

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

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

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

Allen County Water District

(Name of Utility)

330 Gallatin Road

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

Scottsville, KY 42164

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

270-622-3040

(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:

DeAnn Marquez

(Name)

330 Gallatin Road

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

Scottsville, KY 42164

(Address - City, State, Zip)

270-622-3040

(Telephone Number)

acwd@nctc.com

(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 _____, 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, 2019.
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 \$ 369,531 and total revenues from service rates of \$ 2,712,957. 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 5,570 +/- 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.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application. **(Attach a copy of returns.)**
- 17. Approximately - 0 - (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

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

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

Signed Wayne Jackson
Officer of the Company/Authorized Representative
 Title Chairman
 Date September 11, 2020

COMMONWEALTH OF KENTUCKY

COUNTY OF Allen

Before me appeared Wayne Jackson, 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.

Sara delon West Marquez
 Notary Public
 My commission expires: January 8, 2023

[Faint circular notary seal]

LIST OF ATTACHMENTS
Allen County Water District

1. Customer Notice of Proposed Rate Adjustments
2. Wholesale Customer Notice
3. Reasons for Application
4. Current and Proposed Rates
5. Statement of Adjusted Operations and Revenue Requirements with the following attachments:
 - a. References
 - b. Table A - Depreciation Expense Adjustments
 - c. Table B - Debt Service Schedule
6. Current Billing Analysis
7. Proposed Billing Analysis
8. Depreciation Schedule
9. Outstanding Debt Instruments
 - a. USDA Bonds
 - b. KRWFC Bonds
 - c. KIA Loan
10. Amortization Schedules
 - a. USDA Bonds
 - b. KRWFC Bonds
 - c. KIA Loan
11. Statements of Disclosure of Related Party Transactions
12. Board Resolution

Attachment No. 1

CUSTOMER NOTICE

Notice is hereby given that the Allen County Water District expects to file an application with the Kentucky Public Service Commission on or about September 18, 2020, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

MONTHLY WATER RATES

<u>No. of Gals. per Month:</u>	<u>Charge per 1,000 Gals</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
<u>General Customers</u>				
First 2,000 Gals. *	\$19.29	\$22.34	\$3.05	15.8%
Next 3,000 Gallons	7.58	8.78	1.20	15.8%
Next 5,000 Gallons	6.42	7.43	1.01	15.7%
Next 60,000 Gallons	5.86	6.79	0.93	15.9%
Over 70,000 Gallons	5.37	6.22	0.85	15.8%
<u>U.S. Corps of Engineers</u>				
First 55,000 Gals. *	\$365.26	\$422.97	\$57.71	15.8%
Next 15,000 Gallons	5.86	6.79	0.93	15.9%
Over 70,000 Gallons	5.37	6.22	0.85	15.8%
<u>Mobile Home Parks</u>				
First 10,000 Gals. *	\$67.63	\$78.32	\$10.69	15.8%
Next 60,000 Gallons	5.86	6.79	0.93	15.9%
Over 70,000 Gallons	5.37	6.22	0.85	15.8%

* Lump sum minimum bill

If the Public Service Commission approves the proposed rates, then the monthly bill for a General Customer using an average of 4,000 gallons per month will increase from \$34.45 to \$39.90. This is an increase of \$5.45 or 15.8%. If the proposed rates are approved, the monthly bill for the Corps of Engineers using an average of 125,000 gallons per month will increase from \$748.51 to \$866.92. This is an increase of \$118.41 or 15.8%. If the proposed rates are approved, the monthly bill for Mobile Home Parks using an average of 20,000 gallons per month will increase from \$126.23 to \$146.22. This is an increase of \$19.99 or 15.8%.

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

Allen County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the District's office located at 330 Gallatin Road, Scottsville, KY 42164. You may contact the office at 270-622-3040.

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

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

Attachment No. 2

WHOLESALE CUSTOMER NOTICE

Notice is hereby given that the Allen County Water District expects to file an application with the Kentucky Public Service Commission on or about September 18, 2020, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

MONTHLY WATER RATES

Wholesale Rate for All Wholesale Customers

<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
For all Water Purchased	\$3.31	\$3.83	\$0.52	15.7%

If the Public Service Commission approves the proposed rates, then the monthly bill for a wholesale customer using an average of 1,600,000 gallons per month will increase from \$5,296 to \$6,128. This is an increase of \$832 or 15.7%.

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

Allen County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the District's office located at 330 Gallatin Road, Scottsville, KY 42164. You may contact the office at 270-622-3040.

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

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

Attachment No. 3

Reasons for Application

Allen County Water District (“the District”) is requesting a 15.8% rate increase for all of its water customers. The rate increase will generate additional annual revenue of approximately \$369,500. The District needs the rate increase for the following reasons:

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

Attachment No. 4

CURRENT AND PROPOSED RATES
Allen County Water District

CURRENT RATE SCHEDULE

General Customers

First	2,000 gallons	\$ 19.29	Minimum Bill
Next	3,000 gallons	7.58	per 1,000 gallons
Next	5,000 gallons	6.42	per 1,000 gallons
Next	60,000 gallons	5.86	per 1,000 gallons
Over	70,000 gallons	5.37	per 1,000 gallons

U.S. Corps of Engineers

First	55,000 gallons	\$ 365.26	Minimum Bill
Next	15,000 gallons	5.86	per 1,000 gallons
Over	70,000 gallons	5.37	per 1,000 gallons

Mobile Home Parks

First	10,000 gallons	\$ 67.63	Minimum Bill
Next	60,000 gallons	5.86	per 1,000 gallons
Over	70,000 gallons	5.37	per 1,000 gallons

Wholesale Customers

All Water Purchased		\$ 3.31	per 1,000 gallons
---------------------	--	---------	-------------------

PROPOSED RATE SCHEDULE

General Customers

First	2,000 gallons	\$ 22.34	Minimum Bill
Next	3,000 gallons	8.78	per 1,000 gallons
Next	5,000 gallons	7.43	per 1,000 gallons
Next	60,000 gallons	6.79	per 1,000 gallons
Over	70,000 gallons	6.22	per 1,000 gallons

U.S. Corps of Engineers

First	55,000 gallons	\$ 422.97	Minimum Bill
Next	15,000 gallons	6.79	per 1,000 gallons
Over	70,000 gallons	6.22	per 1,000 gallons

Mobile Home Parks

First	10,000 gallons	\$ 78.32	Minimum Bill
Next	60,000 gallons	6.79	per 1,000 gallons
Over	70,000 gallons	6.22	per 1,000 gallons

Wholesale Customers

All Water Purchased		\$ 3.83	per 1,000 gallons
---------------------	--	---------	-------------------

Attachment No. 5

SCHEDULE OF ADJUSTED OPERATIONS
Allen County Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Total Metered Sales	\$ 2,280,366	(785)	A	\$ 2,279,580
Sales for Resale	-	63,846	B	63,846
Other Water Revenues:				
Forfeited Discounts	50,093			50,093
Misc. Service Revenues	146,382	(98,520)	C	47,862
Other Water Revenues	49,975	(49,975)	D	-
Total Operating Revenues	\$ 2,526,815			\$ 2,441,381
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	529,451	(29,556)	E	
		40,844	F	540,738
Salaries and Wages - Officers	39,715			39,715
Employee Pensions and Benefits	277,930	4,741	F	
		(34,857)	G	247,814
Purchased Water	709,705	(112,842)	H	596,864
Purchased Power	65,964	(10,488)	H	55,476
Materials and Supplies	152,847	(68,964)	E	83,883
Contractual Services	167,929			167,929
Rental of Equipment	4,682			4,682
Transportation Expenses	51,052			51,052
Insurance - General Liability	17,038			17,038
Insurance - Workers Comp	8,581			8,581
Insurance - Other	7,546			7,546
Miscellaneous Expenses	23,104			23,104
Total Operation and Mnt. Expenses	2,055,544			1,844,421
Depreciation Expense	546,044	(106,855)	I	439,189
Taxes Other Than Income	39,414	3,125	F	42,538
Total Operating Expenses	\$ 2,641,001			\$ 2,326,148
Net Utility Operating Income	\$ (114,186)			\$ 115,233

REVENUE REQUIREMENTS

Pro Forma Operating Expenses		\$ 2,326,148
Plus: Avg. Annual Principal and Interest Payments		J 474,621
Additional Working Capital		K 94,924
Total Revenue Requirement		2,895,694
Less: Other Operating Revenue		(97,955)
Interest Income		(75,875)
Nonutility Income	86,723	(77,816) L (8,907)
Revenue Required From Water Sales		2,712,957
4519495(Revenue from Sales at Present Rates		(2,343,426)
Required Revenue Increase		\$ 369,531
Percent Increase		15.8%

REFERENCES

- A. The Current Billing Analysis results in pro forma retail sales revenue of \$2,279,580. This indicates a deduction of \$785 is required from reported Metered Sales.
- B. The Current Billing Analysis indicates the District had revenue in 2019 from Sales for Resale of \$63,846. To provide clarification and more detail, Sales for Resale revenue is shown in its respective category.
- C. Receipts of \$98,520 from Tap Fees were reported with Misc. Service Revenues. This amount is deducted from operating revenues.
- D. \$16,845.12 in sales to the city of Scottsville is included in Other Water Revenues. Since total sales to Scottsville are now shown in the Sales for Resale category, this amount is deducted. The remaining amount in Other Water Revenues of \$33,129.38 is Line Extension Revenue and this capital contribution is deducted from operating revenues.
- E. During the test year labor and materials for new meter installations were charged to operating expenses. The amount of tap fees collected for these meters can be substituted for the actual installation expenses. Thirty percent of total tap fees is deducted from Salaries and Wages and 70 percent is deducted from Materials and Supplies expense.
- F. On July 1, 2020, the District's employees received an incentive pay increase of 3 percent. This results in an annual wage increase of \$15,884. Also in July, a new employee was hired and will be paid \$24,960 annually for a total increase in Salaries and Wages Expense of \$40,844. This total increase in wages results in additional retirement benefits expense and payroll taxes of \$4,741 and \$3,125, respectively.
- G. The District pays 100 percent of its employees' health insurance premiums. The PSC typically requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage. Applying that percentage to premiums to be paid in the current year results in a deduction from 2019 benefits expense of \$34,857.
- H. The District's test year water loss was 30.9 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expenses for Purchased Water and Power related to water purchased and pumped above the 15 percent limit are not allowed in the rate base and must be deducted.

- I. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges. See Table A.
- J. The annual debt service payments for the District's loans are shown in Table B. The five year average of these payments is added in the revenue requirement calculation.
- K. The amount shown in Table B for coverage on long term debt is required by the District's bond resolutions. This is included in the revenue requirement as Additional Working Capital.
- L. The reported amount for Nonutility Income includes an Unrealized Gain on Temporary Investments of \$77,816. Since that is not actual income received by the District, it is deducted.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Allen County Water District

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported Life</u>	<u>Depr. Exp.</u>	<u>Proforma Life</u>	<u>Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>Structures</u>							
Entire Group	various	\$ 1,226,273	50.0	\$ 24,618	37.5	\$ 32,701	\$ 8,082
<u>Office Building</u>							
Entire Group	07/01/00	560,378	30.0	18,679	37.5	14,943	(3,736)
<u>Pumping Equipment</u>							
Entire Group	various	713,281	50.0	14,266	25.0	28,531	14,266
<u>Distribution Reservoirs & Standpipes</u>							
Entire Group	various	1,384,313	varies	30,296	45.0	30,763	467
<u>Transmission & Distribution Mains</u>							
Entire Group	various	12,913,001	50.0	258,260	62.5	206,608	(51,652)
<u>Services</u>							
Entire Group	various	454,991	50.0	9,100	40.0	11,375	2,275
<u>Meters</u>							
Entire Group	various	1,767,408	varies	87,437	40.0	44,185	(43,252)
<u>Hydrants</u>							
Entire Group	various	43,860	50.0	877	50.0	877	-
<u>Office Furniture & Equipment</u>							
Electronics, computers & software	various	98,475	varies	11,258	10.0	9,848	(1,411)
<u>Transportation Equipment</u>							
Entire Group	various	138,204	5.0	22,334	7.0	19,743	(2,590)
<u>Tools, Shop & Garage Equipment</u>							
Entire Group		43,811	10.0	3,981	17.5	2,503	(1,478)
<u>Power Operated Equipment</u>							
Electrical/Temp Gen. Old US 231	06/16/14	507,219	10.0	50,722	20.0	25,361	(25,361)
Remainder of Group	various	123,279	10.0	12,328	12.5	9,862	(2,465)
<u>Communications Equipment</u>							
Entire Group	various	9,885	varies	1,889	10.0	989	(900)
TOTALS				\$ 546,044		\$ 437,301	\$ (106,855)

* Includes only costs associated with assets that contributed to depreciation expense in the current year.

Table B
DEBT SERVICE SCHEDULE
Allen County Water District
 CY 2021 - 2025

C.Y.	RD Loan 91-12		RD Loan 91-14		KRWFC Series 2012 D			KRWFC Series 2013 C			KIA Loan 2020			TOTALS
	Principal	Interest	Principal	Interest	Principal	Interest	Fees	Principal	Interest	Fees	Principal	Interest	Fees	
2021	\$ 28,500	\$ 60,266	\$ 14,000	\$ 21,465	\$ 105,000	\$ 81,173	\$ 450	\$ 25,000	\$ 1,613	\$ 250	\$ 100,733	\$ 48,499	\$ 4,850	\$ 491,798
2022	30,000	58,950	14,000	21,045	110,000	77,864	450	25,000	538	250	102,758	46,474	4,647	491,975
2023	31,000	57,578	14,500	20,618	110,000	74,289	450	-	-	-	104,823	44,409	4,441	462,107
2024	32,500	56,149	15,000	20,175	115,000	70,519	450	-	-	-	106,930	42,302	4,230	463,255
2025	34,000	54,653	15,500	19,718	120,000	66,404	450	-	-	-	109,079	40,153	4,015	463,971
TOTALS	156,000	287,595	73,000	103,021	560,000	370,248	2,250	50,000	2,150	500	524,323	221,837	22,183	2,373,107
													Average Principal & Interest	\$ 474,621
													Average Coverage on Long Term Debt	94,924

Attachment No. 6

CURRENT BILLING ANALYSIS - 2019 USAGE & EXISTING RATES
Allen County Water District

SUMMARY

Customer Class	No. of Bills	Gallons Sold	Revenue
Residential and Commercial	66,835	247,075,000	\$ 2,263,691
U.S. Corps of Engineers	12	1,496,100	10,465
Mobile Home Parks	36	755,200	5,425
Totals	66,883	249,326,300	\$ 2,279,580

Pro Forma Retail Sales Revenue	\$ 2,279,580
Plus Sales for Resale	63,846
Total Revenue from Water Sales	\$ 2,343,426

ALL GENERAL SERVICE RESIDENTIAL AND COMMERCIAL METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	NEXT 60,000	ALL OVER 70,000	TOTAL
FIRST	2,000	25,277	22,732,900	22,732,900	-	-	-	-	22,732,900
NEXT	3,000	28,737	95,911,200	57,474,000	38,437,200	-	-	-	95,911,200
NEXT	5,000	10,005	66,893,300	20,010,000	30,015,000	16,868,300	-	-	66,893,300
NEXT	60,000	2,677	46,213,800	5,354,000	8,031,000	13,385,000	19,443,800	-	46,213,800
ALL OVER	70,000	139	15,323,800	278,000	417,000	695,000	8,340,000	5,593,800	15,323,800
		66,835	247,075,000	105,848,900	76,900,200	30,948,300	27,783,800	5,593,800	247,075,000

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	66,835	105,848,900	\$ 19.29 \$ 1,289,247
NEXT	3,000		76,900,200	7.58 582,904
NEXT	5,000		30,948,300	6.42 198,688
NEXT	60,000		27,783,800	5.86 162,813
ALL OVER	70,000		5,593,800	5.37 30,039
TOTAL	66,835	247,075,000		\$ 2,263,691

U.S. CORPS OF ENGINEERS

	USAGE	BILLS	GALLONS	FIRST 55,000	NEXT 15,000	ALL OVER 70,000	TOTAL
FIRST	55,000	6	41,800	41,800	-	-	41,800
NEXT	15,000	-	-	-	-	-	-
ALL OVER	70,000	6	1,454,300	330,000	90,000	1,034,300	1,454,300
		12	1,496,100	371,800	90,000	1,034,300	1,496,100

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	55,000	12	371,800	\$ 365.26 \$ 4,383
NEXT	15,000		90,000	5.86 527
ALL OVER	70,000		1,034,300	5.37 5,554
TOTAL	12	1,496,100		\$ 10,465

MOBILE HOME PARKS

	USAGE	BILLS	GALLONS	FIRST 10,000	NEXT 60,000	NEXT 70,000	TOTAL
FIRST	10,000	21	85,900	85,900	-		85,900
NEXT	60,000	12	351,700	120,000	231,700		351,700
NEXT	70,000	3	317,600	30,000	180,000	107,600	317,600
		36	755,200	235,900	411,700	107,600	755,200

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	36	235,900 \$ 67.63	\$ 2,435
NEXT	60,000		411,700 5.86	2,413
NEXT	70,000		107,600 5.37	578
TOTAL	36	755,200		\$ 5,425

WHOLESALE SALES

	TOTAL GALLONS	RATE	REVENUE
CITY OF SCOTTSVILLE	19,288,700	\$ 3.31	\$ 63,846

Attachment No. 7

PROPOSED BILLING ANALYSIS - 2019 USAGE & PROPOSED RATES
Allen County Water District

SUMMARY

Customer Class	No. of Bills	Gallons Sold	Revenue
Residential and Commercial	66,835	247,075,000	\$ 2,621,669
U.S. Corps of Engineers	12	1,496,100	12,120
Mobile Home Parks	36	755,200	6,284
Totals	66,883	249,326,300	\$ 2,640,073

Pro Forma Retail Sales Revenue	\$ 2,640,073
Plus Sales for Resale	73,876
Total Revenue from Water Sales	\$ 2,713,949

ALL GENERAL SERVICE RESIDENTIAL AND COMMERCIAL METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	NEXT 60,000	ALL OVER 70,000	TOTAL
FIRST	2,000	25,277	22,732,900	22,732,900	-	-	-	-	22,732,900
NEXT	3,000	28,737	95,911,200	57,474,000	38,437,200	-	-	-	95,911,200
NEXT	5,000	10,005	66,893,300	20,010,000	30,015,000	16,868,300	-	-	66,893,300
NEXT	60,000	2,677	46,213,800	5,354,000	8,031,000	13,385,000	19,443,800	-	46,213,800
ALL OVER	70,000	139	15,323,800	278,000	417,000	695,000	8,340,000	5,593,800	15,323,800
		66,835	247,075,000	105,848,900	76,900,200	30,948,300	27,783,800	5,593,800	247,075,000

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	66,835	105,848,900	\$ 22.34	\$ 1,493,094
NEXT	3,000		76,900,200	8.78	675,184
NEXT	5,000		30,948,300	7.43	229,946
NEXT	60,000		27,783,800	6.79	188,652
ALL OVER	70,000		5,593,800	6.22	34,793
TOTAL		66,835	247,075,000		\$ 2,621,669

U.S. CORPS OF ENGINEERS

	USAGE	BILLS	GALLONS	FIRST 55,000	NEXT 15,000	ALL OVER 70,000	TOTAL
FIRST	55,000	6	41,800	41,800	-	-	41,800
NEXT	15,000	-	-	-	-	-	-
ALL OVER	70,000	6	1,454,300	330,000	90,000	1,034,300	1,454,300
		12	1,496,100	371,800	90,000	1,034,300	1,496,100

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	55,000	12	371,800	\$ 422.97	\$ 5,076
NEXT	15,000		90,000	6.79	611
ALL OVER	70,000		1,034,300	6.22	6,433
TOTAL		12	1,496,100		\$ 12,120

MOBILE HOME PARKS

	USAGE	BILLS	GALLONS	FIRST 10,000	NEXT 60,000	NEXT 70,000	TOTAL
FIRST	10,000	21	85,900	85,900	-		85,900
NEXT	60,000	12	351,700	120,000	231,700		351,700
NEXT	70,000	3	317,600	30,000	180,000	107,600	317,600
		36	755,200	235,900	411,700	107,600	755,200

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	36	235,900	\$ 78.32	\$ 2,820
NEXT	60,000		411,700	6.79	2,795
NEXT	70,000		107,600	6.22	669
TOTAL		36	755,200		\$ 6,284

WHOLESALE SALES

	TOTAL GALLONS	RATE	REVENUE
CITY OF SCOTTSVILLE	19,288,700	\$ 3.83	\$ 73,876

Attachment No. 8

ASSET DEPRECIATION SHORT REPORT
 Allen County Water District - Dec. 31, 2019

Assets: 318 of 318 Included
 Include: All Assets
 Method: BOOK - Std Conventions Applied

Sort #1: Asset A/C#

Date Acq	Description	Meth/Life	Cost	Salvage Value	Depr Basis	Includes Section 179		
						Beg A/D depr	Curr Depr	End A/Depr
Asset A/C#: 303 - LAND, LAND RIGHTS								
06/30/89	Land	LAND / 99	1,085.50	0.00	1,085.50	0.00	0.00	0.00
06/30/89	Land	LAND / 99	3,298.45	0.00	3,298.45	0.00	0.00	0.00
06/30/89	Land	LAND / 99	682.50	0.00	682.50	0.00	0.00	0.00
06/30/89	Land	LAND / 99	1,833.00	0.00	1,833.00	0.00	0.00	0.00
06/30/89	Land	LAND / 99	3,266.50	0.00	3,266.50	0.00	0.00	0.00
06/30/89	Land	LAND / 99	984.50	0.00	984.50	0.00	0.00	0.00
06/30/89	Land	LAND / 99	395.00	0.00	395.00	0.00	0.00	0.00
06/30/89	Land	LAND / 99	1,331.00	0.00	1,331.00	0.00	0.00	0.00
06/30/89	Land	LAND / 99	387.00	0.00	387.00	0.00	0.00	0.00
06/30/89	Land	LAND / 99	288.00	0.00	288.00	0.00	0.00	0.00
05/10/99	Land - Office Building	LAND / 99	50,040.00	0.00	50,040.00	0.00	0.00	0.00
06/30/00	Easements (26 x \$9 filing fees)	LAND / 99	234.00	0.00	234.00	0.00	0.00	0.00
05/17/01	Tri-County	LAND / 99	258.25	0.00	258.25	0.00	0.00	0.00
06/30/01	2001 easements (127 x \$9 filing fee)	LAND / 99	1,143.00	0.00	1,143.00	0.00	0.00	0.00
05/30/02	Scott Rippey	LAND / 99	190.58	0.00	190.58	0.00	0.00	0.00
06/30/02	2002 Easements (83 x \$9 filing fee)	LAND / 99	747.00	0.00	747.00	0.00	0.00	0.00
11/30/03	2003 Easements (21 x \$9 filing fee)	LAND / 99	189.00	0.00	189.00	0.00	0.00	0.00
11/30/03	Various Other	LAND / 99	6.00	0.00	6.00	0.00	0.00	0.00
12/31/04	2004 easements (56 x \$9 filing fee)	LAND / 99	504.00	0.00	504.00	0.00	0.00	0.00
12/31/05	2005 Easements (23 x \$9 filing fee)	LAND / 99	207.00	0.00	207.00	0.00	0.00	0.00
08/01/06	Army Corps of Engineers	LAND / 99	4,700.00	0.00	4,700.00	0.00	0.00	0.00
12/31/06	2006 Easements (15 x \$16 filing fee)	LAND / 99	240.00	0.00	240.00	0.00	0.00	0.00
11/08/07	Settlement - J. Turner case	LAND / 99	2,000.00	0.00	2,000.00	0.00	0.00	0.00
12/31/07	2007 Easements (17 x \$17 filing fee)	LAND / 99	289.00	0.00	289.00	0.00	0.00	0.00
12/31/08	2008 easements (14 x \$17 filing fee)	LAND / 99	238.00	0.00	238.00	0.00	0.00	0.00
09/10/09	2009 Easements-B Calvert	LAND / 99	153.00	0.00	153.00	0.00	0.00	0.00
12/31/10	Land-Ballard/Culvert-2010	LAND / 99	11,743.50	0.00	11,743.50	0.00	0.00	0.00
09/28/11	B. Calvert	LAND / 99	240.00	0.00	240.00	0.00	0.00	0.00
01/01/12	Property Rights	NONE / 99	119.00	0.00	119.00	0.00	0.00	0.00
10/16/13	Property Rights 2013	LAND / 99	197.00	0.00	197.00	0.99	0.00	0.99
05/01/18	Land-New Shop Building	LAND / 99	90,751.60	0.00	90,751.60	0.00	0.00	0.00
10/01/18	Freeman Property Rights	LAND / 99	551.00	0.00	551.00	0.00	0.00	0.00
01/24/19 A	Land-2 Easements	LAND / 50	2,200.00	0.00	2,200.00	0.00	0.00	0.00
04/02/19 A	Land-East Old State Road	LAND / 50	134,019.18	0.00	134,019.18	0.00	0.00	0.00
Totals: 303 - LAND, LAND RIGHTS (34 assets)			314,511.54	0.00	314,511.54	0.99	0.00	0.99
Asset A/C#: 304 - STRUCTURES								
01/01/83	Water station	SLH / 50	2,589.44	0.00	2,589.44	1,864.42	51.79	1,916.21
08/05/10	Structure-2010	SLH / 50	3,059.00	0.00	3,059.00	520.03	61.18	581.21
06/30/14	Old US 231 Pump Station	SLH / 50	363,218.13	0.00	363,218.13	32,689.62	7,264.36	39,953.98
04/01/18	New Shop Building	SLH / 50	862,054.56	0.00	862,054.56	8,620.55	17,241.09	25,861.64
Totals: 304 - STRUCTURES (4 assets)			1,230,921.13	0.00	1,230,921.13	43,694.62	24,618.42	68,313.04
Asset A/C#: 304.5 - OFFICE BUILDING								
07/01/00	Shag Bark Rd Office	SLH / 30	560,378.00	0.00	560,378.00	345,566.49	18,679.27	364,245.76
Totals: 304.5 - OFFICE BUILDING (1 asset)			560,378.00	0.00	560,378.00	345,566.49	18,679.27	364,245.76
Asset A/C#: 311 - PUMPING EQUIPMENT								
06/30/90	Pump Station	SLH / 50	70,886.02	0.00	70,886.02	41,113.88	1,417.72	42,531.60
05/01/94	Pump Station (IV)	SLH / 50	55,235.63	0.00	55,235.63	27,249.52	1,104.71	28,354.23
07/11/95	Pump Station (IV)	SLH / 50	4,459.40	0.00	4,459.40	2,095.96	89.19	2,185.15
06/30/96	Gate Valves	SLH / 50	48,953.78	0.00	48,953.78	22,518.84	979.08	23,497.92
05/24/00	Glasgow (Ph 6)	SLH / 50	110,000.00	0.00	110,000.00	40,700.00	2,200.00	42,900.00
12/19/00	Microcom Twrs./Bstr.	SLH / 50	22,770.00	0.00	22,770.00	8,424.90	455.40	8,880.30
07/19/05	Microcom	SLH / 50	564.25	0.00	564.25	152.41	11.29	163.70
05/04/07	Micro Comm Inc.	SLH / 50	680.75	0.00	680.75	156.62	13.62	170.24
07/24/07	Micro Comm Inc.	SLH / 50	3,165.75	0.00	3,165.75	728.18	63.32	791.50
12/31/07	Covington Electric	SLH / 50	1,034.59	0.00	1,034.59	237.94	20.69	258.63
01/14/08	Cov Elec - rebuild pump at Red Hill Station	SLH / 50	1,137.81	0.00	1,137.81	238.98	22.76	261.74
01/17/08	Miller Elect - Svc at Oak Forest Pump Station	SLH / 50	240.00	0.00	240.00	50.40	4.80	55.20
05/07/08	Cov Elect - 4 mech seals	SLH / 50	954.03	0.00	954.03	200.34	19.08	219.42
05/21/08	Cov Elect - Gasket Svc @ Pump Station	SLH / 50	895.50	0.00	895.50	188.06	17.91	205.97
06/30/08	Micro Comm - Circuit Boards at Pump...	SLH / 50	1,852.50	0.00	1,852.50	389.03	37.05	426.08
09/10/09	Pumping Equipment-2009	SLP / 50	12,583.94	0.00	12,583.94	2,349.01	251.68	2,600.69
06/30/10	Pumping Equipment-2010	SLH / 50	9,550.48	0.00	9,550.48	1,623.58	191.01	1,814.59

ASSET DEPRECIATION SHORT REPORT
 Allen County Water District - Dec. 31, 2019

Assets: 318 of 318 Included
 Include: All Assets
 Method: BOOK - Std Conventions Applied

Sort #1: Asset A/C#

Date Acq	Description	Meth/Life	Cost	Salvage Value	Depr Basis	Beg A/Depr	Curr Depr	End A/Depr	Includes Section 179
Asset A/C#: 311 - PUMPING EQUIPMENT									
07/14/11	Micro Comm L15D-L17	SLH / 50	5,745.20	0.00	5,745.20	861.75	114.90	976.65	
12/08/11	Micro-Comm W/O 3006	SLH / 50	2,663.96	0.00	2,663.96	399.60	53.28	452.88	
10/17/13	Cov Electric HP 40 Marathon	SLH / 50	2,437.12	0.00	2,437.12	268.07	48.74	316.81	
10/17/13	RTO Upgrade HWY 1421	SLH / 50	21,682.00	0.00	21,682.00	2,385.02	433.64	2,818.66	
06/30/14	Pumping Equip Old US 231	SLH / 50	333,074.49	0.00	333,074.49	29,976.70	6,661.49	36,638.19	
05/26/15	Covington Electric/Brooks Motor	SLH / 50	2,714.15	0.00	2,714.15	189.98	54.28	244.26	
Totals: 311 - PUMPING EQUIPMENT (23 assets)			713,281.35	0.00	713,281.35	182,498.77	14,265.64	196,764.41	
Asset A/C#: 330 - DISTRIB RESERVOIR & STAND									
02/10/86	184.5m Tank	SLH / 50	146,450.00	0.00	146,450.00	93,972.08	2,929.00	96,901.08	
03/01/94	Tank Hwy. 1421	SLH / 50	156,637.13	0.00	156,637.13	72,053.02	3,132.74	75,185.76	
06/30/95	Tank 100W	SLH / 50	276,376.04	0.00	276,376.04	160,298.08	5,527.52	165,825.60	
06/01/96	Tank 300M	SLH / 50	290,012.85	0.00	290,012.85	133,405.98	5,800.26	139,206.24	
12/11/00	165M Tank Repair	SLH / 50	17,688.00	0.00	17,688.00	6,544.56	353.76	6,898.32	
01/07/14	Amos Water Rehab	SLH / 50	96,503.72	0.00	96,503.72	8,685.32	1,930.07	10,615.39	
05/13/14	Lambart Water Rehab	SLH / 50	62,345.00	0.00	62,345.00	5,611.05	1,246.90	6,857.95	
12/02/14	Walkers Chapel Rehab	SLH / 50	70,189.35	0.00	70,189.35	6,317.05	1,403.79	7,720.84	
01/17/16	Water Tank Liner	SLH / 15	55,915.00	0.00	55,915.00	9,319.17	3,727.67	13,046.84	
07/03/18	Rehab HWY 98 Tank	SLH / 50	212,196.38	0.00	212,196.38	2,121.96	4,243.93	6,365.89	
Totals: 330 - DISTRIB RESERVOIR & STAND (10 assets)			1,384,313.47	0.00	1,384,313.47	498,328.27	30,295.64	528,623.91	
Asset A/C#: 331 - TRANSMISSION DIST MAINS									
01/01/84	Transmission & Distrib Mains	SLH / 50	331,817.68	0.00	331,817.68	260,232.87	6,636.35	266,869.22	
01/01/85	Transmission & Dist Mains	SLH / 50	26,339.58	0.00	26,339.58	17,910.86	526.79	18,437.65	
01/01/86	Transmission & Dist Mains	SLH / 50	10,727.67	0.00	10,727.67	7,080.15	214.55	7,294.70	
01/01/88	Transmission & Dist Mains	SLH / 50	779,609.34	0.00	779,609.34	500,249.43	15,592.19	515,841.62	
01/01/87	Transmission & Dist Mains	SLH / 50	60,730.00	0.00	60,730.00	38,867.20	1,214.60	40,081.80	
06/30/88	Transmission & Dist Mains	SLH / 50	254,935.29	0.00	254,935.29	155,510.65	5,098.71	160,609.36	
06/30/89	Transmission & Dist Mains	SLH / 50	231,810.54	0.00	231,810.54	136,768.22	4,636.21	141,404.43	
06/08/90	Transmission & Dist Mains	SLH / 50	480.00	0.00	480.00	278.40	9.60	288.00	
06/30/90	Transmission & Dist Mains	SLH / 50	745,405.41	0.00	745,405.41	432,335.19	14,908.11	447,243.30	
06/30/91	Transmission & Dist Mains	SLH / 50	278,756.92	0.00	278,756.92	156,103.90	5,575.14	161,679.04	
06/30/92	Transmission & Dist Mains	SLH / 50	139,089.60	0.00	139,089.60	75,108.33	2,781.79	77,890.12	
06/30/93	Transmission & Dist Mains	SLH / 50	111,251.53	0.00	111,251.53	57,850.78	2,225.03	60,075.81	
05/01/94	Phase IV	SLH / 50	1,095,845.48	0.00	1,095,845.48	540,617.11	21,916.91	562,534.02	
06/30/94	Phase IV	SLH / 50	112,426.70	0.00	112,426.70	55,088.99	2,248.53	57,337.52	
06/30/95	Phase IV	SLH / 50	90,387.81	0.00	90,387.81	42,482.36	1,807.76	44,290.12	
07/11/95	Phase IV	SLH / 50	106,019.67	0.00	106,019.67	49,829.17	2,120.39	51,949.56	
06/01/96	Phase V	SLH / 50	101,497.69	0.00	101,497.69	46,688.85	2,029.95	48,718.80	
06/30/97	Phase V	SLH / 50	840,021.26	0.00	840,021.26	369,609.46	16,800.43	386,409.89	
06/30/98	Phase V	SLH / 50	11,256.47	0.00	11,256.47	4,727.73	225.13	4,952.86	
06/30/99	Capitalized Payroll	SLH / 50	4,608.93	0.00	4,608.93	1,843.60	92.18	1,935.78	
05/24/00	Glasgow Pump (Phase VI)	SLH / 50	2,530,974.76	0.00	2,530,974.76	936,460.75	50,619.50	987,080.25	
06/30/00	Capitalized Payroll	SLH / 50	32,409.51	0.00	32,409.51	11,991.52	648.19	12,639.71	
06/30/00	Capitalized Payroll	SLH / 50	17,125.05	0.00	17,125.05	6,336.25	342.50	6,678.75	
12/31/00	Red Hill/Midway	SLH / 50	10,320.82	0.00	10,320.82	3,818.77	206.42	4,025.19	
01/16/01	Cl Thornberg	SLH / 50	555.00	0.00	555.00	194.25	11.10	205.35	
06/30/01	Capitalized Payroll	SLH / 50	55,725.11	0.00	55,725.11	19,503.75	1,114.50	20,618.25	
12/31/01	Red Hill/Midway	SLH / 50	844,632.81	0.00	844,632.81	295,621.55	16,892.66	312,514.21	
06/30/02	Capitalized Payroll	SLH / 50	31,325.98	0.00	31,325.98	10,337.58	626.52	10,964.10	
08/14/02	Micro Comm.	SLH / 50	1,720.00	0.00	1,720.00	567.60	34.40	602.00	
10/07/02	G&C Supply	SLH / 50	440.00	0.00	440.00	145.20	8.60	154.00	
12/31/02	Red Hill/Midway	SLH / 50	102,650.32	0.00	102,650.32	33,874.66	2,053.01	35,927.67	
11/30/03	Capitalized Payroll	SLH / 50	31,298.00	0.00	31,298.00	9,702.38	625.96	10,328.34	
11/30/03	Various Other	SLH / 50	20.00	0.00	20.00	6.20	0.40	6.60	
12/31/03	Self-funded Projects	SLH / 50	44,876.00	0.00	44,876.00	13,911.56	897.52	14,809.08	
12/31/04	Capitalized Payroll	SLH / 50	42,267.92	0.00	42,267.92	12,257.72	845.36	13,103.08	
12/31/04	Fiscal Court/Self-funded	SLH / 50	115,277.00	0.00	115,277.00	33,430.33	2,305.54	35,735.87	
12/31/05	Fiscal Court/Self-funded	SLH / 50	106,778.62	0.00	106,778.62	28,830.20	2,135.57	30,965.77	
12/31/05	Capitalized Payroll	SLH / 50	40,584.93	0.00	40,584.93	10,957.95	811.70	11,769.65	
12/31/06	Fiscal Court/Self-funded	SLH / 50	95,219.00	0.00	95,219.00	23,804.75	1,904.38	25,709.13	
2/31/06	Capitalized Payroll	SLH / 50	33,790.40	0.00	33,790.40	8,447.62	675.81	9,123.43	
2/31/07	Capitalized Payroll	SLH / 50	24,252.28	0.00	24,252.28	5,578.07	485.05	6,063.12	
2/31/07	Phase VII Line	SLH / 50	1,433,589.09	0.00	1,433,589.09	329,725.47	28,671.78	358,397.25	
2/31/07	Phase VI Line Capitalized Interest	SLH / 50	59,910.56	0.00	59,910.56	13,779.42	1,198.21	14,977.63	
2/31/07	Fiscal Court/Self-funded	SLH / 50	75,764.44	0.00	75,764.44	17,425.83	1,515.29	18,941.12	

ASSET DEPRECIATION SHORT REPORT
 Allen County Water District - Dec. 31, 2019

Assets: 318 of 318 Included
 Include: All Assets
 Method: BOOK - Std Conventions Applied

Sort #1: Asset A/C#

Date Acq	Description	Meth/Life	Cost	Salvage Value	Depr Basis	Includes Section 179		
						Beg A/Depr	Curr Depr	End A/Depr
Asset A/C#: 331 - TRANSMISSION DIST MAINS								
06/30/08	Ph VII completion	SLH / 50	1,554,429.95	0.00	1,554,429.95	326,430.30	31,088.60	357,518.90
06/30/08	2008 Self-funded Jobs	SLH / 50	25,379.23	0.00	25,379.23	5,329.59	507.58	5,837.17
12/31/08	2008 Capitalized Payroll	SLH / 50	20,204.52	0.00	20,204.52	4,242.95	404.09	4,647.04
12/31/09	Capitalized Payroll	SLH / 50	53,496.79	0.00	53,496.79	10,164.43	1,069.94	11,234.37
12/31/09	Material-self funded project	SLP / 50	11,986.51	0.00	11,986.51	2,177.55	239.73	2,417.28
12/31/09	CIP-Self funded-AJE 9-2009	SLH / 50	52,439.79	0.00	52,439.79	9,963.60	1,048.80	11,012.40
06/30/10	Capitalized Payroll-2010	SLH / 50	33,380.98	0.00	33,380.98	5,674.77	667.62	6,342.39
06/30/10	Material-2010	SLH / 50	10,587.38	0.00	10,587.38	1,799.87	211.75	2,011.62
06/01/11	Cap-Payroll-2011	SLH / 50	18,069.97	0.00	18,069.97	2,710.50	361.40	3,071.90
06/01/11	Material-2011	SLH / 50	36,728.59	0.00	36,728.59	5,509.28	734.57	6,243.85
06/01/12	Material-2012	SLH / 50	11,011.07	0.00	11,011.07	1,431.43	220.22	1,651.65
06/01/12	Cap P/R	SLH / 50	5,902.47	0.00	5,902.47	767.32	118.05	885.37
06/01/13	Cap P/R 2013	SLH / 50	3,245.66	0.00	3,245.66	357.01	64.91	421.92
06/01/13	Material-2013	SLH / 50	11,612.48	0.00	11,612.48	1,277.37	232.25	1,509.62
Totals: 331 - TRANSMISSION DIST MAINS (58 assets)			12,913,000.56	0.00	12,913,000.56	5,153,728.60	258,260.03	5,411,988.63
Asset A/C#: 333 - SERVICES								
01/01/84	Services	SLH / 50	50,095.51	0.00	50,095.51	36,237.60	1,001.91	37,239.51
01/01/85	Services	SLH / 50	2,504.42	0.00	2,504.42	1,703.06	50.09	1,753.15
01/01/86	Services	SLH / 50	3,245.70	0.00	3,245.70	2,142.03	64.91	2,206.94
01/01/87	Services	SLH / 50	1,135.02	0.00	1,135.02	726.40	22.70	749.10
06/30/88	Services	SLH / 50	986.68	0.00	986.68	601.77	19.73	621.50
06/30/89	Services	SLH / 50	38,567.72	0.00	38,567.72	22,754.83	771.35	23,526.18
06/30/90	Services	SLH / 50	31,830.42	0.00	31,830.42	18,461.69	636.61	19,098.30
06/30/91	Services	SLH / 50	25,818.43	0.00	25,818.43	14,458.34	516.37	14,974.71
06/30/92	Services	SLH / 50	7,278.75	0.00	7,278.75	3,930.60	145.57	4,076.17
06/30/93	Services	SLH / 50	1,344.00	0.00	1,344.00	698.88	26.88	725.76
05/01/94	Phase IV Services	SLH / 50	177,465.66	0.00	177,465.66	87,549.65	3,549.31	91,098.96
06/30/94	Phase IV Services	SLH / 50	43,730.63	0.00	43,730.63	21,427.95	874.61	22,302.56
06/30/95	Phase IV Services	SLH / 50	52,989.31	0.00	52,989.31	24,905.06	1,059.79	25,964.85
07/11/95	Phase VI Services	SLH / 50	17,998.73	0.00	17,998.73	8,459.17	359.97	8,819.14
Totals: 333 - SERVICES (14 assets)			454,990.98	0.00	454,990.98	244,057.03	9,099.80	253,156.83
Asset A/C#: 334 - METERS								
01/01/84	Meter Services	SLH / 50	7,187.64	0.00	7,187.64	4,959.38	143.75	5,103.13
01/01/84	Meter Services	SLH / 50	23,916.46	0.00	23,916.46	16,502.38	478.33	16,980.71
01/01/85	Meter Services	SLH / 50	2,175.95	0.00	2,175.95	1,457.92	43.52	1,501.44
01/01/86	Meters Services	SLH / 50	247.50	0.00	247.50	160.88	4.95	165.83
01/01/87	Meter Services	SLH / 50	1,308.02	0.00	1,308.02	850.20	26.16	876.36
06/30/88	Meter Services	SLH / 50	6,452.97	0.00	6,452.97	4,065.39	129.06	4,194.45
06/30/89	Meter Services	SLH / 50	3,826.71	0.00	3,826.71	2,334.17	76.53	2,410.70
06/30/90	Meter Services	SLH / 50	13,142.10	0.00	13,142.10	7,753.78	262.84	8,016.62
06/30/91	Meter Services	SLH / 50	37,969.96	0.00	37,969.96	21,642.90	759.40	22,402.30
06/30/92	Meter Services	SLH / 50	4,021.34	0.00	4,021.34	2,211.82	80.43	2,292.25
06/30/93	Meter Services	SLH / 50	12,366.13	0.00	12,366.13	6,553.98	247.32	6,801.30
06/30/94	Meter Services	SLH / 50	13,837.68	0.00	13,837.68	7,057.13	276.75	7,333.88
06/30/95	Meter Services	SLH / 50	10,128.46	0.00	10,128.46	4,962.96	202.57	5,165.53
07/11/95	Phase IV Meter Services	SLH / 50	7,200.79	0.00	7,200.79	3,384.47	144.02	3,528.49
06/30/96	Phase IV Meter Services	SLH / 50	3,140.62	0.00	3,140.62	1,476.04	62.81	1,538.85
06/30/97	Phase IV Meter Services	SLH / 50	8,671.87	0.00	8,671.87	3,902.40	173.44	4,075.84
06/30/98	Phase IV Meters	SLH / 10	36,139.27	0.00	36,139.27	15,539.98	722.79	16,262.77
06/30/99	Phase IV Meter Services	SLH / 50	19,350.58	0.00	19,350.58	19,350.58	0.00	19,350.58
06/30/99	Meters, Capitalized Payroll	SLH / 10	58,051.75	0.00	58,051.75	23,801.32	1,161.04	24,962.36
6/30/99	Meter Services, Capitalized Payroll	SLH / 50	25,590.94	0.00	25,590.94	25,590.94	0.00	25,590.94
6/30/00	Meter Services, Capitalized Payroll	SLH / 50	76,772.81	0.00	76,772.81	29,941.47	1,535.46	31,476.93
6/30/00	Meters, Capitalized Payroll	SLH / 10	46,825.18	0.00	46,825.18	17,325.25	936.50	18,261.75
6/30/01	Red Hill/Midway Meters, Capitalized Payroll	SLH / 10	15,608.40	0.00	15,608.40	15,608.40	0.00	15,608.40
5/30/01	Red Hill/Midway Meter Svcs, Cap P/R	SLH / 50	11,106.97	0.00	11,106.97	11,106.97	0.00	11,106.97
3/30/02	Red Hill, Midway Meters, Capitalized Payroll	SLH / 10	33,320.91	0.00	33,320.91	11,662.35	666.42	12,328.77
3/30/02	Red Hill/Midway Meter Svcs, Cap P/R	SLH / 50	9,996.10	0.00	9,996.10	9,996.10	0.00	9,996.10
1/30/03	Meters, Capitalized Payroll	SLH / 10	29,988.28	0.00	29,988.28	9,896.20	599.77	10,495.97
2/31/03	Meter Services, Capitalized Payroll	SLH / 50	8,852.50	0.00	8,852.50	8,852.50	0.00	8,852.50
2/31/04	Meters, Capitalized Payroll	SLH / 10	26,557.50	0.00	26,557.50	8,232.83	531.15	8,763.98
2/31/04	Meter Services, Capitalized Payroll	SLH / 50	7,569.16	0.00	7,569.16	7,569.16	0.00	7,569.16
2/31/05	Meters, Capitalized Payroll	SLH / 10	22,707.46	0.00	22,707.46	6,585.17	454.15	7,039.32
			10,036.75	0.00	10,036.75	10,036.75	0.00	10,036.75

ASSET DEPRECIATION SHORT REPORT
Allen County Water District - Dec. 31, 2019

Assets: 318 of 318 Included
Include: All Assets
Method: BOOK - Std Conventions Applied

Sort #: Asset A/C#

Date Acq	Description	Meth/Life	Cost	Salvage Value	Depr Basis	Includes Section 179		
						Beg A/Depr	Curr Depr	End A/Depr
Asset A/C#: 334 - METERS								
12/31/05	Meter Services, Capitalized Payroll	SLH / 50	30,110.25	0.00	30,110.25	8,129.83	602.21	8,732.04
12/31/06	Meters, Capitalized Payroll	SLH / 10	7,292.81	0.00	7,292.81	7,292.81	0.00	7,292.81
12/31/06	Meter Services, Capitalized Payroll	SLH / 50	21,878.42	0.00	21,878.42	5,469.62	437.57	5,907.19
12/31/07	Meters, Capitalized Payroll	SLH / 10	8,063.34	0.00	8,063.34	8,063.34	0.00	8,063.34
12/31/07	Meter Services, Capitalized Payroll	SLH / 50	24,190.01	0.00	24,190.01	5,563.70	483.80	6,047.50
12/31/08	Meters, Capitalized Payroll	SLH / 10	21,254.90	0.00	21,254.90	21,254.90	0.00	21,254.90
12/31/08	Meter Services, Capitalized Payroll	SLH / 50	63,764.68	0.00	63,764.68	13,390.55	1,275.29	14,665.84
12/31/09	Meter Services, Capitalized Payroll 2009	SLH / 10	26,656.10	0.00	26,656.10	25,323.30	1,332.80	26,656.10
12/31/09	Meters Service, Cap Payroll-2009	SLH / 50	79,968.28	0.00	79,968.28	15,194.01	1,599.37	16,793.38
06/30/10	Meters	SLH / 10	59,977.00	0.00	59,977.00	50,980.45	5,997.70	56,978.15
06/30/10	Capitalized Labor-2010	SLH / 10	31,603.09	0.00	31,603.09	26,862.63	3,160.31	30,022.94
06/01/11	Capitized Payroll/Material-2011-25%-10 yrs	SLH / 10	26,834.84	0.00	26,834.84	20,126.10	2,683.48	22,809.58
06/01/11	Cap Labor/Material-2011 75% 50 year	SLH / 50	80,504.50	0.00	80,504.50	12,075.68	1,610.09	13,685.77
06/01/12	Cap Lbr/Materials-2012	SLH / 10	61,622.92	0.00	61,622.92	40,054.89	6,162.29	46,217.18
06/01/13	Cap Lbr/Meters 2013	SLH / 10	70,170.37	0.00	70,170.37	38,593.72	7,017.04	45,610.76
06/01/14	Labr/Mtl 2014	SLH / 10	94,795.03	0.00	94,795.03	42,657.75	9,479.50	52,137.25
06/30/15	Cap Lbr/materials-meters 2015	SLH / 10	66,269.77	0.00	66,269.77	23,194.43	6,626.98	29,821.41
06/30/16	Lbr/Meters 2016	SLH / 10	49,884.41	0.00	49,884.41	12,471.10	4,988.44	17,459.54
06/30/17	Meters	SLH / 10	53,417.93	0.00	53,417.93	8,012.69	5,341.79	13,354.48
12/01/18	Meters-2018	SLH / 10	83,301.88	0.00	83,301.88	4,165.09	8,330.19	12,495.28
06/15/19 A	Meters-2019	SLH / 10	211,778.22	0.00	211,778.22	0.00	10,586.91	10,588.91
Totals: 334 - METERS (53 assets)			1,767,407.51	0.00	1,767,407.51	709,248.36	87,436.92	796,685.28
Asset A/C#: 335 - HYDRANTS								
06/30/90	Hydrants	SLH / 50	10,257.94	0.00	10,257.94	5,949.62	205.16	6,154.78
06/30/92	Hydrants	SLH / 50	850.04	0.00	850.04	459.00	17.00	476.00
05/01/94	Hydrants	SLH / 50	14,590.70	0.00	14,590.70	7,197.68	291.81	7,489.49
07/11/95	Hydrants	SLH / 50	2,627.21	0.00	2,627.21	1,234.69	52.54	1,287.23
05/24/00	Glasgow Ph VI Hydrants	SLH / 50	6,600.00	0.00	6,600.00	2,442.00	132.00	2,574.00
12/31/03	Self-funded Projects	SLH / 50	1,920.00	0.00	1,920.00	595.20	38.40	633.60
12/31/09	Hydrants-2009	SLH / 50	7,014.00	0.00	7,014.00	1,332.66	140.28	1,472.94
Totals: 335 - HYDRANTS (7 assets)			43,859.89	0.00	43,859.89	19,210.85	877.19	20,088.04
Asset A/C#: 340 - OFFICE FURNITURE & EQUIP								
12/03/85	Furniture	SLH / 10	600.00	0.00	600.00	600.00	0.00	600.00
08/30/88	Furniture	SLH / 10	346.50	0.00	346.50	346.50	0.00	348.50
07/31/91	Furniture	SLH / 10	750.00	0.00	750.00	750.00	0.00	750.00
11/01/93	Furniture	SLH / 10	10,899.03	0.00	10,899.03	10,899.03	0.00	10,899.03
06/30/94	Furniture	SLH / 10	9,394.40	0.00	9,394.40	9,394.40	0.00	9,394.40
06/30/94	Furniture	SLH / 10	2,219.62	0.00	2,219.62	2,219.62	0.00	2,219.62
06/30/95	Furniture	SLH / 10	13,118.47	0.00	13,118.47	13,118.47	0.00	13,118.47
06/30/97	Furniture	SLH / 10	1,564.88	0.00	1,564.88	1,564.88	0.00	1,564.88
06/30/98	Furniture	SLH / 10	2,048.00	0.00	2,048.00	2,048.00	0.00	2,048.00
06/30/99	Furniture	SLH / 10	11,596.00	0.00	11,596.00	11,596.00	0.00	11,596.00
07/11/00	D&S - Chairs, Desks	SLH / 10	5,417.15	0.00	5,417.15	5,417.15	0.00	5,417.15
08/11/00	Comstar security	SLH / 10	9,999.50	0.00	9,999.50	9,999.50	0.00	9,999.50
08/25/00	Various	SLH / 10	8,840.25	0.00	8,840.25	8,840.25	0.00	8,840.25
05/10/01	Comstar - security	SLH / 10	1,865.15	0.00	1,865.15	1,865.15	0.00	1,865.15
11/19/01	Platinum Plus	SLH / 10	936.78	0.00	936.78	936.78	0.00	936.78
12/03/01	Reliable Office Supply	SLH / 10	222.50	0.00	222.50	222.50	0.00	222.50
05/20/03	United: PC, Server, Peripheral equip	SLH / 10	6,524.00	0.00	6,524.00	6,524.00	0.00	6,524.00
05/20/03	United: Lexmark Printer	SLH / 10	1,798.00	0.00	1,798.00	1,798.00	0.00	1,798.00
05/20/03	United: Formax Sheetcutter	SLH / 10	6,795.00	0.00	6,795.00	6,795.00	0.00	6,795.00
11/30/03	United: Various	SLH / 10	1,520.00	0.00	1,520.00	1,520.00	0.00	1,520.00
10/27/04	United: Meter Readers	SLH / 10	13,881.00	0.00	13,881.00	13,881.00	0.00	13,881.00
08/24/07	United: New Server	SLH / 10	3,498.00	0.00	3,498.00	3,498.00	0.00	3,498.00
12/06/07	Comstar: Security	SLH / 10	6,977.30	0.00	6,977.30	6,977.30	0.00	6,977.30
12/31/07	United: Various	SLH / 10	969.00	0.00	969.00	969.00	0.00	969.00
04/11/08	HP 5240 Printer & Accessories	SLH / 10	274.38	0.00	274.38	274.38	0.00	274.38
04/14/08	5 Trend Micro Client Server 2 Yr Renewal	SLH / 2	113.50	0.00	113.50	113.50	0.00	113.50
05/09/11	Color Scanner, Camera	SLH / 10	1,847.29	0.00	1,847.29	1,385.47	184.73	1,570.20
07/14/11	Color Scanner, Camera	SLH / 10	9,410.65	0.00	9,410.65	7,058.02	941.07	7,999.09
2/09/11	Printers	SLH / 10	1,723.00	0.00	1,723.00	1,292.25	172.30	1,464.55
12/01/12	Computer-Micro Tower	SLP / 7	1,770.00	0.00	1,770.00	1,748.95	21.05	1,770.00
01/10/13	HP Compaq (Set Up/ Networking)	SLH / 7	2,449.00	0.00	2,449.00	1,924.23	349.86	2,274.09

ASSET DEPRECIATION SHORT REPORT
Allen County Water District - Dec. 31, 2019

Assets: 318 of 318 Included
Include: All Assets
Method: BOOK - Std Conventions Applied

Sort #1: Asset A/C#

Date Acq	Description	Meth/Life	Cost	Salvage Value	Depr Basis	Includes Section 179		
						Beg A/Depr	Curr Depr	End A/Depr
Asset A/C#: 340 - OFFICE FURNITURE & EQUIP								
01/17/14	Meter Reading System	SLH / 10	22,523.00	0.00	22,523.00	10,135.35	2,252.30	12,387.65
09/09/15	United Software/Micro-Comm	SLH / 7	3,418.00	0.00	3,418.00	1,709.01	488.29	2,197.30
08/01/16	United Systems Software-Computer System	SLH / 7	16,688.00	0.00	16,688.00	5,960.00	2,384.00	8,344.00
08/01/16	Barren co Bus-Chairs & Desk	SLH / 10	2,676.62	0.00	2,676.62	669.15	267.86	936.81
12/04/17	Microcom System Update	SLH / 5	6,000.00	0.00	6,000.00	1,800.00	1,200.00	3,000.00
07/17/18	Furniture-New Shop	SLH / 10	3,422.29	0.00	3,422.29	171.11	342.23	513.34
06/15/19 A	Computer System-United Systems	SLH / 5	26,547.59	0.00	26,547.59	0.00	2,654.76	2,654.76
Totals: 340 - OFFICE FURNITURE & EQUIP (39 assets)			221,191.30	0.00	221,191.30	156,569.40	11,258.25	167,827.65
Asset A/C#: 341 - TRANSPORTATION EQUIP								
12/09/87	1988 Ford 250 3/4 Ton Truck	SLH / 5	16,083.74	0.00	16,083.74	16,083.74	0.00	16,083.74
03/13/91	Transportation Equipment	SLH / 5	1,175.00	0.00	1,175.00	1,175.00	0.00	1,175.00
03/26/02	2002 GMC C-7500	SLH / 5	44,860.00	0.00	44,860.00	44,860.00	0.00	44,860.00
05/15/02	2002 Silverado Pickup	SLH / 5	17,792.70	0.00	17,792.70	17,792.70	0.00	17,792.70
05/15/02	2002 Silverado Pickup	SLH / 5	17,792.70	0.00	17,792.70	17,792.70	0.00	17,792.70
11/18/04	2005 Chevy Pickup	SLH / 5	18,168.88	0.00	18,168.88	18,168.88	0.00	18,168.88
11/09/10	Chevrolet Truck-2010	SLH / 5	19,898.00	0.00	19,898.00	19,898.00	0.00	19,898.00
10/16/12	2013 White GMC	SLH / 5	26,431.81	0.00	26,431.81	26,431.81	0.00	26,431.81
10/10/13	2014 GMC Sierra	SLH / 5	28,987.50	0.00	28,987.50	28,987.50	0.00	28,987.50
11/18/14	2015 GMC Sierra 198894	SLH / 5	23,877.36	0.00	23,877.36	21,489.62	2,387.74	23,877.36
12/23/15	Truck-3/4Ton-Bailey Gibson	SLH / 5	33,627.90	0.00	33,627.90	23,539.53	6,725.58	30,265.11
12/06/16	2017 GMC Seirra	SLH / 5	25,955.63	0.00	25,955.63	12,977.82	5,191.13	18,168.95
11/25/17	2017 GMC Truck	SLH / 5	25,569.28	0.00	25,569.28	7,670.79	5,113.86	12,784.65
03/14/19 A	2019 Chevy Silverado	SLH / 5	29,154.00	0.00	29,154.00	0.00	2,915.40	2,915.40
Totals: 341 - TRANSPORTATION EQUIP (14 assets)			329,374.50	0.00	329,374.50	256,868.09	22,333.71	279,201.80
Asset A/C#: 343 - TOOLS, SHOP & GARAGE EQUI								
01/01/87	Tools & Equipment	SLH / 10	302.17	0.00	302.17	302.17	0.00	302.17
06/30/88	Tools & Equipment	SLH / 10	1,609.16	0.00	1,609.16	1,609.16	0.00	1,609.16
06/30/89	Tools & Equipment	SLH / 10	173.26	0.00	173.26	173.26	0.00	173.26
06/30/90	Tools & Equipment	SLH / 10	2,133.37	0.00	2,133.37	2,133.37	0.00	2,133.37
06/30/91	Tools & Equipment	SLH / 10	2,265.78	0.00	2,265.78	2,265.78	0.00	2,265.78
06/30/93	Tools & Equipment	SLH / 10	378.32	0.00	378.32	378.32	0.00	378.32
06/30/94	Tools & Equipment	SLH / 10	104.83	0.00	104.83	104.83	0.00	104.83
06/30/96	Tools & Equipment	SLH / 10	338.86	0.00	338.86	338.86	0.00	338.86
06/30/98	Tools & Equipment	SLH / 10	555.00	0.00	555.00	555.00	0.00	555.00
06/30/99	Ditchwitch	SLH / 10	300.80	0.00	300.80	300.80	0.00	300.80
12/04/00	Motorola Pager	SLH / 10	7,535.94	0.00	7,535.94	7,535.94	0.00	7,535.94
02/06/01	Tractor Supply	SLH / 10	550.70	0.00	550.70	550.70	0.00	550.70
02/06/01	Tractor Supply	SLH / 10	629.99	0.00	629.99	629.99	0.00	629.99
07/11/01	AC Farmer Service	SLH / 10	77.82	0.00	77.82	77.82	0.00	77.82
06/30/02	Various	SLH / 10	835.00	0.00	835.00	835.00	0.00	835.00
11/30/03	Various	SLH / 10	695.06	0.00	695.06	695.06	0.00	695.06
05/10/05	Piercing Tool	SLH / 10	685.00	0.00	685.00	685.00	0.00	685.00
10/01/08	DC6 Pakia 6-Tool Combo Kit, 600# Hand...	SLH / 10	4,789.00	0.00	4,789.00	4,789.00	0.00	4,789.00
10/16/12	Ditch Witch	SLH / 10	654.96	0.00	654.96	654.96	0.00	654.96
07/16/13	3 Chlorimeters	SLH / 10	5,000.00	0.00	5,000.00	3,250.00	500.00	3,750.00
04/07/15	Automic controls company	SLH / 10	1,215.00	0.00	1,215.00	668.25	121.50	789.75
05/03/16	Lazer X Series Mower W/Trailer	SLH / 10	6,017.00	0.00	6,017.00	2,105.95	601.70	2,707.65
12/02/16	2016 Kubota RTV X9000	SLH / 10	11,079.18	0.00	11,079.18	2,769.80	1,107.92	3,877.72
01/08/19 A	PLH Subsurface Ins Ins	SLH / 10	12,500.00	0.00	12,500.00	3,125.00	1,250.00	4,375.00
Totals: 343 - TOOLS, SHOP & GARAGE EQUI (25 assets)			68,426.20	0.00	68,426.20	36,534.02	3,981.12	40,515.14
Asset A/C#: 345 - POWER OPERATED EQUIPMENT								
11/01/83	Boring Machine	SLH / 10	6,000.00	0.00	6,000.00	6,000.00	0.00	6,000.00
12/06/84	Adaptor	SLH / 10	103.35	0.00	103.35	103.35	0.00	103.35
09/04/84	Pressure Record	SLH / 10	192.57	0.00	192.57	192.57	0.00	192.57
4/02/85	13" Auger	SLH / 10	468.00	0.00	468.00	468.00	0.00	468.00
5/07/85	12" Bucket-Case	SLH / 10	345.00	0.00	345.00	345.00	0.00	345.00
01/16/85	Augers 4" Boring	SLH / 10	904.25	0.00	904.25	904.25	0.00	904.25
07/07/86	Roto W	SLH / 10	1,961.25	0.00	1,961.25	1,961.25	0.00	1,961.25
6/10/87	Augers	SLH / 10	822.53	0.00	822.53	822.53	0.00	822.53
6/24/87	760 Trencher	SLH / 10	27,130.65	0.00	27,130.65	27,130.65	0.00	27,130.65
2/03/88	Trailer	SLH / 10	850.00	0.00	850.00	850.00	0.00	850.00

ASSET DEPRECIATION SHORT REPORT
 Allen County Water District - Dec. 31, 2019

Assets: 318 of 318 Included
 Include: All Assets
 Method: BOOK - Std Conventions Applied

Sort #: Asset A/C#

Date Acq	Description	Meth/Life	Cost	Salvage Value	Depr Basis	Includes Section 179		
						Beg A/Depr	Curr Depr	End A/Depr
Asset A/C#: 345 - POWER OPERATED EQUIPMENT								
06/07/89	Blasting Machine	SLH / 10	766.08	0.00	766.08	766.08	0.00	766.08
05/18/90	Trailer	SLH / 10	4,500.00	0.00	4,500.00	4,500.00	0.00	4,500.00
08/20/90	Augers	SLH / 10	1,800.00	0.00	1,800.00	1,800.00	0.00	1,800.00
09/20/90	Smith Compressor	SLH / 10	3,410.00	0.00	3,410.00	3,410.00	0.00	3,410.00
12/10/90	Augers	SLH / 10	2,253.00	0.00	2,253.00	2,253.00	0.00	2,253.00
02/07/91	Auger	SLH / 10	1,442.00	0.00	1,442.00	1,442.00	0.00	1,442.00
06/10/91	Weedeater	SLH / 10	260.00	0.00	260.00	260.00	0.00	260.00
07/08/91	Rock Drill	SLH / 10	164.20	0.00	164.20	164.20	0.00	164.20
08/13/91	Rock Drill	SLH / 10	1,241.00	0.00	1,241.00	1,241.00	0.00	1,241.00
06/15/96	Boring Machine	SLH / 10	8,364.02	0.00	8,364.02	8,364.02	0.00	8,364.02
06/30/99	Boring Machine	SLH / 10	767.00	0.00	767.00	767.00	0.00	767.00
03/13/00	2 Items - Total	SLH / 10	392.00	0.00	392.00	392.00	0.00	392.00
03/08/01	Case 860 Trencher	SLH / 10	51,700.00	0.00	51,700.00	51,700.00	0.00	51,700.00
08/06/02	Case 580SM Backhoe	SLH / 10	42,186.00	0.00	42,186.00	42,186.00	0.00	42,186.00
04/22/03	New Holland Tractor	SLH / 10	16,000.00	0.00	16,000.00	16,000.00	0.00	16,000.00
04/19/04	Case 580SM Backhoe	SLH / 10	42,863.40	0.00	42,863.40	42,863.40	0.00	42,863.40
10/16/12	Power Equip air compressor	SLH / 10	13,986.18	0.00	13,986.18	9,091.03	1,398.62	10,489.65
06/16/14	Electrical/Temp Generator Old us 231	SLH / 10	507,219.23	0.00	507,219.23	253,609.60	50,721.92	304,331.52
05/28/15	United Systems Software	SLH / 10	3,008.21	0.00	3,008.21	1,052.87	300.82	1,353.69
05/01/18	Ski Steer	SLH / 10	52,096.00	0.00	52,096.00	2,604.80	5,209.60	7,814.40
05/01/18	Mini Excavator	SLH / 10	54,186.12	0.00	54,186.12	2,709.31	5,418.61	8,127.92
Totals: 345 - POWER OPERATED EQUIPMENT (31 assets)			847,382.04	0.00	847,382.04	485,953.91	63,049.57	549,003.48

Asset A/C#: 345.1 - COMMUNICATIONS EQUIPMENT

07/15/94	Telemetry	SLH / 10	25,341.55	0.00	25,341.55	25,341.55	0.00	25,341.55
06/15/96	Telemetry	SLH / 10	20,022.00	0.00	20,022.00	20,022.00	0.00	20,022.00
12/31/09	Mobile Radios-2009 Kidd Comm	SLH / 10	590.00	0.00	590.00	560.50	29.50	590.00
10/02/17	UHF Portable	SLH / 5	980.00	0.00	980.00	294.00	196.00	490.00
11/20/17	HTI-Discharge pressure control	SLH / 5	8,315.00	0.00	8,315.00	2,494.50	1,663.00	4,157.50
Totals: 345.1 - COMMUNICATIONS EQUIPMENT (5 assets)			55,248.55	0.00	55,248.55	48,712.55	1,888.50	50,601.05
Grand totals for all accounts: (318 assets)			20,904,287.02	0.00	20,904,287.02	8,180,971.95	546,044.06	8,727,016.01

Codes that may appear next to the date acquired include: A - Addition, D - Disposal, T - Traded, I - Inactive, C - Construction In Progress, MQ - Mid Quarter Applied

Additional Summary Statistics:	Cost	Curr Yr Salv	Prior Yr Salv	Depr Basis	Beg A/Depr	Curr A/Depr	End A/Depr	Net Book Val
Grand Totals for All Assets	20,904,287.02	0.00	0.00	20,904,287.02	8,180,971.95	546,044.06	8,727,016.01	12,177,271.01
Inactive Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Disposed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Traded Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Totals (Active & Inactive Assets)	20,904,287.02	0.00	0.00	20,904,287.02	8,180,971.95	546,044.06	8,727,016.01	12,177,271.01

Attachment No. 9.a

BOND RESOLUTION

ALLEN COUNTY WATER DISTRICT

AUTHORIZING

ALLEN COUNTY WATER DISTRICT

WATERWORKS REVENUE BONDS, SERIES 2006

IN THE PRINCIPAL AMOUNT OF

\$1,614,000

TABLE OF CONTENTS

ARTICLE 1.	DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS; SECURITY.	3
Section 101.	Definitions	3
Section 102.	Purpose	7
Section 103.	Construction Award Approved; Work Authorized	7
Section 104.	Declaration of Period of Usefulness	7
Section 105.	Authorization of Bonds	7
Section 106.	Recognition of Prior Bonds	8
Section 107.	Current Bonds Shall be Payable on Second Lien Basis Out of Gross Revenues	8
Section 108.	Lien on Contracts	8
ARTICLE 2.	THE BONDS; BOND FORM; PREPAYMENT.	9
Section 201.	Principal Payments	9
Section 202.	Issuance of Current Bonds; Bond Form	9
Section 203.	Place of Payment and Manner of Execution	9
Section 204.	Provisions as to Prepayment	9
ARTICLE 3.	CONSTRUCTION ACCOUNT; INTERIM FINANCING; APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.	10
Section 301.	Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits	10
A.	Covenants Applicable if RD Purchases Current Bonds	10
B.	Application of Proceeds of Current Bonds	10
Section 302.	Interim Financing Authorization	12
A.	Interim Financing	12
B.	Multiple Advances by RD	14
Section 303.	Arbitrage Limitations on Investment of Proceeds	14
ARTICLE 4.	FLOW OF FUNDS	16
Section 401.	Funds	16
Section 402.	Flow of Funds	16

A.	Revenue Fund	16
B.	Prior Sinking Fund	16
C.	Current Sinking Fund	17
D.	Depreciation Fund	17
E.	Operation and Maintenance Fund	18
F.	Monthly Principal and Interest Payments if Requested by RD	18
G.	Surplus Funds	18
H.	Investment and Miscellaneous Provisions	18
Section 403.	Current Bonds are Subordinate to the Prior Bonds	19
ARTICLE 5.	COVENANTS OF DISTRICT	20
Section 501.	Rates and Charges	20
Section 502.	Books and Accounts; Audit	20
Section 503.	System to Continue to be Operated on Fiscal Year Basis; Annual Budget	20
Section 504.	General Covenants	21
Section 505.	Other Covenants Applicable So Long as RD Owns Any Bonds	22
Section 506.	Insurance on Motors, Tanks and Structures	22
ARTICLE 6.	INFERIOR BONDS AND PARITY BONDS	23
Section 601.	Inferior Bonds	23
Section 602.	Parity Bonds to Complete the Project	23
Section 603.	Parity Bonds to Finance Future Improvements	23
Section 604.	Covenants to be Complied with at Time of Issuance of Parity Bonds	24
Section 605.	Prepayment Provisions Applicable to Parity Bonds	25
Section 606.	Consent of the RD Regarding Future Bonds	25
Section 607.	Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities	25
ARTICLE 7.	DEFAULT AND CONSEQUENCES	27
Section 701.	Events of Default	27
Section 702.	Consequences of Event of Default	27
ARTICLE 8.	CONTRACTUAL PROVISIONS; GRANT APPROVAL; MISCELLANEOUS PROVISIONS.	28
Section 801.	Resolution Contractual with Bondowners	28
Section 802.	All Current Bonds are Equal	28
Section 803.	District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited	28
Section 804.	Approval and Acceptance of RD Grant Agreement	29

Section 805.	Authorization, Ratification and Confirmation of Approval and Execution of Various Documents	29
Section 806.	Authorization of Condemnation to Acquire Easements and/or Sites	29
ARTICLE 9.	SALE OF CURRENT BONDS	31
Section 901.	Sale of Current Bonds	31
Section 902.	Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed	31
ARTICLE 10.	CONCLUDING PROVISIONS	32
Section 1001.	Covenant of District to Take All Necessary Action To Assure Compliance with the Code	32
Section 1002.	Severability Clause	33
Section 1003.	All Provisions in Conflict Repealed	33
Section 1004.	Effective Immediately Upon Adoption	33
EXHIBIT A - Schedule of Principal Payments		
EXHIBIT B - Form of Fully Registered Bond		
EXHIBIT C - Requisition Certificate		

BOND RESOLUTION

RESOLUTION OF THE ALLEN COUNTY WATER DISTRICT OF ALLEN COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$1,614,000 PRINCIPAL AMOUNT OF ALLEN COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2006 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Allen County Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the District presently has outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$1,614,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Kenviron, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued as second lien bonds, subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$500,000, and by a contribution by the District in the amount of at least \$150,000, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE ALLEN COUNTY WATER DISTRICT OF ALLEN COUNTY, KENTUCKY, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

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

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin & Hays, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds, Prior Bonds and the Parity Bonds.

"Bonds of 1978" or "Series 1978 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1978, dated July 11, 1978, in the original authorized principal amount of \$58,000.

"Bonds of 1989" or "Series 1989 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1989, dated March 13, 1990, in the original authorized principal amount of \$257,000.

"Bonds of 1993" or "Series 1993 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1993, dated April 26, 1994, in the original authorized principal amount of \$615,000.

"Bonds of 1997" or "Series 1997 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds, Series 1997, dated October 16, 1997, in the original authorized principal amount of \$617,000.

"Bonds of 1999" or "Series 1999 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds, Series 1999, dated May 26, 1999, in the original authorized principal amount of \$1,988,000.

"Bond Resolution of 1978" or "1978 Bond Resolution" refer to the Resolution authorizing the Bonds of 1978, duly adopted by the Commission of the District on April 4, 1978.

"Bond Resolution of 1989" or "1989 Bond Resolution" refer to the Resolution authorizing the Bonds of 1989, duly adopted by the Commission of the District on October 10, 1989.

"Bond Resolution of 1993" or *"1993 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1993, duly adopted by the Commission of the District on June 1, 1993.

"Bond Resolution of 1997" or *"1997 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1997, duly adopted by the Commission of the District on February 4, 1997.

"Bond Resolution of 1999" or *"1999 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1999, duly adopted by the Commission of the District on November 5, 1998.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Commission" refers to the Board of Commissioners of the District, or such other body as shall be the governing body of said District under the laws of Kentucky at any given time.

"Construction Account" refers to the Allen County Water District Construction Account, created in Section 301(B) of this Current Bond Resolution.

"Contractors" refers to the general contractors who have been employed by the District to construct the Project.

"Current Bond Resolution" or *"Resolution"* refer to this Resolution authorizing the Current Bonds.

"Current Bonds" refers to the \$1,614,000 of Allen County Water District Waterworks Revenue Bonds, Series 2006 authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Allen County Water District Sinking Fund of 2006, created in Section 401 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is Farmers National Bank, Scottsville, Kentucky, or its successor.

"Depreciation Fund" refers to the Allen County Water District Depreciation Reserve Fund, described in Section 402 of this Resolution.

"District" refers to the Allen County Water District of Allen County, Kentucky.

"Engineers" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to Kenvirons, Inc., or a member of said firm, or their successors.

"Event of Default" refers to one or more of the Events of Default set forth in Section 701 of this Resolution.

"FDIC" refers to the Federal Deposit Insurance Corporation, or its successors.

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

"Funds" refers to the Construction Account, the Revenue Fund, the Current Sinking Fund, the Prior Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"Government" refers to the United States of America, or any agency thereof, including RD.

"Grant Proceeds" refers to the proceeds of the RD Grant.

"Independent Consulting Engineer" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the District.

"KRWFC Loan" refers to the loan from the Kentucky Rural Water Finance Corporation to the District in the principal amount of \$401,000, dated June 27, 2001.

"Local Counsel" refers to Secret & Secret, Scottsville, Kentucky, or any other attorney or firm of attorneys designated by the District.

"Multiple Advances" refers to the advance of loan funds from the RD as described in Section 302 of this Resolution.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Allen County Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the Series 1978 Bonds, the Series 1989 Bonds, the Series 1993 Bonds, the Series 1997 Bonds, the Series 1999 Bonds and the KRWFC Loan.

"Prior Bond Resolution" refers collectively to the 1978 Bond Resolution, the 1989 Bond Resolution, the 1993 Bond Resolution, the 1997 Bond Resolution and the 1999 Bond Resolution.

"Prior Sinking Fund" refers to the Allen County Water District Waterworks Bond and Interest Sinking Fund, described in Section 401 of this Resolution.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"RD" refers to the Rural Development of the Department of Agriculture of the United States of America.

"RD Grant" refers to the RD grant described in Section 840 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Allen County Water District Waterworks Revenue Fund, described in Section 401 of this Resolution.

"Secretary" refers to the elected or appointed Secretary of the Commission.

"System" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"Treasurer" refers to the elected or appointed Treasurer of the Commission.

"U.S. Obligations" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$2,264,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$1,614,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$2,264,000
Less:		
RD Grant	\$500,000	
Connection Charges	<u>150,000</u>	
Total Non-Bond Funds:		<u>(650,000)</u>
Balance to be financed by Current Bonds		\$1,614,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$1,614,000 principal amount of Allen County Water District Waterworks Revenue Bonds, Series 2006.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing January 1 or July 1, as the case may be. Principal of the Current Bonds shall be payable on January 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District 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 Resolution.

Section 107. Current Bonds Shall be Payable on Second Lien Basis Out of Gross Revenues. The Current Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a parity solely on a second lien basis out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2016, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2016, shall be subject to prepayment by the District on any date falling on and after January 1, 2015, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner 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 Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$300,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$300,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

A. Covenants Applicable if RD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures and the necessity of using RD forms (the "RD Forms"), shall apply only if the RD is the Purchaser of the Current Bonds and only so long as the RD holds the Current Bonds thereafter. In the event that the RD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures, and the necessity of using RD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Allen County Water District Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the

District at the time of receipt of Grant Proceeds. Simultaneously with or prior to the delivery of the Current Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$150,000 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Current Bonds and Grant Proceeds in order to assure completion of the Project.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the RD as to such expenditures, if the RD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with RD Instruction 1780.

The District shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the District's Construction Account records shall be made by RD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$50,000) during the construction of the Project, as approved by the Engineers and by the RD. 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, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or 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 costs of the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of

the District in said Depository Bank to exceed the amount insured by the FDIC, the same 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. Investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed, if the RD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) Statements of Contractors, Engineers and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the RD is the Purchaser of the Current Bonds, the District will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RD Instruction 1780.

(7) Disposition of Balance in Construction Account After Completion of Project. When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the RD, any balance then remaining in the Construction Account may, with the consent of the RD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Current Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Current Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

A. Interim Financing. The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$1,614,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to

the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$1,614,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$1,614,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by RD. In the event the Current Bonds are purchased by the RD, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the RD.

If the RD agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the RD to the District, shall be in the form prescribed by the RD.

Each request for an advance from the RD shall be accompanied by a Requisition Certificate. The District will also furnish to the RD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the Prior Bond Resolution the following funds and accounts:

- (a) Allen County Water District Waterworks Revenue Fund
- (b) Allen County Water District Waterworks Bond and Interest Sinking Fund
- (c) Allen County Water District Depreciation Reserve Fund
- (d) Allen County Water District Operation and Maintenance Fund

The is hereby created and established in this Resolution the following funds and accounts: Allen County Water District Sinking Fund of 2006.

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. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior 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 all Prior Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding principal payment date.

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

C. 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 \$50,000) 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, 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 then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds maturing on the next succeeding January 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds, but subject to the vested rights and priorities of the Prior Bonds.

D. Depreciation Fund. 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 \$750 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$90,000, which amount shall be maintained, and when necessary, restored to said sum of \$90,000, so long as any of the Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior 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.

E. 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.

F. 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.

G. 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.

H. 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.

If the RD has purchased any of the Outstanding Bonds, investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed. Any such investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

All payments into the Funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the Funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless

invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds are Subordinate to the Prior Bonds. It is hereby certified and declared that the Current Bonds shall be subordinate to the lien and pledge of the Prior Bonds on the gross revenues of the System.

ARTICLE 5. COVENANTS OF DISTRICT

Section 501. Rates and Charges. The District shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The District shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that 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 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 603 hereof.

Section 502. Books and Accounts; Audit. The District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the RD without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the RD and to any Bondowner requesting same, during the first two (2) years of operation after completion of the Project, and whenever and so long as the District is delinquent in any of the covenants set out in the Prior Bond Resolution or this Current Bond Resolution. Thereafter, quarterly operating reports shall be furnished at all other times to the RD and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis; Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The District covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the District shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the Commission shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The District covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants. The District, through its Commission, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;
- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding

Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;

- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the District shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1780-27) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

Section 601. Inferior Bonds. Except as hereinafter provided below in this Article, the District shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The District expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the RD must be obtained prior to the issuance of any inferior bonds so long as the RD owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The District hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the District from any and all sources, the District shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the District has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the District to pay the cost (not otherwise provided) of the completion of the Project, and provided the District has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the RD if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The District reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in the Current Bond Resolution, which conditions are as follows:

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, 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 District 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 time of 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) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the District in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds. The District hereby covenants and agrees that in the event any Parity Bonds are issued, the District shall:

(a) 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 average annual debt service requirements of the Parity Bonds;

(b) 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; and

(c) Make such Parity Bonds payable as to principal on January 1 of each year in which principal falls due and payable as to interest on January 1 and July 1 of each year until the final maturity of such Parity Bonds.

Section 605. Prepayment Provisions Applicable to Parity Bonds. If, in connection with any subsequently issued series of Parity Bonds, it is provided that excess revenues in the Revenue Fund shall be used to prepay Outstanding Bonds in advance of scheduled maturity, or if the District at its option undertakes to prepay Outstanding Bonds in advance of scheduled maturity, it is agreed and understood, for so long as the Government owns any of the Outstanding Bonds, that no such prepayment will be effected without the approval of the RD.

Section 606. Consent of the RD Regarding Future Bonds. Notwithstanding any other provisions of this Resolution, the District agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the District will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the RD.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Prior Bonds and/or Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Outstanding Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

- (a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;
- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year,

plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

Notwithstanding any other provisions hereof, so long as any Bonds are held by the Government, the District shall not dispose of its title to the System or to any part thereof, without first obtaining the written consent of the RD.

ARTICLE 7. DEFAULT AND CONSEQUENCES

Section 701. Events of Default. The following items shall constitute an Event of Default on the part of the District:

- (a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.
- (b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within thirty (30) days thereafter.
- (c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Resolution or in this Resolution.
- (d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.
- (e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixth (60) days after entry.

Section 702. Consequences of Event of Default. Any Owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the District set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of said the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of operating and maintenance expenses and for the payment of principal of and interest on the Outstanding Bonds and to provide and apply the income and revenues in conformity with this Resolution and with the laws of the Commonwealth of Kentucky.

The District hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the District's obligations, all contracts and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Resolution Contractual with Bondowners. The provisions of this Resolution constitute a contract between the District and its Commission and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Resolution shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the Commission may adopt any resolution for any purpose not inconsistent with the terms of this Resolution and which shall not impair the security of the Owners of the Current Bonds 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 resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the RD so long as the RD owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$500,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1780-27).
- (e) Agreement for Engineering Services with the Engineers.

Section 806. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites;

provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the RD for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

ARTICLE 9. SALE OF CURRENT BONDS

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Commission shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the Secretary with the Minutes of the meeting at which this Resolution is adopted. The Notice of Bond Sale shall be signed by the Secretary and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

In the event that there is no bid or that all bids are rejected, the District may readvertise the sale pursuant to this Resolution.

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the District, with the consent of the Purchaser of the Current Bonds, determines it is in the District's best interest to change the maturities, the applicable prepayment date or any other dates, the District may adjust the same by a Resolution of the Commission approving the adjustments.

ARTICLE 10. CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from all Kentucky income taxation, the District covenants to and with the Owners of the Current Bonds to take the following action:

(a) The District will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for federal income tax purposes; (2) will take no actions which will violate any of the provisions of the Code; and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for federal income tax purposes.

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

(c) The District further certifies that the Current Bonds and any and all interim financing obligations of the District are not "private activity bonds" within the meaning of the Code.

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.


Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to the extent of such conflict hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the District payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The District covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Immediately Upon Adoption. This Resolution shall take effect and be effective immediately upon its adoption.

Adopted this April 4, 2006.

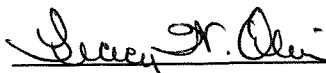
ALLEN COUNTY WATER DISTRICT



Chairman

(Seal of District)

Attest:




Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Allen County Water District of Allen County, Kentucky, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on April 4, 2006, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly 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 Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this April 4, 2006.



Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>
2009	17,000	2028	39,000
2010	17,500	2029	40,500
2011	18,500	2030	42,500
2012	19,000	2031	44,500
2013	20,000	2032	46,500
2014	21,000	2033	48,500
2015	22,000	2034	50,500
2016	23,000	2035	53,000
2017	24,000	2036	55,000
2018	25,000	2037	57,500
2019	26,000	2038	60,500
2020	27,500	2039	63,000
2021	28,500	2040	66,000
2022	30,000	2041	69,000
2023	31,000	2042	72,000
2024	32,500	2043	75,000
2025	34,000	2044	78,500
2026	35,500	2045	82,000
2027	37,000	2046	81,500

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF ALLEN
ALLEN COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2006

No. R- _____

Interest Rate: _____ %

\$ _____

KNOW ALL PERSONS BY THESE PRESENTS:

That the Allen County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Allen County, Kentucky, for value received, hereby promises to pay to

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

on the first day of January, in years and installments as follows:

Year Principal Year Principal Year Principal

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

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 January and July in each year, beginning with the first January or July 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 Bond is issued subject to the vested rights and priorities in favor of the owners of the outstanding (i) Allen County Water District Waterworks Revenue Bonds of 1978, dated July 11, 1978 (the "1978 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 4, 1978 (the "1978 Bond Resolution"); (ii) Allen County Water District Waterworks Revenue Bonds of 1989, dated March 13, 1990 (the "1989 Bonds"), authorized by a Resolution adopted by the Commission of the District on October 10, 1989 (the "1989 Bond Resolution"); (iii) Allen County Water District Waterworks Revenue Bonds of 1993, dated April 26, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 1, 1993 (the "1993 Bond Resolution"); (iv) Allen County Water District Waterworks Revenue Bonds, Series 1997, dated October 16, 1997 (the "1997 Bonds"), authorized by a Resolution adopted by the Commission of the District on February 4, 1997 (the "1997 Bond Resolution"); (v) Allen County Water District Waterworks Revenue Bonds, Series 1999, dated May 26, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the Commission of the District on November 5, 1998 (the "1999 Bond Resolution"); and (vi) loan from the Kentucky Rural Water Finance Corporation to the District in the principal amount of \$401,000, dated June 27, 2001 (the "KRWFC Loan") [hereinafter the 1978 Bonds, 1989 Bonds, 1993 Bonds, 1997 Bonds, 1999 Bonds and KRWFC Loan shall be collectively referred to as the "Prior Bonds", and the 1978 Bond Resolution, the 1989 Bond Resolution, the 1993 Bond Resolution, the 1997 Bond Resolution and the 1999 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, 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 Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current 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, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Allen County Water District Sinking Fund of 2006", created in the Current 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 Current Bonds 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 Current Bonds, 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 Current Bonds, 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 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 its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration 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 January 1, 2016, 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 Allen County 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

ALLEN COUNTY WATER DISTRICT
Allen County, Kentucky

By _____
Chairman

Attest:

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.

ASSIGNMENT

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____, this ____ day of _____, _____.

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Allen County Water District Waterworks Revenue Bonds, Series 2006, in the principal amount of \$1,614,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Allen County Water District (the "District").

2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$ _____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Allen County Water District Construction Account".

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 20____.

ALLEN COUNTY WATER DISTRICT

KENVIRONS, INC.

By _____

By _____

Registered Professional Engineer

State of Kentucky No. _____

Approved on _____

Approved on _____

Rural Development

Amount expended heretofore \$ _____

By _____

Amount approved herein _____

Authorized RD Official

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

BOND RESOLUTION

ALLEN COUNTY WATER DISTRICT

AUTHORIZING

ALLEN COUNTY WATER DISTRICT

WATERWORKS REVENUE BONDS, SERIES 2012

IN THE PRINCIPAL AMOUNT OF

\$797,000

TABLE OF CONTENTS

ARTICLE 1.	DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS; SECURITY.....	3
Section 101.	Definitions.	3
Section 102.	Purpose.	7
Section 103.	Construction Award Approved; Work Authorized.	7
Section 104.	Declaration of Period of Usefulness.....	7
Section 105.	Authorization of Bonds.	7
Section 106.	Recognition of Prior Bonds.	8
Section 107.	Current Bonds Shall be Payable Out of Gross Revenues.....	8
Section 108.	Lien on Contracts.....	8
ARTICLE 2.	THE BONDS; BOND FORM; PREPAYMENT..	9
Section 201.	Principal Payments.....	9
Section 202.	Issuance of Current Bonds; Bond Form.....	9
Section 203.	Place of Payment and Manner of Execution.	9
Section 204.	Provisions as to Prepayment.....	9
ARTICLE 3.	CONSTRUCTION ACCOUNT; INTERIM FINANCING; APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS..	10
Section 301.	Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits.....	10
A.	Covenants Applicable if RD Purchases Current Bonds.....	10
B.	Application of Proceeds of Current Bonds.....	10
Section 302.	Interim Financing Authorization.	12
A.	Interim Financing.	12
B.	Multiple Advances by RD.	14
Section 303.	Arbitrage Limitations on Investment of Proceeds.	14
ARTICLE 4.	FLOW OF FUNDS.....	16
Section 401.	Funds.	16
Section 402.	Flow of Funds.....	16

A.	Revenue Fund.....	16
B.	Prior Sinking Fund.....	16
C.	Current Sinking Fund.....	17
D.	Depreciation Fund.	17
E.	Operation and Maintenance Fund.	18
F.	Monthly Principal and Interest Payments if Requested by RD.	18
G.	Surplus Funds.....	18
H.	Investment and Miscellaneous Provisions.	18
Section 403.	Current Bonds on a Parity with Series 2006 Bonds, Subordinate to the Prior Bonds.....	19
ARTICLE 5.	COVENANTS OF DISTRICT.....	20
Section 501.	Rates and Charges.	20
Section 502.	Books and Accounts; Audit.	20
Section 503.	System to Continue to be Operated on Fiscal Year Basis; Annual Budget.	20
Section 504.	General Covenants.	21
Section 505.	Other Covenants Applicable So Long as RD Owns Any Bonds.	22
Section 506.	Insurance on Motors, Tanks and Structures.....	22
ARTICLE 6.	INFERIOR BONDS AND PARITY BONDS.....	23
Section 601.	Inferior Bonds.....	23
Section 602.	Parity Bonds to Complete the Project.	23
Section 603.	Parity Bonds to Finance Future Improvements.	23
Section 604.	Covenants to be Complied with at Time of Issuance of Parity Bonds.	24
Section 605.	Prepayment Provisions Applicable to Parity Bonds.....	25
Section 606.	Consent of the RD Regarding Future Bonds.	25
Section 607.	Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities.....	25
ARTICLE 7.	DEFAULT AND CONSEQUENCES.....	27
Section 701.	Events of Default.	27
Section 702.	Consequences of Event of Default.....	27
ARTICLE 8.	CONTRACTUAL PROVISIONS; GRANT APPROVAL; MISCELLANEOUS PROVISIONS.....	28

Section 801.	Resolution Contractual with Bondowners.	28
Section 802.	All Current Bonds are Equal.	28
Section 803.	District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited.	28
Section 804.	Approval and Acceptance of RD Grant Agreement.	29
Section 805.	Authorization, Ratification and Confirmation of Approval and Execution of Various Documents.	29
Section 806.	Authorization of Condemnation to Acquire Easements and/or Sites.	29
ARTICLE 9.	SALE OF CURRENT BONDS.	31
Section 901.	Sale of Current Bonds.	31
Section 902.	Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed.	31
ARTICLE 10.	CONCLUDING PROVISIONS.	32
Section 1001.	Covenant of District to Take All Necessary Action To Assure Compliance with the Code.	32
Section 1002.	Severability Clause.	33
Section 1003.	All Provisions in Conflict Repealed.	33
Section 1004.	Effective Immediately Upon Adoption.	33
EXHIBIT A - Schedule of Principal Payments		
EXHIBIT B - Form of Fully Registered Bond		
EXHIBIT C - Requisition Certificate		

BOND RESOLUTION

RESOLUTION OF THE ALLEN COUNTY WATER DISTRICT OF ALLEN COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$797,000 PRINCIPAL AMOUNT OF ALLEN COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2012 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Allen County Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the District presently has outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$797,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Kenviron, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued as second lien bonds, subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$200,000, and by a contribution by the District in the amount of at least \$150,000, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE ALLEN COUNTY WATER DISTRICT OF ALLEN COUNTY, KENTUCKY, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

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

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin & Hays, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds, Prior Bonds and the Parity Bonds.

"Bonds of 1978" or "Series 1978 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1978, dated July 11, 1978, in the original authorized principal amount of \$58,000.

"Bonds of 1989" or "Series 1989 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1989, dated March 13, 1990, in the original authorized principal amount of \$257,000.

"Bonds of 1993" or "Series 1993 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1993, dated April 26, 1994, in the original authorized principal amount of \$615,000.

"Bonds of 1997" or "Series 1997 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds, Series 1997, dated October 16, 1997, in the original authorized principal amount of \$617,000.

"Bonds of 1999" or "Series 1999 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds, Series 1999, dated May 26, 1999, in the original authorized principal amount of \$1,988,000.

"Bonds of 2006" or "Series 2006 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds, Series 2006, dated November 7, 2007, in the original authorized principal amount of \$1,614,000.

"Bond Resolution of 1978" or *"1978 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1978, duly adopted by the Commission of the District on April 4, 1978.

"Bond Resolution of 1989" or *"1989 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1989, duly adopted by the Commission of the District on October 10, 1989.

"Bond Resolution of 1993" or *"1993 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1993, duly adopted by the Commission of the District on June 1, 1993.

"Bond Resolution of 1997" or *"1997 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1997, duly adopted by the Commission of the District on February 4, 1997.

"Bond Resolution of 1999" or *"1999 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1999, duly adopted by the Commission of the District on November 5, 1998.

"Bond Resolution of 2006" or *"2006 Bond Resolution"* refer to the Resolution authorizing the Bonds of 2006, duly adopted by the Commission of the District on April 4, 2006.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Commission" refers to the Board of Commissioners of the District, or such other body as shall be the governing body of said District under the laws of Kentucky at any given time.

"Construction Account" refers to the Allen County Water District Construction Account, created in Section 301(B) of this Current Bond Resolution.

"Contractors" refers to the general contractors who have been employed by the District to construct the Project.

"Current Bond Resolution" or *"Resolution"* refer to this Resolution authorizing the Current Bonds.

"Current Bonds" refers to the \$797,000 of Allen County Water District Waterworks Revenue Bonds, Series 2012 authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Allen County Water District Sinking Fund of 2006, described in Section 401 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is Farmers National Bank, Scottsville, Kentucky, or its successor.

"Depreciation Fund" refers to the Allen County Water District Depreciation Reserve Fund, described in Section 402 of this Resolution.

"District" refers to the Allen County Water District of Allen County, Kentucky.

"Engineers" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to Kenvirons, Inc., or a member of said firm, or their successors.

"Event of Default" refers to one or more of the Events of Default set forth in Section 701 of this Resolution.

"FDIC" refers to the Federal Deposit Insurance Corporation, or its successors.

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

"Funds" refers to the Construction Account, the Revenue Fund, the Current Sinking Fund, the Prior Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"Government" refers to the United States of America, or any agency thereof, including RD.

"Grant Proceeds" refers to the proceeds of the RD Grant.

"Independent Consulting Engineer" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the District.

"KRWFC Loan" refers to the loan from the Kentucky Rural Water Finance Corporation to the District in the principal amount of \$401,000, dated June 27, 2001.

"Local Counsel" refers to Secrest & Secrest, Scottsville, Kentucky, or any other attorney or firm of attorneys designated by the District.

"Multiple Advances" refers to the advance of loan funds from the RD as described in Section 302 of this Resolution.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Allen County Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the Series 1978 Bonds, the Series 1989 Bonds, the Series 1993 Bonds, the Series 1997 Bonds, the Series 1999 Bonds and the KRWFC Loan.

"Prior Bond Resolution" refers collectively to the 1978 Bond Resolution, the 1989 Bond Resolution, the 1993 Bond Resolution, the 1997 Bond Resolution and the 1999 Bond Resolution.

"Prior Sinking Fund" refers to the Allen County Water District Waterworks Bond and Interest Sinking Fund, described in Section 401 of this Resolution.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"RD" refers to the Rural Development of the Department of Agriculture of the United States of America.

"RD Grant" refers to the RD grant described in Section 840 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures

shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Allen County Water District Waterworks Revenue Fund, described in Section 401 of this Resolution.

"Secretary" refers to the elected or appointed Secretary of the Commission.

"System" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"Treasurer" refers to the elected or appointed Treasurer of the Commission.

"U.S. Obligations" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$1,147,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$797,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$1,147,000
Less:		
RD Grant	\$200,000	
Connection Charges	<u>150,000</u>	
Total Non-Bond Funds:		<u>(350,000)</u>
Balance to be financed by Current Bonds		\$797,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$797,000 principal amount of Allen County Water District Waterworks Revenue Bonds, Series 2012.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing January 1 or July 1, as the case may be. Principal of the Current Bonds shall be payable on January 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District 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 Resolution.

Section 107. Current Bonds Shall be Payable Out of Gross Revenues. The Current Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable solely out of the gross revenues of the System

on a parity with the 2006 Bonds, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2022, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2022, shall be subject to prepayment by the District on any date falling on and after January 1, 2021, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner 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 Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$325,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$325,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

A. Covenants Applicable if RD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures and the necessity of using RD forms (the "RD Forms"), shall apply only if the RD is the Purchaser of the Current Bonds and only so long as the RD holds the Current Bonds thereafter. In the event that the RD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures, and the necessity of using RD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Allen County Water District Construction Account" hereby created,

which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds. Simultaneously with or prior to the delivery of the Current Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$150,000 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Current Bonds and Grant Proceeds in order to assure completion of the Project.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the RD as to such expenditures, if the RD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with RD Instruction 1780.

The District shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the District's Construction Account records shall be made by RD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$37,000) during the construction of the Project, as approved by the Engineers and by the RD. 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, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such

portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or 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 costs of the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same 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. Investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) Statements of Contractors, Engineers and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the RD is the Purchaser of the Current Bonds, the District will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RD Instruction 1780.

(7) Disposition of Balance in Construction Account After Completion of Project. When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the RD, any balance then remaining in the Construction Account may, with the consent of the RD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Current Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Current Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

A. Interim Financing. The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$797,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$797,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$797,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by RD. In the event the Current Bonds are purchased by the RD, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the RD.

If the RD agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the RD to the District, shall be in the form prescribed by the RD.

Each request for an advance from the RD shall be accompanied by a Requisition Certificate. The District will also furnish to the RD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds.

The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the Prior Bond Resolution the following funds and accounts:

- (a) Allen County Water District Waterworks Revenue Fund
- (b) Allen County Water District Waterworks Bond and Interest Sinking Fund
- (c) Allen County Water District Depreciation Reserve Fund
- (d) Allen County Water District Operation and Maintenance Fund

The was also created and established in the 2006 Bond Resolution the Allen County Water District Sinking Fund of 2006.

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. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior 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 all Prior Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding principal payment date.

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

C. 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 \$37,000) 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, 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 Series 2006 Bonds and the Current Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Series 2006 Bonds and Current Bonds maturing on the next succeeding January 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Series 2006 Bonds and the Current Bonds, but subject to the vested rights and priorities of the Prior Bonds.

D. Depreciation Fund. 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 \$300 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$36,000, which amount shall be maintained, and when necessary, restored to said sum of \$36,000, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution and the 2006 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.

E. 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.

F. 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.

G. 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.

H. 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.

Any investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds.

All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

All payments into the Funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the Funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds Issued on a Parity with Series 2006 Bonds, Subordinate to the Prior Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the District (i) a letter from the RD to the effect that the RD agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Series 2006 Bonds, all of which are owned by the RD, together with (ii) a certification signed by the RD to the effect that a legend has been typed, stamped or otherwise affixed on each of the Series 2006 Bonds held by the RD, evidencing the agreement of the RD as the then Owner of the Series 2006 Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Series 2006 Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$797,000 of Allen County Water District Waterworks Revenue Bonds, Series 2012 ranking on a parity as to security and source of payment with this Bond.

Accordingly, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with said outstanding Series 2006 Bonds from the gross income and revenues of the System, subject to the priorities of the Prior Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

Section 501. Rates and Charges. The District shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The District shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that 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 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 603 hereof.

Section 502. Books and Accounts; Audit. The District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the RD without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the RD and to any Bondowner requesting same, during the first two (2) years of operation after completion of the Project, and whenever and so long as the District is delinquent in any of the covenants set out in the Prior Bond Resolution or this Current Bond Resolution. Thereafter, quarterly operating reports shall be furnished at all other times to the RD and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis; Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such

Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The District covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the District shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the Commission shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The District covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants. The District, through its Commission, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;

- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;
- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the District shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1780-27) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

Section 601. Inferior Bonds. Except as hereinafter provided below in this Article, the District shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The District expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the RD must be obtained prior to the issuance of any inferior bonds so long as the RD owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The District hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the District from any and all sources, the District shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the District has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the District to pay the cost (not otherwise provided) of the completion of the Project, and provided the District has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the RD if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The District reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in the Current Bond Resolution, which conditions are as follows:

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more

additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, 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 District 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 time of 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) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the District in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds. The District hereby covenants and agrees that in the event any Parity Bonds are issued, the District shall:

- (a) 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 average annual debt service requirements of the Parity Bonds;
- (b) 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; and
- (c) Make such Parity Bonds payable as to principal on January 1 of each year in which principal falls due and payable as to interest on January 1 and July 1 of each year until the final maturity of such Parity Bonds.

Section 605. Prepayment Provisions Applicable to Parity Bonds. If, in connection with any subsequently issued series of Parity Bonds, it is provided that excess revenues in the Revenue Fund shall be used to prepay Outstanding Bonds in advance of scheduled maturity, or if the District at its option undertakes to prepay Outstanding Bonds in advance of scheduled maturity, it is agreed and understood, for so long as the Government owns any of the Outstanding Bonds, that no such prepayment will be effected without the approval of the RD.

Section 606. Consent of the RD Regarding Future Bonds. Notwithstanding any other provisions of this Resolution, the District agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the District will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the RD.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Prior Bonds and/or Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Outstanding Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

- (a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions

governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

Notwithstanding any other provisions hereof, so long as any Bonds are held by the Government, the District shall not dispose of its title to the System or to any part thereof, without first obtaining the written consent of the RD.

ARTICLE 7. DEFAULT AND CONSEQUENCES

Section 701. Events of Default. The following items shall constitute an Event of Default on the part of the District:

- (a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.
- (b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within thirty (30) days thereafter.
- (c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Resolution or in this Resolution.
- (d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.
- (e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixth (60) days after entry.

Section 702. Consequences of Event of Default. Any Owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the District set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of said the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of operating and maintenance expenses and for the payment of principal of and interest on the Outstanding Bonds and to provide and apply the income and revenues in conformity with this Resolution and with the laws of the Commonwealth of Kentucky.

The District hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the District's obligations, all contracts and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Resolution Contractual with Bondowners. The provisions of this Resolution constitute a contract between the District and its Commission and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Resolution shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the Commission may adopt any resolution for any purpose not inconsistent with the terms of this Resolution and which shall not impair the security of the Owners of the Current Bonds 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 resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the RD so long as the RD owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating

the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$200,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1780-27).
- (e) Agreement for Engineering Services with the Engineers.

Section 806. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days

prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the RD for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

ARTICLE 9. SALE OF CURRENT BONDS

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Commission shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the Secretary with the Minutes of the meeting at which this Resolution is adopted. The Notice of Bond Sale shall be signed by the Secretary and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

In the event that there is no bid or that all bids are rejected, the District may readvertise the sale pursuant to this Resolution.

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the District, with the consent of the Purchaser of the Current Bonds, determines it is in the District's best interest to change the maturities, the applicable prepayment date or any other dates, the District may adjust the same by a Resolution of the Commission approving the adjustments.

ARTICLE 10. CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from all Kentucky income taxation, the District covenants to and with the Owners of the Current Bonds to take the following action:

(a) The District will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for federal income tax purposes; (2) will take no actions which will violate any of the provisions of the Code; and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for federal income tax purposes.

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

(c) The District further certifies that the Current Bonds and any and all interim financing obligations of the District are not "private activity bonds" within the meaning of the Code.

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The District further covenants to file any and all reports, if any, as may be required

to be filed with the Government with regard to the liability or non-liability of the District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.


Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to the extent of such conflict hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the District payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The District covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Immediately Upon Adoption. This Resolution shall take effect and be effective immediately upon its adoption.

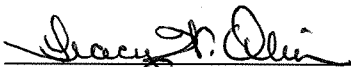
Adopted this September 6, 2011.

ALLEN COUNTY WATER DISTRICT


Chairman

(Seal of District)

Attest:



Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Allen County Water District of Allen County, Kentucky, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on September 6, 2011, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly 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 Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this September 6, 2011.



Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>
2014	\$11,500	2033	\$20,000
2015	12,000	2034	21,000
2016	12,000	2035	21,500
2017	12,500	2036	22,000
2018	13,000	2037	22,500
2019	13,500	2038	23,500
2020	14,000	2039	24,000
2021	14,000	2040	25,000
2022	14,500	2041	25,500
2023	15,000	2042	26,500
2024	15,500	2043	27,000
2025	16,000	2044	28,000
2026	16,500	2045	29,000
2027	17,000	2046	29,500
2028	17,500	2047	30,500
2029	18,000	2048	31,500
2030	18,500	2049	32,500
2031	19,000	2050	33,500
2032	19,500	2051	34,500

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF ALLEN
ALLEN COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2012**

No. R- _____ Interest Rate: _____ % \$ _____

KNOW ALL PERSONS BY THESE PRESENTS:

That the Allen County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Allen County, Kentucky, for value received, hereby promises to pay to

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

on the first day of January, in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
-------------	------------------	-------------	------------------	-------------	------------------

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

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 January and July in each year, beginning with the first January or July 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 Bond ranks on a parity as to security and source of payment with the outstanding Allen County Water District Waterworks Revenue Bonds, Series 2006, dated November 7, 2007 (the "2006 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 4, 2006 (the "2006 Bond Resolution"); and is subject to the vested rights and priorities in favor of the owners of the outstanding (i) Allen County Water District Waterworks Revenue Bonds of 1978, dated July 11, 1978 (the "1978 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 4, 1978 (the "1978 Bond Resolution"); (ii) Allen County Water District Waterworks Revenue Bonds of 1989, dated March 13, 1990 (the "1989 Bonds"), authorized by a Resolution adopted by the Commission of the District on October 10, 1989 (the "1989 Bond Resolution"); (iii) Allen County Water District Waterworks Revenue Bonds of 1993, dated April 26, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 1, 1993 (the "1993 Bond Resolution"); (iv) Allen County Water District Waterworks Revenue Bonds, Series 1997, dated October 16, 1997 (the "1997 Bonds"), authorized by a Resolution adopted by the Commission of the District on February 4, 1997 (the "1997 Bond Resolution"); (v) Allen County Water District Waterworks Revenue Bonds, Series 1999, dated May 26, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the Commission of the District on November 5, 1998 (the "1999 Bond Resolution"); and (vi) loan from the Kentucky Rural Water Finance Corporation to the District in the principal amount of \$401,000, dated June 27, 2001 (the "KRWFC Loan") [hereinafter the 1978 Bonds, 1989 Bonds, 1993 Bonds, 1997 Bonds, 1999 Bonds and KRWFC Loan shall be collectively referred to as the "Prior Bonds", and the 1978 Bond Resolution, the 1989 Bond Resolution, the 1993 Bond Resolution, the 1997 Bond Resolution and the 1999 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, the 2006 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 Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and the 2006 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 2006 Bond Resolution and the Current 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 "Allen County Water District Sinking Fund of 2006", created in the 2006 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 Current Bonds 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 Current Bonds, 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 Current Bonds, 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 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 its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration 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 January 1, 2021, 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 Allen County 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

ALLEN COUNTY WATER DISTRICT

By _____
Chairman

Attest:

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

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: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Allen County Water District Waterworks Revenue Bonds, Series 2012, in the principal amount of \$797,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Allen County Water District (the "District").
2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$_____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:
3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Allen County Water District Construction Account".
4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 20____.

ALLEN COUNTY WATER DISTRICT

KENVIRONS, INC.

By _____

By _____

Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Approved on _____

Total _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

Attachment No. 9.b

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
ALLEN COUNTY WATER DISTRICT
DATED
MAY 30, 2012
IN THE AMOUNT OF \$2,935,000

This document was prepared by:

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

By

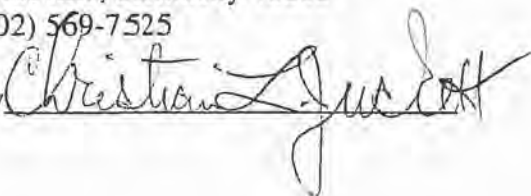


TABLE OF CONTENTS TO ASSISTANCE AGREEMENT

Section 1.	Definitions	3
Section 2.	Reaffirmation of Declaration of Waterworks System	8
Section 3.	Authorization of Obligations; Place of Payment; Manner of Execution	8
Section 4.	Redemption.....	9
Section 5.	Recognition of Prior Bonds	9
Section 6.	Obligations Payable Out of Revenues on a Parity with Prior Bonds.....	10
Section 7.	Compliance with Parity Coverage Requirements of the Prior Bond Legislation..	10
Section 8.	Flow of Funds	10
Section 9.	Disposition of Proceeds of the Obligations; Governmental Agency Account	12
Section 10.	Arbitrage Limitations.....	13
Section 11.	Parity Bonds.....	14
Section 12.	Rates and Charges for Services of the System	17
Section 13.	All Obligations of this Issue Are Equal.....	17
Section 14.	Defeasance and/or Refunding of Obligations.....	17
Section 15.	Contractual Nature of Assistance Agreement.....	18
Section 16.	Appointment and Duties of Trustee.....	18
Section 17.	Provisions in Conflict Repealed	19
Section 18.	Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986.....	19
Section 19.	Insurance.....	20
Section 20.	Event of Default; Remedies.....	21
Section 21.	Annual Reports	21
Section 22.	Supplemental Assistance Agreement	22
Section 23.	No Remedy Exclusive	22
Section 24.	Waivers	22
Section 25.	Agreement to Pay Attorneys' Fees and Expenses.....	22
Section 26.	Signatures of Officers	23
Section 27.	Severability Clause	23
	EXHIBIT A	Debt Service Schedule

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of May 30, 2012 (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 Allen County Water District, P.O. Box 58, Scottsville, Kentucky 42164 (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 its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001, in the aggregate principal amount of \$46,000,000 (the "Series 2001 Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (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 2012D (the "Series 2012D Bonds") in the aggregate principal amount of \$15,975,000, pursuant to a Supplemental Trust Indenture No. 46, dated as of May 30, 2012 by and between the Issuer and the Trustee, which Series 2012D Bonds will rank on a parity with the Series 2001 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 Agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its (i) Allen County Water District Waterworks Revenue Bonds of 1989, dated March 13, 1990, in the original authorized principal amount of \$257,000, (ii) Allen County Water District Waterworks Revenue Bonds of 1993, dated April 26, 1994, in the original authorized principal amount of \$615,000, (iii) Allen County Water District Waterworks Revenue Bonds, Series 1997, dated October 16, 1997, in the original authorized principal amount of \$617,000, and (iv) Allen County Water District Waterworks Revenue Bonds, Series 1999, dated May 26, 1999, in the original authorized principal amount of \$1,988,000 (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 \$2,935,000 [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 1978*" or "*1978 Bond Legislation*" refers to the resolution authorizing the Series 1978 Bonds, which was adopted by the Governing Body on April 4, 1978.

"*Bond Legislation of 1989*" or "*1989 Bond Legislation*" refers to the resolution authorizing the Series 1989 Bonds, which was adopted by the Governing Body on October 10, 1989.

"*Bond Legislation of 1993*" or "*1993 Bond Legislation*" refers to the resolution authorizing the Series 1993 Bonds, which was adopted by the Governing Body on June 1, 1993.

"*Bond Legislation of 1997*" or "*1997 Bond Legislation*" refers to the resolution authorizing the Series 1997 Bonds, which was adopted by the Governing Body on February 4, 1997.

"*Bond Legislation of 1999*" or "*1999 Bond Legislation*" refers to the resolution authorizing the Series 1999 Bonds, which was adopted by the Governing Body on November 4, 1998.

"*Bond Legislation of 2006*" or "*2006 Bond Legislation*" refers to the resolution authorizing the Series 2006 Bonds, which was adopted by the Governing Body on April 4, 2006.

"*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.

"*Current Sinking Fund*" refers to the Allen County Water District Sinking Fund of 2006, created in Section 401 of the 2006 Bond Legislation.

"*Depreciation Fund*" refers to the Allen County Water District Depreciation Reserve Fund, described in Section 402 of the 2006 Bond Legislation.

"*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 Current Sinking Fund, the Prior 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 Allen County Water District, P.O. Box 58, Scottsville, Kentucky 42164.

"*Governmental Agency Chief Executive*" refers to the Chairman of the Board of Commissioners of the Governmental Agency.

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

"*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. 46, dated May 30, 2012, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing July 1, 2012 and continuing through and including January 1, 2038 or until the Loan has been paid in full.

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

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$2,935,000, maturing January 1, 2038.

"*Operation and Maintenance Fund*" refers to the Allen County Water District Waterworks 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 1978 Bond Legislation and Series 2001A Assistance Agreement.

"Prior Bonds" refers collectively to the Series 1978 Bonds and Series 2001A Loan.

"Prior Sinking Fund" refers to the Allen County Water District Waterworks Bond and Interest Sinking Fund, described in Section 401 of the 2006 Bond Legislation.

"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 1989 Bonds, Series 1993 Bonds, Series 1997 Bonds and Series 1999 Bonds.

"Revenue Fund" refers to the Allen County Water District Waterworks 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 1978 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1978, dated July 11, 1978, in the original authorized principal amount of \$58,000.

"Series 1989 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1989, dated March 13, 1990, in the original authorized principal amount of \$257,000.

"Series 1993 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds of 1993, dated April 26, 1994, in the original authorized principal amount of \$615,000.

"Series 1997 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds, Series 1997, dated October 16, 1997, in the original authorized principal amount of \$617,000.

"Series 1999 Bonds" refer to the outstanding Allen County Water District Waterworks Revenue Bonds, Series 1999, dated May 26, 1999, in the original authorized principal amount of \$1,988,000.

"Series 2001A Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated June 27, 2001, authorizing the Series 2001A Loan.

"*Series 2001A Loan*" refers to the loan in the amount of \$401,000, dated June 27, 2001, to the Governmental Agency from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2001A.

"*Series 2006 Bonds*" refer to the outstanding Allen County Water District Waterworks Revenue Bonds, Series 2006, dated November 7, 2007, in the original authorized principal amount of \$1,614,000.

"*System*" refers to the Governmental Agency's waterworks system, 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 \$2,935,000 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 Prior 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 Prior 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.* Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after January 1, 2022 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, 2021 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 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 Prior 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 income and revenues of the System of said Governmental Agency pledged to said fund.

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. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Obligations and the Prior 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 Obligations and all Prior Bonds then outstanding, plus

- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Obligations and Prior Bonds maturing on the next succeeding payment date.

Said Prior 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.

C. Current Sinking Fund. 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 Series 2006 Bonds, 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 Series 2006 Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Series 2006 Bonds maturing on the next succeeding January 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Series 2006 Bonds, but subject to the vested rights and priorities of the Obligations and Prior Bonds.

D. 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 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.

E. 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.

F. 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 "Allen County 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 to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds, as may be required:

(1) To pay the interest on the Refunded Bonds to and including May 31, 2012; and

(2) To redeem on May 31, 2012 at a price equal to 100% of principal amount the Refunded 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 Refunded 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 Prior 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 Prior 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 Prior Sinking Fund.

(5) That amounts accumulated in the Prior 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 at the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the "annual net revenues" to be realized, within 12 months of the completion of the project, from the proposed extensions, additions and/or 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 Certified Public Accountant.

(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 Prior Sinking Fund on the same basis as that prescribed in the provisions establishing such Prior 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 additional 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 such 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 such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the 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 then 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 refunding Parity Bonds, in any year of maturities thereof after the redemption of the Bonds scheduled to be refunded through the issuance of such proposed refunding 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 such proposed Parity Bonds and the redemption of the 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 such 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 (a) 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 enacted 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, 2011) 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 Allen County 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

ALLEN COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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 Allen County 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

ALLEN COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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 Allen County 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

ALLEN COUNTY WATER DISTRICT

By Bobby G. Carter
Chairman

Attest:

By Lucy H. Olive
Secretary

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2012 D
Sinking Fund Payment Schedule**

Borrower: Allen County Water District
Closing Date: 05/30/12

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
7/12-1/13	8,571.43	9,702.28	561.38	18,835.09
2/13-7/13	7,083.33	8,254.27	479.17	15,816.77
8/13-1/14	7,083.33	8,254.27	479.17	15,816.77
2/14-8/14	7,500.00	7,970.94	465.00	15,935.94
8/14-1/15	7,500.00	7,970.94	465.00	15,935.94
2/15-7/15	7,500.00	7,670.94	450.00	15,620.94
8/15-1/16	7,500.00	7,670.94	450.00	15,620.94
2/16-7/16	7,916.67	7,445.94	435.00	15,797.61
8/16-1/17	7,916.67	7,445.94	435.00	15,797.61
2/17-7/17	8,333.33	7,287.61	419.17	16,040.11
8/17-1/18	8,333.33	7,287.61	419.17	16,040.11
2/18-7/18	8,333.33	7,037.61	402.50	15,773.44
8/18-1/19	8,333.33	7,037.61	402.50	15,773.44
2/19-7/19	8,750.00	6,787.61	385.83	15,923.44
8/19-1-20	8,750.00	6,787.61	385.83	15,923.44
2/20-7/20	8,750.00	6,525.11	368.33	15,643.44
8/20-1/21	8,750.00	6,525.11	368.33	15,643.44
2/21-7/21	9,166.67	6,284.48	350.83	15,801.98
8/21-1/22	9,166.67	6,284.48	350.83	15,801.98
2/22-7/22	9,166.67	6,009.48	332.50	15,508.65
8/22-1/23	9,166.67	6,009.48	332.50	15,508.65
2/23-7/23	9,583.33	5,725.31	314.17	15,622.81
8/23-1/24	9,583.33	5,725.31	314.17	15,622.81
2/24-7/24	10,000.00	5,418.65	295.00	15,713.65
8/24-1/25	10,000.00	5,418.65	295.00	15,713.65
2/25-7/25	10,416.67	5,078.65	275.00	15,770.31
8/25-1/26	10,416.67	5,078.65	275.00	15,770.31
2/26-7/26	10,833.33	4,724.48	254.17	15,811.98
8/26-1/27	10,833.33	4,724.48	254.17	15,811.98
2/27-7/27	11,250.00	4,345.31	232.50	15,827.81
8/27-1/28	11,250.00	4,345.31	232.50	15,827.81
2/28-7/28	11,666.67	3,951.56	210.00	15,828.23
8/28-1/29	11,666.67	3,951.56	210.00	15,828.23
2/29-7/29	10,833.33	3,543.23	186.67	14,563.23
8/29-1/30	10,833.33	3,543.23	186.67	14,563.23
2/30-7/30	11,250.00	3,150.52	165.00	14,565.52
8/30-2/31	11,250.00	3,150.52	165.00	14,565.52
2/31-7/31	11,666.67	2,742.71	142.50	14,551.88
8/31-1/32	11,666.67	2,742.71	142.50	14,551.88
2/32-7/32	12,083.33	2,305.21	119.17	14,507.71
8/32-1/33	12,083.33	2,305.21	119.17	14,507.71
2/33-7/33	9,583.33	1,852.08	95.00	11,530.42
8/33-1/34	9,583.33	1,852.08	95.00	11,530.42
2/34-7/34	9,583.33	1,492.71	75.83	11,151.88
8/34-1/35	9,583.33	1,492.71	75.83	11,151.88
2/35-7/35	10,000.00	1,133.33	56.67	11,190.00
8/35-1/36	10,000.00	1,133.33	56.67	11,190.00
2/36-7/36	10,416.67	733.33	36.67	11,186.67
8/36-1/37	10,416.67	733.33	36.67	11,186.67
2/37-7/37	7,916.67	316.67	15.83	8,249.17
8/37-1/38	7,916.67	316.67	15.83	8,249.17
2/38-7/38	-	-	-	-
	<u>2,935,000.00</u>	<u>1,481,368.66</u>	<u>82,679.63</u>	<u>4,499,048.29</u>

TRANSCRIPT OF PROCEEDINGS
ALLEN COUNTY WATER DISTRICT

**MARCH 27, 2013 AMENDMENT OF THE
SERIES 2001 LOAN FROM THE
KENTUCKY RURAL WATER FINANCE CORPORATION
FLEXIBLE TERM PROGRAM**

APPROVING LEGAL OPINION

By

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

TRANSCRIPT OF PROCEEDINGS INDEX

Re: Amendment dated March 27, 2013 to the Loan in the original principal amount of \$401,000, dated June 27, 2001, to the Allen County Water District from the Kentucky Rural Water Finance Corporation Public Projects Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001.

ASSISTANCE AGREEMENT AND CLOSING DOCUMENTATION

- a. Resolution of the Board of Commissioners, dated December 4, 2012.
- b. Minutes of Meeting of the Board of Commissioners on December 4, 2012.
- c. First Amendment and Supplement to Assistance Agreement.
- d. Certificate of Officers.
- e. PSC Order Approving Issuance of Securities.
- f. Legal Opinion of Rubin & Hays.

RESOLUTION

RESOLUTION OF THE ALLEN COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN AMENDED ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF AMENDING A LOAN TO THE DISTRICT.

WHEREAS, the Board of Commissioners of the Allen County Water District (the "District") previously obtained a loan dated June 27, 2001, in the amount of \$401,000 (the "Series 2001A Loan") from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2001A (the "Series 2001A Bonds") to make improvements and extensions to the District's waterworks system (the "System"); and

WHEREAS, the Kentucky Rural Water Finance Corporation (the "Corporation") has determined that if the Corporation refunds the outstanding Series 2001A Bonds that the District can obtain debt service savings on its Series 2001A Loan; and

WHEREAS, the Board of Commissioners has determined that it is in the public interest to amend the outstanding Series 2001A Loan, in order for the District to obtain substantial debt service savings; and

WHEREAS, the District desires the Corporation to act as its agency and instrumentality for the purpose of issuing bonds to refund the Series 2001A Bonds for the purpose of amending the outstanding Series 2001A Loan and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such debt service savings, the District is required to enter into an Amended Assistance Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Allen County Water District as follows:

1. Authorization of Amended Assistance Agreement and the Series 2001A Loan Thereunder. The District hereby authorizes and approves an Amended Assistance Agreement for the Series 2001A Loan for the purpose of achieving debt service savings on its Series 2001A Loan all as agreed upon by the District and the Corporation.

2. Approval and Authorization of Execution of Amended Assistance Agreement. The Amended Assistance Agreement by and between the District and the Corporation in such form as may be approved by the Chairman, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Amended Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman,

or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the District. The Amended Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the District.

3. Disbursement of Proceeds of Series 2001A Loan. The District's officers, employees and agents are authorized to carry out the procedures specified in the Amended Assistance Agreement for the amendment of the Series 2001A Loan and for the payment from time to time of the costs and related expenses associated therewith.

4. Revenues of the System. The revenues of the System are determined to be sufficient to pay the principal of and interest on the Series 2001A Loan, as the same become due and payable; and said revenues, pursuant to the terms of the Amended Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Amended Assistance Agreement.

5. Chairman and Other District Officials to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, Treasurer, Secretary and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval for the amendment of the Series 2001A Loan from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Amended Assistance Agreement.

6. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

7. Captions of Clauses. The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

8. Provisions in Conflict Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

9. Effective Date of Resolution. This Resolution shall take effect from and after its adoption and approval.

[Signature Page Follows]

Adopted on December 4, 2012.

ALLEN COUNTY WATER DISTRICT

By Bobby S. Carter
Chairman

Attest:

By Shirley M. Allen
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the District at a meeting duly held on December 4, 2012; that said official action appears as a matter of public record in the official records or Journal of the Board of Commissioners; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; 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 December 4, 2012.

Shirley M. Allen
Secretary

Regular Meeting Allen County Water District Board of Commissioners, Dec. 4, 2012

The Allen County Water District Board of Commissioners met in regular session, December 4, 2012 at 4:00 p.m. in the district's office located at 330 New Gallatin Road, Scottsville, Kentucky.

Commissioners present for the meeting were Tracy Oliver, Bobby Carter, Wayne Jackson, Doug McClure and Joe Young.

Meeting called to order by Bobby Carter, Chairman.

Motion made by Tracy Oliver, seconded by Doug McClure to refinance the 2001 loan through Kentucky Rural Water Finance Corporation to get a lower rate and save money over a 10 year period, Morgan Keegan to take care of refinance, vote unanimous.

Motion made by Wayne Jackson, seconded by Joe Young to accept the 2013 Budget as prepared, vote unanimous.

Motion made by Tracy Oliver, seconded by Doug McClure to let bids on the generators on the Phase VIII project and to take bids at the February 5, 2013 meeting, vote unanimous.

Motion made by Tracy Oliver, seconded by Bobby Carter to accept write offs in the amount of \$11,978.79 for 2012, vote unanimous.

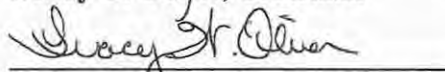
Motion made by Tracy Oliver, seconded by Joe Young to pay the Chamber of Commerce dues of \$500.00 for 2013, vote unanimous.

Motion made by Doug McClure, seconded by Joe Young to approve the minutes, vote unanimous.

Motion made by Wayne Jackson, seconded by Joe Young to pay the bills, vote unanimous.

Motion made by Wayne Jackson, seconded by Doug McClure to adjourn the meeting, vote unanimous.


Bobby G. Carter, Chairman


Tracy Oliver, Secretary/Treasurer

**FIRST AMENDMENT AND SUPPLEMENT TO
ASSISTANCE AGREEMENT**

This First Amendment and Supplement to Assistance Agreement made and entered into as of March 27, 2013 (the "First Amendment to 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 Allen County Water District, 330 New Gallatin Road, Scottsville, Kentucky 42164 (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 and Improvement Revenue Bonds (Flexible Term Program), Series 2013C (the "Series 2013C Bonds") in the aggregate principal amount of \$21,765,000, pursuant to a Supplemental Trust Indenture No. 52, dated as of March 27, 2013 by and between the Issuer and the Trustee, which Series 2013C Bonds will rank on a parity with the Bonds and the proceeds of which will be used by certain Governmental Agencies to refinance outstanding Program loans from the Issuer which were used 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 entered into an Assistance Agreement (the "Assistance Agreement") with the Issuer on June 27, 2001, pursuant to which the Issuer provided the Governmental Agency with a loan dated June 27, 2001, in the original principal amount of \$401,000, from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001 (the "Loan"); and

WHEREAS, the proceeds of the Loan were used 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 amend and supplement the Assistance Agreement, in order to effect substantial debt service savings; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency is authorized to enter into this First Amendment to Assistance Agreement and to borrow the Obligations, as defined herein, to provide funds for the purpose stated in the Assistance Agreement; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in amending and supplementing the terms of the Loan to assist the Governmental Agency in achieving debt service savings 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 First Amendment to Assistance Agreement to set forth their respective duties, rights, covenants, and obligations with respect 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. Unless the context clearly indicates some other meaning or as otherwise set forth below, the words and terms defined in the Assistance Agreement shall apply for the purposes of this First Amendment and Supplement to Assistance Agreement. In addition, the following terms shall have the meanings set forth below:

"*Assistance Agreement*" refers to the Assistance Agreement between the Issuer and the Governmental Agency, dated June 27, 2001, authorizing the Loan.

"*First Amendment to Assistance Agreement*" refers to this First Amendment and Supplement to Assistance Agreement supplementing and amending the Assistance Agreement, which authorized the Loan and the Obligations.

"*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. 52, dated March 27, 2013, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing May 1, 2013 and continuing through and including January 1, 2022 or until the Loan has been paid in full.

"*Loan*" refers to the loan in the amount of \$401,000, dated June 27, 2001, to the Governmental Agency from the Issuer, as amended herein.

"Obligations" refers to the Governmental Agency's obligations to make payments as required by the Assistance Agreements authorizing the Series 2001A Loan, as amended herein.

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

Section 2. Authorization of Obligations; Place of Payment; Manner of Execution. Section 3 of the Assistance Agreement is amended by the substitution of the following provisions:

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 this borrowing 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 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 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 the Assistance Agreement as supplemented and amended by the First Amendment to 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 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 3. Redemption. Section 4 of the Assistance Agreement is amended by the substitution of the following provisions:

(a) *Optional Redemption.* The Obligations shall not be subject to optional redemption prior to maturity.

Section 4. Revision of Debt Service Schedule and Amortization of Fees and Costs. Upon (i) the execution of this First Amendment to Assistance Agreement, (ii) the delivery of this First Amendment to Assistance Agreement to the Trustee, and (iii) certification of the Compliance Group that the Loan will continue to be accepted in the Program; the Issuer will amend the debt service schedule on the Governmental Agency's Loan as evidenced in the attached **Exhibit A**, which debt service schedule will amortize 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.

Section 5. Calculation of Revised Principal Amount of the Loan. The revised principal amount of the Loan is \$205,000, which amount was calculated as follows:

Outstanding principal balance of the Loan on March 27, 2013	223,000.00
Plus accrued interest	3,026.75
Plus fee to bondholders for early call of the Loan	0.00
Plus net costs associated with amending the debt service on the Loan	(14,892.05)
Plus deposit to Governmental Agency's Sinking Fund (rounding)	2,596.36
Credit for current balance in Governmental Agency's Sinking Fund	<u>(8,731.06)</u>
Revised principal amount of the Loan	\$205,000.00

[Signature page follows]

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this First Amendment to Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Allen County Water District has caused this First Amendment to 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 James L. Smith
President

Attest:

By [Signature]
Secretary/Treasurer

ALLEN COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this First Amendment to Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Allen County Water District has caused this First Amendment to 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

ALLEN COUNTY WATER DISTRICT

By Bobby G. Laster
Chairman

Attest:

By [Signature]
Secretary

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2013 B
Sinking Fund Payment Schedule**

Borrower: Allen County Water District
Closing Date: 03/27/13

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
5/13-7/13	2,222.22	902.59	3,124.81
8/13-1/14	2,222.22	667.92	2,890.14
2/14-8/14	1,666.67	629.58	2,296.25
8/14-1/15	1,666.67	629.58	2,296.25
2/15-7/15	1,666.67	574.58	2,241.25
8/15-1/16	1,666.67	574.58	2,241.25
2/16-7/16	1,666.67	519.58	2,186.25
8/16-1/17	1,666.67	519.58	2,186.25
2/17-7/17	2,083.33	447.92	2,531.25
8/17-1/18	2,083.33	447.92	2,531.25
2/18-7/18	2,083.33	358.33	2,441.67
8/18-1/19	2,083.33	358.33	2,441.67
2/19-7/19	2,083.33	268.75	2,352.08
8/19-1-20	2,083.33	268.75	2,352.08
2/20-7/20	2,083.33	179.17	2,262.50
8/20-1/21	2,083.33	179.17	2,262.50
2/21-7/21	2,083.33	89.58	2,172.92
8/21-1/22	2,083.33	89.58	2,172.92
2/22-7/22	-	-	-
	<u>205,000.00</u>	<u>43,578.22</u>	<u>248,578.22</u>

**CERTIFICATE OF OFFICERS OF
ALLEN COUNTY WATER DISTRICT**

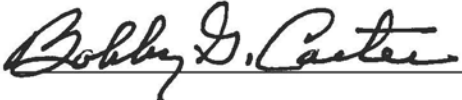
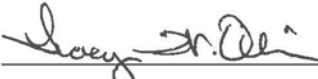
Re: Amendment dated March 27, 2013 to the Loan in the original principal amount of \$401,000, dated June 27, 2001, to the Allen County Water District from the Kentucky Rural Water Finance Corporation Public Projects Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001.

The undersigned officials of the Allen County Water District (the "District") under the Assistance Agreement, dated June 27, 2001, as amended by the First Amendment and Supplement to Assistance Agreement, of even date herewith (collectively, the "Agreement") between the District and the Kentucky Rural Water Finance Corporation ("KRWFC"), do hereby certify as follows:

1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the District, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the District.

2. That the District is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to operate a waterworks system (the "System") and to carry on its business as now being conducted.

3. That the below-named persons were on the date or dates of the execution of the First Amendment and Supplement to Assistance Agreement and are on the date of this Certificate the duly elected or appointed and qualified incumbents of the respective offices of the District set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Bobby Carter	Chairman	
Tracy Oliver	Secretary	

4. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Board of Commissioners of the District on December 4, 2012 (the "Resolution"), authorizing the appropriate officials of the District to execute the First Amendment and Supplement to Assistance Agreement. The Resolution was duly adopted in accordance with all applicable laws.

5. The First Amendment and Supplement to Assistance Agreement has been duly authorized, executed and delivered by the District and constitutes a legal, valid and binding obligation of the District, enforceable against the District in accordance with its terms.

6. The representations and warranties of the District made in the Agreement are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Resolution has not been amended or supplemented and is in full force and effect; and the Agreement has been entered into and is in full force and effect.

7. The District is not in default under or in violation of (i) any provisions of applicable law, (ii) the Agreement, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, bond, order, judgment, decree or other instrument or

restriction of any kind or character to which it is a party or by which it or its properties are or may be bound, or to which it or any of its assets is subject, which default would have a material adverse effect on the condition, financial or otherwise, of the District or on the ability of the District to perform its obligations under the Agreement. Neither the execution and delivery of the Agreement nor compliance by the District with the terms, conditions and provisions of the Agreement will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

8. Since the date of the financial information provided to KRWFC, there have not been any material adverse changes in the business, properties, condition (financial or otherwise) or results of operations of the District, whether or not arising from transactions in the ordinary course of business, and since such date, except in the ordinary course of business, the District has not entered into any transaction or incurred any liability material to the financial position of the District.

9. There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or, to the best of our knowledge, threatened against or affecting the District wherein an unfavorable decision, ruling or finding would materially adversely affect the business, properties, condition (financial or otherwise) or the results of operations of the District or the ability of the District to perform its obligations under the Agreement.

10. All authorizations, consents and approvals of, notices to, registrations or filings with, or other actions in respect of or by, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the District of the Agreement have been duly obtained, given or taken (and copies thereof have been provided to KRWFC).

11. Any certificate signed by any official of the District and delivered to KRWFC will be deemed to be a representation by the District to KRWFC as to the statements made therein.

12. That we are familiar with the provisions of the Agreement, and we hereby certify that on March 27, 2013 or immediately thereafter, the costs to amend the Loan authorized by the Agreement were applied or will be applied as itemized in the Schedules prepared by Raymond James & Associates, Inc. attached hereto as **Exhibit A**, and this certification constitutes the instruction to and authorization of the Trustee to make such payments and deposits specified in said **Exhibit A**.

WITNESS our hands this March 27, 2013.

ALLEN COUNTY WATER DISTRICT

By Bobby G. Paster
Chairman

Attest:

By Shirley A. De
Secretary

EXHIBIT A

Preliminary

\$230,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
Allen Co Water District

Sources & Uses

Dated 02/27/2013 | Delivered 02/27/2013

Sources Of Funds

Par Amount of Bonds	\$230,000.00
Reoffering Premium	8,377.90
Total Sources	\$238,377.90

Uses Of Funds

Total Underwriter's Discount (1.750%)	4,025.00
Costs of Issuance	5,950.00
Deposit to Current Refunding Fund	223,874.39
Rounding Amount	4,528.51
Total Uses	\$238,377.90

EXHIBIT A

Final

\$205,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
Allen Co Water District

Debt Service Comparison

<u>Date</u>	<u>Total P+I</u>	<u>Net New D/S</u>	<u>Old Net D/S</u>	<u>Savings</u>
12/31/2013	2,760.72	2,760.72	6,053.50	3,292.78
12/31/2014	27,785.00	27,785.00	31,554.50	3,769.50
12/31/2015	27,225.00	27,225.00	31,421.88	4,196.88
12/31/2016	26,565.00	26,565.00	31,234.01	4,669.01
12/31/2017	25,805.00	25,805.00	31,963.26	6,158.26
12/31/2018	29,837.50	29,837.50	31,609.63	1,772.13
12/31/2019	28,762.50	28,762.50	31,200.75	2,438.25
12/31/2020	27,687.50	27,687.50	31,709.00	4,021.50
12/31/2021	26,612.50	26,612.50	32,163.00	5,550.50
12/31/2022	25,537.50	25,537.50	27,695.25	2,157.75
Total	\$248,578.22	\$248,578.22	\$286,604.78	\$38,026.56

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	38,026.56
Gross PV Debt Service Savings	34,079.31
Net PV Cashflow Savings @ 3.039%(Bond Yield)	34,079.31
Transfers from Prior Issue Debt Service Fund	(5,351.16)
Contingency or Rounding Amount	2,596.36
Net Present Value Benefit	\$31,324.51
Net PV Benefit / \$223,000 Refunded Principal	14.047%
Net Future Value Benefit	\$35,271.76
Net PV Benefit / \$205,000 Refunding Principal	15.280%
Average Annual Cash Flow Savings	4,225.17

Refunding Bond Information

Refunding Dated Date	3/27/2013
Refunding Delivery Date	3/27/2013

Final

\$205,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
Allen Co Water District

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/27/2013	-	-	-	-	-
08/01/2013	-	-	2,760.72	2,760.72	-
12/31/2013	-	-	-	-	2,760.72
02/01/2014	20,000.00	2.300%	4,007.50	24,007.50	-
08/01/2014	-	-	3,777.50	3,777.50	-
12/31/2014	-	-	-	-	27,785.00
02/01/2015	20,000.00	3.300%	3,777.50	23,777.50	-
08/01/2015	-	-	3,447.50	3,447.50	-
12/31/2015	-	-	-	-	27,225.00
02/01/2016	20,000.00	3.300%	3,447.50	23,447.50	-
08/01/2016	-	-	3,117.50	3,117.50	-
12/31/2016	-	-	-	-	26,565.00
02/01/2017	20,000.00	4.300%	3,117.50	23,117.50	-
08/01/2017	-	-	2,687.50	2,687.50	-
12/31/2017	-	-	-	-	25,805.00
02/01/2018	25,000.00	4.300%	2,687.50	27,687.50	-
08/01/2018	-	-	2,150.00	2,150.00	-
12/31/2018	-	-	-	-	29,837.50
02/01/2019	25,000.00	4.300%	2,150.00	27,150.00	-
08/01/2019	-	-	1,612.50	1,612.50	-
12/31/2019	-	-	-	-	28,762.50
02/01/2020	25,000.00	4.300%	1,612.50	26,612.50	-
08/01/2020	-	-	1,075.00	1,075.00	-
12/31/2020	-	-	-	-	27,687.50
02/01/2021	25,000.00	4.300%	1,075.00	26,075.00	-
08/01/2021	-	-	537.50	537.50	-
12/31/2021	-	-	-	-	26,612.50
02/01/2022	25,000.00	4.300%	537.50	25,537.50	-
12/31/2022	-	-	-	-	25,537.50
Total	\$205,000.00	-	\$43,578.22	\$248,578.22	-

Yield Statistics

Bond Year Dollars	\$1,043.11
Average Life	5.088 Years
Average Coupon	4.1777160%
Net Interest Cost (NIC)	2.2156000%
True Interest Cost (TIC)	2.0689441%
Bond Yield for Arbitrage Purposes	3.0391218%
All Inclusive Cost (AIC)	2.6130608%

IRS Form 8038

Net Interest Cost	1.8265703%
Weighted Average Maturity	5.185 Years

Raymond James

Final

\$205,000

Kentucky Rural Water Finance Corporation

Flexible Term Finance Program

Allen Co Water District

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
12/31/2013	-	-	2,760.72	2,760.72	2,760.72
12/31/2014	20,000.00	2.300%	7,785.00	27,785.00	27,785.00
12/31/2015	20,000.00	3.300%	7,225.00	27,225.00	27,225.00
12/31/2016	20,000.00	3.300%	6,565.00	26,565.00	26,565.00
12/31/2017	20,000.00	4.300%	5,805.00	25,805.00	25,805.00
12/31/2018	25,000.00	4.300%	4,837.50	29,837.50	29,837.50
12/31/2019	25,000.00	4.300%	3,762.50	28,762.50	28,762.50
12/31/2020	25,000.00	4.300%	2,687.50	27,687.50	27,687.50
12/31/2021	25,000.00	4.300%	1,612.50	26,612.50	26,612.50
12/31/2022	25,000.00	4.300%	537.50	25,537.50	25,537.50
Total	\$205,000.00	-	\$43,578.22	\$248,578.22	\$248,578.22

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY RURAL WATER FINANCE)	
CORPORATION JOINT APPLICATION ON)	
BEHALF OF CERTAIN WATER DISTRICTS FOR)	
AUTHORITY TO BORROW FUNDS TO)	CASE NO. 2013-00042
REFINANCE CERTAIN OUTSTANDING)	
INDEBTEDNESS TO THE KENTUCKY RURAL)	
WATER FINANCE CORPORATION)	

ORDER

Kentucky Rural Water Finance Corporation ("KRWFC"), on behalf of 16 water districts,¹ has applied for authority for each of those water districts to enter supplemental assistance agreements with KRWFC to modify the terms of one or more of its existing assistance agreements with KRWFC.² These supplemental assistance agreements are intended to pass through to the water districts the savings that KRWFC achieved through the recent refinancing of certain bonded debt obligations.

On February 21, 2013, KRWFC moved that the Commission immediately authorize Christian County Water District, Edmonson County Water District, Grayson

¹ These water districts are: Allen County Water District, Big Sandy Water District, Christian County Water District, Crittenden-Livingston County Water District, East Clark County Water District, Edmonson County Water District, Grayson County Water District, Green River Valley Water District, Henry County Water District No. 2, McCreary County Water District, Muhlenberg County Water District, Pendleton County Water District, Simpson County Water District, Warren County Water District, West McCracken County Water District, and West Shelby Water District. In its application, KRWFC stated that it was also acting on behalf of Meade County Water District. As of the date of this Order, KRWFC has yet to present any documentary evidence to demonstrate that Meade County Water District has authorized KRWFC to act on its behalf.

² KRWFC tendered the Application on January 31, 2012. In its application, KRWFC requested a general deviation from the requirements of 807 KAR 5:001 to permit the acceptance of its application. On February 21, 2013, the Commission granted a deviation from 807 KAR 5:001, Section 17(2)(a), which requires the filing of a financial statement covering a 12-month period that ends no more than 90 days before the submission of an application, and accepted the Application for filing.

County Water District, Henry County Water District No. 2, McCreary County Water District, Simpson County Water District, and Warren County Water District to enter supplemental agreements with KRWFC. On February 22, 2013, the Commission granted KRWFC's motion and authorized those six water districts to enter into the requested supplemental agreements.

We now turn to those portions of the Application that concern the remaining Applicants.³ Having considered those portions of the Application and being otherwise sufficiently advised, the Commission finds that:

1. KRWFC is a Kentucky corporation organized pursuant to KRS Chapter 58 and KRS Chapter 278 for "the financing of public projects for and on behalf of the members of" the Kentucky Rural Water Association.⁴

2. KRWFC has entered into assistance agreements with Applicants under which the Applicants used the proceeds of the KRWFC loans to finance infrastructure improvements to their water distribution and treatment facilities.

3. KRWFC intends to issue revenue bonds ("KRWFC Refunding Bonds") in an approximate principal amount not to exceed \$50,000,000 to finance the refunding of its outstanding pooled bond obligations issued in 2001 through 2004 relating to its Flexible Term Loan Program to achieve substantial interest cost savings to the borrowers under that program.

³ In this Order, all references to "the Applicants" refer to Allen County Water District, Big Sandy Water District, Crittenden-Livingston County Water District, East Clark County Water District, Green River Valley Water District, Muhlenberg County Water District, Pendleton County Water District, West McCracken County Water District, and West Shelby Water District.

⁴ See Articles of Incorporation of Kentucky Rural Water Finance Corporation (May 18, 1995) at 1-2, available at <https://app.sos.ky.gov/corpscans/47/0401747-09-99999-19950614-ART-3673729-PU.pdf> (last visited Mar. 22, 2013).

4. KRWFC and the Applicants propose to enter into supplemental assistance agreements obligating each Applicants to make payments to KRWFC or a trustee on behalf of KRWFC in amounts sufficient to pay the costs of issuance and the debt service requirements on the KRWFC Refunding Bonds

5. Table 1, which is found at the Appendix to this Order, lists: the names of each Applicant; the loans to be modified; the year in which each loan currently will mature; the principal balance remaining on each loan; the principal that will remain on the loans after the execution of the supplemental agreements; the year in which the loans will mature as a result of the supplement agreements; the gross savings and net present value savings achieved as a result of the supplemental agreements' execution. Where a supplemental agreement addresses two or more loans, the combined savings are shown.

6. The proposed supplemental assistance agreements require the Applicants to pay interest rates that vary from 2.3 percent to 3.3 percent per annum.

7. The existing assistance agreements, which will be modified with the execution of the supplemental assistance agreements, require the Applicants to pay interest rates that vary from 3.81 percent to 5.15 percent.

8. None of the proposed supplemental assistance agreements will extend or or increase the length of the payment period established in the assistance agreements that they modify. Where a supplemental assistance agreement amends two or more assistance agreements, however, the final payment date for the combined remaining principal is the more distant of the final payment dates set forth in the assistance agreements whose terms are being revised.

9. As a result of KRWFC's refinancing of its bonded debt and the execution of the proposed supplement assistance agreements, each Applicant is expected to realize an aggregate gross savings of \$12,917 to \$412,322 and a net present value savings of \$12,352 to \$337,259.

10. Applicants' execution of the proposed supplemental assistance agreements is for a lawful object within their corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of Applicants' service to the public, will not impair their ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. The Applicants are authorized to enter into supplemental assistance agreements with KRWFC to amend the terms of the assistance agreements identified in Table I, to include the principal amount and interest rate of the present assistance agreement, but only under such terms and conditions that will produce both positive gross savings and net present value savings and that will not require any payments beyond the year set forth in Table I.

2. If the actual terms and conditions of a supplemental assistance agreement with KRWFC differ from those set forth in the Application, the Applicant shall, within 30 days of executing the loan agreement, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that will result from the refinancing.

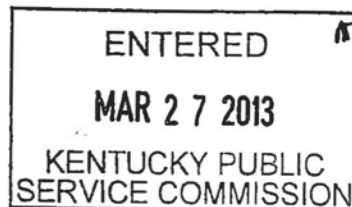
3. Within 30 days of executing the proposed agreement, each Applicant shall file a copy of the executed supplemental assistance agreement and any documents

referenced in the executed supplemental assistance agreement that the Applicant has not previously filed with the Commission.

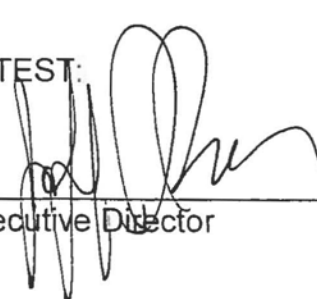
4. Any proceeds from a supplemental assistance agreement shall be used only for the lawful purposes specified in the Application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:



Executive Director

Case No. 2013-00042

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

March 27, 2013

Kentucky Rural Water Finance Corporation
3251 Springhollow Avenue
Bowling Green, Kentucky 42102-1424

Regions Bank
Corporate Trust Department
315 Deaderick Street, 4th Floor
Mail Code: NA0408
Nashville Tennessee 37237

Re: Amendment dated March 27, 2013 to the Loan in the original principal amount of \$401,000, dated June 27, 2001, to the Allen County Water District from the Kentucky Rural Water Finance Corporation Public Projects Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001.

Ladies and Gentlemen:

In connection with the Loan in the original principal amount of \$401,000, dated June 27, 2001, to the Allen County Water District (the "Borrower") from the Kentucky Rural Water Finance Corporation (the "Issuer"), we have examined and relied upon originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below, including the following:

(a) the 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 trustee, under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program);

(b) the Assistance Agreement between the Issuer and the Borrower, dated June 27, 2001, authorizing the Loan, as amended by a First Amendment and Supplement to Assistance Agreement supplementing and amending the Assistance Agreement, dated as of March 27, 2013 (collectively, the "Assistance Agreement"); and

(c) the Resolution authorizing the Assistance Agreement adopted by the Board of Commissioners on December 4, 2012 (the "Resolution"); and

(d) the Certificate of Officers of the Allen County Water District, dated as of March 27, 2013.

Terms not defined herein are defined in the Indenture and Assistance Agreement shall have the same meanings herein, unless the context otherwise requires.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof and we disclaim any obligation to update this letter. We have neither undertaken to determine, nor to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us, the conformity to original documents and certificates of all documents and certificates submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents and certificates. Furthermore, we have assumed compliance with the agreements and covenants contained in the Indenture, Assistance Agreement, and Resolution.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that the Assistance Agreement, as amended and supplemented, has been duly authorized, executed and delivered by the Borrower and is a valid and binding obligation of the Borrower enforceable in accordance with its terms.

Our opinion set forth above is subject to the qualification that the enforceability of the Assistance Agreement, the Loan and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

A handwritten signature in blue ink, appearing to read "Ruben Hays". The signature is written in a cursive, flowing style.

Attachment No. 9.c

3/2/20

**KENTUCKY INFRASTRUCTURE AUTHORITY
ASSISTANCE AGREEMENT**

FUND F

PROJECT NUMBER: F19-025

GOVERNMENTAL AGENCY (Borrower): Allen County Water District

GOVERNMENTAL AGENCY'S ADDRESS: 330 New Gallatin Road
Scottsville, Kentucky 42164

CFDA NO: 66.468

ASSISTANCE AGREEMENT

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	2
ARTICLE II REPRESENTATIONS AND WARRANTIES.....	5
Section 2.1. Representations and Warranties of Authority.....	5
Section 2.2. Representations and Warranties of the Governmental Agency.....	6
ARTICLE III AUTHORITY’S AGREEMENT TO MAKE LOAN; TERMS	7
Section 3.1. Determination of Eligibility.....	7
Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. 7	
Section 3.3. Governmental Agency’s Right to Prepay Loan.....	8
Section 3.4. Subordination of Loan.	8
ARTICLE IV CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS	9
Section 4.1. Covenants of Governmental Agency and Conditions of Loan.....	9
Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement.	12
Section 4.3. Disbursements of Funds; Requisition for Funds.	14
ARTICLE V CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY	14
Section 5.1. Imposition of Service Charges.....	14
Section 5.2. Governmental Agency’s Obligation to Repay Loan.	15
Section 5.3. Covenant to Adjust Service Charges.	15
Section 5.4. Adequacy of Service Charges.....	15
Section 5.5. Covenant to Establish Maintenance and Replacement Reserve.	16
Section 5.6. Reports; Inspection.	16
Section 5.7. Segregation of Funds.	16
Section 5.8. Additional Covenants. Reserved.	16
ARTICLE VI OTHER COVENANTS OF THE GOVERNMENTAL AGENCY	16
Section 6.1. Further Assurance.....	16
Section 6.2. Completion of Project.....	17
Section 6.3. Establishment of Completion Date.	17
Section 6.4. Commitment to Operate.	17
Section 6.5. Continue to Operate.....	17
Section 6.6. Tax Covenant.....	17
Section 6.7. Accounts and Reports.	18
Section 6.8. Audit Requirements.	18
Section 6.9. General Compliance with all Duties.....	18
Section 6.10. System Not to Be Disposed Of.....	18
Section 6.11. Further Covenants under the Federal Agreement.....	18

Section 6.12. Continuing Disclosure Obligation.	20
ARTICLE VII MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION....	21
Section 7.1. Maintain System.	21
Section 7.2. Additions and Improvements.	21
Section 7.3. Compliance with State and Federal Standards.	21
Section 7.4. Access to Records.	21
Section 7.5. Covenant to Insure - Casualty.	21
Section 7.6. Authority as Named Insured.	22
Section 7.7. Covenant to Insure - Liability.	22
Section 7.8. Covenant Regarding Worker’s Compensation.	22
Section 7.9. Application of Casualty Insurance Proceeds.	22
Section 7.10. Eminent Domain.	22
Section 7.11. Flood Insurance.	23
ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES	23
Section 8.1. Events of Default Defined.	23
Section 8.2. Remedies on Default.	24
Section 8.3. Appointment of Receiver.	24
Section 8.4. No Remedy Exclusive.	24
Section 8.5. Consent to Powers of Authority Under Act.	25
Section 8.6. Waivers.	25
Section 8.7. Agreement to Pay Attorneys’ Fees and Expenses.	25
ARTICLE IX MISCELLANEOUS PROVISIONS	25
Section 9.1. Approval not to be Unreasonably Withheld.	25
Section 9.2. Approval.	25
Section 9.3. Effective Date.	26
Section 9.4. Binding Effect.	26
Section 9.5. Severability.	26
Section 9.6. Assignability.	26
Section 9.7. Execution in Counterparts.	26
Section 9.8. Applicable Law.	26
Section 9.9. Captions.	26
EXHIBIT A - PROJECT SPECIFICS	A-1
EXHIBIT B - REQUISITION FORM.....	B-1
EXHIBIT C - SCHEDULE OF SERVICE CHARGES	C-1
EXHIBIT D - FORM OF RESOLUTION.....	D-1
EXHIBIT E - LEGAL OPINION	E-1
EXHIBIT F - LOAN TERM SCHEDULE.....	F-1

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the Effective Date (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the ALLEN COUNTY WATER DISTRICT, the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

WITNESSETH

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998, as amended, supplemented or restated from time to time (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of February 1, 2000 (the "Indenture") between the Authority and U.S. Bank, National Association, as successor in interest to National City Bank of Kentucky (the "Trustee"), in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

ARTICLE I DEFINITIONS

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

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

“*Administrative Fee*” means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Loan Term Schedule.

“*Amortization Commencement Date*” means the date set forth on the Loan Term Schedule when the first payment of principal of and interest on the Loan is due under the Schedule of Payments.

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

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

“*Cabinet*” means the Energy and Environment Cabinet of the Commonwealth.

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

“*Commonwealth*” shall mean the Commonwealth of Kentucky.

“*Construction*” shall mean construction as defined in the Act.

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

“*Default Rate*” means the rate of interest identified in the Loan Term Schedule to accrue on the amount of the Loan that is in default under this Assistance Agreement.

“*Drinking Water Supply Project*” shall mean the planning, design and construction of drinking water treatment and distribution systems, including expenditures to address Federal Act health goals, or to address situations where compliance standards have been exceeded or to prevent future violations of rules, and may further include drinking water treatment plants, including basins for rapid mix, flocculation, coagulation, filtration, pre-treatment disinfection, and disinfection prior to entry to the distribution system; distribution systems; storage tanks; intake lines and short-term water storage; clearwells; drilled wells and wellhead areas; and any other structure or facility considered necessary by the Cabinet to the efficient and sanitary operation of a public water system and complies with the requirements of the Federal Act.

“*Effective Date*” means the date set forth on the signature page of this Assistance Agreement.

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

“*Federal Act*” shall mean the Federal Safe Drinking Water Act, as amended, 42 U.S.C. Section 1401, et seq.

“*Federal Agreement*” shall mean the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998, as amended, supplemented or restated from time to time.

“*Governmental Agency*” shall mean 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, including any counties containing a metropolitan sewer district, 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 on the front cover of this Assistance Agreement and in the Project Specifics.

“*Indenture*” shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee, as amended and supplemented from time to time.

“*Interagency Agreement*” means the Memorandum of Understanding dated as of July 1, 1999 between the Authority and the Cabinet, as the same may be amended or supplemented from time to time.

“*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 Loan Term Schedule, for the purpose of defraying the costs incidental to the Construction of the Project.

“*Loan Payment Date*” shall mean the dates principal of and/or interest on the Loan are due as set forth in the Loan Term Schedule.

“*Loan Rate*” means the rate per annum of interest identified in the Loan Term Schedule.

“*Loan Term Schedule*” shall mean the payment information and terms of the Loan identified and set forth in Exhibit F attached hereto and includes any amendments or supplements thereto.

“*Person*” shall mean any individual, firm, partnership, association, limited liability company, corporation or Governmental Agency.

“*Program*” shall mean the program authorized by KRS 224A.1115 and the Indenture as the “federally assisted drinking water revolving fund” for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

“*Project*” shall mean, when used generally, a Drinking Water Supply Project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

“*Resolution*” means the resolution or ordinance of the Governmental Agency attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

“*Schedule of Payments*” means the debt service schedule of the Loan as set forth in the Loan Term Schedule.

“*Schedule of Service Charges*” shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, 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 System, 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 water system owned and operated by the Governmental Agency of which the Project shall become a part.

“*Trustee*” shall mean U.S. Bank National Association, and its successors or assigns.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority.

The Authority represents and warrants for the benefit of the Governmental Agency as follows:

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

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

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

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

Section 2.2. Representations and Warranties of the Governmental Agency.

The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

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

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

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

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to acquire and 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 that 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) Pursuant to the Resolution of the governing body, the Governmental Agency has approved and authorized the execution and delivery of this Assistance Agreement. Such Resolution was duly enacted or adopted at a duly called meeting, held in accordance with the law, of the governing body of the Governmental Agency at which a quorum was present and acting throughout; is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement, the Loan, and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS Sections 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 System and the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement. The Governmental Agency is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

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

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

(K) Project is consistent with the water supply plan developed pursuant to 401 KAR 4:220 for the county in which the Governmental Agency is located.

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 Drinking Water Supply 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 Loan Term Schedule, subject to such adjustments as may be set forth in any amendment or supplement to said Loan Term Schedule. Principal payments shall be made in the amounts and on the Loan Payment Dates 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 Schedule of Payments, commencing on the Amortization Commencement Date.

The outstanding principal balance of the Loan shall bear interest, payable on the Loan Payment Dates, at the Loan Rate identified in the Loan Term Schedule. Beginning on the Amortization Commencement Date, principal and interest on the Loan shall be payable in the amounts and on the Loan Payment Dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such Loan payments, in such amounts as determined in the sole

discretion of the Authority 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. The Governmental Agency shall pay interest on the unpaid balance of disbursements at the Loan Rate payable on each Loan Payment Date prior to the Amortization Commencement Date.

Interest on the Loan shall be calculated on the actual number of days and an assumed 360-day year.

Payments of principal and interest on the Loan shall be payable in lawful money of the United States of America at the principal office of the Authority or the Trustee, as designated by the Authority. If so requested by the Authority, Loan payments hereunder shall be made by the Governmental Agency 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") as provided by the Authority or the Trustee to the Governmental Agency, which ACH Authorization Form shall be completed, signed and forwarded to the Authority or the Trustee prior to the Governmental Agency receiving any disbursement of the proceeds of the Loan.

Section 3.3. Governmental Agency's Right to Prepay Loan.

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

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

Section 3.4. Subordination of Loan.

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

ARTICLE IV
CONDITIONS PRECEDENT TO DISBURSEMENT;
REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan.

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

(A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to enter upon the Project and its site during construction of the Project and to examine and inspect same, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

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

(G) The construction contract or contracts shall require the contractor to comply with all provisions of federal and Kentucky 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.

(H) 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.

(I) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, the Cabinet and any other participating federal or state agency, the Engineers, and all construction contractors. Such conference shall be held in accordance with guidelines established by the Authority and the Cabinet. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each party 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.

(J) 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.

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

(L) 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.

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

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

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

(P) 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 duly authorized representatives of the Authority, the Cabinet and any Kentucky 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. The Governmental Agency shall submit to the Authority and the Cabinet such documents and information as such may reasonably require in connection with the administration of any federal or state assistance.

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

(R) 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 is 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.

(S) 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, the Cabinet, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

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

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

(V) The Governmental Agency shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014 (the "2014 Appropriations Act") and related Program policy guidelines) which the Governmental Agency understands includes, among other requirements, that all of the iron and steel products

used in the Project are to be produced in the United States (“American Iron and Steel Requirement”) unless (i) the Governmental Agency has requested and obtained a waiver from the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Governmental Agency in writing that the American Iron and Steel Requirement is not applicable to the Project.

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

Notwithstanding anything in this Assistance Agreement to the contrary, if the Governmental Agency fails to comply, at any time, with the provisions of Section 4.1(V) or Section 4.1(W) hereof, the Authority may, at its sole discretion, withhold the disbursements of any proceeds of the Loan to the Governmental Agency or its designee.

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement.

The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) That the Project shall be completed no later than the Amortization Commencement Date.

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

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

(D) That all real property or property rights required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in

accordance with 49 CFR 24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

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

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

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

(H) That final disbursement will not be remitted before the Cabinet has approved a final operations and maintenance manual.

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

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

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

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

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

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

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

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

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

(O) That all measures required to minimize water pollution to affected waters shall be employed in the construction of the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or

approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

Section 4.3. Disbursements of Funds; Requisition for Funds.

The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for funds prior to the fifth (5th) day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan. If directed by the Authority, the Governmental Agency shall establish, with the Trustee, an electric fund transfer system, which may be an ACH Payment Method.

The Authority may disburse proceeds of the Loan directly to the Governmental Agency. The Governmental Agency, if so directed by the Authority, shall establish itself as a vendor under the eMars system of the Commonwealth of Kentucky.

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

Section 5.1. Imposition of Service Charges.

The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and

the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System; such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, the 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 the Loan.

Section 5.2. Governmental Agency's Obligation to Repay Loan.

The obligation of the Governmental Agency to repay 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 the Loan to the Authority, the amount of such default shall bear interest at the per annum rate of interest equal to the Default Rate set forth in the Loan Term Schedule, 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 (i) provide for the required coverage of all debt service payments on obligations payable from the revenues of the System as set forth in Section 5.4 hereof, (ii) provide for the operation of the System as required under this Assistance Agreement, and (iii) make the required deposits to the Maintenance and Replacement Reserve; the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and Kentucky, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities so as to provide funds sufficient to pay the debt service requirements set forth in the Schedule of Payments and the Authority's Administrative Fee, to provide for the operation of the System as required under this Assistance Agreement, and to make required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges.

The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies) as shall be at least adequate to provide revenues equal to the sum of (i) 110% of the debt service coming due during each fiscal year on this Loan and all other obligations secured and payable from the revenues of the System, in each case computed as of the beginning of such fiscal year (except to the extent the Governmental Agency has by binding ordinance or resolution committed reserves to the payment of such debt service), (ii) the amounts required to provide for the operation of the System during each fiscal year as required under this Assistance Agreement, and (iii) the amounts to be deposited hereunder to the Maintenance and Replacement Reserve in each fiscal year.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System, both existing and new users, and accordingly the Project. The Governmental Agency shall deliver to the Authority, on or before each Loan Payment Date, a report of all collections and any delinquencies.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve.

The Governmental Agency shall establish a special account identified as a “Maintenance and Replacement Reserve”. The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Funds in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the System or for the unbudgeted costs of replacing worn or obsolete portions of the System, subject to approval of Authority.

Section 5.6. Reports; Inspection.

The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

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

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

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

Section 5.7. Segregation of Funds.

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

Section 5.8. Additional Covenants. Reserved.

**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, and (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to its satisfaction.

Section 6.4. Commitment to Operate.

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

Section 6.5. Continue to Operate.

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

Section 6.6. Tax Covenant.

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

Section 6.7. Accounts and Reports.

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

Section 6.8. Audit Requirements.

Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, including disclosure of the Maintenance and Replacement Reserve, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$750,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with 2 CFR Part 200.

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 Act, the Federal Act and this Assistance Agreement and any other Debt Obligations.

Section 6.10. System Not to Be Disposed Of.

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

Section 6.11. Further Covenants under the Federal Agreement.

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

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

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

(C) All residents in the service area of the System must be offered the same opportunity to become users of the System regardless of race, religion, color, national origin, sex, disability or level of income.

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

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) 40 CFR 35.3580 (and Appendix A to Subpart L) – NEPA – Like State Environmental Review Process
- (d) Environmental Justice, Executive Order 12898
- (e) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (f) Protection of Wetlands, Executive Order 11990
- (g) Farmland Protection Policy Act, Pub. L. 97-98
- (h) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (i) National Historic Preservation Act of 1966, PL 89-665, as amended
- (j) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (k) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.

- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432
- (g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

(2) State:

- (a) KRS 151
- (b) KRS 224
- (c) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
- (d) KRS Chapter 337, Labor Laws
- (e) 401 KAR Chapter 8

Section 6.12. Continuing Disclosure Obligation.

The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the SEC Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.12 by an action in mandamus, for specific performance, or similar remedy to compel performance.

ARTICLE VII
MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System.

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

Section 7.2. Additions and Improvements.

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

Section 7.3. Compliance with State and Federal Standards.

The Governmental Agency agrees that it will at all times provide operation and maintenance of the System 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 System 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 System 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 System 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.

For so long as any amounts are due and payable under this Assistance Agreement, 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 System 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 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.11. Flood Insurance.

For so long as any amounts are due and payable under this Assistance Agreement, all structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the replacement cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less.

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 Kentucky 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 remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

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

Section 8.2. Remedies on Default.

Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.12 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare the principal of and interest on the Loan, and all other payments due hereunder, to be immediately due and payable.

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

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

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

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.12 hereof shall be those remedies specifically set forth in Section 6.12 hereof

Section 8.3. Appointment of Receiver.

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

Section 8.4. No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given

hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act.

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

Section 8.6. Waivers.

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

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses.

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

**ARTICLE IX
MISCELLANEOUS PROVISIONS**

Section 9.1. Approval not to be Unreasonably Withheld.

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

Section 9.2. Approval.

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

Section 9.3. Effective Date.

This Assistance Agreement shall become effective on the Effective Date and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect.

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

Section 9.5. Severability.

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

Section 9.6. Assignability.

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

Section 9.7. Execution in Counterparts.

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

Section 9.8. Applicable Law.

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

Section 9.9. Captions.

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

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the Effective Date.

The Effective Date of this Assistance Agreement is March 2, 2020

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: Githu Ndlovu
Executive Director

ATTEST:

By: Margaret J. Link
Title: SECRETARY

GOVERNMENTAL AGENCY:
ALLEN COUNTY WATER DISTRICT

By: Wayne Jackson 4-4-20
Chairman

ATTEST:

By: [Signature] 4-4-2020
Secretary of Governmental Agency

APPROVED:

EXAMINED:

By: Nancy M. Johnson 3-13-2020
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

By: Rabon J. Hays
Legal Counsel to the NJA
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND
LEGALITY:

By: Patrick M. Dea
Approved, Finance and
Administration Cabinet

EXHIBIT A

PROJECT SPECIFICS

EXHIBIT A
ALLEN COUNTY WATER DISTRICT
PROJECT SPECIFICS
F19-025

GOVERNMENTAL AGENCY:

Name: Allen County Water District
 PO Box 58
 Scottsville, KY 42164

Contact Person: Wayne Jackson
 Chairman

SYSTEM: Water

PROJECT:

The new 500,000 gallon elevated tank will replace the existing Lambert Road ground storage tank to address the short fill cycles and the lack of adequate storage capacity in this part of the Allen County Water District ("the District") distribution system. In addition to the new elevated tank, approximately 9,000 LF of 8-inch PVC water line will be run along Bowling Green Road to transport water pumped via the Halfway Booster Station to the Walker Chapel Pressure Zone. The Halfway Booster Station will have some internal piping switched out for installation of a new master meter to aid in the District's water loss program.

PROJECT BUDGET:

	Total
Legal Expenses	3,760
Engineering Fees - Design	105,000
Engineering Fees - Construction	45,000
Engineering Fees - Inspection	89,000
Engineering Fees - Other	32,056
Construction	1,978,400
Contingency	196,784
Total	\$ 2,450,000

FUNDING SOURCES:

	Amount	%
Fund F Loan	\$ 2,450,000	100%
Total	\$ 2,450,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 2,450,000
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 2,450,000
Interest Rate	2.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 149,232
Administrative Fee (0.25%)	6,125
Total Estimated Annual Debt Service	\$ 155,357

EXHIBIT B

REQUEST FOR PAYMENT AND PROJECT STATUS REPORT

Borrower: _____

WX/SX Number: _____

KIA Loan # _____

Draw Number _____

Date: _____

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

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

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

Funds Requested: _____

Project Budget and Expenses

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

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

Project Funding

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

10
11
12

TOTAL _____

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

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:

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

PROJECT EXPENSES THIS DRAW REQUEST

(Include Invoices for Expenses Listed Below)

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/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

(See Attached)

**Allen County Water District
Rate Schedule
Effective October 5, 2011
General Customers**

Usage	Monthly Rates
First 2,000 gallons	\$19.29 Minimum
Next 3,000 gallons	\$7.58 per 1,000 gallons
Next 5,000 gallons	\$6.42 per 1,000 gallons
Next 60,000 gallons	\$5.86 per 1,000 gallons
Over 70,000 gallons	\$5.37 per 1,000 gallons

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE ALLEN COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$2,450,000 OF LOAN FUNDS FOR PROJECT NUMBER F19-025.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the Allen County Water District (“Governmental Agency”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Governmental Agency’s water system;

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement (the “Assistance Agreement”) with the Authority.

NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of the Allen County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number F19-025 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on February 4, 2020.

GOVERNMENTAL AGENCY:
ALLEN COUNTY WATER DISTRICT

By: _____
Chairman

ATTEST:

By: _____
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Allen County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Allen County Water District at a meeting duly held on February 4, 2020; 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 61.823; 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 February 4, 2020.

Secretary of Governmental Agency

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

February 4, 2020

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and
Allen County Water District, regarding Project Number F19-025

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

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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

LOAN TERM SCHEDULE

Principal Amount of Loan:	\$2,450,000
Loan Interest Rate:	2.00%
Default Interest Rate:	8.00%
Authority's Administrative Fee:	0.25%
Loan Payment Dates:	Each June 1 and December 1
Amortization Commencement Date:	December 1, 2021
Schedule of Payments:	see attached

It is understood and agreed by the parties to this Assistance Agreement that this Term Loan Schedule (Exhibit F) is an integral part of the Assistance Agreement between the Governmental Agency and the Authority. This Term Loan Schedule may be amended, supplemented or modified by the mutual agreement of the Governmental Agency and the Authority provided that such amendment, supplement or modification shall be in writing and executed by the respective duly authorized officers of the Governmental Agency and the Authority. Upon the execution and delivery of any amended, supplemented or modified Term Loan Schedule, the Assistance Agreement and the Term Loan Schedule shall be, and be deemed to be, amended, supplemented and modified in accordance therewith, and the respective rights, duties and obligations under the Assistance Agreement of the Governmental Agency and the Authority shall thereafter be determined, exercised and enforced under the Assistance Agreement subject in all respects to such amendments, supplements and modifications.

Attachment No. 10.a

BONDS

DATE OF ISSUE
AMOUNT OF ISSUE
INTEREST RATE
DATE OF FIRST PAYMENT

Loan 91-12
11/7/2007
\$1,614,000
4.500%
1/1/2008



**ALLEN COUNTY
 WATER DISTRICT**

This payment schedule is an estimate only based upon the bond schedule and is for planning purposes only.

Notices will be mailed prior to the scheduled payment dates which state the required payment amount.

Pmt Date	Interest	Principal	Total Payment	Outstanding Principal
01/01/08	\$10,944.25		\$10,944.25	\$1,614,000
07/01/08	\$36,315.00		\$36,315.00	\$1,614,000
01/01/09	\$36,315.00	\$17,000	\$53,315.00	\$1,597,000
07/01/09	\$35,932.50		\$35,932.50	\$1,597,000
01/01/10	\$35,932.50	\$17,500	\$53,432.50	\$1,579,500
07/01/10	\$35,538.75		\$35,538.75	\$1,579,500
01/01/11	\$35,538.75	\$18,500	\$54,038.75	\$1,561,000
07/01/11	\$35,122.50		\$35,122.50	\$1,561,000
01/01/12	\$35,122.50	\$19,000	\$54,122.50	\$1,542,000
07/01/12	\$34,695.00		\$34,695.00	\$1,542,000
01/01/13	\$34,695.00	\$20,000	\$54,695.00	\$1,522,000
07/01/13	\$34,245.00		\$34,245.00	\$1,522,000
01/01/14	\$34,245.00	\$21,000	\$55,245.00	\$1,501,000
07/01/14	\$33,772.50		\$33,772.50	\$1,501,000
01/01/15	\$33,772.50	\$22,000	\$55,772.50	\$1,479,000
07/01/15	\$33,277.50		\$33,277.50	\$1,479,000
01/01/16	\$33,277.50	\$23,000	\$56,277.50	\$1,456,000
07/01/16	\$32,760.00		\$32,760.00	\$1,456,000
01/01/17	\$32,760.00	\$24,000	\$56,760.00	\$1,432,000
07/01/17	\$32,220.00		\$32,220.00	\$1,432,000
01/01/18	\$32,220.00	\$25,000	\$57,220.00	\$1,407,000
07/01/18	\$31,657.50		\$31,657.50	\$1,407,000
01/01/19	\$31,657.50	\$26,000	\$57,657.50	\$1,381,000
07/01/19	\$31,072.50		\$31,072.50	\$1,381,000
01/01/20	\$31,072.50	\$27,500	\$58,572.50	\$1,353,500
07/01/20	\$30,453.75		\$30,453.75	\$1,353,500
01/01/21	\$30,453.75	\$28,500	\$58,953.75	\$1,325,000
07/01/21	\$29,812.50		\$29,812.50	\$1,325,000
01/01/22	\$29,812.50	\$30,000	\$59,812.50	\$1,295,000
07/01/22	\$29,137.50		\$29,137.50	\$1,295,000
01/01/23	\$29,137.50	\$31,000	\$60,137.50	\$1,264,000
07/01/23	\$28,440.00		\$28,440.00	\$1,264,000
01/01/24	\$28,440.00	\$32,500	\$60,940.00	\$1,231,500
07/01/24	\$27,708.75		\$27,708.75	\$1,231,500
01/01/25	\$27,708.75	\$34,000	\$61,708.75	\$1,197,500
07/01/25	\$26,943.75		\$26,943.75	\$1,197,500
01/01/26	\$26,943.75	\$35,500	\$62,443.75	\$1,162,000
07/01/26	\$26,145.00		\$26,145.00	\$1,162,000
01/01/27	\$26,145.00	\$37,000	\$63,145.00	\$1,125,000
07/01/27	\$25,312.50		\$25,312.50	\$1,125,000
01/01/28	\$25,312.50	\$39,000	\$64,312.50	\$1,086,000
07/01/28	\$24,435.00		\$24,435.00	\$1,086,000
01/01/29	\$24,435.00	\$40,500	\$64,935.00	\$1,045,500
07/01/29	\$23,523.75		\$23,523.75	\$1,045,500
01/01/30	\$23,523.75	\$42,500	\$66,023.75	\$1,003,000
07/01/30	\$22,567.50		\$22,567.50	\$1,003,000
01/01/31	\$22,567.50	\$44,500	\$67,067.50	\$958,500
07/01/31	\$21,566.25		\$21,566.25	\$958,500
01/01/32	\$21,566.25	\$46,500	\$68,066.25	\$912,000
07/01/32	\$20,520.00		\$20,520.00	\$912,000
01/01/33	\$20,520.00	\$48,500	\$69,020.00	\$863,500
07/01/33	\$19,428.75		\$19,428.75	\$863,500
01/01/34	\$19,428.75	\$50,500	\$69,928.75	\$813,000
07/01/34	\$18,292.50		\$18,292.50	\$813,000
01/01/35	\$18,292.50	\$53,000	\$71,292.50	\$760,000

07/01/35	\$17,100.00		\$17,100.00	\$760,000
01/01/36	\$17,100.00	\$55,000	\$72,100.00	\$705,000
07/01/36	\$15,862.50		\$15,862.50	\$705,000
01/01/37	\$15,862.50	\$57,500	\$73,362.50	\$647,500
07/01/37	\$14,568.75		\$14,568.75	\$647,500
01/01/38	\$14,568.75	\$60,500	\$75,068.75	\$587,000
07/01/38	\$13,207.50		\$13,207.50	\$587,000
01/01/39	\$13,207.50	\$63,000	\$76,207.50	\$524,000
07/01/39	\$11,790.00		\$11,790.00	\$524,000
01/01/40	\$11,790.00	\$66,000	\$77,790.00	\$458,000
07/01/40	\$10,305.00		\$10,305.00	\$458,000
01/01/41	\$10,305.00	\$69,000	\$79,305.00	\$389,000
07/01/41	\$8,752.50		\$8,752.50	\$389,000
01/01/42	\$8,752.50	\$72,000	\$80,752.50	\$317,000
07/01/42	\$7,132.50		\$7,132.50	\$317,000
01/01/43	\$7,132.50	\$75,000	\$82,132.50	\$242,000
07/01/43	\$5,445.00		\$5,445.00	\$242,000
01/01/44	\$5,445.00	\$78,500	\$83,945.00	\$163,500
07/01/44	\$3,678.75		\$3,678.75	\$163,500
01/01/45	\$3,678.75	\$82,000	\$85,678.75	\$81,500
07/01/45	\$1,833.75		\$1,833.75	\$81,500
01/01/46	\$1,833.75	\$81,500	\$83,333.75	

BONDS

DATE OF ISSUE

AMOUNT OF ISSUE

INTEREST RATE

DATE OF FIRST PAYMENT

Loan 91-14

5/15/2014

\$797,000

3.000%

7/1/2014

Notices will be mailed prior to the scheduled payment dates which state the required payment amount.

Pmt Date	Interest	Principal	Total Payment	Outstanding Principal
07/01/14	\$3,144.34		\$3,144.34	\$797,000
01/01/15	\$11,889.48	\$11,500	\$23,389.48	\$785,500
07/01/15	\$11,782.50		\$11,782.50	\$785,500
01/01/16	\$11,782.50	\$12,000	\$23,782.50	\$773,500
07/01/16	\$11,602.50		\$11,602.50	\$773,500
01/01/17	\$11,602.50	\$12,000	\$23,602.50	\$761,500
07/01/17	\$11,422.50		\$11,422.50	\$761,500
01/01/18	\$11,422.50	\$12,500	\$23,922.50	\$749,000
07/01/18	\$11,235.00		\$11,235.00	\$749,000
01/01/19	\$11,235.00	\$13,000	\$24,235.00	\$736,000
07/01/19	\$11,040.00		\$11,040.00	\$736,000
01/01/20	\$11,040.00	\$13,500	\$24,540.00	\$722,500
07/01/20	\$10,837.50		\$10,837.50	\$722,500
01/01/21	\$10,837.50	\$14,000	\$24,837.50	\$708,500
07/01/21	\$10,627.50		\$10,627.50	\$708,500
01/01/22	\$10,627.50	\$14,000	\$24,627.50	\$694,500
07/01/22	\$10,417.50		\$10,417.50	\$694,500
01/01/23	\$10,417.50	\$14,500	\$24,917.50	\$680,000
07/01/23	\$10,200.00		\$10,200.00	\$680,000
01/01/24	\$10,200.00	\$15,000	\$25,200.00	\$665,000
07/01/24	\$9,975.00		\$9,975.00	\$665,000
01/01/25	\$9,975.00	\$15,500	\$25,475.00	\$649,500
07/01/25	\$9,742.50		\$9,742.50	\$649,500
01/01/26	\$9,742.50	\$16,000	\$25,742.50	\$633,500
07/01/26	\$9,502.50		\$9,502.50	\$633,500
01/01/27	\$9,502.50	\$16,500	\$26,002.50	\$617,000
07/01/27	\$9,255.00		\$9,255.00	\$617,000
01/01/28	\$9,255.00	\$17,000	\$26,255.00	\$600,000
07/01/28	\$9,000.00		\$9,000.00	\$600,000
01/01/29	\$9,000.00	\$17,500	\$26,500.00	\$582,500
07/01/29	\$8,737.50		\$8,737.50	\$582,500
01/01/30	\$8,737.50	\$18,000	\$26,737.50	\$564,500
07/01/30	\$8,467.50		\$8,467.50	\$564,500
01/01/31	\$8,467.50	\$18,500	\$26,967.50	\$546,000
07/01/31	\$8,190.00		\$8,190.00	\$546,000
01/01/32	\$8,190.00	\$19,000	\$27,190.00	\$527,000
07/01/32	\$7,905.00		\$7,905.00	\$527,000
01/01/33	\$7,905.00	\$19,500	\$27,405.00	\$507,500
07/01/33	\$7,612.50		\$7,612.50	\$507,500
01/01/34	\$7,612.50	\$20,000	\$27,612.50	\$487,500
07/01/34	\$7,312.50		\$7,312.50	\$487,500
01/01/35	\$7,312.50	\$21,000	\$28,312.50	\$466,500
07/01/35	\$6,997.50		\$6,997.50	\$466,500
01/01/36	\$6,997.50	\$21,500	\$28,497.50	\$445,000
07/01/36	\$6,675.00		\$6,675.00	\$445,000
01/01/37	\$6,675.00	\$22,000	\$28,675.00	\$423,000
07/01/37	\$6,345.00		\$6,345.00	\$423,000
01/01/38	\$6,345.00	\$22,500	\$28,845.00	\$400,500
07/01/38	\$6,007.50		\$6,007.50	\$400,500
01/01/39	\$6,007.50	\$23,500	\$29,507.50	\$377,000
07/01/39	\$5,655.00		\$5,655.00	\$377,000
01/01/40	\$5,655.00	\$24,000	\$29,655.00	\$353,000

07/01/40	\$5,295.00		\$5,295.00	\$353,000
01/01/41	\$5,295.00	\$25,000	\$30,295.00	\$328,000
07/01/41	\$4,920.00		\$4,920.00	\$328,000
01/01/42	\$4,920.00	\$25,500	\$30,420.00	\$302,500
07/01/42	\$4,537.50		\$4,537.50	\$302,500
01/01/43	\$4,537.50	\$26,500	\$31,037.50	\$276,000
07/01/43	\$4,140.00		\$4,140.00	\$276,000
01/01/44	\$4,140.00	\$27,000	\$31,140.00	\$249,000
07/01/44	\$3,735.00		\$3,735.00	\$249,000
01/01/45	\$3,735.00	\$28,000	\$31,735.00	\$221,000
07/01/45	\$3,315.00		\$3,315.00	\$221,000
01/01/46	\$3,315.00	\$29,000	\$32,315.00	\$192,000
07/01/46	\$2,880.00		\$2,880.00	\$192,000
01/01/47	\$2,880.00	\$29,500	\$32,380.00	\$162,500
07/01/47	\$2,437.50		\$2,437.50	\$162,500
01/01/48	\$2,437.50	\$30,500	\$32,937.50	\$132,000
07/01/48	\$1,980.00		\$1,980.00	\$132,000
01/01/49	\$1,980.00	\$31,500	\$33,480.00	\$100,500
07/01/49	\$1,507.50		\$1,507.50	\$100,500
01/01/50	\$1,507.50	\$32,500	\$34,007.50	\$68,000
07/01/50	\$1,020.00		\$1,020.00	\$68,000
01/01/51	\$1,020.00	\$33,500	\$34,520.00	\$34,500
07/01/51	\$517.50		\$517.50	\$34,500
01/01/52	\$517.50	\$34,500	\$35,017.50	

Attachment No. 10.b

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2012 D

Borrower: Allen County Water District
 Closing Date: 05/30/12

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
07/01/12						
01/01/13	60,000.00	4.200%	71,845.61	450.00	132,295.61	
07/01/13			52,400.63		52,400.63	184,696.24
01/01/14	85,000.00	4.200%	52,400.63	450.00	137,850.63	
07/01/14			50,615.63		50,615.63	188,466.26
01/01/15	90,000.00	4.200%	50,615.63	450.00	141,065.63	
07/01/15			48,725.63		48,725.63	189,791.26
01/01/16	90,000.00	3.200%	48,725.63	450.00	139,175.63	
07/01/16			47,285.63		47,285.63	186,461.26
01/01/17	95,000.00	2.200%	47,285.63	450.00	142,735.63	
07/01/17			46,240.63		46,240.63	188,976.26
01/01/18	100,000.00	3.200%	46,240.63	450.00	146,690.63	
07/01/18			44,640.63		44,640.63	191,331.26
01/01/19	100,000.00	3.200%	44,640.63	450.00	145,090.63	
07/01/19			43,040.63		43,040.63	188,131.26
01/01/20	105,000.00	3.200%	43,040.63	450.00	148,490.63	
07/01/20			41,360.63		41,360.63	189,851.26
01/01/21	105,000.00	2.950%	41,360.63	450.00	146,810.63	
07/01/21			39,811.88		39,811.88	186,622.51
01/01/22	110,000.00	3.200%	39,811.88	450.00	150,261.88	
07/01/22			38,051.88		38,051.88	188,313.76
01/01/23	110,000.00	3.300%	38,051.88	450.00	148,501.88	
07/01/23			36,236.88		36,236.88	184,738.76
01/01/24	115,000.00	3.400%	36,236.88	450.00	151,686.88	
07/01/24			34,281.88		34,281.88	185,968.76
01/01/25	120,000.00	3.600%	34,281.88	450.00	154,731.88	
07/01/25			32,121.88		32,121.88	186,853.76
01/01/26	125,000.00	3.600%	32,121.88	450.00	157,571.88	
07/01/26			29,871.88		29,871.88	187,443.76
01/01/27	130,000.00	3.700%	29,871.88	450.00	160,321.88	
07/01/27			27,466.88		27,466.88	187,788.76
01/01/28	135,000.00	3.700%	27,466.88	450.00	162,916.88	
07/01/28			24,969.38		24,969.38	187,886.26
01/01/29	140,000.00	3.700%	24,969.38	450.00	165,419.38	
07/01/29			22,379.38		22,379.38	187,798.76
01/01/30	130,000.00	3.825%	22,379.38	450.00	152,829.38	
07/01/30			19,893.13		19,893.13	172,722.51
01/01/31	135,000.00	3.825%	19,893.13	450.00	155,343.13	
07/01/31			17,311.25		17,311.25	172,654.38
01/01/32	140,000.00	3.950%	17,311.25	450.00	157,761.25	
07/01/32			14,546.25		14,546.25	172,307.50
01/01/33	145,000.00	3.950%	14,546.25	450.00	159,996.25	
07/01/33			11,682.50		11,682.50	171,678.75
01/01/34	115,000.00	3.950%	11,682.50	450.00	127,132.50	
07/01/34			9,411.25		9,411.25	136,543.75
01/01/35	115,000.00	3.950%	9,411.25	450.00	124,861.25	
07/01/35			7,140.00		7,140.00	132,001.25
01/01/36	120,000.00	4.000%	7,140.00	450.00	127,590.00	
07/01/36			4,620.00		4,620.00	132,210.00
01/01/37	125,000.00	4.000%	4,620.00	450.00	130,070.00	
07/01/37			1,995.00		1,995.00	132,065.00
01/01/38	95,000.00	4.000%	1,995.00	450.00	97,445.00	
07/01/38						
Totals	<u>2,935,000.00</u>		<u>1,564,048.29</u>	<u>11,700.00</u>	<u>4,510,748.29</u>	

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2013 C

Borrower: Allen County Water District
 Closing Date: 03/27/13

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
01/01/13						
07/01/13			2,760.72		2,760.72	2,760.72
01/01/14	20,000.00	2.300%	4,007.50	250.00	24,257.50	
07/01/14			3,777.50		3,777.50	28,035.00
01/01/15	20,000.00	3.300%	3,777.50	250.00	24,027.50	
07/01/15			3,447.50		3,447.50	27,475.00
01/01/16	20,000.00	3.300%	3,447.50	250.00	23,697.50	
07/01/16			3,117.50		3,117.50	26,815.00
01/01/17	20,000.00	4.300%	3,117.50	250.00	23,367.50	
07/01/17			2,687.50		2,687.50	26,055.00
01/01/18	25,000.00	4.300%	2,687.50	250.00	27,937.50	
07/01/18			2,150.00		2,150.00	30,087.50
01/01/19	25,000.00	4.300%	2,150.00	250.00	27,400.00	
07/01/19			1,612.50		1,612.50	29,012.50
01/01/20	25,000.00	4.300%	1,612.50	250.00	26,862.50	
07/01/20			1,075.00		1,075.00	27,937.50
01/01/21	25,000.00	4.300%	1,075.00	250.00	26,325.00	
07/01/21			537.50		537.50	26,862.50
01/01/22	25,000.00	4.300%	537.50	250.00	25,787.50	
07/01/22						25,787.50
Totals	<u>205,000.00</u>		<u>43,578.22</u>	<u>2,250.00</u>	<u>250,828.22</u>	<u>250,828.22</u>

Attachment No. 10.c

Loan Criteria

Loan Type:	CWSRF Fund A Construction Loan	
Loan Amount:	\$2,450,000	
Loan Term:	20	
Interest Rate:	2	%
Payment Frequency:	Bi-Annual	
First Payment Fiscal Year:	2021	

Calculate Loan Payments Clear Input

Payment Schedule

Payment Number	Fiscal Year	Principal Due	Interest Due	Principal & Interest	Service Fee	Total Payment	Principal Remaining
0							\$2,450,000
1	2021	\$50,116	\$24,500	\$74,616	\$2,450	\$77,066	\$2,399,884
2	2021	\$50,617	\$23,999	\$74,616	\$2,400	\$77,016	\$2,349,267
3	2022	\$51,123	\$23,493	\$74,616	\$2,349	\$76,965	\$2,298,144
4	2022	\$51,635	\$22,981	\$74,616	\$2,298	\$76,914	\$2,246,509
5	2023	\$52,151	\$22,465	\$74,616	\$2,247	\$76,863	\$2,194,358
6	2023	\$52,672	\$21,944	\$74,616	\$2,194	\$76,810	\$2,141,686
7	2024	\$53,199	\$21,417	\$74,616	\$2,142	\$76,758	\$2,088,487
8	2024	\$53,731	\$20,885	\$74,616	\$2,088	\$76,704	\$2,034,756
9	2025	\$54,268	\$20,348	\$74,616	\$2,035	\$76,651	\$1,980,488
10	2025	\$54,811	\$19,805	\$74,616	\$1,980	\$76,596	\$1,925,677
11	2026	\$55,359	\$19,257	\$74,616	\$1,926	\$76,542	\$1,870,318
12	2026	\$55,913	\$18,703	\$74,616	\$1,870	\$76,486	\$1,814,405
13	2027	\$56,472	\$18,144	\$74,616	\$1,814	\$76,430	\$1,757,933
14	2027	\$57,037	\$17,579	\$74,616	\$1,758	\$76,374	\$1,700,896
15	2028	\$57,607	\$17,009	\$74,616	\$1,701	\$76,317	\$1,643,289
16	2028	\$58,183	\$16,433	\$74,616	\$1,643	\$76,259	\$1,585,106
17	2029	\$58,765	\$15,851	\$74,616	\$1,585	\$76,201	\$1,526,341
18	2029	\$59,353	\$15,263	\$74,616	\$1,526	\$76,142	\$1,466,988
19	2030	\$59,946	\$14,670	\$74,616	\$1,467	\$76,083	\$1,407,042
20	2030	\$60,546	\$14,070	\$74,616	\$1,407	\$76,023	\$1,346,496
21	2031	\$61,151	\$13,465	\$74,616	\$1,346	\$75,962	\$1,285,345
22	2031	\$61,763	\$12,853	\$74,616	\$1,285	\$75,901	\$1,223,582
23	2032	\$62,380	\$12,236	\$74,616	\$1,224	\$75,840	\$1,161,202
24	2032	\$63,004	\$11,612	\$74,616	\$1,161	\$75,777	\$1,098,198
25	2033	\$63,634	\$10,982	\$74,616	\$1,098	\$75,714	\$1,034,564
26	2033	\$64,270	\$10,346	\$74,616	\$1,035	\$75,651	\$970,294
27	2034	\$64,913	\$9,703	\$74,616	\$970	\$75,586	\$905,381
28	2034	\$65,562	\$9,054	\$74,616	\$905	\$75,521	\$839,819
29	2035	\$66,218	\$8,398	\$74,616	\$840	\$75,456	\$773,601
30	2035	\$66,880	\$7,736	\$74,616	\$774	\$75,390	\$706,721

31	2036	\$67,549	\$7,067	\$74,616	\$707	\$75,323	\$639,172
32	2036	\$68,224	\$6,392	\$74,616	\$639	\$75,255	\$570,948
33	2037	\$68,907	\$5,709	\$74,616	\$571	\$75,187	\$502,041
34	2037	\$69,596	\$5,020	\$74,616	\$502	\$75,118	\$432,445
35	2038	\$70,292	\$4,324	\$74,616	\$432	\$75,048	\$362,153
36	2038	\$70,994	\$3,622	\$74,616	\$362	\$74,978	\$291,159
37	2039	\$71,704	\$2,912	\$74,616	\$291	\$74,907	\$219,455
38	2039	\$72,421	\$2,195	\$74,616	\$219	\$74,835	\$147,034
39	2040	\$73,146	\$1,470	\$74,616	\$147	\$74,763	\$73,888
40	2040	\$73,888	\$739	\$74,627	\$74	\$74,690	\$0
Totals:		\$2,450,000	\$534,651	\$2,984,651	\$53,462	\$3,038,102	

Attachment No. 11

COMMONWEALTH OF KENTUCKY

COUNTY OF Allen

Subscribed and sworn to before me by Wayne Jackson
(Name)

this 24th day of September, 2020.

Ron Delann West-Merquez
NOTARY PUBLIC
State-at-Large



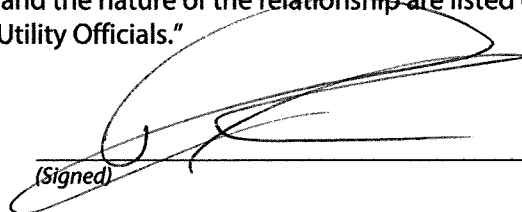
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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 Allen County 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

- 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."

Robin York
(Print Name)


(Signed)

Board Member
(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.

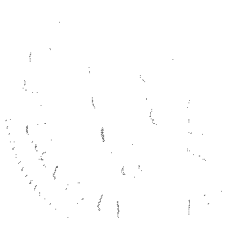
COMMONWEALTH OF KENTUCKY

COUNTY OF Allen

Subscribed and sworn to before me by Robin York
(Name)

this 4th day of September, 20 20.

Lore Delmar West-Morgan
NOTARY PUBLIC
State-at-Large



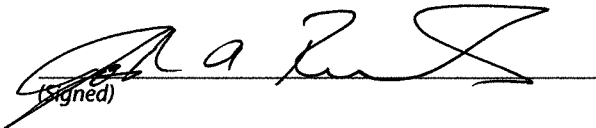
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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 Allen County 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

- 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."

JOSHUA A. REYNOLDS
(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 Allen

Subscribed and sworn to before me by Joshua Reynolds
(Name)

this 4th day of September, 2020.

Sheri Albin West Marquay
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 Allen County 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

- 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."

Darace Tabor
(Print Name)

Darace Tabor
(Signed)

Board member
(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.

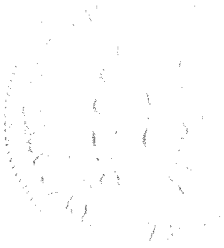
COMMONWEALTH OF KENTUCKY

COUNTY OF Allen

Subscribed and sworn to before me by Warace Tabor
(Name)

this 14th day of September, 20 20.

Sandra Ann West-Morgan
NOTARY PUBLIC
State-at-Large



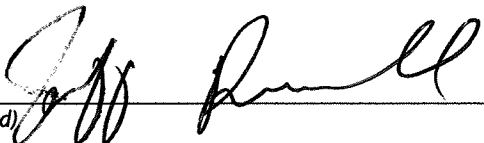
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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 Allen County 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

- 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."

Jeff Powell
(Print Name)


(Signed)

Secretary
(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.

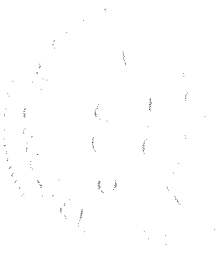
COMMONWEALTH OF KENTUCKY

COUNTY OF Allen

Subscribed and sworn to before me by Jeff Powell
(Name)

this 4th day of September, 2020.

Sandra Ann West-Morgan
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 Allen County 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

- 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."

Joe Young
(Print Name)

Joe Young
(Signed)

Board Member
(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.

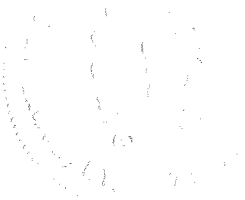
COMMONWEALTH OF KENTUCKY

COUNTY OF Allen

Subscribed and sworn to before me by Joe Young
(Name)

this 24th day of September, 2020.

Sarah Dawn West-Morgan
NOTARY PUBLIC
State-at-Large



Attachment No. 12

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE ALLEN COUNTY WATER DISTRICT PROPOSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT

WHEREAS, the Allen County Water District (“District”) is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

WHEREAS, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF ALLEN COUNTY WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

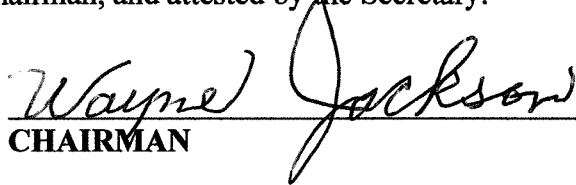
Section 2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

Section 3. The Chairman is hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Manager, Office Manager and all other appropriate District Staff are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

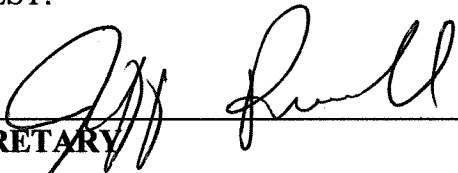
Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF ALLEN COUNTY WATER DISTRICT at a meeting held on September 1, 2020, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:

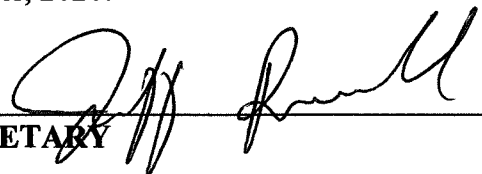


SECRETARY

CERTIFICATION

I, Secretary of the Allen County Water District (the “District”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on September 1, 2020, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 1st day of September, 2020.



SECRETARY

APPENDIX A

PROPOSED RATE SCHEDULE

General Customers

First	2,000 gallons	\$ 22.34	Minimum Bill
Next	3,000 gallons	8.78	per 1,000 gallons
Next	5,000 gallons	7.43	per 1,000 gallons
Next	60,000 gallons	6.79	per 1,000 gallons
Over	70,000 gallons	6.22	per 1,000 gallons

U.S. Corps of Engineers

First	55,000 gallons	\$ 422.97	Minimum Bill
Next	15,000 gallons	6.79	per 1,000 gallons
Over	70,000 gallons	6.22	per 1,000 gallons

Mobile Home Parks

First	10,000 gallons	\$ 78.32	Minimum Bill
Next	60,000 gallons	6.79	per 1,000 gallons
Over	70,000 gallons	6.22	per 1,000 gallons

Wholesale Customers

All Water Purchased		\$ 3.83	per 1,000 gallons
---------------------	--	---------	-------------------