31/2016 NEW FULLY	12/31/2016 FULLY DEPR
PAGE 1	2,178,104.02	-	-	2,178,104.02	166,647.48	42,859.60	-	209,507.08	105 & 107	2,178,104.02	16,754.00	-	16,754.00
PAGE 2	305,183.65	-	-	305,183.65	301,729.48	454.25	-	302,183.73	109	305,183.65	287,014.00	-	287,014.00
PAGE 3	2,461,419.20	-	-	2,461,419.20	1,439,050.22	61,535.52	-	1,500,585.74	109	2,461,419.20	-	-	-
PAGE 4	2,149,494.31	-	-	2,149,494.31	808,859.73	53,737.38	-	862,597.11	109	2,149,494.31	-	-	-
PAGE 5	2,876,051.54	-	-	2,876,051.54	506,025.05	71,901.31	-	577,926.36	109	2,876,051.54	-	-	-
PAGE 6	197,116.20	-	-	197,116.20	173,009.82	4,079.51	-	177,089.33	110	197,116.20	108,476.28	4,027.39	112,503.67
PAGE 7	78,410.38	6,400.00	-	84,810.38	23,335.15	3,959.66	-	27,294.81	110	84,810.38	-	-	-
PAGE 8	32,367.80	-	32,367.80	-	32,367.80	-	32,367.80	-	111	-	32,367.80	(32,367.80)	-
PAGE 9	193,753.95	19,440.00	-	213,193.95	117,288.90	8,050.96	-	125,339.86	111	213,193.95	35,552.09	4,317.57	39,869.66
PAGE 10	131,190.10	-	-	131,190.10	106,966.64	-	-	106,966.64	112	131,190.10	65,684.64	2,581.66	68,266.30
PAGE 11	47,264.00	4,800.00	-	52,064.00	18,287.17	5,355.45	-	23,642.62	112	52,064.00	-	-	-
PAGE 12	66,249.44	-	-	66,249.44	16,111.08	1,601.57	-	17,712.65	113	66,249.44	-	-	-
PAGE 13	303,949.57	-	-	303,949.57	169,794.54	8,991.13	-	178,785.67	115	303,949.57	20,426.00	441.68	20,867.68
PAGE 14	7,044.82	-	-	7,044.82	7,044.82	-	-	7,044.82	117	7,044.82	7,044.82	-	7,044.82
PAGE 15	3,009.12	-	-	3,009.12	3,009.12	-	-	3,009.12	120	3,009.12	3,009.12	-	3,009.12
	11,030,608.10	30,640.00	32,367.80	11,028,880.30	3,889,527.00	262,526.34	32,367.80	4,119,685.54		11,028,880.30	576,328.75	(20,999.50)	555,329.25
								4,120,167.92					
*acc depr off by 482.38 at the beginning of 2013 to general ledger													
cip at year end													
net capital assets 6,908,712.38													

00174510

7/10/16
SAP

DEPRECIATION SCHEDULE

3 of 19/10

NO 17-11-76

NAME: US # 60 Water District
 ADDRESS: Bagdad, Kentucky

SCHEDULE: _____

IDENTIFICATION NO: _____

YEAR ENDED: December 31

KINDS OF PROPERTY	DATE	IRS METH. LIFE RATE	ASSETS			BASIS ADJUSTMENTS			DEPRECIATION										
			BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	2010	OTHER ADJUSTMENTS	IRS DEPR. BASIS	BEGINNING	2007	2008	2009	2010	2011	2012	2013	2014	2015
Structures & IMPROVEMENTS # 105																			
Structure	6-1-71	20yr SL	800 ⁰⁰			800 ⁰⁰	-		800 ⁰⁰	-0-	-	-	-	-	-	-	-	-	-
Structures	6-1-71	50yr SL	4000 ⁰⁰			4000 ⁰⁰	80 ⁰⁰		2840 ⁰⁰	80 ⁰⁰	80 ⁰⁰	80 ⁰⁰	80 ⁰⁰	80 ⁰⁰	80 ⁰⁰	80 ⁰⁰	80 ⁰⁰	80 ⁰⁰	80 ⁰⁰
Structures & IMPROVEMENTS	6-1-71	20yr SL	15954 ⁰⁰			15954 ⁰⁰	-		15954 ⁰⁰	-0-	-	-	-	-	-	-	-	-	-
Structures & IMPROVEMENTS	12-1-99	20yr SL	3480 ⁰⁰			3480 ⁰⁰	174 ⁰⁰		1232 ⁵⁰	174 ⁰⁰	174 ⁰⁰	174 ⁰⁰	174 ⁰⁰	174 ⁰⁰	174 ⁰⁰	174 ⁰⁰	174 ⁰⁰	174 ⁰⁰	
TOTAL @ Acct # 105			24234 ⁰⁰			24234 ⁰⁰	254 ⁰⁰		20826 ⁵⁰	254 ⁰⁰	254 ⁰⁰	254 ⁰⁰	254 ⁰⁰	254 ⁰⁰	254 ⁰⁰	254 ⁰⁰	254 ⁰⁰	254 ⁰⁰	254 ⁰⁰
STANDPIPES # 107																			
STANDPIPES	6-1-71	50yr SL	46150 ⁰⁰	11114	46150 ⁰⁰	-0-	-		32766 ⁵⁰	923 ⁰⁰	923 ⁰⁰	923 ⁰⁰	923 ⁰⁰	923 ⁰⁰	923 ⁰⁰	923 ⁰⁰	923 ⁰⁰	461 ⁰⁰	461 ⁰⁰
STANDPIPES - Waddy	6-1-86	50yr SL	139729 ⁸¹	11114	139729 ⁸¹	-0-	-		57288 ⁷¹	2794 ⁰⁰	2794 ⁰⁰	2794 ⁰⁰	2794 ⁰⁰	2794 ⁰⁰	2794 ⁰⁰	2794 ⁰⁰	2794 ⁰⁰	1397 ⁰⁰	1397 ⁰⁰
Peutoma	7-14-88	50yr SL	22640 ⁰⁰		22640 ⁰⁰	-0-	-		8376 ⁵⁰	452 ⁸⁰	452 ⁸⁰	452 ⁸⁰	452 ⁸⁰	452 ⁸⁰	452 ⁸⁰	452 ⁸⁰	452 ⁸⁰	452 ⁸⁰	339 ⁶⁰
Clayville	9-21-88	50yr SL	16400 ⁰⁰		16400 ⁰⁰	328 ⁰⁰	328 ⁰⁰		6013 ³³	328 ⁰⁰	328 ⁰⁰	328 ⁰⁰	328 ⁰⁰	328 ⁰⁰	328 ⁰⁰	328 ⁰⁰	328 ⁰⁰	328 ⁰⁰	328 ⁰⁰
STANDPIPES - Mescal	7-1-99	50yr SL	34223 ⁸³		34223 ⁸³	6844 ⁷²	6844 ⁷²		51235 ⁴⁰	6844 ⁷²	6844 ⁷²	6844 ⁷²	6844 ⁷²	6844 ⁷²	6844 ⁷²	6844 ⁷²	6844 ⁷²	6844 ⁷²	6844 ⁷²
Electric Service - Peutoma	1-31-01	20yr SL	950 ⁰⁰		950 ⁰⁰	-0-	-		261 ³³	47 ⁵⁰	47 ⁵⁰	47 ⁵⁰	47 ⁵⁰	47 ⁵⁰	47 ⁵⁰	47 ⁵⁰	47 ⁵⁰	47 ⁵⁰	47 ⁵⁰
750,000 gallon Pressure Control Water Tank - Peeters	10-1-15	50yr SL	117164 ¹⁹		117164 ¹⁹	23432 ³⁸	23432 ³⁸		117164 ¹⁹	23432 ³⁸	23432 ³⁸	23432 ³⁸	23432 ³⁸	23432 ³⁸	23432 ³⁸	23432 ³⁸	23432 ³⁸	23432 ³⁸	23432 ³⁸
TOTALS @ Acct # 107			831		831	02			116002 ²⁰	11390 ⁰²	11390 ⁰²	11390 ⁰²	11390 ⁰²	11390 ⁰²	11390 ⁰²	11390 ⁰²	11390 ⁰²	9581 ⁰²	116418 ¹⁹

ASSET A/C#: 109 - WATER DISTRIBUTION MAINS						2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
6/01/16	WATER DIST LINES	0.00	287,014.00	0.00	287,014.00	7,175.35	231,045.92									
	SL MM 40.00 Omit Active New Not Listed	35	48,792.73	0.00	100.00%	0.00	238,221.27	7175 ³⁵	7175 ³⁵	7175 ³⁵	7175 ³⁵	7175 ³⁵	5740 ⁶³	-	-	-
6/01/76	WATER DIST LINES	0.00	813.71	0.00	813.71	20.34	538.67									
	SL MM 40.00 Omit Active New Not Listed	28	254.70	0.00	100.00%	0.00	559.01	20 ³⁴	20 ³⁴	20 ³⁴	20 ³⁴	20 ³⁴	20 ³⁴	20 ³⁴	20 ³⁴	20 ³⁴
6/01/79	WATER DIST LINES	0.00	1,133.24	0.00	1,133.24	28.33	722.09									
	SL MM 40.00 Omit Active New Not Listed	27	382.82	0.00	100.00%	0.00	750.42	28 ³³	28 ³³	28 ³³	28 ³³	28 ³³	28 ³³	28 ³³	28 ³³	28 ³³
3/01/80	WATER DIST LINES	0.00	2,497.00	0.00	2,497.00	62.43	1,528.59									
	SL MM 40.00 Omit Active New Not Listed	26	905.98	0.00	100.00%	0.00	1,591.02	62 ⁴³	62 ⁴³	62 ⁴³	62 ⁴³	62 ⁴³	62 ⁴³	62 ⁴³	62 ⁴³	62 ⁴³
3/01/82	WATER DIST LINES	0.00	1,045.00	0.00	1,045.00	26.13	587.72									
	SL MM 40.00 Omit Active New Not Listed	24	431.15	0.00	100.00%	0.00	613.85	26 ¹³	26 ¹³	26 ¹³	26 ¹³	26 ¹³	26 ¹³	26 ¹³	26 ¹³	26 ¹³
1/01/84	WATER DIST LINES	0.00	4,263.20	0.00	4,263.20	106.58	2,238.60									
	SL MM 40.00 Omit Active New Not Listed	22	1,918.02	0.00	100.00%	0.00	2,345.18	106 ⁵⁸	106 ⁵⁸	106 ⁵⁸	106 ⁵⁸	106 ⁵⁸	106 ⁵⁸	106 ⁵⁸	106 ⁵⁸	106 ⁵⁸
1/01/85	WATER DIST LINES	0.00	8,417.50	0.00	8,417.50	210.44	4,103.06									
	SL FM 40.00 Omit Active New Not Listed	21	4,104.00	0.00	100.00%	0.00	4,313.50	210 ⁴⁴	210 ⁴⁴	210 ⁴⁴	210 ⁴⁴	210 ⁴⁴	210 ⁴⁴	210 ⁴⁴	210 ⁴⁴	210 ⁴⁴
						7629 ⁶⁰	7629 ⁶⁰	7629 ⁶⁰	7629 ⁶⁰	7629 ⁶⁰	7629 ⁶⁰	6194.88	454 ²⁵	454 ²⁵	454 ²⁵	454 ²⁵

Date Acq	Description	Qty	Cost	Salvage Value	Bus. Percent	Deprec. Rate	Deprec. Yr	Net Book Value	Accum. Deprec.	2015	2016	2017	2018	2019	2020	2021	2022
06/01/86	WATER DIST LINES	20	70,442.26	0.00	100.00%	0.00	20	36,101.20	34,341.06	15847 ⁴¹	1761 ⁴⁶	1761 ⁴⁶	1761 ⁴⁶	1761 ⁴⁶	1761 ⁴⁶	1761 ⁴⁶	1761 ⁴⁶
06/01/86	WATER DIST LINES	20	160,864.90	0.00	100.00%	0.00	20	82,443.12	78,421.78	36194 ⁵²	4021 ⁶²	4021 ⁶²	4021 ⁶²	4021 ⁶²	4021 ⁶²	4021 ⁶²	4021 ⁶²
06/30/87	WATER DIST MAINS	19	40,817.82	0.00	100.00%	0.00	19	21,854.53	18,963.29	9184 ⁵⁵	1020 ⁴⁵	1020 ⁴⁵	1020 ⁴⁵	1020 ⁴⁵	1020 ⁴⁵	1020 ⁴⁵	1020 ⁴⁵
06/30/88	HOOPER STATION - 12,240 FT	18	43,236.95	0.00	100.00%	0.00	18	24,230.77	19,006.18	9728 ⁵⁸	1080 ⁹²	1080 ⁹²	1080 ⁹²	1080 ⁹²	1080 ⁹²	1080 ⁹²	1080 ⁹²
06/30/88	TRAILER PARK - 400 FT	18	1,200.00	0.00	100.00%	0.00	18	672.50	527.50	270 ⁰⁰	30 ⁰⁰	30 ⁰⁰	30 ⁰⁰	30 ⁰⁰	30 ⁰⁰	30 ⁰⁰	30 ⁰⁰
06/01/89	DISTRIBUTION MAINS	17	1,019.00	0.00	100.00%	0.00	17	581.65	437.35	219 ³⁷	25 ⁴⁸	25 ⁴⁸	25 ⁴⁸	25 ⁴⁸	25 ⁴⁸	25 ⁴⁸	25 ⁴⁸
06/30/90	FAIRVIEW DRIVE	16	2,000.00	0.00	100.00%	0.00	16	1,220.83	779.17	450 ⁰⁰	50 ⁰⁰	50 ⁰⁰	50 ⁰⁰	50 ⁰⁰	50 ⁰⁰	50 ⁰⁰	50 ⁰⁰
06/30/91	WATER DIST LINES	15	26,676.00	0.00	100.00%	0.00	15	16,950.37	9,725.63	6002 ¹⁵	666 ⁹⁰	666 ⁹⁰	666 ⁹⁰	666 ⁹⁰	666 ⁹⁰	666 ⁹⁰	666 ⁹⁰
12/01/91	WATER DISTRIBUTION LINES	15	347,312.24	0.00	100.00%	0.00	15	225,021.13	122,291.11	78145 ²⁹	8682 ⁸¹	8682 ⁸¹	8682 ⁸¹	8682 ⁸¹	8682 ⁸¹	8682 ⁸¹	8682 ⁸¹
06/16/92	4" 4000 FT - WOLF RUN RD	14	9,000.00	0.00	100.00%	0.00	14	5,943.75	3,056.25	2025 ⁰⁰	225 ⁰⁰	225 ⁰⁰	225 ⁰⁰	225 ⁰⁰	225 ⁰⁰	225 ⁰⁰	225 ⁰⁰
06/16/92	4" MAIN & 2" LINES 220 FT - KINGS HWY	14	1,100.00	0.00	100.00%	0.00	14	726.46	373.54	247 ⁵⁰	27 ⁵⁰	27 ⁵⁰	27 ⁵⁰	27 ⁵⁰	27 ⁵⁰	27 ⁵⁰	27 ⁵⁰
06/30/92	FRANKLIN CO 4" 29685 FT 8"-17480 FT	14	577,332.26	0.00	100.00%	0.00	14	381,279.82	196,052.44	129899 ⁷⁹	14433 ³¹	14433 ³¹	14433 ³¹	14433 ³¹	14433 ³¹	14433 ³¹	14433 ³¹
06/30/92	PEARIDGE - 4" 28,526 FT 8" 5080 FT	14	110,635.46	0.00	100.00%	0.00	14	73,065.48	37,569.98	24893 ⁰¹	2765 ⁸⁹	2765 ⁸⁹	2765 ⁸⁹	2765 ⁸⁹	2765 ⁸⁹	2765 ⁸⁹	2765 ⁸⁹
07/21/92	2160 FT 4" WATER MAIN - BROWNS LN	14	9,800.00	0.00	100.00%	0.00	14	6,492.50	3,307.50	2205 ⁰⁰	245 ⁰⁰	245 ⁰⁰	245 ⁰⁰	245 ⁰⁰	245 ⁰⁰	245 ⁰⁰	245 ⁰⁰
07/21/92	6220 FT 4" WATERLINE - WOLF RUN RD	14	5,620.00	0.00	100.00%	0.00	14	3,723.25	1,896.75	1264 ⁵⁰	140 ⁵⁰	140 ⁵⁰	140 ⁵⁰	140 ⁵⁰	140 ⁵⁰	140 ⁵⁰	140 ⁵⁰
01/31/93	105 FT 8" PIPE - PEA RIDGE	13	9,998.00	0.00	100.00%	0.00	13	6,748.65	3,249.35	2249 ⁵⁵	249 ⁹⁵	249 ⁹⁵	249 ⁹⁵	249 ⁹⁵	249 ⁹⁵	249 ⁹⁵	249 ⁹⁵
01/31/93	900 FT 4"	13	2,900.00	0.00	100.00%	0.00	13	1,957.50	942.50	652 ⁵⁰	72 ⁵⁰	72 ⁵⁰	72 ⁵⁰	72 ⁵⁰	72 ⁵⁰	72 ⁵⁰	72 ⁵⁰
06/30/93	130 FT EXTEND SVC - FAIRVIEW CT	13	390.00	0.00	100.00%	0.00	13	267.31	122.69	87 ⁷⁵	97 ⁷⁵	97 ⁷⁵	97 ⁷⁵	97 ⁷⁵	97 ⁷⁵	97 ⁷⁵	97 ⁷⁵
06/30/93	EXTEND 4" MAIN	13	7,100.00	0.00	100.00%	0.00	13	4,866.46	2,233.54	1547 ⁰⁰	177 ⁵⁰	177 ⁵⁰	177 ⁵⁰	177 ⁵⁰	177 ⁵⁰	177 ⁵⁰	177 ⁵⁰
06/30/93	12" DUCTILE IRON LINE - 10560 FT	13	70,485.00	0.00	100.00%	0.00	13	48,311.54	22,173.46	15859 ¹⁷	1762 ¹³	1762 ¹³	1762 ¹³	1762 ¹³	1762 ¹³	1762 ¹³	1762 ¹³
07/31/93	860 FT 4" HWY 1665	13	5,100.00	0.00	100.00%	0.00	13	3,506.25	1,593.75	1147 ⁵⁵	127 ⁵⁰	127 ⁵⁰	127 ⁵⁰	127 ⁵⁰	127 ⁵⁰	127 ⁵⁰	127 ⁵⁰
1/30/93	36850 FT 8"-30075 FT 4" PHASE II	13	445,207.00	0.00	100.00%	0.00	13	309,789.82	135,417.18	100171 ⁶²	11130 ¹⁸	11130 ¹⁸	11130 ¹⁸	11130 ¹⁸	11130 ¹⁸	11130 ¹⁸	11130 ¹⁸
1/30/94	26785 FT 8"-24207 FT 4" PHASE III	12	304,383.43	0.00	100.00%	0.00	12	219,417.45	84,965.98	68486 ²¹	7609 ⁵⁹	7609 ⁵⁹	7609 ⁵⁹	7609 ⁵⁹	7609 ⁵⁹	7609 ⁵⁹	7609 ⁵⁹
3/21/95	6040 R 4" RITTER RD	11	25,806.88	0.00	100.00%	0.00	11	18,879.03	6,927.85	5800 ⁵³	645 ¹⁷	645 ¹⁷	645 ¹⁷	645 ¹⁷	645 ¹⁷	645 ¹⁷	645 ¹⁷
3/31/96	Scott Pike extension 500' 6" PVC	10	4,165.00	0.00	100.00%	0.00	10	3,219.15	945.85	937 ¹⁷	104 ¹³	104 ¹³	104 ¹³	104 ¹³	104 ¹³	104 ¹³	104 ¹³
3/30/97	WATER DIST MAINS - ROCKBRIDGE RD	9	178,827.00	0.00	100.00%	0.00	9	140,453.66	38,373.34	40231 ¹²	4470 ⁶⁸	4470 ⁶⁸	4470 ⁶⁸	4470 ⁶⁸	4470 ⁶⁸	4470 ⁶⁸	4470 ⁶⁸
										553819 ⁶⁸	61535 ⁵²	61535 ⁵²	61535 ⁵²	61535 ⁵²	61535 ⁵²	61535 ⁵²	61535 ⁵²

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2006-2014
Accounting

Date Acq	Description	Inv. Cr.	Cost	Sec. 179	Depr. Basis	Curr. Depr.	Depr. Method	2006-2014	2015	2016	2017	2018	2019	2020	2021	2022
Date Sold	Me th - Conv - Life - ITC - Stat - New - Listed	Depr. Yr.	Net Book Value	Salvage Value	Bus. Percent.	AFY Depr.	End A/Depr	Accum Deprec								
06/30/97	WATER DIST MAINS-BACKCREEK	0.00	100,749.64	0.00	100,749.64	2,518.74	19,100.44									
	SL FM 40.00 Omit Active New Not Listed	9	79,130.46	0.00	100.00%	0.00	21,619.18	22,068.46	2518.74	2518.74	2518.74	2518.74	2518.74	2518.74	2518.74	2518.74
06/30/97	WATER DIST MAINS-BOB-JEFF	0.00	25,782.17	0.00	25,782.17	644.55	4,887.84									
	SL FM 40.00 Omit Active New Not Listed	9	20,249.78	0.00	100.00%	0.00	5,532.39	5800.55	644.55	644.55	644.55	644.55	644.55	644.55	644.55	644.55
06/30/97	WATER DIST MAINS-HEMPRIDGE RD	0.00	4,790.00	0.00	4,790.00	119.75	908.10									
	SL FM 40.00 Omit Active New Not Listed	9	3,762.15	0.00	100.00%	0.00	1,027.85	1077.75	119.75	119.75	119.75	119.75	119.75	119.75	119.75	119.75
06/30/98	WATER DIST MAINS - FLYING J EXT	0.00	116,705.63	0.00	116,705.63	2,917.84	19,207.80									
	SL MM 40.00 Omit Active New Not Listed	8	94,580.19	0.00	100.00%	0.00	22,125.44	26258.76	2917.84	2917.84	2917.84	2917.84	2917.84	2917.84	2917.84	2917.84
06/30/98	WATER DIST MAINS - GRAFFENBURG	0.00	33,514.67	0.00	33,514.67	837.87	5,515.98									
	SL MM 40.00 Omit Active New Not Listed	8	27,160.82	0.00	100.00%	0.00	6,353.85	7540.87	837.87	837.87	837.87	837.87	837.87	837.87	837.87	837.87
07/01/99	WATER DIST MAINS-(PIGEON FORK)	0.00	7,526.23	0.00	7,526.23	188.16	1,034.88									
	SL MM 40.00 Omit Active New Not Listed	7	6,303.19	0.00	100.00%	0.00	1,223.04	1107.16	188.16	188.16	188.16	188.16	188.16	188.16	188.16	188.16
07/01/00	WATER DISTRIBUTION MAINS	0.00	11,758.44	0.00	11,758.44	293.96	1,322.82									
	SL MM 40.00 Omit Active New Not Listed	6	10,141.66	0.00	100.00%	0.00	1,616.78	2645.64	293.96	293.96	293.96	293.96	293.96	293.96	293.96	293.96
07/01/00	20" 4" JOHN MCKAY MAIN	0.00	350.00	0.00	350.00	8.75	39.38									
	SL MM 40.00 Omit Active New Not Listed	6	301.87	0.00	100.00%	0.00	48.13	78.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75
07/01/00	BOTKINS LANE	0.00	444.32	0.00	444.32	11.11	49.99									
	SL MM 40.00 Omit Active New Not Listed	6	383.22	0.00	100.00%	0.00	61.10	99.99	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11
07/01/00	350" 4" INGRAM	0.00	3,300.00	0.00	3,300.00	82.50	371.25									
	SL MM 40.00 Omit Active New Not Listed	6	2,846.25	0.00	100.00%	0.00	453.75	742.50	82.50	82.50	82.50	82.50	82.50	82.50	82.50	82.50
07/01/00	35370" 8" & 30662" 6" SPENCER CO MA	0.00	594,926.05	0.00	594,926.05	14,873.15	66,929.18									
	SL MM 40.00 Omit Active New Not Listed	6	513,123.72	0.00	100.00%	0.00	81,802.33	133858.15	14873.15	14873.15	14873.15	14873.15	14873.15	14873.15	14873.15	14873.15
07/01/00	390" 4" PVC JOHN DAVIS	0.00	2,355.00	0.00	2,355.00	58.88	264.96									
	SL MM 40.00 Omit Active New Not Listed	6	2,031.16	0.00	100.00%	0.00	323.84	527.88	58.88	58.88	58.88	58.88	58.88	58.88	58.88	58.88
07/01/01	ORCHARD ACRES	0.00	78,896.56	0.00	78,896.56	1,972.41	6,821.25									
	MSL MM 40.00 Omit Active New Not Listed	5	70,102.90	0.00	100.00%	0.00	8,793.66	17751.69	1972.41	1972.41	1972.41	1972.41	1972.41	1972.41	1972.41	1972.41
07/01/01	INDIAN SPRINGS	0.00	293,112.62	0.00	293,112.62	7,327.82	25,342.04									
	MSL MM 40.00 Omit Active New Not Listed	5	260,442.76	0.00	100.00%	0.00	32,669.86	65750.82	7327.82	7327.82	7327.82	7327.82	7327.82	7327.82	7327.82	7327.82
07/01/01	PAYNE ROAD	0.00	11,603.00	0.00	11,603.00	290.08	1,003.19									
	MSL MM 40.00 Omit Active New Not Listed	5	10,308.73	0.00	100.00%	0.00	1,293.27	2610.72	290.08	290.08	290.08	290.08	290.08	290.08	290.08	290.08
07/01/01	JEPHTHA KNOB	0.00	136,838.94	0.00	136,838.94	3,420.97	11,830.86									
	MSL MM 40.00 Omit Active New Not Listed	5	121,587.11	0.00	100.00%	0.00	15,251.83	30788.75	3420.97	3420.97	3420.97	3420.97	3420.97	3420.97	3420.97	3420.97
07/01/01	BACK CREEK	0.00	331,583.82	0.00	331,583.82	8,289.60	28,668.20									
	MSL MM 40.00 Omit Active New Not Listed	5	294,626.02	0.00	100.00%	0.00	36,957.80	74606.40	8289.60	8289.60	8289.60	8289.60	8289.60	8289.60	8289.60	8289.60
09/30/01	KY 714	0.00	71,931.00	0.00	71,931.00	1,798.28	5,919.34									
	MSL MM 40.00 Omit Active New Not Listed	5	64,213.38	0.00	100.00%	0.00	7,717.82	16184.52	1798.28	1798.28	1798.28	1798.28	1798.28	1798.28	1798.28	1798.28
12/19/02	BACK CREEK	0.00	14,272.48	0.00	14,272.48	356.81	1,025.83									
	MSL MM 40.00 Omit Active New Not Listed	4	12,889.84	0.00	100.00%	0.00	1,382.64	3211.29	356.81	356.81	356.81	356.81	356.81	356.81	356.81	356.81
13/19/02	DITTO RD	0.00	150,063.14	0.00	150,063.14	3,751.58	10,473.16									
	MSL MM 40.00 Omit Active New Not Listed	4	135,838.40	0.00	100.00%	0.00	14,224.74	33764.22	3751.58	3751.58	3751.58	3751.58	3751.58	3751.58	3751.58	3751.58
15/02/02	INDIAN SPRINGS	0.00	19,125.00	0.00	19,125.00	478.13	1,255.09									
	MSL MM 40.00 Omit Active New Not Listed	4	17,391.78	0.00	100.00%	0.00	1,733.22	4303.17	478.13	478.13	478.13	478.13	478.13	478.13	478.13	478.13
16/18/02	SPENCER FARMS	0.00	23,068.00	0.00	23,068.00	576.70	1,465.78									
	MSL MM 40.00 Omit Active New Not Listed	4	21,025.52	0.00	100.00%	0.00	2,042.48	5190.30	576.70	576.70	576.70	576.70	576.70	576.70	576.70	576.70
17/01/02	JEPHTHA KNOBS	0.00	800.00	0.00	800.00	20.00	49.17									
	MSL MM 40.00 Omit Active New Not Listed	4	730.83	0.00	100.00%	0.00	69.17	180.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
17/01/02	WATER DIST LINES	0.00	1,317.60	0.00	1,317.60	32.94	80.98									
	MSL MM 40.00 Omit Active New Not Listed	4	1,203.68	0.00	100.00%	0.00	113.92	296.46	32.94	32.94	32.94	32.94	32.94	32.94	32.94	32.94
17/01/03	COYOTE 6" PVC 4300 FEET	0.00	82,620.00	0.00	82,620.00	2,065.50	3,012.19									
	MSL MM 4 000 Omit Active New Not Listed	3	77,542.31	0.00	100.00%	0.00	5,077.69	18584.22	2065.50	2065.50	2065.50	2065.50	2065.50	2065.50	2065.50	2065.50
17/01/03	RED RIVER 6" PVC 3200 FEET	0.00	32,060.00	0.00	32,060.00	801.50	1,168.85									
	MSL MM 40.00 Omit Active New Not Listed	3	30,089.65	0.00	100.00%	0.00	1,970.35	1213.50	801.50	801.50	801.50	801.50	801.50	801.50	801.50	801.50
								483630.42	53737.38	53737.38	53737.38	53737.38	53737.38	53737.38	53737.38	53737.38

Date Acq	Description	Inv. Cr.	Cost	Sec. 179	Depr Basis	Cur. AFY Depr	Reg. Value	2015	2016	2017	2018	2019	2020	2021	2022
Date Sold	Meth - Conv - Life - ITC - Stat - New - Listed	Depr. Yr.	Net Book Value	Salvage Value	Bus. Percent		End A/Depr								
ASSETA/C#: 109 - WATER DISTRIBUTION MAINS															
09/01/04	6" PVC PIPE 4032 FEET BUZZARD ROOST	0.00	46,740.00	0.00	46,740.00	1,168.50	389.50								
	SL MM 40.00 Omil Active New Not Listed	2	45,182.00	0.00	100.00%	0.00	1,558.00	10516 ⁵⁰	1168 ⁵⁰	1168 ⁵⁰	1168 ⁵⁰	1168 ⁵⁰	1168 ⁵⁰	1168 ⁵⁰	1168 ⁵⁰
09/01/04	6" PVC 500 FEET I-64	0.00	17,437.13	0.00	17,437.13	435.93	145.31								
	SL MM 40.00 Omil Active New Not Listed	2	16,855.89	0.00	100.00%	0.00	581.24	3923 ⁹³	435 ⁹³	435 ⁹³	435 ⁹³	435 ⁹³	435 ⁹³	435 ⁹³	435 ⁹³
09/21/05 (A)	BARDSTOWN TRAIL - 6" PVC 2,800'	0.00	73,640.37	0.00	73,640.37	613.67	0.00								
	SL MM 40.00 Omil Active New Not Listed	1	73,026.70	0.00	100.00%	0.00	613.67	16569 ⁰¹	1841 ⁰¹	1841 ⁰¹	1841 ⁰¹	1841 ⁰¹	1841 ⁰¹	1841 ⁰¹	1841 ⁰¹
10/14/05 (A)	RICHARDSON RIDGE - 6" PVC 2,680'	0.00	61,470.00	0.00	61,470.00	384.19	0.00								
	SL MM 40.00 Omil Active New Not Listed	1	61,085.81	0.00	100.00%	0.00	384.19	13880 ⁷⁵	1536 ⁷⁵	1536 ⁷⁵	1536 ⁷⁵	1536 ⁷⁵	1536 ⁷⁵	1536 ⁷⁵	1536 ⁷⁵
Totals for ASSET A/C#: 109 (63 assets)			5,115,384.68	0.00	5,115,384.66	125,504.79	1,221,207.51								
			3,788,672.36	0.00		0.00	1,346,712.30								
7-1-06	5/4" 2006 Distribution Mains		45,199 ⁷⁹		45,199 ⁷⁹		9674 ⁰⁸	1129 ⁹⁹	1129 ⁹⁹	1129 ⁹⁹	1129 ⁹⁹	1129 ⁹⁹	1129 ⁹⁹	1129 ⁹⁹	1129 ⁹⁹
7-1-07	5/4" 2007 Emergency Lines		21,475 ⁹⁶		21,475 ⁹⁶		4026 ⁷¹	536 ⁹⁰	536 ⁹⁰	536 ⁹⁰	536 ⁹⁰	536 ⁹⁰	536 ⁹⁰	536 ⁹⁰	536 ⁹⁰
7-1-07	5/4" 2007 Mt Eden Loop		24,178 ³⁸		24,178 ³⁸		4533 ⁴⁵	604 ⁴⁶	604 ⁴⁶	604 ⁴⁶	604 ⁴⁶	604 ⁴⁶	604 ⁴⁶	604 ⁴⁶	604 ⁴⁶
7-1-07	5/4" 2007 Fersummm Ridge		56,204 ⁸⁰		56,204 ⁸⁰		10538 ⁴⁰	1405 ¹²	1405 ¹²	1405 ¹²	1405 ¹²	1405 ¹²	1405 ¹²	1405 ¹²	1405 ¹²
7-1-07	5/4" 2007 AIKEN Rd		69,026 ⁷⁷		69,026 ⁷⁷		12942 ⁵²	1725 ⁶⁷	1725 ⁶⁷	1725 ⁶⁷	1725 ⁶⁷	1725 ⁶⁷	1725 ⁶⁷	1725 ⁶⁷	1725 ⁶⁷
7-1-07	5/4" 2007 BY-PASS LINES		277,899 ⁵⁰		277,899 ⁵⁰		52106 ¹⁷	6947 ⁴⁹	6947 ⁴⁹	6947 ⁴⁹	6947 ⁴⁹	6947 ⁴⁹	6947 ⁴⁹	6947 ⁴⁹	6947 ⁴⁹
7-1-08	5/4" 2008 Greenleaf Church, Clark		33993 ⁵⁵		33993 ⁵⁵		5523 ⁷¹	849 ⁸⁴	849 ⁸⁴	849 ⁸⁴	849 ⁸⁴	849 ⁸⁴	849 ⁸⁴	849 ⁸⁴	849 ⁸⁴
7-1-08	5/4" 2008 Denton/Chynette		5193 ³³		5193 ³³		843 ⁷⁶	129 ⁸⁴	129 ⁸⁴	129 ⁸⁴	129 ⁸⁴	129 ⁸⁴	129 ⁸⁴	129 ⁸⁴	129 ⁸⁴
4-1-09	5/4" 2009 Transmission Line		1,733,962 ³⁶		1,733,962 ³⁶		249257 ¹⁰	43349 ⁰⁶	43349 ⁰⁶	43349 ⁰⁶	43349 ⁰⁶	43349 ⁰⁶	43349 ⁰⁶	43349 ⁰⁶	43349 ⁰⁶
7-1-10	5/4" 2010 Waddy Road Upgrade		98989 ⁰⁰		98989 ⁰⁰		1136 ²⁹	2474 ⁷³	2474 ⁷³	2474 ⁷³	2474 ⁷³	2474 ⁷³	2474 ⁷³	2474 ⁷³	2474 ⁷³
5-1-11	5/4" 2011 Extension		28550 ⁰⁰		28550 ⁰⁰		2556 ⁸³	713 ⁷⁵	713 ⁷⁵	713 ⁷⁵	713 ⁷⁵	713 ⁷⁵	713 ⁷⁵	713 ⁷⁵	713 ⁷⁵
7-1-12	5/4" 2012 Flyover (Engineering and p/c)		20,411 ⁰⁰		20,411 ⁰⁰		13127 ¹⁰	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹
7-1-11	5/4" 2011 Flyover		176,090 ⁶⁰		176,090 ⁶⁰		13127 ¹⁰	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹	3641 ⁹⁹
10-1-11	5/4" 2011 Mt. Carmel Road		118911 ⁰⁰		118911 ⁰⁰		9661 ⁵³	2972 ⁷⁸	2972 ⁷⁸	2972 ⁷⁸	2972 ⁷⁸	2972 ⁷⁸	2972 ⁷⁸	2972 ⁷⁸	2972 ⁷⁸
6-6-14	5/4" 2014 Waddy Road Upgrade Engineering		17,500 ⁰⁰		17,500 ⁰⁰		218 ⁷⁵	437 ⁵⁰	437 ⁵⁰	437 ⁵⁰	437 ⁵⁰	437 ⁵⁰	437 ⁵⁰	437 ⁵⁰	437 ⁵⁰
			7382,519.12		7,792,118.70		430,926.64	71,901.31	71,901.31						

ASSET A/C#: 110 - SERVICES		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
06/01/71	SERVICES	0.00	15,979.32	0.00	15,979.32	0.00	15,979.32	0.00	15,979.32	0.00	15,979.32	0.00
	SL MM 20.00 Omit Active New Not Ld	35	0.00	100.00%	0.00	15,979.32	-0-	-0-	-0-	-0-	-0-	-0-
06/01/77	SERVICES	0.00	1,385.00	0.00	1,385.00	0.00	1,385.00	0.00	1,385.00	0.00	1,385.00	0.00
	SL MM 20.00 Omit Active New Not Listed	29	0.00	100.00%	0.00	1,385.00	-0-	-0-	-0-	-0-	-0-	-0-
06/01/81	SERVICES	0.00	682.07	0.00	682.07	0.00	682.07	0.00	682.07	0.00	682.07	0.00
	SL MM 20.00 Omit Active New Not Listed	25	0.00	100.00%	0.00	682.07	-0-	-0-	-0-	-0-	-0-	-0-
06/01/85	SERVICES	0.00	4,550.31	0.00	4,550.31	113.27	4,437.04	0.00	4,550.31	0.00	4,550.31	0.00
	SL FM 20.00 Omit Active New Not Listed	21	0.00	100.00%	0.00	4,550.31	-0-	-0-	-0-	-0-	-0-	-0-
06/01/88	SERVICES	0.00	6,628.50	0.00	6,628.50	331.43	6,131.66	0.00	6,628.50	0.00	6,628.50	0.00
	SL FM 20.00 Omit Active New Not Listed	20	165.41	100.00%	0.00	6,463.09	165 ⁴¹	-0-	-0-	-0-	-0-	-0-
06/30/87	SERVICES	0.00	4,746.38	0.00	4,746.38	237.32	4,172.81	0.00	4,746.38	0.00	4,746.38	0.00
	SL FM 20.00 Omit Active New Not Listed	19	336.25	100.00%	0.00	4,410.13	237 ³²	98 ⁹²	-0-	-0-	-0-	-0-
06/30/88	SERVICES	0.00	7,568.52	0.00	7,568.52	378.43	6,275.57	0.00	7,568.52	0.00	7,568.52	0.00
	SL FM 20.00 Omit Active New Not Listed	18	914.52	100.00%	0.00	6,654.00	378 ⁴³	278 ⁴³	157 ⁶⁶	-0-	-0-	-0-
06/30/89	METERS	0.00	3,989.70	0.00	3,989.70	199.49	3,108.87	0.00	3,989.70	0.00	3,989.70	0.00
	SL FM 20.00 Omit Active New Not Listed	17	681.54	100.00%	0.00	3,308.16	199 ⁴⁹	199 ⁴⁹	199 ⁴⁹	83 ⁰⁷	-0-	-0-
06/30/90	SERVICES	0.00	3,774.46	0.00	3,774.46	188.72	2,752.17	0.00	3,774.46	0.00	3,774.46	0.00
	SL FM 20.00 Omit Active New Not Listed	16	833.57	100.00%	0.00	2,940.89	188 ⁷²	188 ⁷²	188 ⁷²	78 ⁶⁹	-0-	-0-
06/30/91	SERVICES	0.00	8,238.40	0.00	8,238.40	411.92	5,595.25	0.00	8,238.40	0.00	8,238.40	0.00
	SL FM 20.00 Omit Active New Not Listed	15	2,231.23	100.00%	0.00	6,007.17	411 ⁹²	411 ⁹²	411 ⁹²	411 ⁹²	171 ⁶³	-0-
06/30/92	SERVICES	0.00	10,017.23	0.00	10,017.23	500.86	6,302.49	0.00	10,017.23	0.00	10,017.23	0.00
	SL FM 20.00 Omit Active New Not Listed	14	3,213.88	100.00%	0.00	6,803.35	500 ⁸⁶	500 ⁸⁶	500 ⁸⁶	500 ⁸⁶	202 ⁷²	-0-
06/30/93	SERVICES	0.00	8,698.95	0.00	8,698.95	434.95	5,038.16	0.00	8,698.95	0.00	8,698.95	0.00
	SL FM 20.00 Omit Active New Not Listed	13	3,225.84	100.00%	0.00	5,473.11	434 ⁹⁵	434 ⁹⁵	434 ⁹⁵	434 ⁹⁵	181 ¹⁹	-0-
06/30/94	SERVICES	0.00	10,483.20	0.00	10,483.20	524.16	5,547.38	0.00	10,483.20	0.00	10,483.20	0.00
	SL FM 20.00 Omit Active New Not Listed	12	4,411.68	100.00%	0.00	6,071.52	524 ¹⁶	524 ¹⁶	524 ¹⁶	524 ¹⁶	524 ¹⁶	212 ¹⁵
06/30/95	SERVICES	0.00	8,185.64	0.00	8,185.64	409.28	3,922.27	0.00	8,185.64	0.00	8,185.64	0.00
	SL FM 20.00 Omit Active New Not Listed	11	3,854.09	100.00%	0.00	4,331.55	409 ²⁸	409 ²⁸	409 ²⁸	409 ²⁸	409 ²⁸	170 ⁵¹
12/31/96	Service	0.00	4,027.39	0.00	4,027.39	201.37	1,827.74	0.00	4,027.39	0.00	4,027.39	0.00
	SL FM 20.00 Omit Active New Not Listed	10	2,198.28	100.00%	0.00	1,829.11	201 ³⁷	201 ³⁷	201 ³⁷	201 ³⁷	201 ³⁷	184 ⁵⁸
06/30/97	SERVICES	0.00	3,836.48	0.00	3,836.48	191.82	1,454.64	0.00	3,836.48	0.00	3,836.48	0.00
	SL FM 20.00 Omit Active New Not Listed	9	2,190.02	100.00%	0.00	1,646.46	191 ⁸²	191 ⁸²	191 ⁸²	191 ⁸²	191 ⁸²	191 ⁸²
06/30/98	SERVICES	0.00	3,482.15	0.00	3,482.15	174.11	1,146.22	0.00	3,482.15	0.00	3,482.15	0.00
	SL FM 20.00 Omit Active New Not Listed	8	2,161.82	100.00%	0.00	1,320.33	174 ¹¹	174 ¹¹	174 ¹¹	174 ¹¹	174 ¹¹	174 ¹¹
07/01/00	SERVICES	0.00	7,843.02	0.00	7,843.02	392.15	2,156.83	0.00	7,843.02	0.00	7,843.02	0.00
	SL FM 20.00 Omit Active New Not Listed	7	2,546.39	100.00%	0.00	5,296.63	392 ¹⁵	392 ¹⁵	392 ¹⁵	392 ¹⁵	392 ¹⁵	392 ¹⁵
07/01/00	SERVICES	0.00	5,833.30	0.00	5,833.30	291.67	1,312.51	0.00	5,833.30	0.00	5,833.30	0.00
	SL FM 20.00 Omit Active New Not Listed	6	4,229.12	100.00%	0.00	1,604.18	291 ⁶⁷	291 ⁶⁷	291 ⁶⁷	291 ⁶⁷	291 ⁶⁷	291 ⁶⁷
07/01/01	SERVICES	0.00	14,150.75	0.00	14,150.75	707.54	2,476.39	0.00	14,150.75	0.00	14,150.75	0.00
	MSL HY 20.00 Omit Active New Not Listed	5	10,966.82	100.00%	0.00	3,183.93	707 ⁵⁴	707 ⁵⁴	707 ⁵⁴	707 ⁵⁴	707 ⁵⁴	707 ⁵⁴
07/01/02	SERVICES	0.00	18,993.57	0.00	18,993.57	949.68	2,374.20	0.00	18,993.57	0.00	18,993.57	0.00
	MSL MM 20.00 Omit Active New Not Listed	4	15,669.69	100.00%	0.00	3,323.88	949 ⁶⁸	949 ⁶⁸	949 ⁶⁸	949 ⁶⁸	949 ⁶⁸	949 ⁶⁸
07/01/03	SERVICES	0.00	13,428.02	0.00	13,428.02	335.70	7,351.84	0.00	13,428.02	0.00	13,428.02	0.00
	MSL HY 20.00 Omit Active New Not Listed	3	5,740.48	100.00%	0.00	7,687.54	335 ⁷⁰	335 ⁷⁰	335 ⁷⁰	335 ⁷⁰	335 ⁷⁰	335 ⁷⁰
09/15/04	SERVICES	0.00	13,548.60	0.00	13,548.60	677.43	225.81	0.00	13,548.60	0.00	13,548.60	0.00
	SL FM 20.00 Omit Active New Not Listed	2	12,645.36	100.00%	0.00	903.24	135 ⁴⁸	-0-	-0-	-0-	-0-	-0-
07/01/05 (A)	SERVICES	0.00	17,045.24	0.00	17,045.24	426.13	0.00	0.00	17,045.24	0.00	17,045.24	0.00
	SL FM 20.00 Omit Active New Not Listed	1	16,619.11	100.00%	0.00	426.13	852 ²⁶	852 ²⁶	852 ²⁶	852 ²⁶	852 ²⁶	852 ²⁶
Totals for ASSET A/C#: 110	(24 assets)	197,116.20	97,582.75	0.00	197,116.20	8,077.43	91,456.02	0.00	197,116.20	0.00	197,116.20	0.00
									210,151 ¹⁴	72,430 ⁰⁴	69,233 ²¹	66,479 ²⁶
									64,561 ¹⁶	61,371 ¹⁸	47,770 ¹⁷	52,109 ⁹³
									47,233 ⁹⁸	42,660 ⁸¹	40,791 ⁵¹	

DEPRECIATION SCHEDULE

Pg 7

NAME: US#60 Water District
 ADDRESS: Bagdad, Kentucky

SCHEDULE: _____

IDENTIFICATION NO: _____

YEAR ENDED: December 31, 2007

KINDS OF PROPERTY	DATE	IRS METH. LIFE RATE	ASSETS				BASIS ADJUSTMENTS			DEPRECIATION										
			BEGINNING BALANCE	ADDITIONS	RETIRES- MENTS	ENDING BALANCE	2016	OTHER ADJUST- MENTS	IRS DEPR. BASIS	BEGINNING	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Balance Forward # 110			197,116 ²⁰			197,116 ²⁰														
Services	7-1-06	20yr-S/L	15,388 ³⁸			15,388 ³⁸	769.41			384.71	769.41	769.41	769.41	769.41	769.41	769.41	769.41	769.41	769.41	769.41
Services	7-1-07	20yr-S/L	8920 ⁰⁰			8920 ⁰⁰	446.00			-	225 ⁰⁰	446.00	446.00	446.00	446.00	446.00	446.00	446.00	446.00	446.00
Services	7-1-08	20yr-S/L	14420 ⁰⁰			14420 ⁰⁰	721.00			-	-	260.50	721.00	721.00	721.00	721.00	721.00	721.00	721.00	721.00
Services	7-1-09	20yr-S/L	6797 ⁰⁰			6797 ⁰⁰	340.00			-	-	-	170.00	340.00	340.00	340.00	340.00	340.00	340.00	340.00
Services	7-1-10	20yr-S/L	6815 ⁰⁰			6815 ⁰⁰	340.00			-	-	-	-	170.00	340.00	340.00	340.00	340.00	340.00	340.00
Services	7-1-11	20yr-S/L	4325 ⁰⁰			4325 ⁰⁰	216.00			-	-	-	-	-	108.00	216.00	216.00	216.00	216.00	216.00
Services	7-1-12	20yr-S/L	4160 ⁰⁰			4160 ⁰⁰	208.00			-	-	-	-	-	-	104.00	208.00	208.00	208.00	208.00
Services	7-1-13	20yr-S/L	4120 ⁰⁰			4120 ⁰⁰	206.00			-	-	-	-	-	-	-	103.00	206.00	206.00	206.00
Services	7-1-14	20yr-S/L	3865 ⁰⁰			3865 ⁰⁰	193.25			-	-	-	-	-	-	-	-	97.00	193.25	193.25
Services	7-1-15	20yr-S/L	9600 ⁰⁰			9600 ⁰⁰	480.00			-	-	-	-	-	-	-	-	-	-	240.00
Services	7-1-16	20yr-S/L		6400 ⁰⁰		6400 ⁰⁰	40.00													
PAGE TOTAL:			275526 ³⁸	6400 ⁰⁰		281926 ³⁸	3959 ⁶⁶			994 ⁷¹	1575 ⁹¹	2166 ⁴¹	2446 ⁴¹	2725 ⁴¹	2936 ⁴¹	3143 ⁴¹	3343 ⁴¹	3679 ⁶⁶		

ASSET AC#: 111 - METERS

ASSET AC#	METERS	SL	MM	20.00	Omit	Active	New	Not Listed	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
06/01/71	METERS								0.00	17,310.93	0.00	17,310.93	0.00	17,310.93						
	SL	MM	20.00	Omit	Active	New	Not Listed		35	0.00	0.00	100.00%	0.00	17,310.93						
06/01/77	METERS								0.00	1,500.00	0.00	1,500.00	0.00	1,500.00						
	SL	MM	20.00	Omit	Active	New	Not Listed		29	0.00	0.00	100.00%	0.00	1,500.00						
06/01/78	METERS								0.00	3,895.65	0.00	3,895.65	0.00	3,895.65						
	SL	MM	20.00	Omit	Active	New	Not Listed		28	0.00	0.00	100.00%	0.00	3,895.65						
06/01/79	METERS								0.00	963.16	0.00	963.16	0.00	963.16						
	SL	MM	20.00	Omit	Active	New	Not Listed		27	0.00	0.00	100.00%	0.00	963.16						
06/01/80	METERS								0.00	575.00	0.00	575.00	0.00	575.00						
	SL	MM	20.00	Omit	Active	New	Not Listed		26	0.00	0.00	100.00%	0.00	575.00						
06/01/81	METERS								0.00	629.60	0.00	629.60	0.00	629.60						
	SL	MM	20.00	Omit	Active	New	Not Listed		25	0.00	0.00	100.00%	0.00	629.60						
06/01/82	METERS								0.00	5,857.70	0.00	5,857.70	0.00	5,857.70						
	SL	MM	20.00	Omit	Active	New	Not Listed		24	0.00	0.00	100.00%	0.00	5,857.70						
06/01/83	METERS								0.00	3,051.40	0.00	3,051.40	0.00	3,051.40						
	SL	MM	20.00	Omit	Active	New	Not Listed		23	0.00	0.00	100.00%	0.00	3,051.40						
06/01/84	METERS								0.00	5,094.50	0.00	5,094.50	0.00	5,094.50						
	SL	MM	20.00	Omit	Active	New	Not Listed		22	0.00	0.00	100.00%	0.00	5,094.50						
06/01/85	METERS								0.00	4,200.28	0.00	4,200.28	210.10	3,990.18						
	SL	FM	20.00	Omit	Active	New	Not Listed		21	0.00	0.00	100.00%	0.00	4,200.28						
06/01/86	METERS								0.00	6,118.61	0.00	6,118.61	305.93	5,859.74						
	SL	FM	20.00	Omit	Active	New	Not Listed		20	152.94	0.00	100.00%	0.00	5,965.67						
06/30/87	METERS								0.00	4,381.27	0.00	4,381.27	219.06	3,851.81						
	SL	FM	20.00	Omit	Active	New	Not Listed		19	310.40	0.00	100.00%	0.00	4,070.87						
06/30/88	METERS								0.00	6,986.32	0.00	6,986.32	349.32	5,792.83						
	SL	FM	20.00	Omit	Active	New	Not Listed		18	844.17	0.00	100.00%	0.00	6,142.15						
06/30/89	METERS								0.00	3,682.80	0.00	3,682.80	184.14	2,869.52						
	SL	FM	20.00	Omit	Active	New	Not Listed		17	629.14	0.00	100.00%	0.00	3,053.66						
06/30/90	METERS								0.00	3,594.12	0.00	3,594.12	179.71	2,617.52						
	SL	FM	20.00	Omit	Active	New	Not Listed		16	796.89	0.00	100.00%	0.00	2,797.23						
06/30/91	METERS								0.00	7,604.68	0.00	7,604.68	380.23	5,164.79						
	SL	FM	20.00	Omit	Active	New	Not Listed		15	2,059.66	0.00	100.00%	0.00	5,545.02						

per total Asset 111

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
17,310.93	-	-	-	-	-	-	-	-	-	-
1,500.00	-	-	-	-	-	-	-	-	-	-
3,895.65	-	-	-	-	-	-	-	-	-	-
963.16	-	-	-	-	-	-	-	-	-	-
575.00	-	-	-	-	-	-	-	-	-	-
629.60	-	-	-	-	-	-	-	-	-	-
5,857.70	-	-	-	-	-	-	-	-	-	-
3,051.40	-	-	-	-	-	-	-	-	-	-
5,094.50	-	-	-	-	-	-	-	-	-	-
4,200.28	-	-	-	-	-	-	-	-	-	-
6,118.61	-	-	-	-	-	-	-	-	-	-
4,381.27	91,34	-	-	-	-	-	-	-	-	-
6,986.32	349,32	145,53	-	-	-	-	-	-	-	-
3,682.80	184,14	184,14	76,72	-	-	-	-	-	-	-
3,594.12	179,71	179,71	179,71	78,05	-	-	-	-	-	-
7,604.68	380,23	380,23	380,23	380,23	158,51	-	-	-	-	-
	1184,74	889,61	636,66	458,28	158,51	-	-	-	-	-

<17,310.93> <28,767.29>

1790

Date Acq	Description	Inv. Cr.	Cost	Sec. 179	Depr Basis	Curr. Depr	2006-2014	2015	2016	2017	2018	2019	2020	2021	2022
Date Sold	Meth. Conv. Life - ITC - Stat - New - Listed	Depr. Yr.	Net Book Value	Salvage Value	Bus. Per Cent	AFY Depr	Accum. Depr								
ASSET A/C #: 111 - METERS															
06/30/92	METERS SL FM 20.00 Omit Active New Not Listed	0.00	9,246.67 2,966.69	0.00	9,246.67	462.33	5,817.65 6,279.98	2966.69	-	-	-	-	-	-	-
06/30/93	METERS SL FM 20.00 Omit Active New Not Listed	0.00	8,029.80 2,977.72	0.00	8,029.80	401.49	4,650.59 5,052.08	2977.72	-	-	-	-	-	-	-
06/30/94	METERS SL FM 20.00 Omit Active New Not Listed	0.00	9,676.80 4,072.32	0.00	9,676.80	483.84	5,120.64 5,604.48	4072.32	-	-	-	-	-	-	-
06/30/95	METERS SL FM 20.00 Omit Active New Not Listed	0.00	8,598.82 4,048.62	0.00	8,598.82	429.94	4,120.28 4,550.20	3868.46	179.16	-	-	-	-	-	-
12/31/96	Meters SL FM 20.00 Omit Active New Not Listed	0.00	4,317.57 2,356.66	0.00	4,317.57	215.88	1,745.03 1,960.91	1942.92	215.88	197.84	-	-	-	-	-
06/30/97	METERS SL FM 20.00 Omit Active New Not Listed	0.00	3,541.37 2,021.52	0.00	3,541.37	177.07	1,342.78 1,519.85	1593.63	177.07	177.07	73.75	-	-	-	-
06/30/98	METERS SL FM 20.00 Omit Active New Not Listed	0.00	3,214.29 1,995.57	0.00	3,214.29	160.71	1,058.01 1,218.72	1446.29	160.71	160.71	160.71	67.05	-	-	-
07/01/99	METERS SL FM 20.00 Omit Active New Not Listed	0.00	7,239.72 4,886.79	0.00	7,239.72	361.99	1,990.94 2,352.93	3257.91	361.99	361.99	361.99	361.99	180.93	-	-
07/01/00	METERS SL FM 20.00 Omit Active New Not Listed	0.00	5,384.59 3,903.83	0.00	5,384.59	269.23	1,211.53 1,480.76	2423.97	269.33	269.33	269.33	269.33	269.33	133.51	-
07/01/01	METERS MSL HY 20.00 Omit Active New Not Listed	0.00	13,062.24 10,123.24	0.00	13,062.24	653.11	2,285.89 2,939.00	5877.99	653.11	653.11	653.11	653.11	653.11	653.11	326.59
07/01/02	METERS MSL MM 20.00 Omit Active New Not Listed	0.00	17,532.52 14,464.32	0.00	17,532.52	876.63	2,191.57 3,068.20	7889.67	876.63	876.63	876.63	876.63	876.63	876.63	438.25
07/01/03	METERS MSL HY 20.00 Omit Active New Not Listed	0.00	12,395.09 5,298.89	0.00	12,395.09	309.88	6,786.32 7,096.20	2788.92	309.88	309.88	309.88	309.88	309.88	309.88	309.88
12/31/03	METERS MSL HY 20.00 Omit Active New Not Listed	0.00	713.52 305.03	0.00	713.52	17.84	390.65 408.49	160.56	17.84	17.84	17.84	17.84	17.84	17.84	17.84
07/01/04	METERS SL FM 20.00 Omit Active New Not Listed	0.00	11,792.88 10,908.42	0.00	11,792.88	589.64	294.82 884.46	5306.76	589.64	589.64	589.64	589.64	589.64	589.64	589.64
07/01/05 (A)	METERS SL FM 20.00 Omit Active New Not Listed	0.00	15,734.07 15,340.72	0.00	15,734.07	393.35	0.00 393.35	7080.20	786.70	786.70	786.70	786.70	786.70	786.70	786.70
Totals for ASSET A/C #: 111			(31 assets)	205,925.97 90,463.54	0.00	205,925.97	7,631.42 0.00	107,831.01 115,462.43							
7-1-06	Meters S/L 20yr		4010.00		4010.00		1704.25		200.50	200.50	200.50	200.50	200.50	200.50	200.50
7-1-07	Meters S/L 20yr		6690.50		6690.50		2508.75		334.50	334.50	334.50	334.50	334.50	334.50	334.50
7-1-08	Meters S/L 20yr		10815.00		10815.00		3514.88		540.75	540.75	540.75	540.75	540.75	540.75	540.75
7-1-09	Meters S/L 20yr		5099.00		5099.00		1402.25		254.95	254.95	254.95	254.95	254.95	254.95	254.95
7-1-10	Meters S/L 20yr		5110.00		5110.00		1149.75		255.50	255.50	255.50	255.50	255.50	255.50	255.50
7-1-11	Meters S/L 20yr		3245.00		3245.00		567.88		162.25	162.25	162.25	162.25	162.25	162.25	162.25
7-1-12	Meters S/L 20yr		3120.00		3120.00		390.00		156.00	156.00	156.00	156.00	156.00	156.00	156.00
7-1-13	Meters S/L 20yr		2080.00		2080.00		232.00		155.00	155.00	155.00	155.00	155.00	155.00	155.00
7-1-14	Meters S/L 20yr		2895.00		2895.00		72.00		144.75	144.75	144.75	144.75	144.75	144.75	144.75
7-1-15	Meters (124) S/L 20yr		19200.00		19200.00		-		480.00	960.00	960.00	960.00	960.00	960.00	960.00
7-1-16	Meters S/L 20yr		4800.00		4800.00				120.00	240.00	240.00	240.00	240.00	240.00	240.00
7-1-16	Meters (124) S/L 20yr		14640.00		14640.00				360.00	720.00	720.00	720.00	720.00	720.00	720.00

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65176.95 728.14 8050.95

ASSET ID	DESCRIPTION	STATUS	QTY	UNIT PRICE	TOTAL PRICE	AMOUNT PAID	AMOUNT DUE	PERCENT PAID	PERCENT DUE	DATE PAID	DATE DUE	DATE PAID	DATE DUE	DATE PAID	DATE DUE	DATE PAID	DATE DUE	DATE PAID	DATE DUE
06/01/71	METER INSTALL	Active New Not Listed	35	11,096.75	0.00	11,096.75	0.00	100.00%	0.00%										
06/01/77	METER INSTALLATION	Active New Not Listed	29	961.80	0.00	961.80	0.00	100.00%	0.00%										
06/01/78	METER INSTALLATION	Active New Not Listed	28	1,760.00	0.00	1,760.00	0.00	100.00%	0.00%										
06/01/79	METER INSTALLATION	Active New Not Listed	27	1,030.00	0.00	1,030.00	0.00	100.00%	0.00%										
06/01/80	METER INSTALLATION	Active New Not Listed	26	1,118.00	0.00	1,118.00	0.00	100.00%	0.00%										
06/01/81	METER INSTALLATION	Active New Not Listed	25	437.23	0.00	437.23	0.00	100.00%	0.00%										
06/01/84	METER INSTALLATION	Active New Not Listed	22	2,916.86	0.00	2,916.86	1,458.43	100.00%	0.00%										
06/30/86	METER INSTALLATION	Active New Not Listed	20	4,249.04	0.00	4,249.04	212.45	100.00%	0.00%	212.45	212.45	212.45	212.45	212.45	212.45	212.45	212.45	212.45	212.45
06/30/86	METER INSTALLATION	Active New Not Listed	19	3,042.55	0.00	3,042.55	152.13	100.00%	0.00%	152.13	152.13	152.13	152.13	152.13	152.13	152.13	152.13	152.13	152.13
06/30/88	METER INSTALLATION	Active New Not Listed	18	4,851.61	0.00	4,851.61	242.58	100.00%	0.00%	242.58	242.58	242.58	242.58	242.58	242.58	242.58	242.58	242.58	242.58
06/30/89	METER INSTALLATION	Active New Not Listed	17	2,557.50	0.00	2,557.50	127.88	100.00%	0.00%	127.88	127.88	127.88	127.88	127.88	127.88	127.88	127.88	127.88	127.88
06/30/90	METER INSTALLATION	Active New Not Listed	16	2,419.53	0.00	2,419.53	120.98	100.00%	0.00%	120.98	120.98	120.98	120.98	120.98	120.98	120.98	120.98	120.98	120.98
06/30/91	METER INSTALLATION	Active New Not Listed	15	5,281.02	0.00	5,281.02	264.05	100.00%	0.00%	264.05	264.05	264.05	264.05	264.05	264.05	264.05	264.05	264.05	264.05
06/30/92	METER INSTALLATION	Active New Not Listed	14	6,421.30	0.00	6,421.30	321.07	100.00%	0.00%	321.07	321.07	321.07	321.07	321.07	321.07	321.07	321.07	321.07	321.07
06/30/93	METER INSTALLATION	Active New Not Listed	13	5,576.25	0.00	5,576.25	278.81	100.00%	0.00%	278.81	278.81	278.81	278.81	278.81	278.81	278.81	278.81	278.81	278.81
06/30/94	METER INSTALLATION	Active New Not Listed	12	6,720.00	0.00	6,720.00	336.00	100.00%	0.00%	336.00	336.00	336.00	336.00	336.00	336.00	336.00	336.00	336.00	336.00
06/30/95	METER INSTALLATION	Active New Not Listed	11	5,247.20	0.00	5,247.20	262.36	100.00%	0.00%	262.36	262.36	262.36	262.36	262.36	262.36	262.36	262.36	262.36	262.36
12/31/96	METER INSTALLATION	Active New Not Listed	10	2,581.66	0.00	2,581.66	129.08	100.00%	0.00%	129.08	129.08	129.08	129.08	129.08	129.08	129.08	129.08	129.08	129.08
06/30/96	METER INSTALLATION	Active New Not Listed	9	2,459.29	0.00	2,459.29	122.96	100.00%	0.00%	122.96	122.96	122.96	122.96	122.96	122.96	122.96	122.96	122.96	122.96
06/30/98	METER INSTALLATION	Active New Not Listed	8	2,232.14	0.00	2,232.14	111.61	100.00%	0.00%	111.61	111.61	111.61	111.61	111.61	111.61	111.61	111.61	111.61	111.61
17/01/99	METER INSTALLATION	Active New Not Listed	7	5,027.58	0.00	5,027.58	251.38	100.00%	0.00%	251.38	251.38	251.38	251.38	251.38	251.38	251.38	251.38	251.38	251.38
17/01/00	METER INSTALLATION	Active New Not Listed	6	3,739.30	0.00	3,739.30	186.97	100.00%	0.00%	186.97	186.97	186.97	186.97	186.97	186.97	186.97	186.97	186.97	186.97
17/01/01	METER INSTALLATION	Active New Not Listed	5	9,071.00	0.00	9,071.00	453.55	100.00%	0.00%	453.55	453.55	453.55	453.55	453.55	453.55	453.55	453.55	453.55	453.55
17/01/02	METER INSTALLATION	Active New Not Listed	4	12,175.36	0.00	12,175.36	426.14	100.00%	0.00%	426.14	426.14	426.14	426.14	426.14	426.14	426.14	426.14	426.14	426.14
17/01/03	METER INSTALLATION	Active New Not Listed	3	8,607.70	0.00	8,607.70	215.19	100.00%	0.00%	215.19	215.19	215.19	215.19	215.19	215.19	215.19	215.19	215.19	215.19
17/01/04	METER INSTALLATION	Active New Not Listed	2	8,684.99	0.00	8,684.99	434.25	100.00%	0.00%	434.25	434.25	434.25	434.25	434.25	434.25	434.25	434.25	434.25	434.25
17/01/05 (A)	METER INSTALLATION	Active New Not Listed	1	10,926.44	0.00	10,926.44	273.16	100.00%	0.00%	273.16	273.16	273.16	273.16	273.16	273.16	273.16	273.16	273.16	273.16
TOTALS FOR ASSET A/C# 112	(27 assets)			131,190.10	0.00	131,190.10	5,088.42	100.00%	0.00%	5,088.42	5,088.42	5,088.42	5,088.42	5,088.42	5,088.42	5,088.42	5,088.42	5,088.42	5,088.42

This amount carried forward to next page

DEPRECIATION SCHEDULE

p. 7 of 11 of

NAME: WS#60 Water District
 ADDRESS: Bagdad Kentucky

SCHEDULE: _____

IDENTIFICATION NO: _____

YEAR ENDED: December 31, 2007

KINDS OF PROPERTY	DATE	IRS METH. LIFE RATE	ASSETS				BASIS ADJUSTMENTS			DEPRECIATION									
			BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	2016	OTHER ADJUSTMENTS	IRS DEPR. BASIS	BEGINNING	2007	2008	2009	2010	2011	2012	2013	2014	2015
Meter Installation Acc't #112 -BAI Forward			131,190 ¹⁰			131,190 ¹⁰	287175			76,918 ¹⁶	5195 ¹⁶	428256	451396	439212	418573	388832	361103	33681	298611
Meter Installations	7-1-07	SL-20	6690 ⁰⁰			6,690 ⁰⁰	33450				167 ²⁵	33450	33450	33450	33450	33450	33450	33450	33450
Meter Installations	7-1-08	SL-20	10815 ⁰⁰			10,815 ⁰⁰	54075					27038	54075	54075	54075	54075	54075	54075	54075
Meter Installations	7-1-09	SL-20	5099 ⁰⁰			5,099 ⁰⁰	25495							25495	25495	25495	25495	25495	25495
Meter Installations	7-1-10	SL-20	5110 ⁰⁰			5,110 ⁰⁰	25550							12778	25495	25550	25550	25550	25550
Meter Installations	7-1-11	SL-20	3245 ⁰⁰			3,245 ⁰⁰	16225								8113	16225	16225	16225	16225
Meter Installations	7-1-12	SL-20	2126 ⁰⁰			2,126 ⁰⁰	10630									7800	15600	15600	15600
Meter Installations	7-1-13	SL-20	3090 ⁰⁰			3,090 ⁰⁰	15450										7710	15500	15500
Meter Installations	7-1-14	SL-20	2895 ⁰⁰			2,895 ⁰⁰	14475											7200	14475
Meter Installations	7-1-15	SL-20	7200 ⁰⁰			7,200 ⁰⁰	36000												18000
Meter Installations	7-1-16	SL-20		4800		4,800 ⁰⁰	12000												
PAGE TOTAL:			172454 ¹⁰	4800.00		183254 ¹⁰	535545			76,918 ¹⁶	5362 ⁴¹	428256	551669	564897	565256	551427	529598	52876	5170.47

Date Sold	Meth	Conv	Life	ITC	Stat	New	Listed	Qty. Cr.	Cost	Salv. Val.	Bus. Percent	Curr. AFY Depr	End AD Depr	2006-2014 Accum Deprec	2015	2016	2017	2018	2019	2020	2021	2022	
ASSET A/C #: 113 - HYDRANTS																							
06/01/71	HYDRANTS	SL	MM	50.00	Omit	Active	New	Not Listed	0.00	814.00	0.00	814.00	16.28	545.10	146 ⁵²	16 ²⁸	16 ²⁸	16 ²⁸	16 ²⁸	16 ²⁸	16 ²⁸	84 ²	-
									35	252.62	0.00	100.00%	0.00	561.38									
06/30/92	HYDRANTS	SL	FM	50.00	Omit	Active	New	Not Listed	0.00	5,596.11	0.00	5,596.11	111.92	1,408.33	1007 ²⁸	111 ⁹²	111 ⁹²	111 ⁹²	111 ⁹²	111 ⁹²	111 ⁹²	111 ⁹²	111 ⁹²
									14	4,075.86	0.00	100.00%	0.00	1,520.25									
06/30/98	HYDRANTS - FLYING J EXT	SL	MM	50.00	Omit	Active	New	Not Listed	0.00	3,732.28	0.00	3,732.28	74.65	491.44	671 ⁸⁵	74 ⁶⁵	74 ⁶⁵	74 ⁶⁵	74 ⁶⁵	74 ⁶⁵	74 ⁶⁵	74 ⁶⁵	74 ⁶⁵
									8	3,166.19	0.00	100.00%	0.00	566.09									
10/31/00	HYDRANT	SL	MM	50.00	Omit	Active	New	Not Listed	0.00	793.92	0.00	793.92	15.88	67.49	142 ⁹²	15 ⁸⁸	15 ⁸⁸	15 ⁸⁸	15 ⁸⁸	15 ⁸⁸	15 ⁸⁸	15 ⁸⁸	15 ⁸⁸
									6	710.55	0.00	100.00%	0.00	83.37									
17/01/01	HYDRANTS	MSL	MM	40.00	Omit	Active	New	Not Listed	0.00	3,600.00	0.00	3,600.00	90.00	311.25	810 ⁰⁰	90 ⁰⁰	90 ⁰⁰	90 ⁰⁰	90 ⁰⁰	90 ⁰⁰	90 ⁰⁰	90 ⁰⁰	90 ⁰⁰
									5	3,198.75	0.00	100.00%	0.00	401.25									
17/01/01	HYDRANTS	MSL	MM	40.00	Omit	Active	New	Not Listed	0.00	3,249.75	0.00	3,249.75	81.24	280.96	731 ¹⁶	81 ²⁴	81 ²⁴	81 ²⁴	81 ²⁴	81 ²⁴	81 ²⁴	81 ²⁴	81 ²⁴
									5	2,887.55	0.00	100.00%	0.00	362.20									
17/01/02	HYDRANTS	MSL	MM	40.00	Omit	Active	New	Not Listed	0.00	964.66	0.00	964.66	24.12	59.29	217 ⁰⁸	24 ¹²	24 ¹²	24 ¹²	24 ¹²	24 ¹²	24 ¹²	24 ¹²	24 ¹²
									4	881.25	0.00	100.00%	0.00	83.41									
17/01/04	HYDRANTS	SL	MM	40.00	Omit	Active	New	Not Listed	0.00	2,723.45	0.00	2,723.45	68.09	34.04	612 ⁸¹	68 ⁰⁹	68 ⁰⁹	68 ⁰⁹	68 ⁰⁹	68 ⁰⁹	68 ⁰⁹	68 ⁰⁹	68 ⁰⁹
									2	2,621.32	0.00	100.00%	0.00	102.13									
12/15/05 (A)	HYDRANT	SL	MM	40.00	Omit	Active	New	Not Listed	0.00	240.00	0.00	240.00	0.50	0.00	54 ⁰⁰	6 ⁰⁰	6 ⁰⁰	6 ⁰⁰	6 ⁰⁰	6 ⁰⁰	6 ⁰⁰	6 ⁰⁰	6 ⁰⁰
									1	239.50	0.00	100.00%	0.00	0.50									
Totals for ASSET A/C #: 113 (9 assets)									21,714.17	0.00	21,714.17	482.68	3,197.90	531 ^{25 00}	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	
7-1-06 SL-40 Hydrants									2360 ⁰⁰		2360 ⁰⁰			531 ^{25 00}	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	62 ⁵⁰	
7-1-08 SL-40 Hydrants									18353 ¹⁷		18353 ¹⁷			2982 ⁴⁰	458 ⁸³	458 ⁸³	458 ⁸³	458 ⁸³	458 ⁸³	458 ⁸³	458 ⁸³	458 ⁸³	458 ⁸³
4-1-09 SL-40 Hydrants									23682 ¹⁰		23682 ¹⁰			3404 ³⁴	592 ⁰⁶	592 ⁰⁶	592 ⁰⁶	592 ⁰⁶	592 ⁰⁶	592 ⁰⁶	592 ⁰⁶	592 ⁰⁶	592 ⁰⁶

66,249⁰⁴

66,249⁰⁴

11311⁰⁴

1601.57

1601.57

ASSET A/C#: 117 - OTHER PLANT

							2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
06/01/71	LOAD STATION	0.00	833.00	0.00	833.00	0.00	833.00												
	SL MM 20.00 Omit Active New Not Listed	35	0.00	0.00	100.00%	0.00	833.00	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
06/30/87	WATER SALES STATION WADDY	0.00	6,211.82	0.00	6,211.82	310.59	5,461.21	310 ⁵⁹	129 ⁴³	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	SL FM 20.00 Omit Active New Not Listed	19	440.02	0.00	100.00%	0.00	5,771.80												
Totals for ASSET A/C#: 117 (2 assets)			7,044.82	0.00	7,044.82	310.59	6,294.21		0.00										
			440.02	0.00		0.00	6,604.80		0.00										

7044⁸²

pg 661

129⁴³ -0- -0- -0- -0- -0- -0- -0- -0- -0-

ASSET A/C#: 120 - EQUIPMENT								2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
06/30/91	BARRICADES/LIGHTS/SIGNS		0.00	349.42	0.00	349.42	0.00	349.42	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	SL	FM 7.00 Omit Active New Not Listed	15	0.00	0.00	100.00%	0.00	-349.42	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
10/15/92	MOBILE RADIO		0.00	559.65	0.00	559.65	0.00	559.65	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	SL	FM 7.00 Omit Active New Not Listed	14	0.00	0.00	100.00%	0.00	559.65	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
01/18/93	PAYROLL COMPUTER PROGRAMS		0.00	365.70	0.00	365.70	0.00	365.70	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	SL	FM 7.00 Omit Active New Not Listed	13	0.00	0.00	100.00%	0.00	365.70	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
02/03/94	RAM ON COMPUTER		0.00	1,375.35	0.00	1,375.35	0.00	1,375.35	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	SL	FM 5.00 Omit Active New Not Listed	12	0.00	0.00	100.00%	0.00	1,375.35	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
10/31/96	Pressure recorder		0.00	359.00	0.00	359.00	0.00	359.00	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	SL	FM 7.00 Omit Active New Not Listed	10	0.00	0.00	100.00%	0.00	359.00	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

3009¹²

pg total

Grand totals

0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
174,393	181,751	222,725	230,789	235,259	236,230	230,576	228,489	235,126	222,725	230,789	235,259	236,230	230,576	228,489	235,126	222,725	230,789	235,259

2016
262,526

LEASE AGREEMENT

THIS LEASE AGREEMENT, dated the date shown on the cover page hereof (together with any amendments hereto made in accordance herewith, this "Lease"), is entered into by and between the Kentucky Association of Counties Leasing Trust (the "Lessor"), as the lessor hereunder, a trust duly created and existing under the laws of the Commonwealth of Kentucky (the "State"), and the lessee shown on the cover page hereof (the "Lessee"), as lessee hereunder, a body politic and corporate validity existing under the constitution, statutes and laws of the State.

W I T N E S S E T H :

WHEREAS, the Fiscal Court of the Lessee (the "Fiscal Court") has the power, pursuant to Kentucky Revised Statutes, Sections 67.080 and 67.083 to enter into lease agreements with or without the option to purchase in order to provide for the use of property for public purposes;

WHEREAS, the Fiscal Court has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined herein;

WHEREAS, the Fiscal Court has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Lessor enter into this Lease for the leasing by the Lessee from the Lessor of the Project;

WHEREAS, the execution, delivery and performance of this Lease, have been authorized, approved and directed by the Fiscal Court by an ordinance or resolution finally passed and adopted by the Fiscal Court;

WHEREAS, the execution, delivery and performance of this Lease by the Lessor have been authorized, approved and directed by all necessary and appropriate action of the Lessor;

WHEREAS, the Lessor desires to lease the Project to the Lessee, and the Lessee desires to lease the Project from the Lessor, pursuant to the terms and conditions and for the purposes set forth herein; and

WHEREAS, the Base Rentals and Additional Rentals payable by the Lessee under the Lease are a limited obligation of the Lessee, payable from the appropriation in each year hereof of moneys sufficient to pay such Base Rentals and Additional Rentals.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

All words and phrases will have the meanings specified below unless the context clearly requires otherwise. Terms not defined herein will have the meanings assigned to them in the Indenture.

"Additional Rentals" means the aggregate of (i) any expenses (including attorneys' fees and expenses) of the Lessor and/or the Credit Facility Provider in defending an action or proceeding in connection with this Lease and/or any Collateral Documents relating to this Lease or in enforcing the provisions of this Lease and/or any Collateral Documents relating to this Lease, (ii) any taxes or any other expenses, including, but not limited to, licenses, permits, state and local sales and use or ownership taxes or property taxes and recording fees and/or other fees which the Lessor is expressly required to pay as a result of or in connection with this Lease and/or any Collateral Documents relating to this Lease, (iii) any deficiency in the Lessee's Proportionate Share of the Debt Service Reserve Requirement (together with interest that may accrue on said amounts in the event that the Lessee fails to pay the same, as set forth herein), (iv) the Lessee's Proportionate Share of any Administrative Fees, Credit Fees and Fiduciary Fees to the extent the same are not included in and paid as Base Rentals, (v) for Fiscal Years in which the principal component of Base Rentals do not correspond to fixed rate Bonds, the Lessee's Proportionate Share of interest on variable rate Bonds, as provided in Section 6.1(e), and (vi) any deficiency in investment income on the Lessee's Proportionate Share of the Debt Service Reserve Requirement for purposes of paying interest on the Lessee's Proportionate Share of a principal amount of Bonds equal to the Debt Service Reserve Requirement, and (vii) any costs incurred by the Lessor in connection with a Rate Swap Termination which occurs by reason of an Event of Default or an Event of Nonappropriation.

"Administrative Fees" means the fees and expenses of the Lessor in administering the Program.

"Base Rentals" means the payments payable by the Lessee pursuant to Section 6.1(a), which constitute the payments payable by the Lessee for and in consideration of the right to use and the option to purchase the Project.

"Bonds" means the \$200,000,000 Money Market Municipal Multi-County Lease Revenue Bonds (Kentucky Association of Counties Leasing Trust Program) Series 1989 issued by the Issuer to fund the Kentucky Association of Counties Leasing Trust Program.

"Business Day" means any day of the year other than a Saturday, Sunday or other day on which banks in the City of New York, New York or the State are authorized or required by law or executive order to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral Document" means the Letter of Credit and the Mortgage and any other mortgage, letter of credit, escrow agreement, guaranty, security agreement, pledge agreement, title insurance policy or other document, if any, required by the Credit Facility Provider, in form and substance acceptable to the Credit Facility Provider, and securing the obligations of the Lessee under this Lease or granting a lien on or security interest in the Project or executed in connection with this Lease. If no Collateral Documents are required by the Credit Facility Provider, references herein to Collateral Documents will be disregarded and of no force and effect.

"Completion Date" means the date on which completion of the construction, acquisition, installation and equipping of the Project occurs, as evidenced by the certificate provided for in Section 7.4.

"Costs" means, with respect to a Project, all or any part of the cost of construction, installation and acquisition of all land, buildings, structures, machinery and equipment; finance charges; extensions, enlargements, additions, replacements, renovations and improvements; engineering, financial and legal services; plans, specifications, studies, surveys, estimates of cost of revenue, administrative expenses, expenses necessary or incidental to determining the feasibility or practicability of constructing a Project; and such other expenses as may be necessary or incidental to the construction, installation and acquisition of a Project, the financing of such construction, installation and acquisition, interest during construction, installation or acquisition and the placing of the Project in service.

"Credit Facility" means the Credit Facility which supports the payment and purchase of the Bonds, initially the irrevocable, direct pay letter of credit issued by the initial Credit Facility Provider.

"Credit Facility Provider" means the issuer of the Credit Facility, initially Commonwealth Bank of Australia, acting through its New York Branch.

"Credit Fees" means all fees, expenses (including attorneys' fees and expenses) and other amounts which are payable to the Credit Facility Provider under the Credit Facility Agreement.

"Event of Nonappropriation" means an event described in Section 6.6(a).

"Fiduciary Fees" means all fees, expenses (including attorneys' fees and disbursements) and other amounts payable to the Trustee, the Paying Agent, the Registrar, the Remarketing Agent and any independent certified public accountants or independent financial consultants and other consultants in connection with the Program.

"Financing Statements" means Uniform Commercial Code financing statements (on Form UCC-1 and/or UCC-3) naming the Lessee as debtor, the Lessor as secured party and the Trustee as assignee of the secured party.

"Fiscal Court" means the duly elected governing board of the Lessee or any successor to its functions.

"Fiscal Year" means the twelve (12) month period of each year commencing on July 1 and ending on the next June 30.

"Force Majeure" means the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage of or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the Lessee but not due to the Lessee's negligence, excluding, however, any cause or event that can be cured by the payment of money.

"Indenture" means the Trust Indenture dated as of March 1, 1989, between the Issuer, the Trustee and the Lessor and any amendments or supplements thereto.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court in the State and who is not an employee of the Lessor or the Lessee.

"Issuer" means Pendleton County, Kentucky.

"Lease" means this Lease Agreement and any amendments or supplements hereto entered into in accordance with the provisions hereof, including the Exhibits attached hereto.

"Lease Rental Payments" means Base Rentals and Additional Rentals.

"Lease Term" means the term of this Lease as determined pursuant to Article IV hereof.

"Lessee" means the Lessee identified on the cover page hereof.

"Lessee Acquisition Account" means the account by that name established for the Lessee by the Trustee under the Indenture.

"Lessee Representative" means the person or persons at the time designated to act on behalf of the Lessee for the purpose of performing any act under this Lease by a written certificate furnished to the Lessor containing the specimen signature of such person or persons and signed on behalf of the Lessee by an authorized official of the Lessee.

"Lessor" means Kentucky Association of Counties Leasing Trust, acting as lessor under this Lease, or any successor thereto acting as lessor under this Lease.

"Lessor Representative" means any person or persons at the time designated to act on behalf of the Lessor for purposes of performing any act on behalf of the Lessor under this Lease by a written certificate furnished to the Lessee containing the specimen signature of such person or persons and signed on behalf of the Lessor by an authorized officer of the Lessor.

"Letter of Credit" means, as of any time, the letter of credit, if any, which is in effect at such time in accordance with the provisions of Section 11.5. If no Letter of Credit is required by the Credit Facility Provider, references herein to the Letter of Credit will be disregarded and of no force or effect.

"Mortgage" means the real estate mortgage on the Site from the Lessor to the Trustee (if the same is required by the terms of this Lease).

"Net Proceeds," when used with respect to any performance or payment bond proceeds or proceeds of insurance, including self-insurance, required hereunder, or any condemnation award, or any proceeds resulting from default or breaches of warranty under the construction contract or any other contract relating to the Project, or any portion thereof, or proceeds from the sale,

scrapping or trade-in (in which event the proceeds from a trade-in shall be deemed to be the amount of any credit received upon such trade-in) of the Project or any portion thereof by the Lessee pursuant to Section 10.3(b) of this Lease, means the amount remaining after deduction from such proceeds or award of (i) all expenses (including, without limitation, attorneys' fees and costs) incurred in the collection of such proceeds or award, and (ii) all other fees, expenses and payments incurred in connection with the event giving rise to such proceeds or award and due to the Lessee, the Trustee, the Credit Facility Provider, the Issuer or the Lessor.

"Officer's Certificate" means a certificate signed by an authorized official of the Lessee or by any other representative designated from time to time for such purpose by the Lessee.

"Paying Agent" means Chemical Bank, New York, New York, or any successor paying agent for the Bonds appointed pursuant to the Indenture.

"Permitted Encumbrances" means, as of any particular time, (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to the provisions of Section 10.4 and Section 11.2; (b) this Lease; (c) the Mortgage; (d) utility, access and other easements and rights of way, restrictions and exceptions which do not, in the opinion of the Independent Counsel, interfere with or impair the title to or the use and enjoyment of the Project; (e) any financing statements filed to perfect security interests created or permitted by this Lease or any Collateral Document, (f) any liens, mortgages, security interests and other encumbrances that are subject and subordinate in all respects to the liens, mortgages and security interests of this Lease, the Indenture and the Mortgage and that are (i) approved in writing by the Lessor and the Credit Facility Provider or (ii) in favor of the issuer of the Letter of Credit, and (g) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Project and as do not, in the opinion of the Independent Counsel, materially impair title to or the use and enjoyment of the Project.

"Program Administrator" means the Lessor or such other entity or unincorporated association as may be appointed in accordance with the Indenture to administer the Program and perform the duties and obligations of Program Administrator under the Indenture.

"Project" means, collectively, the land, real estate, improvements, buildings, structures or other real property, if any, and the equipment, machinery, furnishings, furniture, vehicles and other personal property, if any, leased to the Lessee under this Lease, as more particularly described in Exhibit A hereto as such description may be amended from time to time with the consent of the Lessor and the Credit Facility Provider, and any property

acquired in replacement or substitution therefor, or in the improvement or modification thereof, pursuant to Sections 8.2, 10.2 or 10.3, less any property released from the terms of this Lease pursuant to Section 10.3 or damaged, destroyed or condemned as provided in Section 8.1.

"Rate Swap" means an interest rate swap transaction entered into between the Lessor, as fixed rate payor, and the Credit Facility Provider, as floating rate payor, and predicated upon a corresponding interest rate swap transaction entered into between the Credit Facility Provider, as fixed rate payor, and the Swap Provider, as floating rate payor.

"Rate Swap Termination" means, with respect to a Rate Swap that has become effective with respect to this Lease, the termination of such Rate Swap in accordance with its terms (whether by reason of the occurrence of an Event of Default thereunder with respect to the Lessor or Credit Facility Provider, or the occurrence of an Event of Default under, or the termination of, the interest rate swap transaction upon which such Rate Swap is predicated, or the occurrence of an Event of Default or an Event of Nonappropriation hereunder, or the expiration of the term of such Rate Swap, or otherwise).

"Registrar" means the Paying Agent or any entity appointed by the Issuer and CoLT to act as registrar for the Bonds.

"Remarketing Agent" means Shearson Lehman Hutton Inc. and First Kentucky Securities Corp. or any other remarketing agent for the Bonds appointed pursuant to the Indenture.

"Site" means the real estate on which buildings, improvements or fixtures constituting the Project are to be constructed or installed and which is described in Exhibit A, title to which will be in the Lessor.

"State" means the Commonwealth of Kentucky.

"Swap Provider" means the provider of the interest rate swap transaction upon which a Rate Swap is predicated, initially Merrill Lynch Capital Services, Inc.

"Trustee" means Liberty National Bank and Trust Company of Louisville, a national banking association organized and existing pursuant to the laws of the United States of America, as trustee under the Indenture, and any successor trustee at the time serving as such under the Indenture.

all Lease Rental Payments accrued to the date of termination of this Lease, and will terminate the Lessee's rights to use, possess or occupy the Project under this Lease (unless a conveyance of the Project to the Lessee has occurred pursuant to Article XII of this Lease).

[End of Article IV]

ARTICLE IV

LEASE TERM

Section 4.1. Duration of Lease Term; Lessee's Annual Right to Terminate; Furnishing of Budgets and Appropriation Ordinances. The Lease Term will commence and terminate on the dates shown on the cover page hereof unless earlier terminated as provided in Section 4.2. In the event that the Lessee determines, for any reason, to exercise its annual right to terminate this Lease, effective on June 30 of any Fiscal Year, the Lessee must give written notice to such effect to the Lessor not later than May 31 of such Fiscal Year; provided, however, that a failure to give such notice will not constitute an Event of Default, nor prevent the Lessee from terminating this Lease, nor result in any liability on the part of the Lessee (except for the payment of all Lease Rental Payments accrued prior to the termination of this Lease). The exercise by the Lessee of its annual option to terminate this Lease will be conclusively determined by the occurrence of an Event of Nonappropriation as provided in Section 6.6. The Lessee will in any event, whether or not this Lease is to be terminated, furnish the Lessor with copies of its annual budget and appropriation ordinance (and any supplemental appropriation ordinance relating to this Lease) promptly after the budget is adopted and the appropriation ordinance (and any supplemental appropriation ordinance relating to this Lease) is enacted by the Lessee.

Unless and until terminated as provided in Section 4.2, the Lease Term will continue in effect from Fiscal Year to Fiscal Year.

Section 4.2. Termination of Lease Term. The Lease Term will terminate upon the earliest of any of the following events:

(a) June 30 of any Fiscal Year during which there has occurred an Event of Nonappropriation as provided in Section 6.6 (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.6);

(b) The purchase by the Lessee of the Project as provided in Article XII of this Lease;

(c) An Event of Default and termination of this Lease as provided in Article XIV of this Lease; or

(d) Conveyance of the Project to the Lessee upon payment by the Lessee of all Base Rentals for the entire Lease Term and all Additional Rentals accrued to the date of termination of this Lease.

Termination of the Lease Term will terminate all obligations of the Lessee to pay Lease Rental Payments, except the payment of

ARTICLE VI

PAYMENTS BY THE LESSEE

Section 6.1. Base Rentals and Additional Rentals.

(a) The Lessee will pay Base Rentals in the amounts and at the times set forth in Exhibit B, as said Exhibit B is in effect on the first day of each Fiscal Year during the Lease Term. The Lessee agrees and acknowledges that Exhibit B may be amended at any time for the following purposes:

(i) to reflect an increase in Administrative Fees, Credit Fees or Fiduciary Fees;

(ii) to reamortize the principal component of Base Rentals in the event moneys are transferred from the Lessee's Lessee Acquisition Account as provided in Sections 7.1, 7.2 and 7.4;

(iii) to reflect a change in the interest component of Base Rentals if the Lessee exercises its option to convert the interest rate on this Lease to a fixed rate as described in Section 6.7 following a Rate Swap Termination; and

(iv) to reflect a change in the rate used to compute the interest component of Base Rentals if (A) there is a Rate Swap Termination, (B) following a Rate Swap Termination, a different Rate Swap becomes effective with respect to this Lease, and/or (C) following a Rate Swap Termination, no other Rate Swap becomes effective with respect to this Lease and (1) an assumed rate is used to compute the interest component of Base Rentals or (2) there is a change in the assumed rate used to compute the interest component of Base Rentals, in each case, as described in Section 6.1(f).

If the Lessor or the Credit Facility Provider determines that an amendment to Exhibit B is appropriate, the Lessor will mail to the Lessee a revised Exhibit B (identified by date or other means), by certified mail, postage prepaid. Said amendment will become effective and will for all purposes become a part of this Lease and will reflect Base Rentals to be paid by the Lessee for subsequent Fiscal Years (unless Exhibit B is further amended as provided in this Section) upon the earlier of the acknowledgment thereof by the Lessee or automatically on the first day of the next Fiscal Year; provided that any amendment mailed by the Lessor after May 1 of any year will become effective upon the earlier of the acknowledgment thereof by the Lessee or automatically on the first day of the second succeeding Fiscal Year; and provided further that any

amendment pursuant to clause (iii) of subsection (a) will become effective simultaneously with the related conversion of the interest rate on this Lease to a fixed rate as described in Section 6.7 following a Rate Swap Termination.

(b) Except as provided in subsection (e) of this Section, the Lessee will pay Additional Rentals within fifteen (15) days after a written request therefor is mailed to the Lessee by the Lessor, except that any deficiency in the Lessee's Proportionate Share of the Debt Service Reserve Requirement may be paid in not more than six (6) equal monthly installments.

(c) Any Lease Rental Payment that is not paid within 10 days of the date due will bear interest thereon at the "Default Rate" as defined in the Indenture (which, with respect to the initial Credit Facility, is the rate per annum equal to the Credit Facility Provider's prime rate plus a margin at least equal to 3%). Amounts due pursuant to this subsection will be deemed to be Additional Rentals due and payable when incurred and without further written demand therefor.

(d) Notwithstanding anything herein to the contrary, if this Lease and any Collateral Documents are assigned and become payable exclusively to the Credit Facility Provider, the interest component of Base Rentals will be changed automatically (without any necessity to amend Exhibit B) to be equal to the "Default Rate" as defined in the Indenture (which, with respect to the initial Credit Facility, is the rate per annum equal to the Credit Facility Provider's prime rate plus a margin at least equal to 3%).

(e) The Lessee acknowledges and agrees as follows:

(i) As of the date of this Lease, the interest components of Base Rentals have been calculated at a fixed interest rate equal to the fixed interest rate payable under a Rate Swap that has become effective with respect to this Lease (and on the basis of the amortization of the principal component of Base Rentals set forth in Exhibit B);

(ii) Upon the occurrence of a Rate Swap Termination, (a) if another Rate Swap becomes effective with respect to this Lease, Exhibit B will be amended as described in Section 6.1(a) to cause the interest components of Base Rentals to be recalculated at a fixed interest rate equal to the fixed interest rate payable under such Rate Swap, or (b) if no other Rate Swap becomes effective with respect to this Lease, (1) Exhibit B will be amended as described in Section 6.1(a) to cause the interest

components of Base Rentals to be recalculated at an assumed interest rate determined by the Lessor, with the consent of the Credit Facility Provider, as provided in the Indenture, and (2) thereafter, Exhibit B may be further amended as described in Section 6.1 (a) to cause the interest components of Base Rentals to be recalculated at a different assumed interest rate determined by the Lessor, with the consent of the Credit Facility Provider, as provided in the Indenture;

(iii) If an amendment to Exhibit B described in the preceding clause (ii) becomes effective (in accordance with Section 6.1(a)) subsequent to the effective date of the related Rate Swap Termination, then (a) after notice from the Lessor, the Lessee will receive a credit against the Base Rental payable on August 1 of the Fiscal Year in which such amendment becomes effective in an amount equal to the excess, if any, of the aggregate of the interest components of Base Rentals paid by the Lessee during the period between the effective date of the Related Swap Termination and the effective date of such amendment (at the rate used to calculate such interest components) over the Lessee's Proportionate Share of all interest paid on variable rate Bonds other than a principal amount of variable rate Bonds equal to the Debt Service Reserve Requirement during such period, or (b) after notice from the Lessor, the Lessee will pay as Additional Rentals not later than August 1 of the Fiscal Year in which such amendment becomes effective, an amount equal to the excess, if any, of the Lessee's Proportionate Share of all interest paid on variable rate Bonds other than the principal amount of variable rate Bonds equal to the Debt Service Reserve Requirement during the period between the effective date of the Related Swap Termination and the effective date of such amendment over the aggregate of the interest components of Base Rentals paid by the Lessee during such period (at the rate used to calculate such interest components);

(iv) If an assumed interest rate is used to calculate the interest components of Base Rentals following Rate Swap Termination as described in the preceding clause (ii), then (a) after notice from the Lessor, the Lessee will receive a credit against the Base Rental payable on August 1 of each Fiscal Year, commencing with the Fiscal Year next succeeding the first full Fiscal Year during which such assumed interest rate has been effective pursuant to an amendment to Exhibit B, in an amount equal to the excess, if any, of the aggregate of the interest components of Base Rentals paid by the Lessee during the preceding Fiscal Year (at such assumed interest rate) over the Lessee's Proportionate

Share of all interest paid on variable rate Bonds other than a principal amount of variable rate Bonds equal to the Debt Service Reserve Requirement during such Fiscal Year, or (b) after notice from the Lessor, the Lessee will pay as Additional Rentals not later than August 1 of each Fiscal Year commencing with the Fiscal Year next succeeding the first full Fiscal Year during which such assumed interest rate has been effective pursuant to an amendment to Exhibit B, an amount equal to the excess, if any, of the Lessee's Proportionate Share of all interest paid on variable rate Bonds other than the principal amount of variable rate Bonds equal to the Debt Service Reserve Requirement during the preceding Fiscal Year over the aggregate of the interest components of Base Rentals paid by the Lessee during such Fiscal Year (at such assumed interest rate);

(v) While a Rate Swap is in effect with respect to this Lease, the interest components of Base Rental will be calculated without regard to any reamortization of the principal components of Base Rentals (whether as provided in Sections 7.1, 7.2, and 7.4 or otherwise);

(vi) Following a Rate Swap Termination, neither the Lessor nor the Credit Facility Provider shall be obligated to cause another Rate Swap to become effective with respect to this Lease; and

(vii) Other than if the Lessee exercises its option to convert the interest rate on this Lease to a fixed rate as described in Section 6.7 following a Rate Swap Termination, the principal components of Base Rentals do not and will not correspond to fixed rate Bonds.

(f) Prior to May 1 of each Fiscal Year during the Lease Term, the Lessor will inform the Lessee of the amount of Additional Rentals (including, without limitation, Additional Rentals payable under subsection (e) of this Section) that are estimated to be payable during the next ensuing Fiscal Year; and the amount of such estimate of Additional Rentals payable in the next ensuing Fiscal Year, plus the amount of Base Rentals payable in the next ensuing Fiscal Year (as shown on Exhibit B or, if applicable, the most recent amendment to Exhibit B which is or is to be effective with respect to the next ensuing Fiscal Year) will be included in the Lessee's appropriation ordinance for the next ensuing Fiscal Year, subject to the right of the Lessee to terminate the Lease Term as provided in Sections 4.1 and 6.6. In the event the Lease Term is continued for the next ensuing Fiscal Year (as provided in Section 4.1), the Lessee's obligation under this Lease for Lease Rental Payments will be limited to the amount so appropriated for Lease Rental Payments in accordance with the procedures described above and any amounts subsequently appropriated by supplemental

appropriation ordinances for payment of Additional Rentals during such Fiscal Year. If the amount of the Additional Rentals exceeds the estimated amount of the Additional Rentals as described above, the Lessee will use its best efforts to enact or adopt, when needed to pay the same, supplemental appropriation ordinances specifically appropriating the additional amounts actually required to be paid hereunder as Additional Rentals.

Section 6.2. Manner of Payment. All Lease Rental Payments will be paid by check made payable to the Trustee and delivered to the Lessor (or, if the Lessor is not the Program Administrator, the Program Administrator); provided that any payment in excess of \$100,000 will be paid by wire transfer of immediately available funds to the Trustee. The obligation of the Lessee to pay the Base Rentals and Additional Rentals and to perform and observe the covenants and conditions contained herein, during the Lease Term, will be absolute and unconditional except as otherwise expressly provided in this Lease, and payment of the Base Rentals and Additional Rentals may not be abated through accident or unforeseen circumstances or because of payment under the Letter of Credit or any other Collateral Document securing the Lessee's obligations under this Lease or payment of this Lease from the Debt Service Reserve Fund or payment under the Credit Facility or damage to, destruction of, or failure to complete, the Project. Notwithstanding any dispute between the Lessee and the Lessor, or any other person (including any contractor or vendor for the Project), the Lessee will, during the Lease Term, make all payments of Base Rentals and Additional Rentals when due and will not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute, nor will the Lessee assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor (or any of its assigns) will affect the Lessee's obligation to pay all Base Rentals and Additional Rentals during the Lease Term.

Section 6.3. Disposition of Lease Rental Payments. Each Lease Rental Payment will be applied first to the principal component of Base Rentals then due and payable, then as Additional Rentals then due and payable, then to the components of Base Rentals then due and payable other than the interest component and principal component, and finally to the interest component of Base Rentals then due and payable.

Section 6.4. Rental Payments to Constitute Currently Appropriated Expenditures of the Lessee. The Lessee and the Lessor acknowledge and agree that the Base Rentals and Additional Rentals hereunder will constitute currently appropriated expenditures of the Lessee. The Lessee's obligations under this Lease will be subject to the Lessee's annual right to terminate this Lease (as further provided in Sections 4.1 and 6.6) and will not constitute a mandatory charge or requirement in any Fiscal Year beyond the

then current Fiscal Year. No provision of this Lease will be construed as creating a general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation. Neither this Lease nor the issuance of the Bonds will directly or indirectly obligate the Lessee to make any payments beyond those specifically appropriated for its then current Fiscal Year. The Lessee will be under no obligation whatsoever to exercise its option to purchase the Project. No provision of this Lease will be construed to pledge or to create a lien on any class of source of moneys of the Lessee, nor will any provision of this Lease restrict the future issuance of any bonds or other obligations of the Lessee, payable from any class or source of moneys of the Lessee. Notwithstanding the foregoing provisions of this Section, the Lessee's obligation to make the Lease Rental Payments due hereunder during the Lease Term will not be limited to any class or source of revenues of the Lessee, but such Lease Rental Payments will be payable from any funds of the Lessee legally available and appropriated therefor.

Section 6.5. Expression of Lessee's Need for the Project; Determinations as to Fair Market Value and Fair Purchase Price. The Lessee hereby declares its current need for the Project and further determines and declares its expectations that the Project will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being acquired through the Lease Term. It is hereby declared to be the present intention and expectation of the Lessee that this Lease will be continued annually until title to the Project is acquired or reacquired by the Lessee pursuant to this Lease; but this declaration may not be construed as contractually obligating or otherwise binding the Lessee to make appropriations for payment of Base Rentals in future Fiscal Years. The Lessee hereby agrees and determines that the Base Rentals hereunder during the Lease Term represent the fair value of the use of the Project; and that the Optional Prepayment Price represents the fair purchase price of the Project at the time of exercise of the purchase option pursuant to Article XII, if the Lessee chooses to exercise such option. The Lessee hereby determines that, to the best of its knowledge, the Base Rentals do not exceed a reasonable amount so as to place the Lessee under an economic compulsion either not to terminate this Lease or to exercise its option to purchase the Project hereunder. In making such determinations, the Lessee has given consideration to the Costs of the Project, the uses and purposes for which the Project will be employed by the Lessee, the benefit to the Lessee by reason of the acquisition, construction or installation of the Project, the use or occupancy of the Project pursuant to the terms and provisions of this Lease, the Lessee's option to purchase the Project, and the expected eventual vesting of title to the Project in the Lessee. The Lessee hereby determines and declares that, to the best of its knowledge, the period during which the Lessee has an option to purchase the Project (i.e., the maximum term of this Lease) does not exceed the useful life of the Project (or, if the

Project consists of multiple components, the component thereof with the longest useful life).

Section 6.6. Nonappropriation by the Lessee.

(a) In the event that the Lessee fails, for any reason, to duly enact by June 30 of each Fiscal Year an appropriation ordinance for the ensuing Fiscal Year which includes sufficient amounts authorized and directed to be used to pay all Base Rentals to become due during the next ensuing Fiscal Year and all Additional Rentals then due and payable and estimated to become due and payable during the next ensuing Fiscal Year (as provided in Section 6.1), or upon the occurrence of an event described in subsection (b) of this Section, an Event of Nonappropriation will be deemed to have occurred; subject, however, to each of the following provisos:

(1) The Lessor will declare an Event of Nonappropriation on any earlier date on which the Lessor receives official, specific written notice from the Lessee that this Lease will be terminated.

(2) Absent such notice from the Lessee, the Lessor will give written notice to the Lessee of an Event of Nonappropriation, on or before the next July 10; but any failure of the Lessor to give such written notice will not prevent the Lessor from declaring an Event of Nonappropriation or the Lessor or the Credit Facility Provider from taking any remedial action which would otherwise be available to it.

(3) Subject to the terms of the Indenture, the Lessor may, with the prior written consent of the Credit Facility Provider, waive any Event of Nonappropriation which is cured by the Lessee within a reasonable time.

(4) The Lessor will waive any Event of Nonappropriation arising under subsection (a)(i) of this Section (other than an Event of Nonappropriation described in subsection (b) of this Section) which is cured by the Lessee by June 30 of the Fiscal Year, by inclusion in a duly enacted appropriation ordinance sufficient amounts authorized and directed to be used to pay all Base Rentals to become due during the ensuing Fiscal Year and all Additional Rentals then due and payable and all Additional Rentals estimated to be payable in the next ensuing Fiscal Year (as provided in Section 6.1).

(b) If, during any Fiscal Year, any Lease Rental Payments become due in excess of amounts included in a duly

enacted appropriation ordinance for the payment of Lease Rental Payments, then, in the event that moneys are not specifically authorized and directed by the Lessee to be used to pay such Lease Rental Payments by the earlier of June 30 of the then current Fiscal Year or 90 days subsequent to the date upon which such Lease Rental Payments are due, an Event of Nonappropriation will be deemed to have occurred, upon notice by the Lessor to the Lessee to such effect (subject to waiver by the Lessor as provided in subsection (a)(3) of this Section).

(c) If an Event of Nonappropriation occurs, the Lessee will not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments provided for herein beyond the amounts specifically appropriated by the Lessee for the Fiscal Year during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Section 14.3, the Lessee will continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the Lessee continues to use, occupy or retain possession of the Project.

(d) The Lessee will in all events vacate and/or surrender the Project to the Credit Facility Provider by the July 1 following an Event of Nonappropriation. The surrender of any movable personal property comprising a portion of the Project will consist of delivering such property to the Lessor at a site within the jurisdiction of the Lessee selected by the Credit Facility Provider.

(e) Upon the occurrence of an Event of Nonappropriation, all amounts on deposit in the Lessee's Lessee Acquisition Account will be applied as provided in Section 7.2. After the expiration of the Fiscal Year during which an Event of Nonappropriation occurs, the Credit Facility Provider may proceed to repossess and liquidate or re-lease or otherwise dispose of the Project or any portion thereof and may take one or any combination of the steps described in Section 14.2, subject to the limitations set forth in Section 14.3.

Section 6.7. Conversion of Interest Rate. Following a Rate Swap Termination (after which another Rate Swap does not become effective with respect to this Lease), the Lessee may elect to have the interest rate under this Lease converted to a fixed rate upon the terms and conditions set forth in the Indenture; provided, however, that the Lessee must have appropriated sufficient funds to pay all Base Rentals due in accordance with the amendment to Exhibit B which was delivered in connection with such conversion (as described in Section 6.1).

[End of Article VI]

ARTICLE X

MAINTENANCE, TAXES, INSURANCE AND
OTHER CHARGES

Section 10.1. Maintenance of the Project by the Lessee. The Lessee agrees that, at all times during the Lease Term, the Lessee will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and that the Lessee will from time to time promptly make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 8.3 (b). The Lessor, the Issuer, the Trustee, the Credit Facility Provider and the Owners of the Bonds will not have any responsibility in any of these matters or for the making of any additions, modifications, improvements or replacements to the Project.

Section 10.2. Modification of the Project; Installation of Equipment and Machinery of the Lessee. The Lessee will have the privilege of remodeling the Project or making substitutions, additions, modifications and improvements to the Project, at its own cost and expense (however, title to the same will be held in the name of the Lessor, subject to this Lease and the Collateral Documents, and will be included as part of the Project under the terms of this Lease); provided, however, that such remodeling, substitutions, additions, modifications and improvements will not in any way damage the Project or cause the Project to be used for purposes other than lawful governmental functions of the Lessee; and provided further, however, that the Project, as remodeled, modified, improved or altered, upon completion of such remodeling, substitutions, additions, modifications and improvements, will be of a value not less than the value of the Project immediately prior to such remodeling or such making of substitutions, additions, modifications and improvements (assuming the Project was in the condition required by this Lease).

The Lessee may also, from time to time in its sole discretion and at its own expense, but subject to the limitations set forth above, install machinery, equipment and other tangible property in or on the Project. All such machinery, equipment and other tangible property will remain the sole property of the Lessee in which neither the Lessor nor any assignee of the Lessor will have any interest; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to the Project will be held in the name of the Lessor, subject to this Lease and will be included in the Project under the terms of this Lease in the event the Lessor reasonably determines that the Project would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 10.3. Replacement and Substitution of Equipment. The Lessee will not be under any obligation to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary equipment. In any instance where the Lessee determines that any equipment has become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary, the Lessee may remove such equipment from the Project and (on behalf of the Lessor) sell, trade-in, exchange or otherwise dispose of it (as a whole or in part) without any responsibility or accountability to the Lessor or any assignee of the Lessor therefor, provided that the Lessee will either:

(a) Substitute (by direct payment of the costs thereof or by designating as equipment, machinery or other personal property, other than property included as part of the Project pursuant to Section 10.2) and install anywhere in or on the Project, other equipment, machinery or related property having equal or greater value and utility (but not necessarily having the same function) in the operation of the Project; or

(b) Not make any such substitution and installation, provided (i) in the case of the sale of any such equipment to anyone other than itself, or in the case of the scrapping thereof, the Lessee will pay to the Trustee for deposit in the Revenue Fund as a prepayment of Base Rentals (other than the principal components thereof) the Net Proceeds from such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such equipment for other machinery, equipment or related property not to be installed in or on the Project, the Lessee will pay to the Trustee for deposit in the Revenue Fund as a prepayment of Base Rentals (other than the principal components thereof) the amount of the credit received by it in such trade-in and (iii) that in the case of the sale of any such equipment to the Lessee, or in the case of any other disposition thereof, the Lessee will pay to the Trustee for deposit in the Revenue Fund the amount equal to the original cost thereof paid out of the Lessee's Lessee Acquisition Account.

The removal from the Project of any portion of the equipment pursuant to the provisions of this Section 10.3 will not entitle the Lessee to any postponement, abatement or diminution of the Base Rentals or Additional Rentals required to be paid under Section 6.1.

The Lessee will promptly report in writing to the Lessor each removal, substitution, sale or other disposition under subsections (a) and (b) of this Section and will pay to the Trustee (with notice to the Lessor) all amounts required by subsection (b) of this Section promptly after any subsequent sale, scrapping, trade-in or other disposition requiring such payment. All substituted machinery, equipment or related property installed pursuant to this

Section will be free of all liens and encumbrances (other than Permitted Encumbrances) and will become a part of the Project. The Lessee will not remove, or permit the removal of, any of the equipment from the Project except in accordance with this Section. The Lessor and its assignees will cooperate with the Lessee in implementing the Lessee's rights to dispose of equipment pursuant to this Section and will execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith.

Section 10.4. Taxes, Other Governmental Charges and Utility Charges. In the event that the Project or any portion thereof is, for any reason, deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Lessee will, during the Lease Term, appropriate funds for, and pay the amount of, all such taxes, assessments and governmental charges when due. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Lessee will be obligated to provide only for such installments as are required to be paid during the then current Fiscal Year. The Lessee will not allow any liens for taxes, assessments or governmental charges with respect to the Project or any portion thereof to become delinquent (including, without limitation, any taxes levied upon the Project or any portion thereof which, if not paid, will become a charge on the rentals and receipts from the Project or any portion thereof, or any interest therein, including the interest of the Lessor, the Trustee, the Owners of the Bonds or the Credit Facility Provider or the rentals and revenues derived therefrom or hereunder). The Lessee will also appropriate funds for and pay, as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance and upkeep of the Project.

The Lessee may, at the expense and in the name of the Lessee, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Lessor or the Credit Facility Provider notifies the Lessee that, in the opinion of Independent Counsel (whose fees and expenses shall be paid by the Lessee), by nonpayment of any such items the security afforded pursuant to this Lease may be materially endangered or the Project or any portion thereof will be subject to loss or forfeiture, or the Lessor will be subject to liability, in which event such taxes, assessments, utility or other charges will be paid forthwith (provided, however, that such payment will not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

Section 10.5. Provisions Regarding Casualty, Public Liability and Property Damage Insurance. Upon the completion and acceptance

of the Project, the Lessee, at its expense, will cause casualty and property damage insurance with a company or self-insurance fund acceptable to the Lessor and the Credit Facility Provider to be carried and maintained with respect to the Project in an amount equal to the aggregate principal components of Base Rentals payable during the maximum term of this Lease or the replacement cost (excluding foundations) of the Project; whichever is greater. The Lessee will, during the Lease Term, appropriate funds for and pay the cost of such casualty and property damage insurance. The Lessee will, during the Lease Term, comply with the reasonable direction of the Lessor as to the terms of such casualty and property damage insurance, consistent with the requirements of this Section, and as to the selection of a responsible insurer to provide such casualty and property damage insurance. The insurance policy may have a per occurrence deductible clause not in excess of the greater of \$10,000 or the percentage of total Base Rentals due under this Lease specified in Exhibit A. The Project may be insured under a blanket insurance policy which insures other facilities as well as the Project, as long as such blanket insurance policy complies with the requirements of this Lease; provided that the protection afforded under such blanket insurance policy is comparable to that provided under other than a blanket insurance policy. Any casualty and property damage insurance policy required by this Section will name the Lessor, the Trustee and the Credit Facility Provider as additional named insureds and will be so written or endorsed as to make losses, if any, payable to the Trustee (for application as provided in Sections 8.2 and 8.3).

Upon the execution and delivery of this Lease, the Lessee will cause public liability insurance to be carried and maintained with a company or self-insurance fund acceptable to the Lessor and the Credit Facility Provider with respect to the activities to be undertaken by and on behalf of the Lessee in connection with the use of the Project. The Lessee will, during the Lease Term, appropriate funds for and pay the cost of such public liability insurance. The public liability insurance will be in such amount as is approved by the Lessor and the Credit Facility Provider, but in no event in an amount less than \$1,000,000 for personal injury or death in connection with the Project and \$1,000,000 for property damage for any occurrence in connection with the Project. The public liability insurance required by this Section may be by blanket insurance policy or policies; provided that the protection provided under such blanket insurance policy is comparable to that provided under other than a blanket insurance policy. Any public liability insurance policy required by this Section will name the Lessor, the Trustee and the Credit Facility Provider as additional named insureds.

Each insurance policy provided for in this Section will contain a provision to the effect that the insurance company will not cancel or terminate the policy or modify it materially and

Kentucky Association of Counties Leasing Trust Program

Shelby County #3 - Waterlines #2

Assumptions

\$82,000	Lease Amt
County	Lessee Type
5.500000%	Bond Rate
Swap	Bond Type
20	Lease Term (Yrs)
1	Pmts per Yr
240	Total # Pmts
12	Pmts per Yr
\$82,000,000	Max Tot Projects
\$83,000,000	Total MMM Bonds
\$22,000,000	Total Fixed Bonds
0	Int & Fee Only Pmts

0.1000%	Prop Share
0.250%	Admin Fee
0.500%	Credit Fee
0.233%	Fiduc Fees*
\$53,000.00	*Trustee
\$32,000.00	*Pay Agent
\$2,500.00	*Rating Agt
\$103,750.00	*Remkts
\$0.00	*Others
0.000%	Local LOC
\$6,861.71	Calc P+I Amt

(on LOC Amt, on Par 0.541%)

Projected
Annual Total Pmts

Base+LOC	FY
\$6,597	1
\$7,165	2
\$8,007	3
\$7,811	4
\$7,616	5
\$7,420	6
\$7,224	7
\$7,028	8
\$7,806	9
\$7,545	10
\$7,284	11
\$7,023	12
\$6,762	13
\$7,474	14
\$7,147	15
\$6,821	16
\$7,468	17
\$7,076	18
\$6,685	19
\$7,266	20
\$0	21
\$0	22
\$0	23
\$0	24
\$0	25
\$0	26
\$0	27
\$0	28
\$0	29
\$0	30
\$145,225	Total

Estimated Lease Size

Project	\$82,000.00	100.000%
LOC Application	N \$0.00	0.000%
Takedown	\$0.00	0.000%
Share of Issuance ***	N \$0.00	0.000%
Closing expenses	N \$0.00	0.000%
1st Payment	N \$0.00	0.000%
Contingency	\$0.00	0.000%
	\$82,000.00	100.000%

*** to be rebated after Parity

Estimated Cost Summary

Total Interest	\$53,301.93
Total Admin Fees	\$2,423.09
Total Credit Fees	\$5,239.39
Total Fiduciary Fees	\$2,260.16
Total Local LOC	\$0.00
Total Cost	\$63,224.57
Effective Interest Rate	6.524%
Internal Rate of Return (IRR)	6.554%

Kentucky Association of Counties Leasing Trust Program

Shelby County #3 - Waterlines #2

EXHIBIT B

Base Rentals

#	Date	Base Rental Principal Component	Base Rental Interest Component *	Admin Fees	Credit Fees	Fiduciary Fees	Total Base Rental	Prin Balance	New LOC Amt
	08/07/96							82,000	88,663
1	09/20/96	0.00	538.69	24.49	52.95	22.84	638.97	82,000	88,663
2	10/20/96	0.00	375.83	17.08	36.94	15.94	445.79	82,000	88,663
3	11/20/96	0.00	375.83	17.08	36.94	15.94	445.79	82,000	88,663
4	12/20/96	0.00	375.83	17.08	36.94	15.94	445.79	82,000	88,663
5	01/20/97	2,000.00	375.83	17.08	36.94	15.94	2,445.79	80,000	86,500
6	02/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
7	03/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
8	04/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
9	05/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
10	06/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
11	07/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
12	08/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
13	09/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
14	10/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
15	11/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
16	12/20/97	0.00	366.67	16.67	36.04	15.55	434.93	80,000	86,500
17	01/20/98	2,000.00	366.67	16.67	36.04	15.55	2,434.93	78,000	84,338
18	02/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
19	03/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
20	04/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
21	05/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
22	06/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
23	07/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
24	08/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
25	09/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
26	10/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
27	11/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
28	12/20/98	0.00	357.50	16.25	35.14	15.16	424.05	78,000	84,338
29	01/20/99	3,000.00	357.50	16.25	35.14	15.16	3,424.05	75,000	81,094
30	02/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
31	03/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
32	04/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
33	05/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
34	06/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
35	07/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
36	08/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
37	09/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
38	10/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
39	11/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
40	12/20/99	0.00	343.75	15.63	33.79	14.58	407.75	75,000	81,094
41	01/20/00	3,000.00	343.75	15.63	33.79	14.58	3,407.75	72,000	77,850
42	02/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
43	03/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
44	04/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
45	05/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
46	06/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
47	07/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
48	08/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
49	09/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
50	10/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
51	11/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
52	12/20/00	0.00	330.00	15.00	32.44	13.99	391.43	72,000	77,850
53	01/20/01	3,000.00	330.00	15.00	32.44	13.99	3,391.43	69,000	74,606
54	02/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
55	03/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
56	04/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
57	05/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
58	06/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606

Kentucky Association of Counties Leasing Trust Program

Shelby County #3 - Waterlines #2

EXHIBIT B

Base Rentals

#	Date	Base Rental Principal Component	Base Rental Interest Component *	Admin Fees	Credit Fees	Fiduciary Fees	Total Base Rental	Prin Balance	New LOC Amt
59	07/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
60	08/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
61	09/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
62	10/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
63	11/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
64	12/20/01	0.00	316.25	14.38	31.09	13.41	375.13	69,000	74,606
65	01/20/02	3,000.00	316.25	14.38	31.09	13.41	3,375.13	66,000	71,363
66	02/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
67	03/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
68	04/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
69	05/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
70	06/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
71	07/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
72	08/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
73	09/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
74	10/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
75	11/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
76	12/20/02	0.00	302.50	13.75	29.73	12.83	358.81	66,000	71,363
77	01/20/03	3,000.00	302.50	13.75	29.73	12.83	3,358.81	63,000	68,119
78	02/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
79	03/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
80	04/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
81	05/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
82	06/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
83	07/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
84	08/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
85	09/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
86	10/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
87	11/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
88	12/20/03	0.00	288.75	13.13	28.38	12.24	342.50	63,000	68,119
89	01/20/04	3,000.00	288.75	13.13	28.38	12.24	3,342.50	60,000	64,875
90	02/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
91	03/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
92	04/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
93	05/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
94	06/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
95	07/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
96	08/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
97	09/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
98	10/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
99	11/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
100	12/20/04	0.00	275.00	12.50	27.03	11.66	326.19	60,000	64,875
101	01/20/05	4,000.00	275.00	12.50	27.03	11.66	4,326.19	56,000	60,550
102	02/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
103	03/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
104	04/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
105	05/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
106	06/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
107	07/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
108	08/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
109	09/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
110	10/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
111	11/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
112	12/20/05	0.00	256.67	11.67	25.23	10.88	304.45	56,000	60,550
113	01/20/06	4,000.00	256.67	11.67	25.23	10.88	4,304.45	52,000	56,225
114	02/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
115	03/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
116	04/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
117	05/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225

Kentucky Association of Counties Leasing Trust Program

Shelby County #3 - Waterlines #2

EXHIBIT B

Base Rentals

#	Date	Base Rental Principal Component	Base Rental Interest Component *	Admin Fees	Credit Fees	Fiduciary Fees	Total Base Rental	Prin Balance	New LOC Amt
118	06/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
119	07/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
120	08/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
121	09/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
122	10/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
123	11/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
124	12/20/06	0.00	238.33	10.83	23.43	10.11	282.70	52,000	56,225
125	01/20/07	4,000.00	238.33	10.83	23.43	10.11	4,282.70	48,000	51,900
126	02/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
127	03/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
128	04/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
129	05/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
130	06/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
131	07/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
132	08/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
133	09/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
134	10/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
135	11/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
136	12/20/07	0.00	220.00	10.00	21.63	9.33	260.96	48,000	51,900
137	01/20/08	4,000.00	220.00	10.00	21.63	9.33	4,260.96	44,000	47,575
138	02/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
139	03/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
140	04/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
141	05/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
142	06/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
143	07/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
144	08/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
145	09/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
146	10/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
147	11/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
148	12/20/08	0.00	201.67	9.17	19.82	8.55	239.21	44,000	47,575
149	01/20/09	4,000.00	201.67	9.17	19.82	8.55	4,239.21	40,000	43,250
150	02/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
151	03/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
152	04/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
153	05/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
154	06/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
155	07/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
156	08/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
157	09/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
158	10/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
159	11/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
160	12/20/09	0.00	183.33	8.33	18.02	7.77	217.45	40,000	43,250
161	01/20/10	5,000.00	183.33	8.33	18.02	7.77	5,217.45	35,000	37,844
162	02/20/10	0.00	160.42	7.29	15.77	6.80	190.28	35,000	37,844
163	03/20/10	0.00	160.42	7.29	15.77	6.80	190.28	35,000	37,844
164	04/20/10	0.00	160.42	7.29	15.77	6.80	190.28	35,000	37,844
165	05/20/10	0.00	160.42	7.29	15.77	6.80	190.28	35,000	37

Kentucky Association of Counties Leasing Trust Program

Shelby County #3 - Waterlines #2

EXHIBIT B
Base Rentals

#	Date	Base Rental Principal Component	Base Rental Interest Component *	Admln Fees	Credit Fees	Fiduciary Fees	Total Base Rental	Prin Balance	New LOC Amt
177	05/20/11	0.00	137.50	6.25	13.52	5.83	163.10	30,000	32,438
178	06/20/11	0.00	137.50	6.25	13.52	5.83	163.10	30,000	32,438
179	07/20/11	0.00	137.50	6.25	13.52	5.83	163.10	30,000	32,438
180	08/20/11	0.00	137.50	6.25	13.52	5.83	163.10	30,000	32,438
181	09/20/11	0.00	137.50	6.25	13.52	5.83	163.10	30,000	32,438
182	10/20/11	0.00	137.50	6.25	13.52	5.83	163.10	30,000	32,438
183	11/20/11	0.00	137.50	6.25	13.52	5.83	163.10	30,000	32,438
184	12/20/11	0.00	137.50	6.25	13.52	5.83	163.10	30,000	32,438
185	01/20/12	5,000.00	137.50	6.25	13.52	5.83	5,163.10	25,000	27,031
186	02/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
187	03/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
188	04/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
189	05/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
190	06/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
191	07/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
192	08/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
193	09/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
194	10/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
195	11/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
196	12/20/12	0.00	114.58	5.21	11.26	4.86	135.91	25,000	27,031
197	01/20/13	6,000.00	114.58	5.21	11.26	4.86	6,135.91	19,000	20,544
198	02/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
199	03/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
200	04/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
201	05/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
202	06/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
203	07/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
204	08/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
205	09/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
206	10/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
207	11/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
208	12/20/13	0.00	87.08	3.96	8.56	3.69	103.29	19,000	20,544
209	01/20/14	6,000.00	87.08	3.96	8.56	3.69	6,103.29	13,000	14,056
210	02/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
211	03/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
212	04/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
213	05/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
214	06/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
215	07/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
216	08/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
217	09/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
218	10/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
219	11/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
220	12/20/14	0.00	59.58	2.71	5.86	2.53	70.68	13,000	14,056
221	01/20/15	6,000.00	59.58	2.71	5.86	2.53	6,070.68	7,000	7,569
222	02/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
223	03/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
224	04/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
225	05/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
226	06/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
227	07/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
228	08/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
229	09/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
230	10/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
231	11/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
232	12/20/15	0.00	32.08	1.46	3.15	1.36	38.05	7,000	7,569
233	01/20/16	7,000.00	32.08	1.46	3.15	1.36	7,038.05	0	0
234	02/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0	0
235	03/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0	0

Kentucky Association of Counties Leasing Trust Program

Shelby County #3 - Waterlines #2

EXHIBIT B
Base Rentals

#	Date	Base Rental Principal Component	Base Rental Interest Component *	Admin Fees	Credit Fees	Fiduciary Fees	Total Base Rental	Prin Balance	New LOC Amt
236	04/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0	0
237	05/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0	0
238	06/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0	0
239	07/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0	0
240	08/20/16	0.00	0.00	0.00	0.00	0.00	0.00	0	0
		=====	=====	=====	=====	=====	=====		
		\$82,000.00	\$53,301.93	\$2,423.09	\$5,239.39	\$2,260.16	\$145,224.57		

* Computed at an assumed rate per annum equal to 5.500000%, such rate being the fixed rate per annum payable under the Swap Rate in respect to the Lease.

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND B

PROJECT NUMBER	B15-007
BORROWER:	U.S. 60 Water District
BORROWER'S ADDRESS	PO Box 97 Bagdad, Kentucky 40003
DATE OF ASSISTANCE AGREEMENT:	November 1, 2016

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

"Commonwealth" shall mean the Commonwealth of Kentucky.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article I]

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article II]

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

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

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

[End of Article III]

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article IV]

ARTICLE V

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article V]

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article VI]

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

[End of Article IX]

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

ATTEST:

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

Brendi Norton

By: Sandra K. Dunahoo

Title: SECRETARY

Title: BOARD CHAIR

ATTEST:

**GOVERNMENTAL AGENCY:
U.S. 60 WATER DISTRICT**

By: Stephen D Miller

By: Will Eggen

Title: Secretary

Title: Chairman

APPROVED:

EXAMINED:

William M. Randrum

Dunsmore & Shook

SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

Patrick M. D.

APPROVED

FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
U.S. 60 WATER DISTRICT
PROJECT SPECIFICS
B15-007

GOVERNMENTAL AGENCY:

Name: U.S. 60 Water District
P.O. Box 97
Bagdad, KY 40003

Contact

Person: William Eggen
Chairman

SYSTEM: Infrastructure

PROJECT:

This project will construct approximately 31,000 linear feet (LF) of 12 inch waterline along US 60 from Shelbyville to the new water tank at Peytona as well as a new booster pump station.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 11,500
Legal Expenses	10,000
Planning	15,000
Engineering Fees - Design / Const	143,500
Engineering Fees - Inspection	86,500
Construction	1,850,000
Contingency	209,500
Total	\$ 2,326,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 2,300,000	99%
Local Funds	26,000	1%
Total	\$ 2,326,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 2,300,000
Amortized Loan Amount	\$ 2,300,000
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 136,794
Administrative Fee (0.20%)	4,600
Total Estimated Annual Debt Service	\$ 141,394

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

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

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

REPLACEMENT RESERVE ACCOUNT:	\$ 5,800 ANNUAL AMOUNT
	\$ 58,000 TOTAL AMOUNT

The annual replacement cost is \$5,800. This amount should be added to the replacement account each December 1 until the balance reaches \$58,000 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>
1998 Revenue Bonds	\$ 370,100	2038
2008A Revenue Bonds	136,800	2047
2008B Revenue Bonds	584,000	2047
2013B Revenue Bonds	455,000	2032
KIA (B14-003, i/a/o \$1.3M)	762,216	2035
Total	\$ 2,308,116	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	<u>1,000,000⁰⁰</u>
Death or Personal Injury (per occurrence)	<u>2,000,000⁰⁰</u>
Property Damage on System	<u>100,000⁰⁰</u>

EXHIBIT B
REQUEST FOR PAYMENT AND PROJECT STATUS REPORT

Borrower: _____

WX/SX Number: _____
 Draw Number _____

KIA Loan # _____
 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	<u>Expenses This Request</u>	<u>Expenses to Date</u>	<u>Project Budget</u>	<u>Balance</u>
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	<u>Expenses This Request</u>	<u>Expenses to Date</u>	<u>Project Budget</u>	<u>Balance</u>
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)

Line Item	Draw #	Vender	Amount
------------------	---------------	---------------	---------------

Certificate of Consulting Engineers as to
Payment Request

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

Engineer/Consultant

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

The following rates and charges are prescribed for the customers in the area served by U.S. 60 Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Rates

5/8- X 3/4-Inch Meters

First 1,000 Gallons	\$ 14.14 Minimum Bill
Next 2,000 Gallons	7.69 Per 1,000 Gallons
Next 2,000 Gallons	6.43 Per 1,000 Gallons
Over 5,000 Gallons	5.82 Per 1,000 Gallons

1-Inch Meters

First 5,000 Gallons	\$ 42.38 Minimum Bill
Over 5,000 Gallons	5.82 Per 1,000 Gallons

2-Inch Meters

First 25,000 Gallons	\$158.78 Minimum Bill
Over 25,000 Gallons	5.82 Per 1,000 Gallons

Bulk User Rate

First 1,000 Gallons	\$ 3.98 Minimum Bill
Over 1,000 Gallons	3.98 Per 1,000 Gallons

Wholesale Water Rates

First 25,000 Gallons	\$158.78 Minimum Bill
Over 25,000 Gallons	5.82 Per 1,000 Gallons

EXHIBIT D

RESOLUTION

RESOLUTION OF THE U.S. 60 WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE U.S. 60 WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY

WHEREAS, the Board of Commissioners, ("governing authority") of the U.S. 60 Water District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain water facilities and improvements to the Water System being maintained and operated by the Governmental Agency (the "Project"); and

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

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

NOW, THEREFORE, BE IT RESOLVED by the U.S. 60 Water District, as follows:

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

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

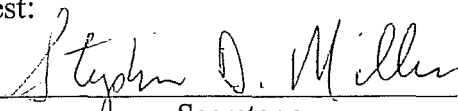
SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on 12-01, 2016.



Chairman

Attest:




Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the U.S. 60 Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said Agency at a meeting duly held on _____, 2016; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; 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 1ST day of Dec., 2016.



Secretary

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and the U.S. 60 Water District, dated as of November 1, 2016

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the U.S. 60 Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the infrastructure project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN
THE U.S. 60 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: _____

U.S. 60 WATER DISTRICT, GOVERNMENTAL
AGENCY

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

10831092v1

KENTUCKY INFRASTRUCTURE AUTHORITY
ASSISTANCE AGREEMENT

FUND B

PROJECT NUMBER B14-003
BORROWER: US 60 Water District
BORROWER'S ADDRESS PO Box 97
Bagdad, Kentucky 40003
DATE OF ASSISTANCE AGREEMENT: September 1, 2014

2014 SEP 25 PM 3 28
RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

AP 13 # 6(b)

ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

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

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

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

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

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

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

ARTICLE I
DEFINITIONS

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

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

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

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

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

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

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

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

"Commonwealth" shall mean the Commonwealth of Kentucky.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article I]

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article II]

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

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

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

[End of Article III]

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article IV]

ARTICLE V

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article V]

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article VI]

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

[End of Article IX]

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

ATTEST:

KENTUCKY INFRASTRUCTURE
AUTHORITY

Jeff Abshire
SECRETARY
Title: _____

By: [Signature]
EXECUTIVE DIRECTOR
Title: _____

ATTEST:

GOVERNMENTAL AGENCY:
US 60 WATER DISTRICT

By: Stephen D. Miller
Title: Secretary

By: Will Eggen
Title: Chairman

APPROVED:

EXAMINED:

Leri A. Flanery
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

Beck Shaffer Williams, a division of D. Williams & Shull W
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

Patrick McDevitt
APPROVED
FINANCE AND ADMINISTRATION CABINET

2011 SEP 19 PM 11 49
RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

EXHIBIT A
US 60 WATER DISTRICT
PROJECT SPECIFICS
B14-003

GOVERNMENTAL AGENCY:

Name: US 60 Water District
PO Box 97
Bagdad, KY 40003

Contact

Person: Bill Eggen
Chairman

SYSTEM: Infrastructure

PROJECT:

This project includes construction of a new 750,000 gallon elevated water tower. The project will increase storage capacity from less than one day of water demand to approximately two days of demand.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 6,500
Legal Expenses	5,000
Planning	4,330
Engineering Fees - Design	93,744
Engineering Fees - Const / Inspection	96,236
Construction	<u>1,400,000</u>
Total	\$ 1,605,810

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 1,300,000	81%
Water District Funds	305,810	19%
Total	\$ 1,605,810	100%

KIA DEBT SERVICE:

Construction Loan	\$ 1,300,000
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 77,318
Administrative Fee (0.20%)	2,600
Total Estimated Annual Debt Service	\$ 79,918

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/14).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/15).

REPLACEMENT RESERVE ACCOUNT:	\$ 3,300 ANNUAL AMOUNT
	\$ 33,000 TOTAL AMOUNT

The annual replacement cost is \$3,300. This amount should be added to the replacement account each December 1 until the balance reaches \$33,000 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>
Bond Payable Issued 1986	\$ 257,000	2025
Bond Payable Issued 1992	233,800	2032
Bond Payable Issued 1998	386,700	2038
Bond Payable Issued 2008A	140,300	2047
Bond Payable Issued 2008B	599,000	2047
KIA (C91-15)	52,500	2014
Total	\$ 1,669,300	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	\$ 6,000,000.00
Death or Personal Injury (per occurrence)	\$ 6,000,000.00
Property Damage on System	6,000,000.00

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

ATTEST:

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

Jeff Abshier
Title: SECRETARY

By: *[Signature]*
Title: EXECUTIVE DIRECTOR

ATTEST:

**GOVERNMENTAL AGENCY:
US 60 WATER DISTRICT**

By: *Stephen A. Miller*
Title: Secretary

By: *Will. Egan*
Title: Chairman

APPROVED:

EXAMINED:

Loritt Flanery
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

Peck Shalke + Wellman, a division of Ed. Morris + Shull Co
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

Patrick M. Lee
APPROVED

FINANCE AND ADMINISTRATION CABINET

RESOLUTION

RESOLUTION OF THE US 60 WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE US 60 WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners, ("governing authority") of the US 60 Water District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain water facilities and improvements to the Water System being maintained and operated by the Governmental Agency (the "Project"); and

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

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

NOW, THEREFORE, BE IT RESOLVED by the US 60 Water District, as follows:

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

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

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

ADOPTED on August 19, 2014.


Chairman

Attest:

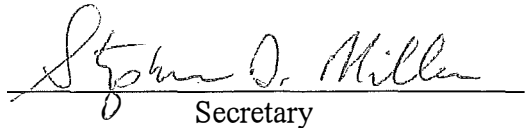

Secretary

2014 SEP 19 PM 11 50
RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the US 60 Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said Agency at a meeting duly held on August 19, 2014; 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 1 day of September, 2014.


Secretary

7250652v1

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY INFRASTRUCTURE AUTHORITY
AND
US 60 WATER DISTRICT
DATED: SEPTEMBER 1, 2014
FUND: B14-003

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.
ATTORNEYS AT LAW
500 MAIN STREET, SUITE 5
SHELBYVILLE, KENTUCKY 40065

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD. T. PRATHER
NATHAN T. RIGGS
ERIN R RATLIFF

TELEPHONE: (502) 633-5220
FAX: (502) 633-0667

E-MAIL: dprather@iglou.com

September 1, 2014

Kentucky Infrastructure Authority
1024 Capital Center Drive, Ste. 340
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and
US 60 Water District dated September 1, 2014

RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY
2014 SEP 19 AM 11 49

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 US 60 Water District, hereinafter referred to as the "Governmental Agency." I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the infrastructure project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

Very truly yours,



Donald T. Prather

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached Rate Schedule

FOR Shelby, Franklin, Spencer and Anderson Counties

P.S.C KY. No. 2013-00312

U.S. 60 Water Dist. of Shelby & Franklin Counties, KY

CANCELING P S C KY. No. 2013-00153

RATES & CHARGES

5/8 X 3/4 Inch Meter:

First	1,000 gallons	\$13.60 Minimum Bill
Next	2,000 gallons	7 15 per 1,000 gallons
Next	2,000 gallons	5.89 per 1,000 gallons
All over	5,000 gallons	5.28 per 1,000 gallons

1 Inch Meter:

First	5,000 gallons	\$39.68 Minimum Bill
All over	5,000 gallons	5 28 per 1,000 gallons

2 Inch Meter:

First	25,000 gallons	\$145.28 Minimum Bill
All over	25,000 gallons	5.28 per 1,000 gallons

Bulk User Rate:


First	1,000 gallons	\$3 44 Minimum Bill
All over	1,000 gallons	3.44 per 1,000 gallons

Wholesale Water Rates:

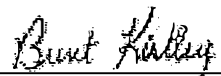
First	25,000 gallons	\$145 28 Minimum Bill
All over	25,000 gallons	5.28 per 1,000 gallons

Date of Issue September 30, 2013

Date Effective July 28, 2013

Issued By 
William Eggen, Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO 2013-00312 DATED September 11, 2013

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 7/28/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

U.S. 60 WATER DISTRICT

DATED

FEBRUARY 27, 2013

IN THE AMOUNT OF \$490,000

This document was prepared by:

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

By

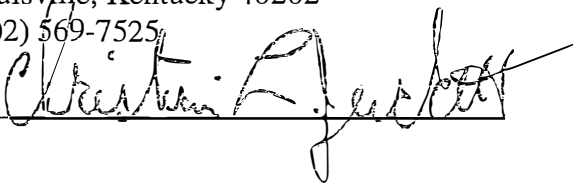


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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of February 27, 2013 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the U.S. 60 Water District, P.O. Box 97, Bagdad, Kentucky 40003 (the "Governmental Agency"):

WITNESSETH

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2013B (the "Series 2013B Bonds") in the aggregate principal amount of \$17,365,000, pursuant to a Supplemental Trust Indenture No. 51, dated as of February 27, 2013 by and between the Issuer and the Trustee, which Series 2013B Bonds will rank on a parity with the Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental entities and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its:

1. U.S. 60 Water District Waterworks Revenue Bonds of 1985, dated July 17, 1986, in the original authorized principal amount of \$350,000, and
2. U.S. 60 Water District Waterworks Revenue Bonds of 1992, dated November 30, 1992, in the original authorized principal amount of \$294,000,

(collectively the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"); and

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

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

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

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$490,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

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

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

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

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

"*Bond Legislation of 1985*" or "*1985 Bond Legislation*" refer to the Resolution authorizing the Series 1985 Bonds, duly adopted by the Governing Body of the Governmental Agency on August 27, 1985.

"*Bond Legislation of 1992*" or "*1992 Bond Legislation*" refer to the Resolution authorizing the Series 1992 Bonds, duly adopted by the Governing Body of the Governmental Agency on June 30, 1992.

"*Bond Legislation of 1998*" or "*1998 Bond Legislation*" refer to the Resolution authorizing the Series 1998 Bonds, duly adopted by the Governing Body of the Governmental Agency on June 16, 1998.

"*Bond Legislation of 2008*" or "*2008 Bond Legislation*" refer to the Resolution authorizing the Series 2008 Bonds, duly adopted by the Governing Body of the Governmental Agency on March 18, 2008.

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

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

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

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

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

"*Depreciation Fund*" refers to the U.S. 60 Water District Depreciation Reserve Fund, created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

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

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

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

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

"*Governmental Agency*" refers to the U.S. 60 Water District, P.O. Box 97, Bagdad, Kentucky 40003.

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

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

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 51, dated February 27, 2013, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing April 1, 2013 and continuing through and including January 1, 2032 or until the Loan has been paid in full.

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

"*KIA Loans*" refers to the outstanding Kentucky Infrastructure Authority loans to the Governmental Agency pursuant to Assistance Agreements dated March 1, 1991 and April 1, 1993.

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$490,000, maturing January 1, 2032.

"*Operation and Maintenance Fund*" refers to the U.S. 60 Water District Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of the System.

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

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

"*Permitted Investments*" refers to the following:

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

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

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

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

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

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or

similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

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

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

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

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

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

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

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

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

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

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

"Prior Bond Legislation" refers to the 1998 Bond Legislation and 2008 Bond Legislation.

"Prior Bonds" refers collectively to the Series 1998 Bonds and Series 2008 Bonds.

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

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

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

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

"*Refunded Bonds*" refers to the Series 1985 Bonds and Series 1992 Bonds.

"*Revenue Fund*" refers to the U.S. 60 Water District Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"*Series 1985 Bonds*" refers to the outstanding U.S. 60 Water District Waterworks Revenue Bonds of 1985, dated July 17, 1986, in the original authorized principal amount of \$350,000.

"*Series 1992 Bonds*" refers to the outstanding U.S. 60 Water District Waterworks Revenue Bonds of 1992, dated November 30, 1992, in the original authorized principal amount of \$294,000.

"*Series 1998 Bonds*" refers to the outstanding U.S. 60 Water District Waterworks Revenue Bonds, Series 1998, dated September 24, 1998, in the original authorized principal amount of \$460,700.

"*Series 2008 Bonds*" refers to the outstanding U.S. 60 Water District Waterworks Revenue Bonds of 2008, dated June 7, 1994, in the original authorized principal amount of \$662,000.

"*Sinking Fund*" refers to the U.S. 60 Water District Water System Sinking Fund created in the Prior Bond Legislation and which Sinking Fund will continue to be maintained for the benefit of all of the Bonds.

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

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

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

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

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

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$490,000 from the Program, for the purpose of providing funds for the Project.

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

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

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

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

Section 4. Redemption.

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

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

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

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

Section 5. Recognition of Prior Bonds. The Governmental Agency hereby expressly recognizes and acknowledges that the Governmental Agency has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Legislation.

Section 6. Obligations Payable Out of Gross Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the gross revenues of the System of said Governmental Agency.

Section 7. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 8. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Obligations, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

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

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

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

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

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

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

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

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

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

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

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

Section 9. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the delivery of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

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

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

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

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "U.S. 60 Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and such amount on deposit in said Governmental Agency Account shall be transferred:

(1) To the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Series 1992 Bonds:

(i) To pay the interest on the Series 1992 Bonds to and including March 1, 2013; and

(ii) To redeem on March 1, 2013 at a price equal to 100% of principal amount the Series 1992 Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Series 1992 Bonds.

(2) To Berkadia Commercial Mortgage, LLC ("Berkadia"), the holder of the Series 1985 Bonds:

(i) To pay the interest on the Series 1985 Bonds to and including March 1, 2013; and

(ii) To redeem on March 1, 2013 at a price equal to 100% of principal amount the Series 1985 Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Series 1985 Bonds.

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

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

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

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

Section 10. Arbitrage Limitations.

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

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

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

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

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

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

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the

Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

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

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

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

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

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

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

Section 11. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the

Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided:

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

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

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

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

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

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

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

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the "RD"] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

(f) The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

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

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

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

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

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

Section 12. Rates and Charges for Services of the System. While the Obligations remain outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the annual net revenues (as defined in Section 11 hereof) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 11 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 11 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 13. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 14. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such U.S. Obligations shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the

outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 15. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 16. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

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

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer.

Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 17. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 18. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is executed in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with

covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 19. Insurance.

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

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

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

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

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

Section 20. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

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

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

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

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

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

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

Section 21. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2012) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

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

Section 22. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;

(b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;

(c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;

(d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;

(e) to effect the issuance of additional Parity Bonds; and/or

(f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 23. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 24. 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 25. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 26. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 27. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the U.S. 60 Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

U.S. 60 WATER DISTRICT

By William Egan
Chairman

Attest:

By Stephen D. Miller
Secretary

EXHIBIT A

Debt Service Schedule

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2013 B

Borrower: U.S. 60 Water District
 Closing Date: 02/27/13

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
01/01/13						
07/01/13			5,596.40		5,596.40	5,596.40
01/01/14	35,000.00	2.300%	6,541.25	250.00	41,791.25	
07/01/14			6,138.75		6,138.75	47,930.00
01/01/15	30,000.00	2.300%	6,138.75	250.00	36,388.75	
07/01/15			5,793.75		5,793.75	42,182.50
01/01/16	30,000.00	2.300%	5,793.75	250.00	36,043.75	
07/01/16			5,448.75		5,448.75	41,492.50
01/01/17	30,000.00	2.300%	5,448.75	250.00	35,698.75	
07/01/17			5,103.75		5,103.75	40,802.50
01/01/18	35,000.00	2.300%	5,103.75	250.00	40,353.75	
07/01/18			4,701.25		4,701.25	45,055.00
01/01/19	35,000.00	2.300%	4,701.25	250.00	39,951.25	
07/01/19			4,298.75		4,298.75	44,250.00
01/01/20	35,000.00	2.300%	4,298.75	250.00	39,548.75	
07/01/20			3,896.25		3,896.25	43,445.00
01/01/21	35,000.00	2.800%	3,896.25	250.00	39,146.25	
07/01/21			3,406.25		3,406.25	42,552.50
01/01/22	35,000.00	2.800%	3,406.25	250.00	38,656.25	
07/01/22			2,916.25		2,916.25	41,572.50
01/01/23	40,000.00	2.800%	2,916.25	250.00	43,166.25	
07/01/23			2,356.25		2,356.25	45,522.50
01/01/24	40,000.00	2.925%	2,356.25	250.00	42,606.25	
07/01/24			1,771.25		1,771.25	44,377.50
01/01/25	40,000.00	3.050%	1,771.25	250.00	42,021.25	
07/01/25			1,161.25		1,161.25	43,182.50
01/01/26	10,000.00	3.050%	1,161.25	250.00	11,411.25	
07/01/26			1,008.75		1,008.75	12,420.00
01/01/27	10,000.00	3.300%	1,008.75	250.00	11,258.75	
07/01/27			843.75		843.75	12,102.50
01/01/28	10,000.00	3.300%	843.75	250.00	11,093.75	
07/01/28			678.75		678.75	11,772.50
01/01/29	10,000.00	3.300%	678.75	250.00	10,928.75	
07/01/29			513.75		513.75	11,442.50
01/01/30	10,000.00	3.300%	513.75	250.00	10,763.75	
07/01/30			348.75		348.75	11,112.50
01/01/31	10,000.00	3.425%	348.75	250.00	10,598.75	
07/01/31			177.50		177.50	10,776.25
01/01/32	10,000.00	3.550%	177.50	250.00	10,427.50	
07/01/32						10,427.50
Totals	<u>490,000.00</u>		<u>113,265.15</u>	<u>4,750.00</u>	<u>608,015.15</u>	<u>608,015.15</u>

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

**Borrower: U.S. 60 Water District
Closing Date: 02/27/13**

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
4/13-7/13	3,500.00	1,399.10	4,899.10
8/13-1/14	3,500.00	1,090.21	4,590.21
2/14-8/14	2,500.00	1,023.13	3,523.13
8/14-1/15	2,500.00	1,023.13	3,523.13
2/15-7/15	2,500.00	965.63	3,465.63
8/15-1/16	2,500.00	965.63	3,465.63
2/16-7/16	2,500.00	908.13	3,408.13
8/16-1/17	2,500.00	908.13	3,408.13
2/17-7/17	2,916.67	850.63	3,767.29
8/17-1/18	2,916.67	850.63	3,767.29
2/18-7/18	2,916.67	783.54	3,700.21
8/18-1/19	2,916.67	783.54	3,700.21
2/19-7/19	2,916.67	716.46	3,633.13
8/19-1-20	2,916.67	716.46	3,633.13
2/20-7/20	2,916.67	649.38	3,566.04
8/20-1/21	2,916.67	649.38	3,566.04
2/21-7/21	2,916.67	567.71	3,484.38
8/21-1/22	2,916.67	567.71	3,484.38
2/22-7/22	3,333.33	486.04	3,819.38
8/22-1/23	3,333.33	486.04	3,819.38
2/23-7/23	3,333.33	392.71	3,726.04
8/23-1/24	3,333.33	392.71	3,726.04
2/24-7/24	3,333.33	295.21	3,628.54
8/24-1/25	3,333.33	295.21	3,628.54
2/25-7/25	833.33	193.54	1,026.88
8/25-1/26	833.33	193.54	1,026.88
2/26-7/26	833.33	168.13	1,001.46
8/26-1/27	833.33	168.13	1,001.46
2/27-7/27	833.33	140.63	973.96
8/27-1/28	833.33	140.63	973.96
2/28-7/28	833.33	113.13	946.46
8/28-1/29	833.33	113.13	946.46
2/29-7/29	833.33	85.63	918.96
8/29-1/30	833.33	85.63	918.96
2/30-7/30	833.33	58.13	891.46
8/30-2/31	833.33	58.13	891.46
2/31-7/31	833.33	29.58	862.92
8/31-1/32	833.33	29.58	862.92
2/32-7/32	-	-	-
	<u>490,000.00</u>	<u>113,265.15</u>	<u>603,265.15</u>

U.S. 60 WATER DISTRICT OF SHELBY, SPENCER AND FRANKLIN COUNTIES
 Annual Requirements for Bonds Payable
 For 12/31/16

	USDA 1998 Bonds		USDA 2008A		USDA 2008B		USDA 2013B		Totals		December 31, 2016			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2007	6,200	19,143							6,200	19,143	2017	50,800	58,165	108,965
2008	6,500	18,857							6,500	18,857	2018	56,200	56,462	112,662
2009	6,800	18,558							6,800	18,558	2019	56,800	54,677	111,477
2010	7,100	18,245	1,500	6,491	6,000	28,490			14,600	53,226	2020	58,300	52,846	111,146
2011	7,400	17,919	1,600	6,422	7,000	28,189			16,000	52,530	2021	59,000	50,878	109,878
2012	7,800	17,577	1,600	6,350	7,000	27,866			16,400	51,793	2022-2026	304,000	220,683	524,683
2013	8,100	17,219	1,700	6,275	7,000	27,542		5,596	16,800	56,632	2027-2031	224,600	170,249	394,849
2014	8,500	16,846	1,800	6,197	8,000	27,195	35,000	12,680	53,300	62,918	2032-2036	227,300	119,994	347,294
2015	8,900	16,454	1,900	6,113	8,000	26,825	30,000	11,933	48,800	61,325	2037-2041	190,000	69,896	259,896
2016	9,300	16,045	2,000	6,025	8,000	26,455	30,000	11,242	49,300	59,767	2042-2046	179,600	30,816	210,416
2017	9,700	15,617	2,100	5,933	9,000	26,062	30,000	10,553	50,800	58,165	2047	41,200	947	42,147
2018	10,100	15,172	2,100	5,839	9,000	25,646	35,000	9,805	56,200	56,462				
2019	10,600	14,706	2,200	5,742	9,000	25,229	35,000	9,000	56,800	54,677				
2020	11,000	14,220	2,300	5,641	10,000	24,790	35,000	8,195	58,300	52,846				
2021	11,600	13,712	2,400	5,535	10,000	24,328	35,000	7,303	59,000	50,878				
2022	12,000	13,181	2,600	5,422	11,000	23,842	35,000	6,322	60,600	48,767				
2023	12,700	12,625	2,700	5,303	11,000	23,333	40,000	5,273	66,400	46,534				
2024	13,100	12,044	2,800	5,180	12,000	22,801	40,000	4,127	67,900	44,152				
2025	13,800	11,439	2,900	5,051	12,000	22,246	40,000	2,933	68,700	41,669				
2026	14,400	10,805	3,000	4,918	13,000	21,668	10,000	2,170	40,400	39,561				
2027	15,000	10,143	3,200	4,779	14,000	21,044	10,000	1,852	42,200	37,818				
2028	15,700	9,452	3,300	4,633	14,000	20,396	10,000	1,523	43,000	36,004				
2029	16,400	8,730	3,500	4,480	15,000	19,726	10,000	1,193	44,900	34,129				
2030	17,200	7,974	3,600	4,320	16,000	19,009	10,000	862	46,800	32,165				
2031	17,900	7,184	3,800	4,154	16,000	18,269	10,000	526	47,700	30,133				
2032	18,800	6,359	4,000	3,978	17,000	17,506	10,000	177	49,800	28,020				
2033	19,600	5,495	4,100	3,796	18,000	16,696			41,700	25,987				
2034	20,500	4,592	4,300	3,607	19,000	15,841			43,800	24,040				
2035	21,400	3,650	4,500	3,409	19,000	14,962			44,900	22,021				
2036	22,400	2,664	4,700	3,202	20,000	14,060			47,100	19,926				
2037	23,300	1,636	4,900	2,986	21,000	13,112			49,200	17,734				
2038	24,700	556	5,200	2,759	22,000	12,117			51,900	15,432				
2039			5,400	2,520	23,000	11,077			28,400	13,597				
2040			5,600	2,272	24,000	9,990			29,600	12,262				
2041			5,900	2,014	25,000	8,857			30,900	10,871				
2042			6,200	1,741	27,000	7,654			33,200	9,395				
2043			6,400	1,458	28,000	6,382			34,400	7,840				
2044			6,700	1,163	29,000	5,064			35,700	6,227				
2045			7,000	855	30,000	3,700			37,000	4,555				
2046			7,300	533	32,000	2,266			39,300	2,799				
2047			8,200	184	33,000	763			41,200	947				
2048									0	0				
12/31/16	351,900	201,956	132,900	113,407	568,000	498,436	395,000	71,814	1,447,800	885,613				2,333,413

l/t 1,397,000

U.S. 60 WATER DISTRICT OF SHELBY, SPENCER AND FRANKLIN COUNTIES
Annual Requirements for Long-Term Debt
For 12/31/16

	Notes Payble			Revenue Bonds		Total All			
	Principal	Interest	Serv Fee	Principal	Interest	Principal	Interest	Serv Fee	Total
2017	56,258	21,060	2,407	50,800	58,165	107,058	79,225	2,407	188,690
2018	57,247	20,071	2,294	56,200	56,462	113,447	76,533	2,294	192,274
2019	58,253	19,065	2,179	56,800	54,677	115,053	73,742	2,179	190,974
2020	59,277	18,041	2,062	58,300	52,846	117,577	70,887	2,062	190,526
2021	60,319	16,999	1,943	59,000	50,878	119,319	67,877	1,943	189,139
2022-2026	317,876	68,715	7,853	304,000	220,683	621,876	289,398	7,853	919,128
2027-2031	346,812	39,780	4,546	224,600	170,249	571,412	210,029	4,546	785,987
2032-2036	261,386	9,228	1,055	227,300	119,994	488,686	129,222	1,055	618,963
2037-2041				190,000	69,896	190,000	69,896	0	259,896
2042-2046				179,600	30,816	179,600	30,816	0	210,416
2047				41,200	947	41,200	947	0	42,147
				0	0	0	0	0	0
12/31/15	1,217,429	212,959	24,338	1,447,800	885,613	2,665,229	1,098,572	24,338	3,788,139

c/p 56,258 50,800 107,058
 1,161,171 1,397,000 2,558,171

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #B14-003
 US 60 WATER DISTRICT
 FINAL

1.75% Rate
 \$38,659.14 P & I Calculation

No separate reserve set up as of yet - 12/31/16

AP 13 #216X0

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve							
								\$1,300,000.00									
12/01/15	\$27,284.14	\$11,375.00	1.75%	\$38,659.14	\$1,300.00	\$0.00	\$39,959.14	\$1,272,715.86	\$3,300.00	\$3,300.00							
06/01/16	\$27,522.88	\$11,136.26	1.75%	\$38,659.14	\$1,272.72	\$0.00	\$39,931.86	\$1,245,192.98	\$0.00	\$3,300.00	2016	\$55,286.58	\$22,031.70	\$2,517.91	\$55,286.58	\$22,031.70	\$2,517.91
12/01/16	\$27,763.70	\$10,895.44	1.75%	\$38,659.14	\$1,245.19	\$0.00	\$39,904.33	\$1,217,429.28	\$3,300.00	\$6,600.00							
06/01/17	\$28,006.63	\$10,652.51	1.75%	\$38,659.14	\$1,217.43	\$0.00	\$39,876.57	\$1,189,422.65	\$0.00	\$6,600.00	2017	\$56,258.32	\$21,059.96	\$2,406.85	\$56,258.32	\$21,059.96	\$2,406.85
12/01/17	\$28,251.69	\$10,407.45	1.75%	\$38,659.14	\$1,189.42	\$0.00	\$39,848.56	\$1,161,170.96	\$3,300.00	\$9,900.00							
06/01/18	\$28,498.89	\$10,160.25	1.75%	\$38,659.14	\$1,161.17	\$0.00	\$39,820.31	\$1,132,672.07	\$0.00	\$9,900.00	2018	\$57,247.15	\$20,071.13	\$2,293.84	\$57,247.15	\$20,071.13	\$2,293.84
12/01/18	\$28,748.26	\$9,910.88	1.75%	\$38,659.14	\$1,132.67	\$0.00	\$39,791.81	\$1,103,923.81	\$3,300.00	\$13,200.00							
06/01/19	\$28,999.81	\$9,659.33	1.75%	\$38,659.14	\$1,103.92	\$0.00	\$39,763.06	\$1,074,924.00	\$0.00	\$13,200.00	2019	\$58,253.36	\$19,064.92	\$2,178.84	\$58,253.36	\$19,064.92	\$2,178.84
12/01/19	\$29,253.55	\$9,405.59	1.75%	\$38,659.14	\$1,074.92	\$0.00	\$39,734.06	\$1,045,670.45	\$3,300.00	\$16,500.00							
06/01/20	\$29,509.52	\$9,149.62	1.75%	\$38,659.14	\$1,045.67	\$0.00	\$39,704.81	\$1,016,160.93	\$0.00	\$16,500.00	2020	\$59,277.25	\$18,041.03	\$2,061.83	\$59,277.25	\$18,041.03	\$2,061.83
12/01/20	\$29,767.73	\$8,891.41	1.75%	\$38,659.14	\$1,016.16	\$0.00	\$39,675.30	\$986,393.20	\$3,300.00	\$19,800.00							
06/01/21	\$30,028.20	\$8,630.94	1.75%	\$38,659.14	\$986.39	\$0.00	\$39,645.53	\$956,365.00	\$0.00	\$19,800.00	2021	\$60,319.15	\$16,999.13	\$1,942.76	\$60,319.15	\$16,999.13	\$1,942.76
12/01/21	\$30,290.95	\$8,368.19	1.75%	\$38,659.14	\$956.37	\$0.00	\$39,615.51	\$926,074.05	\$3,300.00	\$23,100.00							
06/01/22	\$30,555.99	\$8,103.15	1.75%	\$38,659.14	\$926.07	\$0.00	\$39,585.21	\$895,518.06	\$0.00	\$23,100.00	2022	\$61,379.35	\$15,938.93	\$1,821.59	\$317,876.43	\$68,714.97	\$7,853.14
12/01/22	\$30,823.36	\$7,835.78	1.75%	\$38,659.14	\$895.52	\$0.00	\$39,554.66	\$864,694.70	\$3,300.00	\$26,400.00							
06/01/23	\$31,093.06	\$7,566.08	1.75%	\$38,659.14	\$864.69	\$0.00	\$39,523.83	\$833,601.64	\$0.00	\$26,400.00	2023	\$62,458.19	\$14,860.09	\$1,698.29			
12/01/23	\$31,365.13	\$7,294.01	1.75%	\$38,659.14	\$833.60	\$0.00	\$39,492.74	\$802,236.51	\$3,300.00	\$29,700.00							
06/01/24	\$31,639.57	\$7,019.57	1.75%	\$38,659.14	\$802.24	\$0.00	\$39,461.38	\$770,596.94	\$0.00	\$29,700.00	2024	\$63,555.99	\$13,762.29	\$1,572.84			
12/01/24	\$31,916.42	\$6,742.72	1.75%	\$38,659.14	\$770.60	\$0.00	\$39,429.74	\$738,680.52	\$3,300.00	\$33,000.00							
06/01/25	\$32,195.69	\$6,463.45	1.75%	\$38,659.14	\$738.68	\$0.00	\$39,397.82	\$706,484.83	\$0.00	\$33,000.00	2025	\$64,673.09	\$12,645.19	\$1,445.16			
12/01/25	\$32,477.40	\$6,181.74	1.75%	\$38,659.14	\$706.48	\$0.00	\$39,365.62	\$674,007.43	\$0.00	\$33,000.00							
06/01/26	\$32,761.57	\$5,897.57	1.75%	\$38,659.14	\$674.01	\$0.00	\$39,333.15	\$641,245.86	\$0.00	\$33,000.00	2026	\$65,809.81	\$11,508.47	\$1,315.26			
12/01/26	\$33,048.24	\$5,610.90	1.75%	\$38,659.14	\$641.25	\$0.00	\$39,300.39	\$608,197.62	\$0.00	\$33,000.00							
06/01/27	\$33,337.41	\$5,321.73	1.75%	\$38,659.14	\$608.20	\$0.00	\$39,267.34	\$574,860.21	\$0.00	\$33,000.00	2027	\$66,966.52	\$10,351.76	\$1,183.06	\$346,811.74	\$39,779.66	\$4,546.26
12/01/27	\$33,629.11	\$5,030.03	1.75%	\$38,659.14	\$574.86	\$0.00	\$39,234.00	\$541,231.10	\$0.00	\$33,000.00							
06/01/28	\$33,923.37	\$4,735.77	1.75%	\$38,659.14	\$541.23	\$0.00	\$39,200.37	\$507,307.73	\$0.00	\$33,000.00	2028	\$68,143.57	\$9,174.71	\$1,048.54			
12/01/28	\$34,220.20	\$4,438.94	1.75%	\$38,659.14	\$507.31	\$0.00	\$39,166.45	\$473,087.53	\$0.00	\$33,000.00							
06/01/29	\$34,519.62	\$4,139.52	1.75%	\$38,659.14	\$473.09	\$0.00	\$39,132.23	\$438,567.91	\$0.00	\$33,000.00	2029	\$69,341.29	\$7,976.99	\$911.66			
12/01/29	\$34,821.67	\$3,837.47	1.75%	\$38,659.14	\$438.57	\$0.00	\$39,097.71	\$403,746.24	\$0.00	\$33,000.00							
06/01/30	\$35,126.36	\$3,532.78	1.75%	\$38,659.14	\$403.75	\$0.00	\$39,062.89	\$368,619.88	\$0.00	\$33,000.00	2030	\$70,560.08	\$6,758.20	\$772.37			
12/01/30	\$35,433.72	\$3,225.42	1.75%	\$38,659.14	\$368.62	\$0.00	\$39,027.76	\$333,186.16	\$0.00	\$33,000.00							
06/01/31	\$35,743.76	\$2,915.38	1.75%	\$38,659.14	\$333.19	\$0.00	\$38,992.33	\$297,442.40	\$0.00	\$33,000.00	2031	\$71,800.28	\$5,518.00	\$630.63			
12/01/31	\$36,056.52	\$2,602.62	1.75%	\$38,659.14	\$297.44	\$0.00	\$38,956.58	\$261,385.88	\$0.00	\$33,000.00							
06/01/32	\$36,372.01	\$2,287.13	1.75%	\$38,659.14	\$261.39	\$0.00	\$38,920.53	\$225,013.87	\$0.00	\$33,000.00	2032	\$73,062.28	\$4,256.00	\$486.40	\$261,385.88	\$9,228.10	\$1,054.65
12/01/32	\$36,690.27	\$1,968.87	1.75%	\$38,659.14	\$225.01	\$0.00	\$38,884.15	\$188,323.60	\$0.00	\$33,000.00							
06/01/33	\$37,011.31	\$1,647.83	1.75%	\$38,659.14	\$188.32	\$0.00	\$38,847.46	\$151,312.29	\$0.00	\$33,000.00	2033	\$74,346.47	\$2,971.81	\$339.63			
12/01/33	\$37,335.16	\$1,323.98	1.75%	\$38,659.14	\$151.31	\$0.00	\$38,810.45	\$113,977.13	\$0.00	\$33,000.00							
06/01/34	\$37,661.84	\$997.30	1.75%	\$38,659.14	\$113.98	\$0.00	\$38,773.12	\$76,315.29	\$0.00	\$33,000.00	2034	\$75,653.22	\$1,665.06	\$190.30			
12/01/34	\$37,991.38	\$667.76	1.75%	\$38,659.14	\$76.32	\$0.00	\$38,735.46	\$38,323.91	\$0.00	\$33,000.00							
06/01/35	\$38,323.91	\$335.23	1.75%	\$38,659.14	\$38.32	\$0.00	\$38,697.46	\$0.00	\$0.00	\$33,000.00	2035	\$38,323.91	\$335.23	\$38.32			

Totals	\$1,300,000.00	\$246,365.60		\$1,546,365.60	\$28,156.08	\$0.00	\$1,574,521.68		\$33,000.00		\$1,217,429.28	\$212,958.90	\$24,338.17	\$1,217,429.28	\$212,958.90	\$24,338.17
	\$1,217,429.28	\$212,958.90		\$1,430,388.18	\$24,338.17		\$1,454,726.35				\$1,454,726.35					

\$1,217,429.28 o/s at 12/31/16
 \$56,258.32 CP
 \$1,161,170.96 LONG TERM

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
U.S. 60 WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2008**

No. AR-1

Interest Rate: 4.50%

\$145,000

KNOW ALL PERSONS BY THESE PRESENTS:

That the U.S. 60 Water District of Shelby and Franklin Counties, Kentucky (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate, for value received hereby promises to pay of

S P E C I M E N

UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

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

ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$145,000),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2010	\$1,500	2023	\$2,700	2036	\$4,700
2011	1,600	2024	2,800	2037	4,900
2012	1,600	2025	2,900	2038	5,200
2013	1,700	2026	3,000	2039	5,400
2014	1,800	2027	3,200	2040	5,600
2015	1,900	2028	3,300	2041	5,900
2016	2,000	2029	3,500	2042	6,200
2017	2,100	2030	3,600	2043	6,400
2018	2,100	2031	3,800	2044	6,700
2019	2,200	2032	4,000	2045	7,000
2020	2,300	2033	4,100	2046	7,300
2021	2,400	2034	4,300	2047	8,200
2022	2,600	2035	4,500		

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

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Series A Bond is issued as part of an issue in the aggregate principal amount of \$764,000, consisting of \$145,000 of Series A Bonds and \$619,000 of Series B Bonds, on a parity as to security and source of payment with the outstanding (i) U.S. 60 Water District Waterworks Revenue Bonds of 1992, dated November 30, 1992 (the "1992 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 30, 1992 (the "1992 Bond Resolution"); and (ii) U.S. 60 Water District Waterworks Revenue Bonds, Series 1998, dated September 24, 1998 (the "1998 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 16, 1998 (the "1998 Bond Resolution"), but subject to the vested rights and priorities in favor of the owners of the outstanding (i) U.S. 60 Water District Waterworks Revenue Bonds of 1985, dated July 17, 1986 (the "1985 Bonds"), authorized by a Resolution adopted by the Commission of the District on August 27, 1985 (the "1985 Bond Resolution"); (ii) Kentucky Association of Counties Leasing Trust Program Obligations dated November 1, 1993 and August 7, 1996 (the "KaCo Leases") and (iii) Kentucky Infrastructure Authority Loans to the District dated March 1, 1991 and April 1, 1993 (the "KIA Loans"). Accordingly, this Bond, the 1992 Bonds, the 1998 Bonds, together with any bonds ranking on a parity herewith, is payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the 1985 Bonds, the KaCo Leases and the KIA Loans.

This Bond has been issued in full compliance with the Current Bond Resolution, the 1992 Bond Resolution and the 1998 Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution, the 1992 Bond Resolution and the 1998 Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "U.S. 60 Water District Sinking Fund", created in the 1992 Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the 1992 Bonds, the 1998 Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the 1992 Bonds, the 1998 Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the 1992 Bonds, the 1998 Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution, the 1992 Bond Resolution and the 1998 Bond Resolution have been complied with by the District.

S P E C I M E N

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after February 1, 2017, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of

this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said U.S. 60 Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is January 14, 2009.

U.S. 60 WATER DISTRICT OF SHELBY
AND FRANKLIN COUNTIES, KENTUCKY

By _____
Chairman

Attest:

S P E C I M E N

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

By: _____

S P E C I M E N

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
U.S. 60 WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2008**

No. BR-1

Interest Rate: 4.625%

\$619,000

KNOW ALL PERSONS BY THESE PRESENTS:

That the U.S. 60 Water District of Shelby and Franklin Counties, Kentucky (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate, for value received, hereby promises to pay to

S P E C I M E N
 UNITED STATES OF AMERICA
 acting by and through the
 U.S. DEPARTMENT OF AGRICULTURE
 771 Corporate Drive, Suite 200
 Lexington, Kentucky 40503-5477

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

SIX HUNDRED NINETEEN THOUSAND DOLLARS (\$619,000),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2010	\$6,000	2023	\$11,000	2036	\$20,000
2011	7,000	2024	12,000	2037	21,000
2012	7,000	2025	12,000	2038	22,000
2013	7,000	2026	13,000	2039	23,000
2014	8,000	2027	14,000	2040	24,000
2015	8,000	2028	14,000	2041	25,000
2016	8,000	2029	15,000	2042	27,000
2017	9,000	2030	16,000	2043	28,000
2018	9,000	2031	16,000	2044	29,000
2019	9,000	2032	17,000	2045	30,000
2020	10,000	2033	18,000	2046	32,000
2021	10,000	2034	19,000	2047	33,000
2022	11,000	2035	19,000		

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

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

S P E C I M E N

This Series B Bond is issued as part of an issue in the aggregate principal amount of \$764,000, consisting of \$145,000 of Series A Bonds and \$619,000 of Series B Bonds, on a parity as to security and source of payment with the outstanding (i) U.S. 60 Water District Waterworks Revenue Bonds of 1992, dated November 30, 1992 (the "1992 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 30, 1992 (the "1992 Bond Resolution"); and (ii) U.S. 60 Water District Waterworks Revenue Bonds, Series 1998, dated September 24, 1998 (the "1998 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 16, 1998 (the "1998 Bond Resolution"), but subject to the vested rights and priorities in favor of the owners of the outstanding (i) U.S. 60 Water District Waterworks Revenue Bonds of 1985, dated July 17, 1986 (the "1985 Bonds"), authorized by a Resolution adopted by the Commission of the District on August 27, 1985 (the "1985 Bond Resolution"); (ii) Kentucky Association of Counties Leasing Trust Program Obligations dated November 1, 1993 and August 7, 1996 (the "KaCo Leases") and (iii) Kentucky Infrastructure Authority Loans to the District dated March 1, 1991 and April 1, 1993 (the "KIA Loans"). Accordingly, this Bond, the 1992 Bonds, the 1998 Bonds, together with any bonds ranking on a parity herewith, is payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the 1985 Bonds, the KaCo Leases and the KIA Loans.

This Bond has been issued in full compliance with the Current Bond Resolution, the 1992 Bond Resolution and the 1998 Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution, the 1992 Bond Resolution and the 1998 Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "U.S. 60 Water District Sinking Fund", created in the 1992 Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the 1992 Bonds, the 1998 Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the 1992 Bonds, the 1998 Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the 1992 Bonds, the 1998 Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution, the 1992 Bond Resolution and the 1998 Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after February 1, 2017, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of

this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

U.S. 60 WATER DISTRICT OF SHELBY
AND FRANKLIN COUNTIES, KENTUCKY

By _____
Chairman

Attest:

Secretary

(Seal of District)

S P E C I M E N
PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

By: _____

S P E C I M E N

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

January 14, 2009

Re: U.S. 60 Water District Waterworks Revenue Bonds, Series 2008, in the principal amount of \$764,000, consisting of \$145,000 of Series A Bonds and \$619,000 of Series B Bonds

We have acted as Bond Counsel in connection with the issuance by the U.S. 60 Water District of Shelby, Spencer and Franklin Counties, Kentucky (the "District") of \$764,000 of its U.S. 60 Water District Waterworks Revenue Bonds, Series 2008, consisting of \$145,000 of Series A Bonds and \$619,000 of Series B Bonds (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on February 1 and August 1 of each year, with principal amounts falling due on February 1 in each of the respective years, 2010 through 2047, inclusive.

Said Current Bonds are issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the executed fully registered bonds, numbered AR-1 and BR-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and rank on a parity as to security and source of payment with the outstanding (i) U.S. 60 Water District Waterworks Revenue Bonds of 1992, dated November 30, 1992 (the "1992 Bonds"), authorized by a Resolution adopted by the District on June 30, 1992 (the "1992 Bond Resolution"); and (ii) U.S. 60 Water District Waterworks Revenue Bonds, Series 1998, dated September 24, 1998 (the "1998 Bonds"), authorized by a Resolution adopted by the District on June 16, 1998 (the "1998 Bond Resolution"), but subject to the vested rights and priorities in favor of the owners of the outstanding (i) U.S. 60 Water District Waterworks Revenue Bonds of 1985, dated July 17, 1986 (the "1985 Bonds"); (ii) Kentucky Association of Counties Leasing Trust Program Obligations dated November 1, 1993 and August 7, 1996 (the "KaCo Leases"); and (iii) Kentucky Infrastructure Authority Loans to the District dated March 1, 1991 and April 1, 1993 (the "KIA Loans"); and that the Current Bonds, the 1992 Bonds and the 1998 Bonds are secured by and are payable from a pledge of a fixed portion of the gross revenues of the System, and that a sufficient portion of said gross revenues has been

ordered by the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal of the 1992 Bonds, the 1998 Bonds and the Current Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the 1992 Bonds, the 1998 Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the 1992 Bond Resolution, the 1998 Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including a covenant to comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 103 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individuals or corporations) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10) the principal of the Current Bonds is exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

Orbin Hays

ARTICLE 4. FLOW OF FUNDS.

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

- (a) U.S. 60 Water District Revenue Fund
- (b) U.S. 60 Water District Bond and Interest Sinking Fund
- (c) U.S. 60 Water District Depreciation Reserve Fund
- (d) U.S. 60 Water District Operation and Maintenance Fund
- (e) U.S. 60 Water District Reserve Fund
- (f) U.S. 60 Water District Current Sinking Fund.

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

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

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

B. Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Bonds of 1985, the KaCo Leases and KIA Loans, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on all Bonds of 1985, the KaCo Leases and KIA Loans then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Bonds of 1985, the KaCo Leases and KIA Loans maturing on the next succeeding principal payment date.

Said Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Bonds of 1985, the KaCo Leases and KIA Loans.

C. Prior Reserve Fund. There shall next be transferred from the Revenue Fund and deposited into the Prior Reserve Fund such funds as are required by the terms of the Prior Bond Resolution to be so deposited; and such sums shall be held and applied by the District in the manner required by the Prior Bond Resolution.

D. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$30,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds, the Bonds of 1992 and the Bonds of 1998, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds, the Bonds of 1992 and the Bonds of 1998 then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds, the Bonds of 1992 and the Bonds of 1998 maturing on the next succeeding February 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds, the Bonds of 1992 and the Bonds of 1998, but subject to the vested rights and priorities of the Bonds of 1985, the KaCo Leases and the KIA Loans.

E. Depreciation Fund. Pursuant to the provisions of the 1992 Bond Resolution and 1998 Bond Resolution which require that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Bonds of 1992 and the Bonds of 1998, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$377 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$44,400 which amount shall be maintained, and when necessary, restored to said sum of \$44,400, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the 1992 Bond Resolution and the 1998 Bond Resolution.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the

Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

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

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

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

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

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



BOND SCHEDULE, 7/30/2007

Name of Borrower: U.S. 60 Water District			
Amount of Loan	145000	Annual Interest Rate	0.045
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	false
Principal Payment Units	100	Interest Payment Units	1

YEAR	PERIOD	NUMBER	PAYMENT	INTEREST	PRINCIPAL	BALANCE
2009	1	1	6525	6525	0	145000
2010	1	2	6525	6525	0	145000
2011	1	3	8025	6525	1500	143500
2012	1	4	8058	6458	1600	141900
2013	1	5	7986	6386	1600	140300
2014	1	6	8014	6314	1700	138600
2015	1	7	8037	6237	1800	136800
2016	1	8	8056	6156	1900	134900
2017	1	9	8071	6071	2000	132900
2018	1	10	8081	5981	2100	130800
2019	1	11	7986	5886	2100	128700
2020	1	12	7992	5792	2200	126500
2021	1	13	7993	5693	2300	124200
2022	1	14	7989	5589	2400	121800
2023	1	15	8081	5481	2600	119200
2024	1	16	8064	5364	2700	116500
2025	1	17	8043	5243	2800	113700
2026	1	18	8017	5117	2900	110800
2027	1	19	7986	4986	3000	107800
2028	1	20	8051	4851	3200	104600
2029	1	21	8007	4707	3300	101300
2030	1	22	8059	4559	3500	97800
2031	1	23	8001	4401	3600	94200
2032	1	24	8039	4239	3800	90400
2033	1	25	8068	4068	4000	86400
2034	1	26	7988	3888	4100	82300
2035	1	27	8004	3704	4300	78000
2036	1	28	8010	3510	4500	73500
2037	1	29	8008	3308	4700	68800
2038	1	30	7996	3096	4900	63900
2039	1	31	8076	2876	5200	58700
2040	1	32	8042	2642	5400	53300
2041	1	33	7999	2399	5600	47700
2042	1	34	8047	2147	5900	41800
2043	1	35	8081	1881	6200	35600
2044	1	36	8002	1602	6400	29200
2045	1	37	8014	1314	6700	22500
2046	1	38	8013	1013	7000	15500
2047	1	39	7998	698	7300	8200
2048	1	40	8569	369	8200	0
TOTALS			318601	173601	145000	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.



BOND SCHEDULE, 7/30/2007

Name of Borrower: U.S. 60 Water District			
Amount of Loan	619000	Annual Interest Rate	0.04625
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	false
Principal Payment Units	1000	Interest Payment Units	1

YEAR	PERIOD	NUMBER	PAYMENT	INTEREST	PRINCIPAL	BALANCE
2009	1	1	28629	28629	0	619000
2010	1	2	28629	28629	0	619000
2011	1	3	34629	28629	6000	613000
2012	1	4	35352	28352	7000	606000
2013	1	5	35028	28028	7000	599000
2014	1	6	34704	27704	7000	592000
2015	1	7	35380	27380	8000	584000
2016	1	8	35010	27010	8000	576000
2017	1	9	34640	26640	8000	568000
2018	1	10	35270	26270	9000	559000
2019	1	11	34854	25854	9000	550000
2020	1	12	34438	25438	9000	541000
2021	1	13	35022	25022	10000	531000
2022	1	14	34559	24559	10000	521000
2023	1	15	35097	24097	11000	510000
2024	1	16	34588	23588	11000	499000
2025	1	17	35079	23079	12000	487000
2026	1	18	34524	22524	12000	475000
2027	1	19	34969	21969	13000	462000
2028	1	20	35368	21368	14000	448000
2029	1	21	34720	20720	14000	434000
2030	1	22	35073	20073	15000	419000
2031	1	23	35379	19379	16000	403000
2032	1	24	34639	18639	16000	387000
2033	1	25	34899	17899	17000	370000
2034	1	26	35113	17113	18000	352000
2035	1	27	35280	16280	19000	333000
2036	1	28	34402	15402	19000	314000
2037	1	29	34523	14523	20000	294000
2038	1	30	34598	13598	21000	273000
2039	1	31	34627	12627	22000	251000
2040	1	32	34609	11609	23000	228000
2041	1	33	34545	10545	24000	204000
2042	1	34	34435	9435	25000	179000
2043	1	35	35279	8279	27000	152000
2044	1	36	35030	7030	28000	124000
2045	1	37	34735	5735	29000	95000
2046	1	38	34394	4394	30000	65000
2047	1	39	35007	3007	32000	33000
2048	1	40	34527	1527	33000	0
TOTALS			1381583	762583	619000	


Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between U.S. GO Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
<i>None</i>		

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Hobart Hearn 
 (Print Name) (Signed)

Commissioner
 (Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn to before me by Hobart Hearn
(Name)

this 17~~th~~ day of May, 2017.



NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between U.S. GO WATER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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STEPHEN D. MILLER
(Print Name)

Stephen D Miller
(Signed)

Commissioner / Sec.
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn to before me by Steven D. Miller
(Name)

this 17~~th~~ day of May, 2017.



NOTARY PUBLIC
State-at-Large


**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Pat Hargison
(Print Name)


(Signed)

Commissioner
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn to before me by Pat Hargadon
(Name)

this 17th day of May, 2017.



NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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WILLIAM EGGEN
(Print Name)

William Eggen
(Signed)

CHARMAN U.S. GO WATER DISTRICT
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn to before me by William Eggen
(Name)

this 17~~8~~ day of May, 2017.



NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Robin Hill
(Print Name)

Robin Hill
(Signed)

Commissioner
(Position/Office)


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COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn to before me by Robin Hill
(Name)

this 20th day of May, 2017.


NOTARY PUBLIC
State-at-Large

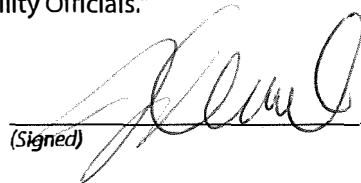
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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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Jeremy Carmack
(Print Name)


(Signed)

Asst. Manager
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by Jeremy Carmack
(Name)

this 13 day of June, 2017.

[Signature] 505209
NOTARY PUBLIC ex 2/6/18
State-at-Large

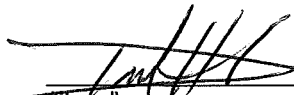
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David Hedger
(Print Name)


(Signed)

General Manager
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Shelby

Subscribed and sworn to before me by David Hodges
(Name)

this 13 day of June, 2017.

[Signature] 505209
NOTARY PUBLIC 6/26/18
State-at-Large